SUSTAINABLE.WONDERFUL

About This Report

Reporting Scope
Reporting Period: Unless otherwise stated, the report covers the period between January 1 to December 31, 2022.
Organizational Boundary: The report discloses the information of the Head Office and all branches and sub-branches of Hua Xia Bank.
Release Cycle: This is an annual report. The most recent report was issued on April 30, 2022.

Preparation Basis
The report was prepared in accordance with the Guidelines on Environmental Information Disclosure for Financial Institutions issued by the People’s Bank of China, the Opinions on Strengthening the Corporate Social Responsibility of Banking Institutions issued by former Banking Regulatory Commission (CBRC), the Guidelines on Environmental Information Disclosure for Financial Institutions issued by the People’s Bank of China, and Guidelines No.1 for Self-Regulation of Listed Companies - Standardized Operation issued by Shanghai Stock Exchange (SSE), and referred to the Principles for Responsible Banking (PBoC) issued by United Nations Environment Programme, Guidance on Social Responsibility (ISO 26000:2010) issued by International Organization for Standardization (ISO), GRI Sustainability Reporting Standards (GRI Standards) issued by Global Sustainability Standards Board (GSSB) and the Recommendations of the Task Force on Climate-related Financial Disclosures.

Reference
For better readability, “Hua Xia Bank Co., Limited” is referred to as “Hua Xia Bank”, “the Bank” or “We” in the report.

Data Sources
The financial data in the report come from the audited Annual Report 2022 of Hua Xia Bank Co., Limited and other data come from internal documents and statistics of Hua Xia Bank. Some contents and data can be traced back to previous years.

Languages
The report is available in simplified Chinese and English versions. In case of any discrepancy, the simplified Chinese version shall prevail.

Formats
The report is available in both printed and electronic formats. The electronic version can be downloaded at our official website (http://www.hxb.com.cn)

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In 2022, the 20th CPC National Congress concluded successfully, marking a new milestone for the Party and the Country in the new era. Hua Xia Bank celebrated its 30th anniversary and rose to the rank of the top 50 world banks. This motivated our employees to strive towards greater heights in financial exploration to better serve national strategies, the real economy, and a better life. With national development as our ultimate aim, we gave play to the leading role of Party building and actively responded to the national calls to stabilize the economy for a paradigm of new developments. We also continued to serve the real economy with greater efficiency with more concerted efforts, as we achieve the tasks set out in the three-year action plan for SOE reform. We strive to fulfill our responsibilities as a state-owned financial enterprise for China’s economic and social development to meet the people’s growing expectations for quality financial services.

We remained steadfast in our commitment as a financial player serving the real economy. We improved the quality and efficiency of our services and are committed to high-quality development in our nation. We put in significant efforts and mobilized many financial resources to build Beijing into an integrated national center for political, cultural, international communication, and technological innovation. Meanwhile, we continued with our regional development strategies and deepened our differentiated regional development strategy of “Three Zones, Two lines, Multiple outlets”. We placed our focus on settling up the Beijing–Tianjin–Hebei region, the Yangtze River Delta, and the Guangdong–Hong Kong–Macau Greater Bay Area as the powerhouses for development. By reinforcing and upgrading weak links in the industrial chain, we improved the quality and efficiency of our services to better support new-type infrastructure construction, manufacturing, strategic emerging, and other industries. We also actively integrated ourselves into the dual circulation of domestic and overseas markets to contribute to high-quality opening up.

We focused on delivering high-quality services and hence expanded our scope of inclusive financial services. To deepen our position as a financial service provider for small and medium enterprises (SMEs), we explored various development models for inclusive finance. By prioritizing product innovation and improving service quality, we implemented measures to alleviate the difficulties faced by SMEs and supported the stable long-term development of micro, small, and medium-sized enterprises (SMEs). These contributed to the stabilizing of the market and its entities. We also boosted personal consumption and supported projects that are vital to people’s well-being. Services for “agriculture, rural areas, and farmers” were improved with enhanced allocation of financial resources to rural areas, thus promoting the rural-utilization. Such a wide coverage of financial services to anyone anywhere contributed significantly to the revitalization of the rural areas.

We have taken the lead in innovation by enhancing our quality and services with technology. To facilitate our digital transformation, we embraced the digital era with the development of the digital economy. We improved our digital infrastructure and strengthened the integration of scenarios and ecosystems, which ensured our efficient and smart financial services are tangible and accessible. To enhance the ability of digital finance to serve the real economy, we innovated in our industrial digital system. FinTech, to meet the specific financial needs of different industrial ecosystems. Through digital transformation, we are able to meet the diversified needs of our customers and provide them with a high-quality financial service experience.

We embraced wholeheartedly to safeguard and accelerate the development of green finance. Seizing the opportunity presented by China’s ecological conservation and the 30-60 Decarbonization Goal, we further drove innovation within our green financing. We transformed our credit structure and accelerated the development of a “climate-friendly bank”, incorporating the ESG philosophy to create new features and advantages. In 2022, the growth rate of our green loans surpassed the average growth rate of all loans in our Bank. This proportion of green loans was also among the highest within the industry. We jointly issued a “Joint Declaration of the Banking Sector to Support Biodiversity Conservation” with China Banking Association, in support of building a community of life on Earth.

We commit to honest operations for safe and steady development. By adhering to prudent operation and risk management, we improved our long-term risk management mechanism, strengthened our risk prevention and resolution in key areas, with enhanced internal control. We reinforced our collective legal risk management to cultivate a clean workplace. We also accelerated the digitalization of our risk control system and fostered a culture of risk awareness to improve our overall control of risks. With such high-quality risk control and management, we facilitated stable operations to protect financial stability and security. Our strict adherence to customer protection requirements ensured better protection of their rights and interests.

We at Hua Xia Bank seize every moment, braving and riding the waves and the winds that come our way. As we embark on a new journey of building a modern socialist country in all respects, Hua Xia Bank remains committed to financial development with Chinese characteristics guided by the principles of the 20th CPC National Congress and aims to integrate political consciousness and a people-centered philosophy within our work. As an active contributor to high-quality development, we strive tirelessly to become a large and robust modern financial group with stable and outstanding performances. Our concerted efforts shall contribute to our Chinese modernization and national rejuvenation on all fronts.

Li Minji
Party Secretary and Chairman of Hua Xia Bank
About Us

Company Profile

Hua Xia Bank Co., Limited was founded in Beijing in October 1992 and became a national joint-stock commercial bank after restructuring in March 1995. On September 12, 2003, the Bank went public on Shanghai Stock Exchange (Stock Code: 600015), with registered capital of RMB 15.387 billion.

Since its inauguration, the Bank has been forging ahead and made great achievements despite all difficulties. By the end of 2022, the Bank had a total asset of RMB 3,900.167 billion, 44 Tier-1 branches, 78 Tier-2 branches, 987 outlets in 122 cities at or above the prefectural level nationwide, and 39,938 employees, which had formed an institutional system of building presence in developed cities and reaching out to the whole country. The Bank has set up 1,189 agencies in and out of China, covering 305 cities in 98 countries on all five continents of the world. Its settlement network covers all major trade areas in the world.

Hua Xia Bank was ranked 46th in The Banker’s top 1000 world banks ranking published in July 2022, in terms of Tier 1 capital. This was an improvement of five places from the previous year, signifying the Bank’s position as one of the top 50 world banks.

Corporate Governance

The Bank implements the concept of sustainability in corporate governance, advances modernized corporate governance, and continues to optimize governance structures, mechanisms, and policies. Under the leadership of the Party Committee, we have established a corporate governance structure mainly comprising of the Shareholders’ Meeting, the Board of Directors (the Board), the Board of Supervisors, and the senior management. The Party Committee provides leadership, the Board is the decision-maker, the Board of Supervisors serves strict supervision functions, and the management is in charge of the operation.

As of the end of 2022

| 17 | Directors in the Board |
| 4  | Executive Directors    |
| 6  | Non-executive Directors|
| 7  | Independent Directors  |
| 9  | Supervisors in the Board of Supervisors |
| 2  | Shareholder Supervisors |
| 4  | External Supervisors   |
| 3  | Employee Supervisors   |

In 2022

| 3  | Shareholders’ Meetings held |
| 14 | Board meetings held        |
| 8  | Board of Supervisors Meetings held |
| 19 | Resolutions adopted        |
| 77 | Resolutions adopted        |
| 26 | Resolutions adopted        |
To strengthen investor relations management, the Bank strictly implements the Working Measures of Hua Xia Bank Co., Ltd. on Investor Relations, and designated a dedicated investor relations manager under the Office of the Board of Directors to take charge of relevant work. The Bank has promoted interactions and exchanges with investors and analysts through various channels and forms. We have organized meetings and activities such as the Shareholders’ Meeting and the performance briefing to showcase our results of high-quality development. We have won the Best Shareholder Relations Award in the Fifth China IR Annual Awards.

Investor Relations

The Bank abides by the regulations to improve the timeliness and effectiveness of information disclosure. We have formulated the Administrative Measures for Information Disclosure to standardize the information disclosure and reporting process. To enhance the depth and breadth of information disclosure, we have fulfilled information disclosure obligations via various channels, including China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily, Shanghai Stock Exchange website, and the official website of Hua Xia Bank. In 2022, we prepared and disclosed four regular reports and 64 interim announcements, informing investors of significant information such as changes in directors, supervisors, and senior management, as well as the operation of the Shareholders’ Meeting, the Board of Directors and the Board of Supervisors, earnings guidance, profit distribution, the progress of refinancing, related party transactions, and asset purchases.

Information Disclosure
Upholding the philosophy of exercising full and strict Party discipline, placing the Party’s political building at the forefront, and arming ourselves with the Party’s theories to effectively improve Party conduct, build a clean government, promote the high-quality development of Party building, and cultivate a positive and healthy intraparty political culture.

Studying and implementing the guiding principles of the 20th CPC National Congress

We hold meetings to deploy and promote the study of the guiding principles from the 20th CPC National Congress, uphold the highest standard, with the aim of gaining a deep understanding of the decisive significance of establishing Comrade Xi Jinping’s core position on the Party Central Committee and in the Party as a whole, as well as the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We organize Party organizations at all levels, coordinate Party officials, and employees to carry out special training and study the guiding principles of the key speech. We have issued briefings to fulfill publicity work so that the guiding principles are thoroughly studied and implemented, and coordinated primary-level Party branches to carry out the Party Day events to promote the high-quality development of the whole bank.

Strengthening ideological and political building

We have intensified our efforts to strengthen the ideological and political building of the leadership team and established a dedicated study plan. We have enhanced the accountability system for ideological work, implemented the “1+1+N” system for ideological and publicity work, and conducted investigations into ideological risks. We have launched initiatives to promote a civilized society, established a “Volunteer of the Capital” image, and promoted high-quality Party building through the integration of theory and practice.

Stepping up efforts to improve Party conduct

In strict compliance with the central Party leadership’s eight-point decision on improving work conduct and instructions of the Municipal Party Committee, we continue to crack down on formalities, bureaucracy, hedonism, and extravagance. We have formulated the Measures for conduct, build a clean government, promote the high-quality development of Party building, and cultivate a positive and healthy intraparty political culture.

Strengthening the building of a talent team

We remain committed to improving the political capacity and specialized skills of the talent team, deepening the construction of the talent training system, optimizing the incentive and restraint mechanism, and improving market-based competitive selection. We have organized talent pool recruitments to invigorate more talents.

In 2022

20 Issues of Party conduct and clean governance education

12 Posts of clean governance on WeChat

2 Training sessions on fighting corruption

9,000 Participants invited

63 Employees reported to the talent pool in 2022

As one of the initial signatories to the Principles for Responsible Banking issued by the United Nations Environment Programme and a strong supporter of the Task Force on Climate-related Financial Disclosures (TCFD), we uphold our brand philosophy of “Sustainability for a Better Future” under which we prioritize achieving sustainable operations to maximize our economic, environmental, and social values. The Head Office takes the role to manage CSR affairs. Our CSR management architecture the management performance continues to improve. With outstanding CSR practices, we aim to realize the vision of “harmony brings a bright future and Hua Xia continues with its public spirit” while striving to develop into a modern financial group that is large and strong with stable and excellent performance.
We prioritize the interests of our stakeholders and continue to identify, assess, screen, and update related issues. We prioritize issues based on two dimensions: the importance of sustainable development to Hua Xia Bank and the importance to stakeholders. Through this process, we identify substantive issues that are important to both Hua Xia Bank and its stakeholders.

In September 2015, the United Nations Sustainable Development Summit adopted the 2030 Agenda for Sustainable Development. The agenda covers 17 Sustainable Development Goals (SDGs), pointing out the direction for countries and enterprises globally to promote sustainable development. Focusing on the vision of building a modern financial group that is large and strong with stable and excellent performance, the Bank evaluates from two dimensions of materiality and importance, distinguishes 9 core goals and 8 related goals, and devotes resources to core targets to realize sustainable development goals.

**UN SDGs**

In September 2015, the United Nations Sustainable Development Summit adopted the 2030 Agenda for Sustainable Development. The agenda covers 17 Sustainable Development Goals (SDGs), pointing out the direction for countries and enterprises globally to promote sustainable development. Focusing on the vision of building a modern financial group that is large and strong with stable and excellent performance, the Bank evaluates from two dimensions of materiality and importance, distinguishes 9 core goals and 8 related goals, and devotes resources to core targets to realize sustainable development goals.

**Matrix of substantial issues**

<table>
<thead>
<tr>
<th>Stakeholder Communication</th>
<th>Core Expectations</th>
<th>Main Response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government</strong></td>
<td>Serving the real economy Supporting national strategies</td>
<td>Serving coordinated regional development</td>
</tr>
<tr>
<td></td>
<td>Developing inclusive finance</td>
<td>Supporting the growth of private micro- and small-sized enterprises</td>
</tr>
<tr>
<td></td>
<td>Supporting rural revitalization</td>
<td>Supporting China’s opening-up</td>
</tr>
<tr>
<td></td>
<td>Paying tax in full according to law</td>
<td>Advancing rural revitalization</td>
</tr>
<tr>
<td><strong>Regulatory authorities</strong></td>
<td>Compliance</td>
<td>Implementing regulatory policies</td>
</tr>
<tr>
<td></td>
<td>Strengthening risk prevention</td>
<td>Complying with regulatory policies</td>
</tr>
<tr>
<td><strong>Shareholders and investors</strong></td>
<td>Improving corporate governance</td>
<td>Improving corporate governance</td>
</tr>
<tr>
<td></td>
<td>Ensuring sustainable and stable return</td>
<td>Complying with regulatory policies</td>
</tr>
<tr>
<td></td>
<td>Protecting shareholders’ rights and interests</td>
<td>Complying with regulatory policies</td>
</tr>
<tr>
<td></td>
<td>Achieving transparent operation</td>
<td>Complying with regulatory policies</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>Focussing on climate change</td>
<td>Developing green finance</td>
</tr>
<tr>
<td></td>
<td>Facilitating green development</td>
<td>Promoting green offices</td>
</tr>
<tr>
<td></td>
<td>Promoting green offices</td>
<td>Participating in eco-friendly public activities</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td>Safeguarding customer rights</td>
<td>Strengthening consumer rights</td>
</tr>
<tr>
<td></td>
<td>Improving customer experience</td>
<td>Promoting high-quality and efficient services</td>
</tr>
<tr>
<td></td>
<td>Accelerating product innovation</td>
<td>Advancing financial innovation</td>
</tr>
<tr>
<td></td>
<td>Promoting digital transformation</td>
<td>Advancing digital transformation</td>
</tr>
<tr>
<td><strong>Partners</strong></td>
<td>Fairness and transparency</td>
<td>Strengthening exchanges and cooperation</td>
</tr>
<tr>
<td></td>
<td>Contract fulfillment with integrity</td>
<td>Improving procurement management</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>Protection of rights and interests</td>
<td>Protecting the basic rights and interests of employees</td>
</tr>
<tr>
<td></td>
<td>Permanence and benefits</td>
<td>Facilitating career development channels</td>
</tr>
<tr>
<td></td>
<td>Working environment</td>
<td>Providing job skills training</td>
</tr>
<tr>
<td></td>
<td>Career development</td>
<td>Carrying out diverse cultural and sports activities</td>
</tr>
<tr>
<td><strong>Communities</strong></td>
<td>Financial knowledge popularization</td>
<td>Publicizing financial knowledge</td>
</tr>
<tr>
<td></td>
<td>Support for community development</td>
<td>Participating in charitable activities</td>
</tr>
<tr>
<td></td>
<td>Engagement in public welfare undertakings</td>
<td></td>
</tr>
</tbody>
</table>
CSR Honor

- The Green Credit Committee of China Banking Association
- Asia Banking and Insurance News
- China Financial Annual Excellent Social Responsibility Project - "Experience the Charm of Green Sustainability with Us" 2021 Sanitation Workers' Children Growth Plan
- Securities Daily
- The 13th Golden Tripod Awards—Annual Inclusive Finance Award

CSR Performance

**Economic**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total asset</td>
<td>3,399.816</td>
<td>3,676.287</td>
<td>3,900.167</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>95.309</td>
<td>95.870</td>
<td>93.808</td>
</tr>
<tr>
<td>Total profit</td>
<td>27.153</td>
<td>31.493</td>
<td>33.583</td>
</tr>
<tr>
<td>Net profit</td>
<td>21.568</td>
<td>23.903</td>
<td>25.490</td>
</tr>
<tr>
<td>Total deposits</td>
<td>1,818.330</td>
<td>1,904.363</td>
<td>2,063.874</td>
</tr>
<tr>
<td>Total loans</td>
<td>2,108.993</td>
<td>2,213.529</td>
<td>2,272.973</td>
</tr>
<tr>
<td>Balance of loans to MSEs</td>
<td>456.412</td>
<td>490.749</td>
<td>565.479</td>
</tr>
<tr>
<td>Growth of loans to MSEs</td>
<td>60.024</td>
<td>34.337</td>
<td>74.721</td>
</tr>
<tr>
<td>Balance of loans in support of strategic emerging industry</td>
<td>79.689</td>
<td>97.321</td>
<td>104.587</td>
</tr>
</tbody>
</table>
### Social Performance

#### Number of online corporate banking transactions

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>114,719.26</td>
<td>322,655.98</td>
<td>405,259.04</td>
</tr>
</tbody>
</table>

Unit: 10,000

#### Number of online personal banking transactions

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2,344.73</td>
<td>1,651.14</td>
<td>1,597.29</td>
</tr>
</tbody>
</table>

Unit: 10,000

#### Number of outlets

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,022</td>
<td>1,008</td>
<td>987</td>
</tr>
</tbody>
</table>

Unit: /

#### Number of rural outlets

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>107</td>
<td>109</td>
<td>109</td>
</tr>
</tbody>
</table>

Unit: /

#### Outlets in old revolutionary base areas, areas inhabited by ethnic minority groups, remote and border areas and poverty-stricken areas

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>81</td>
<td>82</td>
<td>83</td>
</tr>
</tbody>
</table>

Unit: /

#### Number of online corporate banking transactions

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3,018.07</td>
<td>2,759.33</td>
<td>2,661.08</td>
</tr>
</tbody>
</table>

Unit: 10,000

#### Settlement rate of complaints lodged through 95577 customer service center

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Unit: %

#### Customer satisfaction rate for 95577 customer service center

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>99.63</td>
<td>99.66</td>
<td>99.61</td>
</tr>
</tbody>
</table>

Unit: %

#### 95577 call-backs

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>130,559</td>
<td>130,637</td>
<td>580,710</td>
</tr>
</tbody>
</table>

Unit: /

#### Complaints and problems solved through the joint handling mechanism of the 95577 customer service center

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>13,126</td>
<td>14,931</td>
<td>27,502</td>
</tr>
</tbody>
</table>

Unit: /

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The data of green loan balance in 2020 was based on the Special Statistics System of Green Loan revised by the People’s Bank of China in December 2019.
Forging ahead in Three Decades to Strive for a New Hua Xia with One Heart

As a state-owned financial institution founded in the era of reform and opening up, Hua Xia Bank is committed to the customer-centered business philosophy and fulfilling its mission of utilizing financial services to serve the real economy. By aligning with the national strategy and collaborating closely with stakeholders, we have embarked on a sustainable development path with our own characteristics.
In 1995, Hua Xia Bank held its founding assembly and first general meeting of stakeholders at the Great Hall of the People. During this meeting, the Bank underwent joint-stock reform and modernized and commercialized its operations.

Li Peng, then Premier of the State Council, attended the ribbon-cutting ceremony for Hua Xia Bank.

At 15:48, May 17, 2001, Hua Xia Bank completed its first online business, marking the beginning of its Internet era.

In 2002, the first CPC Congress of Hua Xia Bank was held in Beijing.

Since 2003, Hua Xia Bank has been actively implementing a series of major decisions and arrangements of the CPC Central Committee and State Council to optimize the socialist market economy system. Our unwavering focus on stable operations, standardized management, and pursuit of higher quality, efficiency, speed, and architecture have enabled us to facilitate public trading, and international expansion, thus promising a modern commercial bank with impressive comprehensive strengths and unique brand features.

We step into a new era where the reform- and innovation-driven development of listed banks remains our priority.

On September 12, 2003, Hua Xia Bank made its initial public offering by issuing ordinary shares worth RMB 1 billion and became the fifth listed bank in China, with its shares listed on the Shanghai Stock Exchange (600015).

Three Decades of Dedication

We launched new practices to develop a national joint-stock commercial bank.

In 1992, during a visit to Shougang Group, Comrade Deng Xiaoping expressed his support for building a subsidiary bank. Zhu Rongji, then Vice Premier of the State Council, also visited and encouraged the construction of Hua Xia Bank.

In 1995, Hua Xia Bank held its founding assembly and first general meeting of stakeholders at the Great Hall of the People. During this meeting, the Bank underwent joint-stock reform to modernize and commercialize its operations.

We beat the ribbon for the opening of Hua Xia Bank.

At 15:48, May 17, 2001, Hua Xia Bank completed its first online business, marking the beginning of its Internet era.

In 2002, the first CPC Congress of Hua Xia Bank was held in Beijing.

Since 2003, Hua Xia Bank has been actively implementing a series of major decisions and arrangements of the CPC Central Committee and State Council to optimize the socialist market economy system. Our unwavering focus on stable operations, standardized management, and pursuit of higher quality, efficiency, speed, and architecture have enabled us to facilitate public trading, and international expansion, thus promising a modern commercial bank with impressive comprehensive strengths and unique brand features.

We step into a new era where the reform- and innovation-driven development of listed banks remains our priority.

On September 12, 2003, Hua Xia Bank made its initial public offering by issuing ordinary shares worth RMB 1 billion and became the fifth listed bank in China, with its shares listed on the Shanghai Stock Exchange (600015).
In 2019, Hua Xia Bank became the first commercial bank to join the Principles for Responsible Investment Association (PRI), one of the 130 signatories to the Principles for Responsible Banking issued by the United Nations Environment Programme and a diamond partner in a series of winter sporting events of the “Experience Beijing” program.

Since 2017, the Bank has been committed to the guiding principle of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and practicing the new development philosophy in a complete, precise and comprehensive manner. We focus on serving the real economy, preventing financial risks, and promoting financial reform. With the goal of building ourselves into a modern, large and strong financial group with stable and excellent performance, we redouble effort to move from quality development to high-quality development.

We has entered a new era where we strive to build Hua Xia Bank into a modern, large and strong financial group with stable and excellent performance.

In 2005, Hua Xia Bank attracted international strategic investors and signed an Agreement on Long-term Comprehensive Strategic Cooperation with Deutsche Bank in Berlin, Germany. This significant event was witnessed by Hu Jintao, then State President and General Secretary of the CPC Central Committee, and Horst Köhler, then German President.

In 2014, the first debit card themed on the coordinated development of the Beijing-Tianjin-Hebei region was specifically issued in China as part of our efforts to support the initiative.

In 2016, we successfully undertook the Innovative Financing Project for Atmospheric Pollution Control in the Beijing-Tianjin-Hebei Region from the World Bank, which was then the World Bank’s largest single loan project in China.

In 2017, the Bank established Anxin Branch, the first financial agency in Xiong’an New Area since the Area was set.

From 2017 to 2020, the Bank provided paired-up assistance for poor counties in Inner Mongolia, Xinjiang and Qinghai that were designated to Beijing, investing RMB 1.06 million in targeted poverty alleviation and helping 195,000 people in difficulty and enabling them to register in the national poverty alleviation network.

In 2019, Hua Xia Bank became the first commercial bank to join the Principles for Responsible Investment Association (PRI), one of the 130 signatories to the Principles for Responsible Banking issued by the United Nations Environment Programme and a diamond partner in a series of winter sporting events of the “Experience Beijing” program.

China Renewable Energy and Battery Energy Storage Promotion Project of the World Bank undertaken by the Bank came into force.

In 2020, the China Renewable Energy and Battery Energy Storage Promotion Project came into force.
We follow the unified guidance of the Party on the financial sector while integrating the Party leadership in the modern business architecture and our operation and development. In 2017, we placed great importance on both Party building and corporate growth. We firmly believe in the overall Party leadership of Hua Xia Bank and strive towards the goal of building a modern financial group that is "large and strong with stable and excellent performance”.

Advances in Party Building

With national development being our ultimate aim, we act in compliance with major national strategies to fulfill the due mission and responsibility we carry as a financial institution, better serving the country in a new era. Our brand concept of “Sustainability for a better future” reflects our commitment to serving the national strategy for regional development by mapping out the layout for “three regions, two lines, and several spots” and developing comprehensive finance, science and innovation-driven finance, and green finance. By doing so, we aim to improve the quality and efficiency of real economic finance, provide intensive support for rural vitalization, and underpin high-quality national social and economic development.

Higher quality and efficiency of serving the real economy

To align with the reform and opening up, we continue to optimize our business structure through major actions, including joint-stock reform, listing and attraction of foreign investment. Our focus is on serving market-oriented development, inheriting corporate strategy, driving innovation, and creating value. We leverage our strengths while mitigating our weaknesses and always keep the bigger picture in mind. Furthermore, we employ integrated financial services to consolidate our corporate banking services and foster new drivers for digital and retail businesses and new features for green finance and wealth management.

Support for Upgrading through Financial Reforms

We proactively respond to dynamic changes in both internal and external risks with effective prevention measures. Our asset quality management is implemented effectively across the entire cycle, involving industry selection, customer access, product design and service mode to realize the full-lifecycle management of asset quality based on better risk governance system and avoid potential risks. We have established a compliance management structure at the Group level and continuously strengthen internal control and compliance management. The audit system reform has been implemented to further improve internal audit system.

Remarkable Achievements in Risk and Compliance Management

Over the past 30 years, Hua Xia Bank has grown into a national joint-stock commercial bank with unique features, a competitive edge, and quality service. We keep developing integrated management to provide customers with integrated financial services such as deposit and loan, investment banks, trade finance, consumer finance, etc. We also prioritize making progress in the coordinated development of financial businesses, asset management, and asset custody. We continuously improve our service channels, and have established a full-channel service system that covers the whole country, centers on economic-central cities, and connects the whole world.
On October 18, 2022, Hua Xia Bank’s mascot was unveiled in Beijing, marking the first time in the Bank’s history that the company has introduced a mascot representing its brand image called “RICH”. Li Minji, Party Secretary and Chairman of the Bank, delivered a speech at the press conference held in the lobby on the first floor of the Head Office Hua Xia Bank. He, together with Wang Minglan, Deputy Party Secretary and Chairman of the Board of Supervisors of the Bank, hung the brand logo of Bank on “RICH”, introducing the mascot, which holds the vision and carries the meaning of prosperity and auspiciousness, to the guests on site. The three-day event was a joyous occasion where the Bank’s leaders and employees got together to celebrate this momentous moment.

The prototype of the mascot “RICH” is the mythical beast in traditional Chinese culture - Qilin. It combines the traditional cultural features of the Chinese nation with modern aesthetic characteristics, reflecting auspicious blessings implied in traditional Chinese culture. As a state-owned financial enterprise, built on the strengths of Chinese traditional culture, the Bank is exploring new ways in which traditional Chinese culture can be transformed and developed creatively and revitalized through the spirit of the times. The mascot “RICH” serves as a bridge and link for Hua Xia Bank to deliver financial services to customers.

As Hua Xia Bank celebrates its 30th anniversary, we organized a series of brand publicity activities themed "Striving for a Better Future" throughout the year where we communicated with different stakeholders including the government, regulators, shareholders and investors, customers, partners, employees, social media, the public and communities and shared the joy of growth. The Bank will proceed with its journey to sustainable development on the new path it has blazed.

In January 2022, we organized employees to join in the campaign of “Make Wishes for a Better Future – Support for Sustainable Development”. Nearly 300 employees participated in the first celebration to mark the 30th anniversary of Hua Xia Bank.

In September, the key visuals to celebrate the 30th anniversary of Hua Xia Bank were released.
The Bank’s publicity film “Be a Better Self” was released, which in the perspective of new hires showed the Bank’s care for staff that drives their growth through setbacks and obstacles.

The music video of our original song “Be Your Hero” was released. Sung by employees of Hua Xia Bank, the lyrics expressed their gratitude for each other’s company in the Bank’s three-decade development, reviving the touching moments between staff and customers.

The “Hua Xia in Rhythms” campaign was launched to gather the best wishes of staff from 44 branches nationwide for the 30th anniversary of the Bank.

We held “You make Hua Xia Better” photo competition that centered on the development history of Hua Xia Bank. Based on three topics of “stories of time”, “sincere services” and “Hua Xia moments”, we collected 22,944 exquisite photographs from all walks of life, which showed the monumental moments of Hua Xia Bank in its three decades.

The “History of Hua Xia” was drawn by hand for stakeholders to review the Bank’s three-decade development.

The 10,957 days of growth since the Bank’s establishment owe much to the hard work of generations of Hua Xia staff who seek to make Hua Xia better with customers. Employees and customers were invited to share their indelible experience in “Stories with Hua Xia” event.
Turning 30 marks maturity, greater responsibilities and the beginning of a better future. The 20th CPC National Congress marked the beginning of a new journey towards achieving the great rejuvenation of the Chinese nation through the path of Chinese modernization. It provided a clear direction for Hua Xia Bank to achieve high-quality development and served as fundamental guidance for financial development with Chinese characteristics.

We will remain committed to our founding principles and continue to move forward. As we embark on a new journey, Hua Xia Bank will adhere to the financial requirements of the Chinese path to modernization, fully implement the new development philosophy in a comprehensive, accurate, and systematic way, and strive to integrate ourselves into the new development paradigm. Our ultimate goal is to become a key contributor to social and economic development. We will work tirelessly towards achieving our corporate mission and contribute to building a modern socialist country in all aspects, while also creating new milestones in the history of Hua Xia Bank.

A New Journey to Glorious Dreams

The “Promotional Video for the 30th Anniversary of Hua Xia Bank” was released, showcasing the Bank’s dedication to reform, Party leadership, founding aspiration, and inclusive finance, as well as the efforts in risk control and innovation. It pays tribute to those who have grown with the Bank for thirty years.
Guided by major national strategies, Hua Xia Bank actively integrates into the new development pattern of the capital. Our approach is guided by the regional development strategy of “Three Zones, Two Lines, Multiple Outlets” with a focus on the Beijing-Tianjin-Hebei region, Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area as key areas. Our goal is to support the transformation and upgrading of the manufacturing industry, support China’s high-quality transformation of industries and serve its opening up to the world. We remain committed to making contributions to the high-quality development of the real economy.

**Sustainability practices**

- Serving major national strategies and promoting coordinated development of key regions
- Making every effort to build Beijing into the national political, cultural, international communication and technological innovation center and providing stronger financial support for the development of key fields in the capital
- Increasing support for the manufacturing industry to drive transformation and upgrading of the industry
- Introducing innovative trade finance products in response to the Belt and Road Initiative

**As of the end of 2022**

- **RMB 560.897 billion**
  Balance of loans issued in the Beijing-Tianjin-Hebei region

- **RMB 661.87 billion**
  Balance of loans issued in the Yangtze River Delta

- **RMB 242.127 billion**
  Balance of loans issued in Guangdong, Hong Kong, and Macau

- **RMB 104.587 billion**
  Balance of loans issued to strategic emerging industries

- **626**
  Correspondent banks opened in BRI markets

**In 2022**

- **RMB 300.265 billion**
  Investment and financing services for Beijing
Supporting economic development

Focusing on key areas of the capital’s economic development, the Bank continues to promote the R&D of innovative products and services. We aim to increase financial support for key enterprises and projects, strengthen credit extension for entities in the capital, and provide targeted services to private small businesses and farmers. Through these efforts, we strive to enhance the economic development of the capital.

Serving the overall development of the capital

Hua Xia Bank resolutely fulfills its responsibilities and missions. In line with this, we have formulated the Hua Xia Bank 2022 Work Plan for Serving the Economy in the Capital and Coordinated Development of the Beijing-Tianjin-Hebei Region. The plan is designed to advance the development of Beijing as the national political, cultural, international communication and technological innovation center, and provide financial support for the capital’s economic development, technological innovation, cultural prosperity, interpersonal exchanges, among other key areas. By doing so, we are paving the way for the capital’s high-quality development.

Supporting economic development

Focusing on key areas of the capital’s economic development, the Bank continues to promote the R&D of innovative products and services. We aim to increase financial support for key enterprises and projects, strengthen credit extension for entities in the capital, and provide targeted services to private small businesses and farmers. Through these efforts, we strive to enhance the economic development of the capital.

- Serving central SOEs in Beijing. The Bank communicates and partners with the headquarters of key enterprises in the capital, including China National Agricultural Development Group Co., Ltd., State Grid Corporation of China, China Poly Group Corporation Ltd. and China Chengtong Holdings Group Ltd.
- Supporting municipal-level SOEs. We signed a strategic cooperation agreement with Beijing State-owned Capital Operation and Management Company Limited to deepen our cooperation with Beijing Environment Sanitation Engineering Group Co., Ltd., BBMG Corporation Ltd., Beijing Energy Holding Co., Ltd.; signed strategic cooperation agreements with 7 Hong Kong-based SOEs under the control of Beijing Municipality, as part of the “Beijing-Hong Kong Cooperation for a Better Future” campaign.
- Supporting government-subsidized housing and urban renewal projects in the capital. The Bank has compiled and distributed the Work Plan of Hua Xia Bank for Providing Financial Support for Beijing to Accelerate the Development of Government-Subsidized Rental Housing Projects and Hua Xia Bank Administrative Measures for Urban Renewal Loan, support various projects, including the rental housing project on collectively-owned land in Luyangzi, Fengtai District, and Beijing, as well as publicly traded REITs based on government-subsidized housing projects in Beijing, and infrastructure REITs projects of Beijing Energy Holding Co., Ltd.
In 2022

**RMB 32.942 billion**

Investment and financing services provided for 489 tech companies Beijing

**Boosting technological development**

Hua Xia Bank is dedicated to enhancing financial support for high-tech sectors. To achieve this, we have made consistent efforts to improve our financial services by strengthening our top-level design and developing more innovative products. We have supported the construction of the International Center for Science & Technology Innovation in Beijing, and are committed to assisting Beijing in becoming a benchmark city for the global digital economy.

- To enhance financial support for specialized and sophisticated enterprises, we have issued the Process of Hua Xia Bank for Issuing Loans to Specialized and Sophisticated MSEs, which emphasizes one scheme for one client and accelerated approval.
- We have facilitated re-lending to high-tech companies in Beijing and have increased the FTP tilt based on the central bank’s special re-lending arrangements.
- We have signed a strategic cooperation agreement with the Beijing Stock Exchange and the National Equities Exchange and Quotations (NEEQ) to develop targeted private equity strategic investment products.
- We have established comprehensive cooperation with CAS Holdings under the Chinese Academy of Sciences to support competitive tech companies and teams working in the high-tech industry in Beijing.
- The Bank provided credit support for ZGC Group and launched the Zhengyuan Industrial Syndicated Loan.
- The Bank has issued the Hua Xia Bank Administrative Measures for Option Loans (Trial) to promote the R&D of investment-oriented loan products.
- We have intensified our efforts in researching, developing, and promoting featured products. These include upgrading the Science and Technology Innovation Financial Service Package 2.0 for the Capital, and increasing the maximum credit line of Smart Loans 2.0 (Zhirongbao 2.0) to RMB 20 million.
- We have intensified our efforts in researching, developing, and promoting featured products. These include upgrading the Science and Technology Innovation Financial Service Package 2.0 for the Capital, and increasing the maximum credit line of Smart Loans 2.0 (Zhirongbao 2.0) to RMB 20 million.
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**Supporting Beijing in building a benchmark city for the global digital economy**

We have completed the development of smart services for the first phase of the industrial digital FinTech platform and launched the digital factoring project of the first phase of the industrial digital FinTech platform and launched the digital factoring project.

- We have introduced functions such as digital RMB wallets for enterprises and an anti-overreach mechanism for digital currency APPs, and signed digital RMB cooperation agreements with the four major banks: Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, and China Construction Bank.
- We have provided credit support for leading film and television broadcasting companies such as Poly Culture, New Classics Media and Perfect World.
- We invested in the first cultural and creative parks’ rental housing REITs project.

**Driving cultural development**

To build Beijing into a national cultural center, the Bank works to develop financial products and services for the cultural and creative sectors. We take the initiative to serve national time-honored brands. Through supporting key cultural and tourism enterprises and projects in Beijing, we aim to strengthen the capital’s role as a magnificent center of traditional Chinese culture.

- We issued a syndicated loan for the Universal Beijing Resort project.
- We invested in the first cultural and creative parks’ rental housing REITs project.

**Supporting key cultural and tourism enterprises and projects in the capital**

As the first financial institution to register on the China Cultural and Creative Industry Public Service Platform, Hua Xia Bank signed a joint construction agreement with the platform.

**Financing the first project of intellectual property securitization through patent licensing**

Beijing Branch, in collaboration with China Technology Exchange, has provided intellectual property financing for high-tech enterprises. This has filled the gap in Beijing for securitization products based on patents, which is of great practical significance for promoting the innovation of financial products based on intellectual property rights.

**Continuing to implement the Time-Honored Brand Action Plan**

Focusing on enterprises operating in consumer sectors such as foods, drinks, and daily necessities, we actively promote the Hua Xia Craftsmanship (Hua Xia Jiang Pin) series of products, and take the initiative to serve national and local time-honored brands, as well as well-known companies with cultural heritage and development potential. Our comprehensive financial services cover payment and settlement, cash management, investment and financing, and other customized solutions to meet the unique needs of time-honored enterprises.
Supporting international exchanges

As part of our contribution towards building Beijing into an international exchange center, we have improved the organization of free trade zones and developed distinctive trade and financial services to support enterprises in the capital to go global.

Serving the development of the Beijing Municipal Administrative Center

We support Beijing in relieving its functions non-essential to its role as China’s capital, and enhance financial support for the coordinated development of the “one core and two wings,” thus contributing to the high-quality construction of the Beijing Municipal Administrative Center.

Case Accelerating the relocation of the Head Office to the Beijing Municipal Administrative Center

Hua Xia Bank has actively supported and implemented the Municipal Party Committee and the Municipal Government’s decision to relocate the Head Office to the Beijing Municipal Administrative Center. In the same year, we completed the land acquisition and started construction. The new headquarters building, located on the north bank of the North Canal in Tongzhou, covers an area of about 30,000 m² and a total above-ground floor area of 120,000 m². The whole building is constructed in accordance with the 3-star green building standard. We aim to complete the new headquarters by October 2026. The relocation of the Bank’s headquarters is a significant achievement in Beijing’s efforts to relocate high-quality resources such as non-capital functions and the headquarters of municipal-level SOEs to the Beijing Municipal Administrative Center.

As of the end of 2022

RMB 5.7 billion
Credit balance in total after providing financing for 200 enterprises in Tongzhou District
Facilitating the coordinated development of the Beijing-Tianjin-Hebei region

We push forward with the Hua Xia Bank Action Plan for the Development of the Beijing-Tianjin-Hebei Region 2021-2025. Positioning ourselves to be “a major financial service provider for the Beijing-Tianjin-Hebei region,” we have improved comprehensive financing services for key areas such as Xiongan New Area, and enhanced our support for the relocation of industries and integrated transportation, thereby injecting new impetus into the coordinated development of the Beijing-Tianjin-Hebei region.

Supporting the development of Xiongan New Area

To facilitate the high-quality development of Xiongan New Area, a passageway that relieves Beijing functions non-essential to its role as China’s capital, Hua Xia Bank has increased financial support for construction entities in the Area, explored a new model of optimized development in densely populated areas, and cultivated new drivers through innovation-driven development.

Empowering the development of key functional zones

The Bank has stepped up efforts to develop the “2+4+N” functional zones for strategic cooperation and platforms for industry relocation, providing financing support for business entities in various regions including Tianjin, Connelion, Cangzhou, Handan, etc.

Supporting the construction of the platform for undertaking relocation of industries in Wuqing District, Tianjin

In 2022, Tianjin Branch has completed the issuance of the first targeted debt financing instrument for an investment limited company in Wuqing, Tianjin. This funding will support Wuqing District’s efforts to relocate industries from Beijing and relieve Beijing functions non-essential to its role as China’s capital.

Facilitating integrated transportation

Focusing on key projects related to the integrated transportation of the Beijing-Tianjin-Hebei region, we have been providing financing support for companies such as Beijing Capital Highway Development Group Co., Ltd. (BCHD), Shijiahuang Metro, Tianjin Rail Transit, and Handan Traffic Construction, promoting interconnectivity of transportation in the Beijing-Tianjin-Hebei region.

Assisting Binhai New Area in accelerating the integrated transportation of the Beijing-Tianjin-Hebei region

In 2022, Tianjin Branch has successfully completed the issuance of the second medium-term note of an investment group limited company in Binhai New Area, Tianjin. The funds raised will facilitate the construction of transportation and infrastructure projects in the Beijing-Tianjin-Hebei region.

Conducting ecological governance

Leveraging our expertise in green finance, we have provided comprehensive financial services for environmental projects focusing on regional air pollution control, water pollution control, as well as for enterprises engaging in energy conservation and environmental protection, thereby promoting the integrated development of green finance and the green industry in the Beijing-Tianjin-Hebei region.

Supporting marine ecological conservation

Tianjin Branch provided a total of over RMB 1.9 billion in loans to a development limited company in Lingping, Tianjin, to support the comprehensive improvement of sea areas, coastal zones, and islands. This financing will contribute to the efforts to improve the marine environment in the region.

Providing financial support for residents in resettlement areas

Xiongan Branch actively provides financial services to relocated residents in the Rongdong and Rongxi resettlement areas. The branch has provided financial support for the batches of relocated residents in the Xiongan New Area and ensured their livelihood.

Supporting the development of Xiongan New Area

We obtained the qualifications to regulate pre-sale funds for new commercial housing projects and for financial fund payments in Xiongan New Area in 2022.

Support the development of Xiongan New Area

We provided financial services to residents who have relocated to Xiongan New Area and participated in the payment processes for resettlement housing in the area.

Providing financial services for China Xiongan Group and credit support for CCCC Xiong’an Financial Leasing Co., Ltd.

We provided credit services for China Xiongan Group and credit support for CCCC Xiong’an Financial Leasing Co., Ltd.

Facilitating integrated transportation

As of the end of 2022

2.6212 million
Debit cards themed on the coordinated development of the Beijing-Tianjin-Hebei region issued

1.3337 million
ETC cards users in the region

RMB 42.318 billion
Balance of green loans of our branches in the Beijing-Tianjin-Hebei region

In 2022, Tianjin Branch has successfully completed the issuance of the second medium-term note of an investment group limited company in Binhai New Area, Tianjin. The funds raised will facilitate the construction of transportation and infrastructure projects in the Beijing-Tianjin-Hebei region.

RMB 560.897 billion
Balance of loans to the Beijing-Tianjin-Hebei region

RMB 75.945 billion
Investment and financing services provided for key projects critical to the coordinated development of the Beijing-Tianjin-Hebei region

As of the end of 2022

RMB 560.897 billion
Balance of loans to the Beijing-Tianjin-Hebei region

156
Outlets established in the Beijing-Tianjin-Hebei region

Shijiahuang Branch supports ecological restoration of Beijing-Hangzhou Canal
As of the end of 2022

RMB 661.362 billion
Deposit balance
8.04% Year-on-year increase

RMB 661.862 billion
Balance of loans issued in the Yangtze River Delta region
7.25% Year-on-year increase

HUA XIA BANK CO., LIMITED Social Responsibility Report 2022

Contributing to the integration of the Yangtze River Delta region

Hua Xia Bank has capitalized on the development opportunities in the Yangtze River Delta region by providing financial support to key sectors, including public services, infrastructure construction, and environmental protection, and implemented various measures to promote the integrated development of the Yangtze River Delta.

Promoting the integrated development of the Yangtze River Delta

Integrating into the mainstream of innovation-driven development

- Building a new model for offering financial services to sci-tech innovation. We have participated in sci-tech events initiated by the “Yangtze River Delta G60 Science and Innovation Corridor Financial Service Alliance,” and provided exclusive products and services for sci-tech companies while improving our service capabilities.
- Exploring incentive mechanisms for innovation. We have swiftly implemented the “equipment renewal” and “technological innovation” policies. In doing so, we have introduced a range of incentive policies aimed at promoting loans for science and technology, and providing increased support through relevant resources.

Creating new competitive edges in “commercial banking + investment banking”

- Promoting the construction of an “industry + customer” hierarchical and classification system. To better serve strategic emerging industry clusters, as well as specialized and sophisticated SMEs, we have refined our marketing directions and strategies for asset business.
- Expanding the “commercial banking + investment banking” business. We have explored the “commercial banking + investment banking” cooperation mechanism as well as the bank-government cooperation model to strengthen regional resource linkage, and improve the joint base mechanism in the Yangtze River Delta region.

Accelerating the construction of a new pattern of retail transformation

- Facilitating access to consumer financing services. We have expanded our services to cover various scenarios such as transportation, health, and consumption, promoted the development of consumer financing, and carried out cross-regional services to facilitate the flow of funds between regions.

Building a bridgehead for off-shore banking business

- Actively promoting the development of innovative bond business. We have participated in the issuance of regional off-shore bonds to facilitate the development of cross-border financial products and free trade derivatives. We leverage our free trade platforms to provide comprehensive services to companies engaged in overseas businesses.

Deeply integrating into the development of a “green and beautiful Yangtze River Delta”

- Promoting the development of key green projects. Leveraging the strengths of our branch in the Lingang Special Area of China (Shanghai) (Pudong Free Trade Zone), we have piloted our resources to support initiatives such as the “project of building wind and solar power generation capacities” to promote the development of green manufacturing and renewable energy. Furthermore, we have developed innovative models for cooperation in green finance.

Supporting the construction of the Shanghai International Financial Center

Shanghai Branch has played a crucial role as the exclusive domestic coordinator in supporting the issuance of USD 150 million off-shore bonds by a high-tech (group) limited company in Shanghai in the free trade zone. This marked China’s first US dollar-certified structured offshore bond in a free trade zone, and has effectively promoted the development of the Shanghai International Financial Center.

Providing financial support for key projects in the eight cities of the Yangtze River Delta region

Based on the strategy for integrated development of the Yangtze River Delta, Hefei Branch has actively provided financial support for key construction projects in eight cities, including Hefei, Wuhu, Chuzhou, Ma’anshan, Tongling, Chizhou, Anqing, and Xuancheng, that have been incorporated into the strategy. As of the end of 2022, the balance of on- and off-balance sheet credit business for these eight cities totaled over RMB 23 billion.

Boosting infrastructure construction

Shaoxing Branch was the only national joint-stock commercial bank that participated in the credit signing meeting for the city’s infrastructure projects organized by the Shaoxing Municipal Government. During the meeting, the branch signed an RMB 1.5 billion credit cooperation agreement with a construction group limited in Shaoxing to fully support the construction of Area B in Phase I of the Shaoxing International Convention and Exhibition Center, as well as other significant infrastructure projects in the area. By doing so, Shaoxing Branch is making a valuable contribution to the high-quality integrated development of the Yangtze River Delta region.

Supporting the comprehensive governance of Taihu Lake’s water environment

The national pilot project for comprehensive governance and sustainable development of the water environment in the Taihu area, located in the upper reaches of Taihu Lake, was a key provincial project of Jiangsu in 2022. Changzhou Branch raised funds through wealth management projects for a group limited company in Jiangsu, the entity which undertook the project. The financial support provided by the branch has significantly contributed to the safety of Taihu Lake’s water and the high-quality integrated development of the Yangtze River Delta region.
Boosting the development of the Guangdong-Hong Kong-Macao Greater Bay Area

With a focus on the strategic locations of the Guangdong-Hong Kong-Macao Greater Bay Area, Hua Xia Bank has increased support for the development of local high-end industries, and improved financial services to assist the Greater Bay Area in becoming a world-class bay area and city cluster.

1. Building a “commercial banking + investment banking + private banking” value chain

2. Achieving innovative breakthroughs in trade finance

3. Focusing on China’s 30•60 Decarbonization Goal while developing green finance

4. Actively integrating into the international financial market

To promote the development of high-end manufacturing, Shenzhen Branch has successfully issued the first scientific and technological innovation bond worth RMB 440 million in the Greater Bay Area.

Shenzhen Branch has issued Hua Xia Bank’s first RMB denominated non-credit loan to support the stable operation of the real estate market.

Shenzhen Branch’s private banking center has been put into operation, while Hong Kong Branch has obtained the qualification for expanding its wealth management and private banking business.

Guangzhou Branch has completed Hua Xia Bank’s first domestic Letter of Credit (LC) forfaiting asset cross-border transfer transactions.

Hong Kong Branch has launched agency foreign exchange (FX) spot, forward and swap trading, agency cross-currency swap trading, agency interest rate swap trading, and agency bond trading, and completed an annual agency trading volume exceeding HKD 12 billion.

Guangzhou Branch has completed the first battery energy storage financing project of the World Bank in the Greater Bay Area, and invested in innovative businesses such as green bonds through wealth management funds.

The proportion of green loans at Shenzhen Branch exceeds the average level of the banking industry in the city.

Hong Kong Branch completed 73 overseas debt underwriting transactions in 2022, with a total issuance amount of over HKD 131.8 billion for bond projects; improved the clearing channels for three foreign currencies, including US dollars, euros, and Japanese yen, and established agent bank relationships with 134 banks in total.

Promoting the construction of large-scale projects in the Greater Bay Area

Hong Kong Branch has extended a loan of HKD 2 billion to New World Development Company Limited to promote economic growth in the Guangdong-Hong Kong-Macao Greater Bay Area. New World Development has played an active role in the construction of the Greater Bay Area through the development of a number of iconic large-scale projects, including the Hanxi Changlong land site in Guangzhou and the Prince Bay Project in Shenzhen.

Supporting the intercity railway construction project in the Pearl River Delta

An intercity railway limited liability company in Guangzhou is responsible for the operation and management of the urban rail transit system between Guangzhou and Zhuhai, and has taken on the important task of accelerating the construction of the rail transit system in the Greater Bay Area. Guangzhou Branch has maintained long-term cooperation with the company to support the transportation infrastructure construction in the Greater Bay Area.

Improving financial services for the sci-tech industry in the Greater Bay Area

Guangzhou Branch signed a strategic cooperation agreement with a certain group limited company in Guangzhou Development District during the signing ceremony of industry and finance integration projects at the 11th China (Guangzhou) International Finance Expo, demonstrating Hua Xia Bank’s focus on providing financial services for the sci-tech industry in the Greater Bay Area.

Guangzhou Branch signed a strategic cooperation agreement with a certain group limited company during the signing ceremony of industry and finance integration projects at the 11th China (Guangzhou) International Finance Expo, demonstrating Hua Xia Bank’s focus on providing financial services for the sci-tech industry in the Greater Bay Area.

Shenzhen Branch receives the title of “Shenzhen Green Financial Institution” from the Shenzhen Municipal Financial Regulatory Bureau.
Serving the development of the Yangtze River Economic Belt

The Bank is dedicated to staying abreast of the latest developments in the Yangtze River Economic Belt and the Chengdu-Chongqing economic circle, by providing increased support for key infrastructure construction projects, promoting the transfer of coastal industries and facilitating the development of new urban areas. Our goal is to foster high-quality development of the Yangtze River Economic Belt.

Case: Issuing the first “Yangtze River Economic Belt” asset-backed security (ABS) based on port revenues in China

Nanjing Branch has completed the issuance of the first “Yangtze River Economic Belt” asset-backed security (ABS) based on port revenues in China as well as Hua Xia Bank’s first ABS on infrastructures, with a total amount of RMB 653 million. Hua Xia Wealth Management Co., Ltd. acted as the cornerstone investor in the issuance. This issuance marks the first time that Nanjing Branch has issued ABS based on port revenues under the new rule system, setting an innovative financing model for port enterprises.

Case: Boosting agricultural development in the Yangtze River Economic Belt

Wuhan Branch actively responds to the central government’s development strategies for the Yangtze River Economic Belt. In collaboration with a leading agricultural investment firm in Hubei Province, the branch has launched its first agricultural loan. As of the end of 2022, Wuhan Branch has extended a total of nearly RMB 300 million in loans.

Case: Supporting the high-quality development of Ganjiang New District

The development of Ganjiang New District, the 18th state-level new area in China, is a significant part of the future of the entire Yangtze River Economic Belt. Following the government’s policies, Nanchang Branch has set up an institution in Ganjiang New District to serve the local economy. As of the end of 2022, Nanchang Branch had provided a total of over RMB 2.4 billion in credit support for the new district.
Accelerating Industrial Transformation and Upgrading

Implementing the national policies on industrial structure adjustment and following the National Catalogue for Guiding Industry Restructuring, Hua Xia Bank has increased support for industrial transformation and upgrading in its annual credit and investment policies. The Bank is committed to playing a greater role in supporting key sectors, such as new infrastructure, manufacturing, and strategic emerging industries, and pooling resources to promote industrial transformation and upgrading.

Boosting infrastructure construction
To strengthen the economy through infrastructure development and accelerate the construction of infrastructure projects, we provide support for new infrastructure and new urbanization initiatives, as well as major projects and urban renewal projects, and upgrade the “commercial banking + investment banking” service model.

Supporting the urban renewal project
Xiamen Branch strives to integrate into the “Great Improvement on the Island, and Great Development Outside the Island” initiative of Xiamen. The branch has extended syndicated loans to an investment limited company in Xiamen. The funds are dedicated to the Phase I Urban Renewal project of the Cross-Strait Regional Financial Center Area in Xiamen.

Supporting hydropower station construction
Nanchang Branch provided Longtoushan Navigation-Power Junction Investment and Development Co., Ltd. in Jangpu with a 17-year loan of RMB 2.147 billion to support the Longtoushan hydropower infrastructure project. This loan marks the largest and longest-term loan issued by Nanchang Branch since its establishment.

Facilitating the transformation of the manufacturing industry
We increase support for the manufacturing industry, promote the transformation and upgrading of high-quality enterprises in the manufacturing industry and their upstream and downstream enterprises in the industrial chain, injecting financial momentum into the high-quality development of the manufacturing industry.

Boosting the upgrading of the furniture manufacturing industry
A home furnishing manufacturer in Xian, Huhu, has been included in the list of candidates for medium to long-term loans in Zhejiang Province (the fourth batch). It is therefore qualified to apply for medium to long-term loans for key companies in the manufacturing industry based on the National Development and Reform Commission (NDRC). Hangzhou Branch provided an RMB 7 million medium to long-term loan to the furniture company, supporting its capacity upgrading. This was also the first time that Huhu Branch extended a medium to long-term loan to a company on the list.

Supporting the green development of the new materials industry
A new materials limited company in Xinjiang applied for the “Green Low-Carbon Upgrading Project,” a subsidized medium to long-term loan project for the manufacturing industry feedbacked by the National Development and Reform Commission (NDRC). Urumqi Branch completed project approval and loan disbursement preparation in just 13 working days after receiving feedback from the NDRC’s list. The loan amount of RMB 300 million has been utilized for purchasing equipment for the company’s green and low-carbon upgrading project.

Advancing industrial modernization
Focusing on key areas such as specialized and sophisticated SMEs, and strategic emerging industries, our commitment extends to the development of industries in Beijing, Shenzhen, Shanghai, Guangzhou, and other strategic emerging industry clusters, as we strive to accelerate the modernization of the industrial system.

Boosting the development of cultural tourism
Nanchang Branch has extended a ten-year RMB 500 million fixed asset loan to an investment holding group limited in Jingdezhen City, marking the largest loan issued by a banking institution in Jiangxi Province that is dedicated to equipment upgrading and renovation in seven cultural and tourist attractions, including the Jingdezhen International Ceramic Culture Expo Tourism Exchange Center, which will effectively promote the development of the local cultural tourism industry.

Promoting the development of the intelligent industry
Kunming Branch has issued loans to a big data industrial development limited company in Yunnan for equipment upgrading and renovation, making it the largest equipment upgrade loan ever issued in Yunnan Province. Kunming Branch has been commended by the State Council’s inspection team for its contributions to market entities in accelerating important equipment upgrading and renovation projects.
Serving China’s Opening-up

As of the end of 2022

626
Correspondent banks in BRI markets opened

1,189
Correspondent banks set up, covering 305 cities in 98 countries and regions across the world

In 2022

RMB 140.878 billion
Cross-border RMB transactions handled

USD 162.105 billion
International settlements completed

As China opens up at a high level to the world, Hua Xia Bank has actively integrated into the domestic-international dual circulation and supported Chinese enterprises seeking to expand their presence overseas in response to the Belt and Road Initiative (BRI).

Integrating into the BRI

Hua Xia Bank closely follows national strategies and actively responds to the BRI. The Bank has been optimizing its correspondent bank network in BRI partner countries and developing new trade finance products, debt instruments, and interbank investment services to contribute to the high-quality development of the BRI.

Supporting the development of core areas on the Silk Road Economic Belt

Urumqi Branch fully supports the development of the core area on the Silk Road Economic Belt, with a special focus on the construction of key infrastructure projects for trade, logistics, transportation, and green finance. In Khorgos, Alashankou, Urumqi Comprehensive Bonded Area and other key areas, the Branch has supported infrastructure construction and enterprise trade financing needs, improved port infrastructure construction, and promoted the development of domestic and foreign two-way trade.

Supporting the development of cold chain storage center of an international land port in Yunnan

Kunming Branch is dedicated to responding to the BRI, and has led the issuance of a consortium loan of RMB 200 million to a cold chain storage center of an international land port in Yunnan, which is striving to become a zone with the most comprehensive facilities serving the ASEAN and international markets. This issuance not only supports the development of the land port, but also helps Yunnan Province to achieve its goal of becoming a hub for China’s opening-up to South and Southeast Asia.

Supporting the development of free trade zones

Hua Xia Bank is dedicated to optimizing its institutional layout in free trade zones, both within and outside of China, to create a unique product system. The Bank has also utilized products such as free trade zone bonds to provide fast and professional financial support to Chinese enterprises looking to expand overseas, multinationals, and foreign institutions.

Case

Issuing the first free trade zone offshore bond in central and western China

The Hong Kong, Urumqi, and Shanghai branches of Hua Xia Bank have collaborated to issue the first offshore bond in central and western China with a total value of RMB 780 million. This issuance represents China’s inaugural free trade zone offshore bond that includes foreign investors and serves as a successful example of providing exceptional cross-border financial services.

Improving cross-border services

The Bank has stepped up efforts to build an all-dimensional, tiered cross-border comprehensive financial service system. We actively serve domestic and foreign markets by leveraging our advantages in the linkage between onshore and offshore RMB, domestic and overseas markets, as well as local and foreign currencies. Meanwhile, we are committed to innovation in trade finance products and the implementation of the Renminbi internationalization strategy, with the goal of providing convenient and efficient financial services for Chinese enterprises seeking to expand overseas.

Expanding global service channels

Hua Xia Bank has promoted the development of domestic and overseas correspondent bank networks to offer customers integrated international financial services in RMB and foreign currencies.

Innovating in trade finance

Partnering with the General Administration of Customs, we have launched the single-window cross-border payment and settlement service, which is designed to meet the payment and settlement needs of import-export companies.

Enhancing online service capabilities

Hua Xia Bank has continued to improve the electronic channel functions for services such as letters of credit and foreign currency remittances, and improved the online service capability of cross-border payment and settlement.

Improving cross-border services

We have vigorously promoted convenient cross-border RMB settlement to provide higher-level services for eligible enterprises and new formats of international trade.

Supporting cross-border project investment

While deepening traditional trade services, Hua Xia Bank has actively provided capital and financial services to support outbound investment projects in line with national policies.

Supporting cross-border project investment

The Bank has intensified its efforts to promote import-export trade financing and cross-border guarantee products, catering to the demands of Chinese enterprises seeking to expand in international markets. Our comprehensive range of services includes trade financing and credit enhancement in both domestic and foreign currencies. We have also strengthened the application of products such as financing under export credit insurance, international factoring, and cross-border guarantees to help those companies reduce costs and increase efficiency.

Empowering the development of cross-border business

Prioritizing the Nanning and Guanghu Free Trade Zones, Nanning Branch provides cross-border trade financial services to companies across Guangxi, including cross-border settlement, international trade financing, foreign exchange derivatives, supply chain products, etc., supporting their expansion into international markets.
While exploring more development models for inclusive finance, Hua Xia Bank has implemented measures to effectively alleviate their difficulties. The Bank is also committed to promoting all-around rural revitalization, which aims to facilitate people’s livelihood projects, promote financial services for people’s lives, and create a new era of prosperity in rural areas.

**Sustainability practices**

- Deepening product innovation and enhancing service quality and efficiency to boost the long-term stable development of MSEs
- Solving MSEs’ pain points in development and helping them overcome difficulties
- Improving services for “agriculture, rural areas, and farmers” to contribute to rural revitalization
- Offering financial services beneficial to the people to boost personal consumption and support projects vital to people’s well-being

**As of the end of 2022**

- **RMB 565.47 billion**
  Balance of loans for MSEs
- **RMB 74.721 billion**
  Increased over the figure of the year before
- **670,100**
  Customers who received loans to MSEs with a maximum of RMB 10 million
- **RMB 160.904 billion**
  Balance of loans to MSEs with a maximum of RMB 10 million
- **RMB 18.774 billion**
  Balance of inclusive finance loans related to “agriculture, rural areas and farmers”
- **RMB 520.312 billion**
  Balance of personal loans(excluding credit card)
We continue to deepen our strategic positioning as “a financial service provider for SMEs,” and provide inclusive financial services with the distinctive characteristics of Hua Xia Bank to MSMEs and private enterprises to support their healthy development.

Supporting the Development of MSMEs

As of the end of 2022

RMB 565.47 billion
Balance of loans for MSMEs, accounting for 26.58% of the total loans issued by the Bank

RMB 74.721 billion
Balance of loans for MSMEs increased

We have reviewed the marketing “whitelist” of loans for hi-tech enterprises, and implemented the latest review standards of the People’s Bank of China that give priority to these enterprises; meanwhile, we have increased support for high-quality clients and key projects in science and technology, and started the application for the People’s Bank of China’s re-lending program for scientific and technological innovation.

We have delegated more authority to certain branches for approving pledged loans for specialized and sophisticated SMEs, and opened the approval access path of the Department of Inclusive Finance at the headquarters for these branches. In addition, we have conducted research on the development of exclusive “Loans for Specialized and Sophisticated SMEs.”

To boost the development of MSEs in the private sector, the Bank has comprehensively improved its service capabilities, increased efforts in product innovation, and utilized financial technology to expand its service scope while enhancing the quality and efficiency of financial services.

Upgrading services

To boost the development of MSMEs in the private sector, the Bank has comprehensively improved its service capabilities, increased efforts in product innovation, and utilized financial technology to expand its service scope while enhancing the quality and efficiency of financial services.

- We have launched four series of inclusive loans to businesses in the private sector, including the “Ding Hui Loan, Zhuan Hui Loan, Ju Hui Loan, and Smart Loan.”
- With the “Loans for Specialized and Sophisticated SMEs,” we offer special financing services to outstanding SMEs as well as SMEs recognized by provincial governments.
- We have launched the latest version of the House Loan Express inclusive loan which comes with new features such as in vivo detection, credit contracts confirmed by clients, loan contracts, and online contract signing, etc. In addition, we have extended the loan term up to a maximum of 30 years and increased the maximum loan amount to RMB 30 million.

- The Bank has created a new WeChat official account - the Hua Xia Bank Inclusive Financial Services for Private Enterprises. Through intelligent identity recognition, assistance from external risk control data, electronic signature, etc., we provide customers with online services covering applications, guarantees, withdrawals, etc.

- The Bank has launched the “Smart Supply Chain Product under the Hua Xia Bank Inclusive Financial Services for Private Enterprises,” realizing the deep integration of “digital finance + scenario-based service.”

- The Bank has launched its first dual platform for “Business Management of Financial Services for Private Enterprises,” to achieve full-process risk management and control. The dual platform allows the Bank to stay up-to-date on business operations progress, while core enterprises can stay informed on the supply chain’s upstream and downstream dynamics in real-time.

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The Bank implements national policies aimed at easing the difficulties of businesses and stabilizing the market. By leveraging inclusive financial products for MSEs, and offering services such as deferral of principal and interest payments, we have managed to alleviate the challenges faced by enterprises in accessing affordable financing, and played a positive role in maintaining the stable operations of market entities.

Easing the difficulties of businesses

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Hangzhou Branch has implemented a loan renewal product system to alleviate the pressure of loan transfer on MSEs. This system has been improved based on Hua Xia Bank’s “annually reviewed” loan product system, and provides loan renewal services to MSEs without requiring them to repay the principal. As of the end of 2022, Hangzhou Branch has extended loans to a total of 1,043 clients, amounting to RMB 3.298 billion.

Improving the mechanism for deferral of principal and interest payments.
- We require each branch to investigate the status of loans due or extended for MSE clients; meanwhile, we negotiate with MSEs, self-employed individuals, truck drivers, etc. in accordance with market-based principles, and provide them with reasonable loan extension services.
- As part of our efforts to support MSEs, we have implemented time-limited interest rate cuts for eligible borrowers. Our branches and relevant departments have conducted a thorough verification process to identify eligible customers and determine the appropriate reduction amounts for selected loans.

Proactively lowering fees
- We have waived 24 fees for MSE clients, including commitment fees and transaction processing fees.
- We have launched functions such as the optimized imaging system service fee transaction for MSEs, ensuring the payment of financing costs, validation of bills, and registration of data through technological means.

Providing MSEs with loan renewal services without repaying principal

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Issuing the first loan for easing the difficulties of businesses in the Xi’an National Civil Aerospace Industrial Base

A construction company in Shaanxi has gained an RMB 4.5 million loan dedicated to easing the difficulties of the businesses from Xi’an Branch. This marks the first instance of Hua Xia Bank issuing such loans to companies operating in the Xi’an National Civil Aerospace Industrial Base. The loan, also referred to as the “Aerospace Industrial Base Bailout Loan,” targets MSMEs operating in the aerospace industrial base area who require funding. The program boasts several advantages including high approval limits, fast processing times, low interest rates, and long-term maturities.

Offering mortgages for MSEs

Nanjing Branch has increased its support for manufacturing MSEs by offering mortgage loans. For instance, a local limited company specializing in automation engineering faced a shortage of funds that prevented them from purchasing a new factory building. After learning of their situation, Nanjing Branch provided them with a factory loan that only required a 30% down payment, helping the company overcome its financial challenges.

As of the end of 2022

RMB 160.904 billion
Balance of loans to MSEs with a maximum of RMB 10 million
16.56%
Increased from the beginning of the year
12.90 percentage points
higher than the average growth rate of all loans of the Bank
We have developed distinctive local businesses to increase the local incomes of collective economies and further enhance the self-sufficiency of areas receiving assistance. We have helped to increase the sales of local agricultural products by implementing a series of measures, such as purchasing goods locally, buying trade union delivery cards, purchasing goods from the Beijing Consumption Assistance Center, as well as contacting e-commerce platforms to provide support for secondary processing and advertising shooting, and utilizing new media for promotion.

We have actively supported the local community in addressing their daily life concerns, such as education, medical service, and employment through various measures. These include contributing to local infrastructure projects, making donations, paying visits, and offering skills training, etc.

As a major participant in promoting rural vitalization through financial services, Hua Xia Bank is committed to implementing the central government’s decisions and plans. We constantly innovate our targeted assistance models to consolidate and expand the achievements in poverty alleviation. Additionally, we continue to improve the quality of our financial services, and are dedicated to providing more financial support for all-around rural vitalization and contributing even greater efforts toward achieving common prosperity.

As of the end of 2022

RMB 271.538 billion
Balance of agriculture-related loans

RMB 18.774 billion
Balance of inclusive agriculture-related loans

RMB 2.038 billion
Increased over the figure at the beginning of the year
12.18%
Increase percentage

8.52 percentage points
higher than the average loan growth rate of the Bank

109
Rural outlets

83
Outlets opened in old revolutionary base areas, areas inhabited by ethnic minority groups, remote and border areas, and poverty-stricken areas

As of the end of 2022

RMB 6.227 billion
Loans extended to counties and prefectures in Inner Mongolia, Xinjiang, and Qinghai

26,400
Job opportunities created for locals

Hua Xia Bank is actively participating in the national effort to align poverty alleviation and rural vitalization. The bank has taken concrete actions to consolidate and expand the achievements in poverty alleviation while promoting rural vitalization. For instance, we have made steady progress in offering paired assistance to counties and prefectures in Inner Mongolia, Xinjiang, and Qinghai, and innovated in the sustainable assistance model.

Urumqi Branch donates funds to support the reconstruction and expansion of vocational schools in Xinjiang.

Chongqing Branch dispatches the First Secretary to assist in industrial vitalization.

Chengdu Branch cooperates with Junyi Village in toilet renovation.

Chengdu Branch promoting the sales of unsold agricultural products.

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Improving the environment for rural vitalization Services

We continue to introduce innovative management methods and increase resource allocation to support inclusive finance, thereby making financial services in rural areas more accessible and convenient. Our efforts to further optimize the rural financial ecosystem have helped to boost the supply of financial services for rural vitalization.

- We continue to implement preferential interest rates for loans related to “agriculture, rural areas and farmers.”
- We have set up an express service channel for loans related to “agriculture, rural areas and farmers.” Through this channel, we expedite the credit approval process, improve the line of credit, and reduce loans as fast as possible.
- We have made significant strides in extending personal loans to borrowers from poverty-stricken areas. We have diversified the credit enhancement methods for loans related to “agriculture, rural areas and farmers.”
- We have increased our financial support for key areas, such as grain and cotton production, and supported the development of agricultural sectors, including forestry, fruit growing, and livestock farming. While comprehensively enhancing the allocation of financial resources to rural areas, we strive to meet the credit needs in key areas in rural modernization, such as road transportation, logistics and transportation, communication, clean energy, water supply, and power supply.
- We have set up an express service channel for loans related to “agriculture, rural areas and farmers.”

Creating innovative financial products for rural vitalization

Hua Xia Bank has utilized its rich and unique resources as a financial institution to cater to the financial needs of different regions for rural construction. By creating innovative financial services and products, the Bank has supported rural vitalization and bolstered the development of specialty industries in rural areas. This has provided significant financial support for local rural vitalization work.

Case
Supporting the development of rural MSEs with Farmer and Commerce Loan (Hui Nong Xing Shang Loan)

Hua Xia Bank has partnered with Beijing Agricultural Guarantee Co., Ltd. to launch the Farmer and Commerce Loan (Hui Nong, Xing Shang Loan), which offers two types of loans - “Bank Guaranteed Loans” and “Market Loans.” The product is designed to cater to the financial needs of MSEs that specialize in animal husbandry, agriculture, and the production and distribution of agricultural products in the Beijing-Tianjin-Hebei region, with the goal of fostering their growth.

Case
Supporting local agricultural development through the “Hua Nong Loan”

Changsha Branch has introduced the “Hua Nong Loan,” a new online financing service model for farmers, family farms, and cooperatives to access funds and make repayment easily through credit or guarantee security methods. This model has resolved the challenges of meeting high bank access and guarantee requirements, as well as complicated loan procedures faced by farmers, thereby greatly satisfying their financial needs during the transition towards modern agriculture. As of the end of 2022, Changzhou Branch has granted a total of RMB 36.08 million in the “Hua Nong Loan” to 1,151 clients.

Case
Increasing credit supply to as many borrowers as possible

In order to promote digital finance in rural areas, we have introduced self-service card issuance machines, mobile banking, online banking, direct banks, and other facilities and channels to continuously expand basic financial services to towns and villages.

Case
Supporting the development of rural industries with loans

To promote the development of local industries, Yinchuan Branch and Xiji County Rural Vitalization Bureau entered into a strategic cooperation agreement on extending credit to the whole village. The Bank provided RMB 5 million in loans to targeted assistance village, Zhangqi Village, to support their economic activities.

Case
Extending credit to the whole village to promote the development of rural industries with loans

Changsha Branch has been exploring new guarantee models and working closely with guarantee companies to provide working funds for fishery enterprises and farmers. The branch has applied the “Bank + guarantee + leading enterprises + upstream and downstream cooperation” model to introduce modern fish-breeding and farming cultivation technology, driving the development of the local specialty industry. The branch has issued RMB 10 million in loans to Fumin Aquatic Products and Aquaculture Co., Ltd. in Xiangyin County.

Case
Boosting the development of the local specialty industry with a new guarantee model

Changsha Branch has been promoting the “One Village, One Agency” financial education program

Enhancing the accessibility of financial services

By continuously exploring users’ needs and opening more county-level auditors and community branches, Hua Xia Bank has been expanding its services to reach lower-tier markets to provide greater access to our services and expand our service coverage.

To enhance financial literacy in rural areas, Hua Xia Bank has provided training sessions such as the Consultation Desk, the Financial Culture Wall, and the Financial Knowledge Lecture, and by distributing brochures, we teach financial knowledge such as payment and settlement, credit-related business, etc.

Case
Supporting local agricultural development through the “Hua Nong Loan”

Shaoxing Branch’s “Yirong Tong” loan product provides financial support for planting farmers

Increasing financial supply for key areas

We have increased our financial support for key areas, such as grain and cotton production, and supported the development of agricultural sectors, including forestry, fruit growing, and livestock farming. While comprehensively enhancing the allocation of financial resources to rural areas, we strive to meet the credit needs in key areas in rural modernization, such as road transportation, logistics and transportation, communication, clean energy, water supply, and power supply.

Case
Supporting and driving dairy industry chain development

Hohhot Branch has played an active role in providing financial support for local businesses and increasing the issuance of agriculture-related loans, contributing to the economic growth of Inner Mongolia. For example, the branch has underwritten the ultra-short-term financing bonds of a dairy group, which were mainly used for facilitating the modernization, expansion, and standardization of ranches in Inner Mongolia. Through cooperation with a dairy group, the branch has provided unsecured loans to MSEs on the group’s supply chain. In addition, the branch has extended loans to leading companies in poverty alleviation, such as a livestock company in Inner Mongolia, a livestock company in Hulunbuir League, and a dairy company in Inner Mongolia. These efforts have effectively driven the development of the dairy industry chain cluster in Inner Mongolia, contributing to consolidating the achievements in poverty alleviation and rural vitalization.

Case
Supporting and driving dairy industry chain development

Creating innovative financial products for rural vitalization

Hua Xia Bank has utilized its rich and unique resources as a financial institution to cater to the financial needs of different regions for rural construction. By creating innovative financial services and products, the Bank has supported rural vitalization and bolstered the development of specialty industries in rural areas. This has provided significant financial support for local rural vitalization work.

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Offering Financial Services to Benefit the People

As of the end of 2022

RMB 520.312 billion
Balance of personal loans (excluding credit card)

Oriented toward the needs of the people, we have continually innovated our product offerings and expanded the scope of our inclusive financial services. Through these efforts, we strive to support individuals in their aspirations towards a better quality of life.

Serving personal consumption

Following the trend of personal consumption upgrading, the Bank has upgraded consumer financial products, and transformed its service channels from traditional banking outlets to an "online + offline" multi-channel service system. Through this approach, we have extended our financial services to benefit a wider range of customers.

- To meet customers’ needs for consumption and financing, Hua Xia Bank has launched its online consumer loan product - the Elite E Loan (Jing Ying E Loan), which offers services such as online application, direct connection to provider fund, intelligent risk control, etc.
- Focusing on the new demands of citizens for consumption and foods, we have optimized the features for the Hua Xia E Loan to promote the organic integration of credit products and new consumption scenarios.
- To reduce the cost of consumer loans, we have increased our support for consumer credit. For example, we have launched preferential interest rate coupons for consumer loans, and improved the customer experience on our online channels.
- We have implemented policies for loan repayment deferral, and participated in the government-initiated action of “ensuring the delivery of housing, people's livelihoods, and stability” with efforts to ensure that our personal loan repayment deferral service remains accessible to those in need.
- The Bank has developed special consumer finance scenarios such as home decoration and parking, and provided flexible combinations of consumer finance products and scenarios through products such as the Decoration Loan (Jiang Xiu Loan) and the Parking Space Loan (Chao Yi Loan).
- We have also supported popular consumer service scenarios, and increased the distribution of consumer loans to meet customers’ demand for financial services during promotional events on e-commerce platforms, such as the “Disable Eleven” and “Disable Twelve” events.
- The Bank has created specialized consumer finance scenarios such as home decoration and parking, and provided flexible combinations of consumer finance products and scenarios through products such as the Decoration Loan (Jiang Xiu Loan) and the Parking Space Loan (Chao Yi Loan).
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Supporting projects vital to people’s well-being

In response to the reform of the social security system and the upgrade of retirement consumption, and to support first-time home buyers and people in improving their housing situation, Hua Xia Bank provides customers with a package of affordable and convenient financial and lifestyle services through flexible and diverse business models.

- We support the policy formulated by the Ministry of Housing and Urban-Rural Development on promoting a diversified housing supply, and have explored financial services in the rental market.
- We have established reasonable loan standards for first-time homebuyers among new urban residents. In addition, we conduct scientific credit evaluations, and continue to enhance the convenience of borrowing and repayment, making the process more accessible and user-friendly.
- We have implemented differentiated housing loan policies, and dynamically adjusted housing loan strategies while prioritizing the support for first-time home buyers or people in improving their housing situation.
- To reduce the cost of consumer loans, we have increased our support for consumer credit. For example, we have launched preferential interest rate coupons for consumer loans, and improved the customer experience on our online channels.
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- The Bank has launched the private pension business system to provide third-pillar private pension services to customers.
- The Bank has provided comprehensive services based on private pension accounts, and launched a series of financial products for elderly care to fully build its own financial service brand in the elderly care market.

Developing standardized processes for private banking investment advisory services

Hua Xia Bank has launched the innovative "CREDIT" one-stop service working method for investment advisory services, and expanded the depth and breadth of its professional services by standardizing the service process. We have created the "Smart" series product and service package for private banking clients to meet the investment and financing needs of high net-worth clients and their families, as well as businesses. This package includes four major product and service sequences: Smart Investment, Smart Financing, Smart Innovation, and Smart Equipment. Moreover, we have built a "commercial banking + investment banking + private banking" professional service toolbox to provide services in areas such as enterprise investment and financing, client and family wealth planning, equity services, etc. By offering comprehensive financial services that cover "individuals, families, businesses, and society" throughout their entire lifecycle, the bank is able to meet the diverse needs of its clients.

Supporting the development of the health care and elderly care industry

Huangpu Branch of Hua Xia Bank has extended a loan of RMB 1.5 billion to a Huangpu-based construction company, which is an affiliate of the Huangpu Municipal State-owned Assets Supervision and Administration Commission. The company is mainly engaged in the development and operation of health care and elderly care projects, including the demonstration project of the Huangpu Elderly Care Center. The loan was provided to facilitate the elderly care project of the company, utilizing the insurance debt investment plan.

Undertaking the project for paying wage arrears owed to rural migrant workers

The “payment of wage arrears owed to rural migrant workers” program is an important plan formulated by the Party Central Committee and the State Council to protect the rights and interests of rural migrant workers. After communicating with the Jingmen Municipal Labor Security Supervision Bureau, Wuhan Branch has gained access to the “Jingmen Real-name Management Information System for the Construction Field” to monitor the funds in the special account for migrant workers’ wages, thus promoting the resolution of wage arrears owed to migrant workers.

Wuhan Branch paying wages to rural migrant workers.
FOCUSING ON INNOVATION to Accelerate Empowering through Technology

We continue to pursue technology-driven innovation, constantly improving our digital infrastructure and upgrading our services in accordance with specific needs of our customers. We have expanded our service scenarios with an emphasis on the online and offline dual-drive approach, to enhance the overall financial service experience for our customers.

Sustainability practices

- Accelerating business optimization and innovation-driven transformation to promote the development of digital finance.
- Strengthening financial service capability to improve the accessibility of financial services.

In 2022

82,793,900 million
Transactions handled by the mobile banking app

As of the end of 2021

926
Outlets set up priority counters for vulnerable groups

924
Outlets with accessible facilities

82.7939 million
Transactions handled by the mobile banking app

926
Outlets set up priority counters for vulnerable groups

924
Outlets with accessible facilities.
We continue to promote innovation in industry-specific digital finance, integrating industrial services with financial services to provide customers with a more efficient and intelligent experience in a broader range of financial scenarios. Our digital transformation efforts are focused on providing customers with more efficient, intelligent and high-quality services.

Accelerating Digital Transformation

Improving top-level design

In response to China’s digital economy development strategy, the Bank, guided by the Hua Xia Bank 2021-2025 Digital Transformation Action Plan, aims to become a leading smart and eco bank that promotes both the industry-wide digital ecosystem and the consumption digital ecosystem. We have set six themes, namely the open ecosystem, precision marketing, smart operation, smart risk control, legal compliance, and value management, and reshaped our data-driven and technology-driven capabilities as well as capabilities in building a flexible organization and talent team. Additionally, we have established six mechanisms for incentives and fault tolerance to build a corporate-level agile organizational structure.

Promoting data governance

We have enhanced our data governance and digital asset management by reinforcing data control from source to application and unlocking the value of data resources to achieve data transformation and value realization.

Assuring the quality of source data

- We strive to improve the quality of our source data by focusing on 20 key tasks in important data application scenarios such as retail and operation management.

Reshaping the data governance structure

- We rebuilt the three-tiered pyramid organizational structure containing planning, business application, and technical support.

Building data and information platforms

- We planned to build a corporate-level data center that utilizes the “four horizontal and two vertical” data architecture and “two warehouses and two lakes” technology foundation. In addition, we are planning to launch our corporate-level blockchain technology service platform and privacy computing platform.

Strengthening data management capability

- We presented the establishment of corporate-level and project-level data management standards to identify and narrow gaps accordingly.

Designing data application scenarios

- We designed a framework for data application scenarios based on the four themes of “precision marketing, smart operation, smart risk control, and legal compliance”.

Optimizing resource allocation

- Strengthen employees’ digital capability
  - With digital capability building as the core, we built a multi-tiered digital training system focusing on digital professional competence, application skills, and general knowledge.

- Increasing support for digital innovation
  - We introduced the horse racing mechanism of “three groups and nine lines” to improve the benefit-sharing mechanism and facilitate resource integration.

- Enhancing the application of digital information
  - We established smart application scenarios such as digital audits after integrating internal resources, so that management efficiency could be improved.

Achieving win-win cooperation

We have strengthened communication and exchange with upstream and downstream partners and research institutions through digital transformation. By utilizing advanced technology theories and methods, we aim to facilitate the commercialization of sci-tech achievements and promote multilateral cooperation, and achieve win-win benefits for all parties involved.

- We have signed a strategic cooperation agreement with the Beijing Academy of Blockchain and Edge Computing to promote research on the establishment of “blockchain + supply chain” application scenarios.

- We have worked in collaboration with leading steel companies such as HBIS Group and Jianlong Steel to explore the use of digital technologies such as big data, IoT, 5G, as well as digital assets accumulated by them.

- In cooperation with institutions such as XMXYG Corporation, we have established a collaborative network of partners integrating warehousing, warehousing supervision, logistics, finance and other services, to enhance trade digitalization and commodity circulation efficiency.
The Bank intensified its efforts in cybersecurity to ensure stable operations of information systems, protecting customer privacy and assets. In 2022, all important information systems of the Bank maintained stable operations, achieving an overall availability rate of 100% during main business hours.

**Protecting information security**

The Bank intensified its efforts in cybersecurity to ensure stable operations of information systems, protecting customer privacy and assets. In 2022, all important information systems of the Bank maintained stable operations, achieving an overall availability rate of 100% during main business hours.

- Putting into use a new intra-city data center, with a total capacity that can meet the needs of the Bank for 5-10 years.
- Building a distributed and intelligent operation and maintenance structure with 4 tiers, 3 centers, and 1 center to enhance the capability of mobile and intelligent operation and maintenance.
- Consolidating the security protection boundaries of three centers in two places, optimizing the cybersecurity protection strategy, and establishing a comprehensive cybersecurity protection system to eliminate hidden system operation risks.
- Conducting risk assessment and security review, to improve emergency response plans and prevent any system operation risks and customer information leakage.
- Strengthening the detection and remediation of vulnerabilities, and conducting cybersecurity penetration testing.
- Participating in the China Cybersecurity Week campaign, and organizing various publicity activities such as cybersecurity knowledge competitions, lectures, and cloud exhibitions.

**Upgrading Corporate Banking Services**

By utilizing financial technologies, we have expanded the coverage of corporate financial services, and boosted platform development, which promoted product and service innovation and created an interconnected and intelligent service ecosystem for enterprises.

**Advancing platform development**

We have accelerated the use of technology to empower corporate banking services and further upgraded digital platforms such as the cloud platform for intermediary service, the corporate-level audio and video platform, and the dual-platform of inclusive financial services for private enterprises. These efforts have enabled us to achieve full-chain business risk control and provide customers with convenient and secure corporate banking services.

**Facilitating product and service innovation**

The Bank offers systematic service solutions to industries such as logistics, construction, steel, energy, chemicals, government procurement and etc. Through a focus on the diverse transaction scenarios across industry chains, the Bank provides targeted products and optimized services to enhance digital finance’s ability to serve the real economy.

- Launching industry-specific digital finance 3.0 products such as the financing of commodity digital warehouse receipts, railway freight loans, and digital government procurement loans.
- Becoming the first in the industry to launch the commodity financing product.
- Launching the Smart Supply Chain Product of Hua Xia Bank Inclusive Financial Services for Private Enterprises to achieve deep integration of “digital finance + scenario-based services”.
- Launching services such as interbank fund management, electronic letter of confirmation, electronic letter of guarantee, purchase and payment of foreign exchange and etc., on the corporate online banking channel.
- Launching e-CNY corporate wallets on online channels including mobile corporate banking.
- Launching automatic payment on bank-customs connectivity product.

**Wuhan Branch has established a collaboration with an online supply chain management platform, to initiate a pioneering pledge mechanism for digital warehouse receipts against liquid petrochemical products using advanced technologies such as 5G, the Internet of Things, blockchain, big data, and digital twins. This marks a significant milestone in the Bank’s industry-specific digital finance 3.0 reach, and serves as a benchmark for the development of the Bank’s industry-specific digital finance business.**
Strengthening strategic cooperation

We have built and consolidated the “headquarters-to-headquarters” communication platform to support the reform and development of key companies. In 2022, the Bank signed strategic cooperation agreements with 8 enterprises and government agencies, including China Chengtong, Beijing Stock Exchange, National Equities Exchange and Quotations, Xinjiang Production and Construction Corps, Beijing Municipal Medical Insurance Bureau, China National Agricultural Development Group, Beijing State-owned Capital Operation and Management Company Limited, and China Overseas. These partnerships aim to establish strategic cooperation and provide financial services to key companies more effectively.

Improving Service Quality and Efficiency

As of the end of 2022

987
Branches in total

122
Cities above prefecture level covering all provincial capitals (except for Tibet) across the country

917
Self-service banking facilities

3,054
Self-service banking machines

3.09
Machines for each outlet on average

At Hua Xia Bank, we are committed to providing customer-centric financial services that are convenient, efficient, and comprehensive. We continuously strive to improve our services by actively listening to and responding to customer feedback and suggestions. Our focus on high-quality services is driven by our dedication to meeting the diverse financial needs of our customers and helping them achieve their life goals.

Accelerating outlet transformation

With the goal of improving customer experience and creating value, we are fully committed to promoting the transformation and upgrading of our outlets from 1.0 to 2.0. Focusing on digital empowerment and scenario incubation, we accelerate the transformation and upgrading of our outlet services towards scenario-based eco-services, integrating comprehensive and characteristic financial and non-financial businesses. By the end of 2022, the Bank has carried out outlet transformation in 27 branches and reopened 42 outlets after renovation.

The Bank has optimized its self-service banking systems, transferring over 90% of frequent personal counter services on the systems. The improved equipment performance and customer service capabilities have significantly enhanced customer experience and accelerated the digital transformation of outlets. This has effectively reduced counter services and prevented operational risks.

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As a customer-oriented financial institution, we strive to enhance the sense of security, trust, and satisfaction of our customers. To achieve this, we have consolidated our service foundation, improved our service system, and optimized our service modes.

Our focus has always been on providing customer-centric services that create value. We are dedicated to continuously improving the quality, efficiency, and overall satisfaction of our services, as well as making every effort to offer considerate financial services.

Improving service efficiency

As a customer-oriented financial institution, we strive to enhance the sense of security, trust, and satisfaction of our customers. To achieve this, we have consolidated our service foundation, improved our service system, and optimized our service modes.

- Expanding service channels
- Expanding service coverage
- Strengthening the professional ability of the service team

We have improved intelligent service scenarios to enable customers to modify relevant information through WeChat Bank and the mobile APP. We have added new functions such as ETC detail inquiry to facilitate customer consultations, complaints, and feedback.

We have explored new practices of customer-friendly and well-regulated service, and deeply integrated the evaluation of these practices into the construction and management of our outlets, while meeting the diversified needs of customers.

We have strengthened the management of operation personnel in outlets by issuing differentiated management guidance for operation personnel in outlets and carrying out targeted training on products and services.

Optimizing customer service

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Valuing customer experience

We have strengthened our services across different fields and customer groups to deliver superior products and services that are both convenient and efficient, thus ensuring an enhanced customer experience.

- Developing differentiated customer services
- Building the customer points and rights system

We have created a barrier-free environment with accessible passageways and convenient service facilities such as magnifying glasses, first-aid kits, and priority seats in outlets.

To provide better services for customers with special needs, we have set up priority counters and offer one-on-one services for vulnerable groups such as the elderly, infants, sick, disabled, and pregnant. We have optimized our mobile and internet applications to make them more friendly for the elderly. Additionally, we provide reinforced services for customers with special needs.

Customer satisfaction management

We conduct regular surveys on customer satisfaction to gauge customer satisfaction with our services, and actively collect customer feedback and suggestions. By closely monitoring and responding to changes in customer demands, we strive to continuously improve our services and enhance customer satisfaction. In 2022, customer satisfaction with the Bank’s 95577 hotline was 99.63%.

Serving customers with special needs

We prioritize the needs of customers with special requirements by providing tailored financial services and enhancing our care for the elderly, infirm, sick, disabled, and pregnant individuals, to comprehensively improve customer services.

As of the end of 2022

924 Outlets with accessible facilities put in place
926 Outlets with priority counters for vulnerable groups set up
5.2938 million Elderly clients

Nanjing Branch establishes a mobile financial service team
Wuxi Branch improves service experience for special groups

HUA XIA BANK CO., LIMITED Social Responsibility Report 2022

HUA XIA BANK CO., LIMITED Social Responsibility Report 2022
GUARDING AND PRACTICING the Green Philosophy

To deepen our green finance strategy that supports China’s goal of carbon peak and carbon neutrality, we make every effort to promote ecological progress, develop green finance as a new characteristic and a new edge. Our aim is to become a leading player in the green finance sector during China’s low-carbon era.

Sustainability practices

- Promoting green finance by diverting the stream of financial resources to greener and cleaner sectors
- Strengthening our climate risk management, and establishing systems and procedures for environmental risk management
- Enhancing biodiversity conservation and publicity
- Conducting green procurement, promoting green offices and engaging in a variety of eco-friendly public activities

As of the end of 2022

RMB 247.035 billion
Balance of green loans

RMB 252.145 billion
Balance of climate-related financing business

RMB 28.969 billion
Accumulative value of ESG-themed assets under management

2.6179 million
ETC cards users in total
The Bank highly values the development of green finance and aims to put forward the strategic goal of "making every effort to develop green finance as a new characteristic". To this end, we have adopted measures to transform the credit structure, increase green investments, innovate green products, practice ESG philosophy and enhance international cooperation. We aim to maximize the positive impact of green finance on promoting social and economic green transformation, and amplify the external positive impact of our investments and financing activities on the environment.

Supporting green credit

In line with the Bank’s commitment to supporting national goals of carbon peak and carbon neutrality, we have implemented credit and financing policies aimed at advancing our green finance strategy. This has included a strong focus on industry policies and regulatory supervision of the green finance sector, as well as ongoing efforts to improve management practices and leverage the latest technologies to capitalize on the current momentum in the national green finance movement.

Developing innovative green products

We continue to develop distinctive investment businesses for green finance, strengthen the green application of financial products and interaction with our branches and other businesses, and strive for innovative green finance products and business patterns.

Guangzhou Branch facilitates the intelligent manufacturing of new energy vehicles

Developing Green Finance

As of the end of 2022

RMB 247.035 billion

Balance of green loans

RMB 38.558 billion

Increase from the beginning of the year

18.49%

Increase percentage

Equals to

1.175 million tons

Standard coal equivalent saved

2.786 million tons

CO₂ reduced

11.214 million tons

Water saved

Shaoxing Branch is engaged in practicing the green development idea. It offers customized financing services and solutions for businesses with high energy consumption, such as a packaging limited company and its associated enterprises. Through green loans, the businesses were able to introduce the most advanced packaging production line in China and complete their technical transformation for energy conservation and carbon reduction two years ahead of schedule, thus promoting their green transformation.

Shijiazhuang Branch formulated a comprehensive green finance plan for an energy comprehensive development limited company in Hebei Province, and provided it with working capital loans worth RMB 100 million to cover the expenses of desulfurization and denitration. The Branch’s financial support of the place where the company is located in improving energy efficiency and building a greener environment has yielded significant environmental and social benefits.

Shenyang Branch focused on supporting the construction of a sewage treatment plant in a chemical industry park in Liaoning Province. The total investment of the project was RMB 383 million and RMB 243 million was borrowed by the Bank. The loan was used primarily for Phase I of the construction project, which aimed to reduce pollution around tributaries and minimize the impact of pollution on surface and underground water.

Guangzhou Branch facilitates the intelligent manufacturing of new energy vehicles

Developing innovative green products

As of the end of 2022

RMB 21.111 billion

Balance of green investment

Fujian SOEs witness the first green bonds denominated in USD

Issuing the first green sustainability-linked USD bonds under “dual-ESG architecture”

Zhengzhou Branch supported Pingdingshan Tianan Coal Mining Co., Ltd to issue sustainability-linked bonds worth RMB 1 billion with a 3-year bond maturity.
The Bank integrates ESG factors (environment, society and governance) into the entire investment and decision-making process. We are committed to implementing the ESG philosophy throughout the Bank, strengthening our efforts towards the informatization of green finance, improving our standardized management, and actively participating in ESG-related research and exchanges. Through these initiatives, we aim to reinforce our commitment to building climate banking systems.

Practicing ESG philosophy

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Since 2020, Hua Xia Wealth Management Co., Ltd. has been a signatory of the United Nations-supported Principles for Responsible Investment Association, and as such, actively promotes responsible investment principles across the country.

In 2022, Hua Xia Wealth Management Co., Ltd. and the Chinese University of Hong Kong, Shenzhen released Annual Report on ESG Investing in China’s Asset Management Industry 2022 for the third consecutive year. It also joined hands with the Climate Initiative Bonds (CIB) and the Chinese University of Hong Kong, Shenzhen to release the Report on Research Results of China’s transition in Finance. Hua Xia Wealth Management Co., Ltd. was also involved in developing three national ESG group standards that have already been issued. It was invited by the Ministry of Finance of the People’s Republic of China, Beijing Municipal Administrative Center, Principles for Responsible Investment Association and other organizations to share its TCFD and ESG practices, demonstrating its contribution towards building a climate banking system.

On December 29, Hua Xia Wealth Management Co., Ltd. held the 4th ESG Investing Forum for Asset Management in China virtually. The forum focused on the national carbon goals and discussed the future trends of economic development, leading edge policies of carbon peak and carbon neutrality, and the new paradigm for ESG investment. The event attracted over 3.23 million online viewers.

Hua Xia Wealth Management Co., Ltd. continues to tap into SDG finance

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The 4th ESG Investing Forum for Asset Management in China

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The Beijing-Tianjin-Hebei Air Pollution Control Financing Innovation Project, our relending project from international financial organizations, has taken effect. This project involves the largest amount of capital in the history of China’s cooperation with the World Bank and marks the World Bank’s first energy project that uses the results-based financing approach. We have provided strong financing support to the sub-projects to boost energy efficiency, promote renewable energy and combat pollution in the Beijing-Tianjin-Hebei Region.

Improving the environment with various parties

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Regarding green finance as a major development target, the Bank makes every effort to pursue “Green Growth for a Better China”. To achieve this, we have increased publicity for green finance to raise staff awareness and help them foster the value of eco-friendliness. We champion a green lifestyle and consider offering green financial services to customers as a code of conduct for our employees. By doing so, we aim to cultivate and prioritize a green culture within the Bank.

Facilitating international cooperation

We continue to facilitate international cooperation on green finance and foster close partnerships with organizations such as the World Bank, Asian Development Bank, Agence Française de Développement and other international financial organizations. We continue to optimize policies and improve our professional capacity, project management and executive capacity to better leverage our role in promoting high-quality development via green finance.

Cultivating green culture

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Addressing Climate Change

In line with China’s domestic development dynamics and in compliance with the requirements of supervision under the market and government, the Bank is committed to deepening its green finance development strategy and continuously improves its environmental and climate risk management practices to support the goals of carbon peak and carbon neutrality. In 2022, the Bank issued the Report on 2021 Environmental Information Disclosure, the first head office-level environmental information disclosure report among national joint-stock commercial banks that meet the disclosure requirements of the People’s Bank of China and the Task Force on Climate-Related Financial Disclosure (TCFD).

Governance architecture

The Bank continues to improve its governance architecture for green finance, including the management of environmental and climate risks, and strives to establish a sound system for the development and management of green finance.

**Strategies**
- The Board of Directors establishes our green credit development strategy and tightens the supervision of its implementation and reviews the green credit objectives formulated by the senior management department and the green financial reports.
- It formulates risk management policies for environmental and climate risks, and assesses the status of risk management.

**Comprehensive management**
- The Green Finance Management Committee ensures a coordinated approach to implementing the green finance strategy and reviews plans related to green finance.
- It works to ensure coordinated cooperation among sectors on green finance and implements implementation of relevant projects from international organizations.
- It coordinates corporate affairs concerning environmental risk management.

**Forging ahead**
- The Head Office Green Finance Center sets development targets and plans for green finance, and improves relevant systems and processes.
- It manages corporate affairs including green financial business, marketing procedures, product research and development, and brand management.
- It conducts environmental and social risk management.
- 15 key branches have green finance departments.
- The departments are responsible for branches’ green finance operations and management, marketing procedures and environmental risk management.

**Policies**

We operate in accordance with the guidelines of the CPC Central Committee and the State Council, and have established systems and mechanisms for green finance as well as environmental and climate risk management.

The 2021-2025 Development Plan of Hua Xia Bank aims to “make every effort to develop green finance as a new characteristic”, showing our growing support for the green industry. We formulated the Rules of Green Finance Management of Hua Xia Bank, Guiding Opinions on the Credit Business Environment and Social Risk Management for Legal Persons from Non-financial Institutions of Hua Xia Bank, and Green Code of Conduct in Hua Xia Bank. The policies clarify governance responsibilities and help optimize our environmental and social risk management mechanisms. We have also built an assessment system for green finance in an attempt to promote green offices and sustainable development within the Bank.

Risk management

Giving priority to environmental risk management, we identify, measure, monitor, and manage the environmental risks in the credit business. We carry out stress tests to quantify environmental and climate risks. In line with the principles of full coverage, classified management, and dynamic control, we continue to improve our environmental risk management mechanism throughout the entire process. Our objective is to improve our capacity to manage environmental and climate risks.

We will strengthen our support for the green industry and continue to improve the proportion of green loans and the total amount of green financial business.

We will strengthen our environmental risk management to avoid credit business losses caused by environmental and climate risk management.

We will practice green operations, implement low-carbon management and strive to achieve our own carbon neutrality by 2025.
We fulfill our social responsibility by contributing to the conservation of biodiversity and managing the risks associated with our investment and financing activities. To our corporate ecological value, we develop sustainable financial products and provide stronger financial support for biodiversity conservation.

In 2022 in the second phase of COP15 held in Montreal, Canada, the Bank issued the Common Action Plan for Banking Sector to Support Biodiversity Conservation in cooperation with China Banking Association and domestic and foreign financial institutions, which positioned the Bank as one of the first batch of businesses that have registered in the “Environmentally and Financially Supported Project Management System” developed by the Ministry of Ecology and Environment of the People’s Republic of China. We further increased project reserves and innovated new approaches to loan distribution to provide more sustainable financial products.

Protecting Biodiversity

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Protecting Chinese alligators

The Chinese alligator is one of the top 20 most endangered animals in the world and is under first-class state protection in China. Fuzhou Branch provided a loan of RMB 19 million to Zhejiang Chinese Alligator Reserve Management Co., Ltd. to replenish its floating capital. This loan will enable the company to allocate more funds toward biodiversity conservation.

Framework Agreement on Bank-government Cooperation on Marine Fisheries signed with Fujian Provincial Department of Ecology and Environment

Fuzhou Branch and the Fujian Provincial Department of Ecology and Environment signed the Framework Agreement on Bank-government Cooperation on Marine Fisheries. This agreement aims to provide financial support for the construction of major environmental projects, the pilot model of environmental protection-oriented EOD, green circular economic development, and other sectors. By working together, our customers in the environmental sector in Fujian Province will have access to better services, and we can help Fujian Province build itself into a green economic zone.

Building Greener Life

We uphold green travel and green transactions and call upon the public to foster a green lifestyle and raise environmental awareness.

Encouraging green travel

In accordance with national policies, we have introduced electronic toll collection on expressways and bridges, allowing customers to save transit time, relieve traffic congestion, reduce air pollution, and promote green travel.

As of the end of 2022

<table>
<thead>
<tr>
<th>ETC card users signed</th>
<th>Increase over the end of 2021</th>
<th>ETC cards issued in total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,6179 million</td>
<td>69,800</td>
<td>3,2788 million</td>
</tr>
</tbody>
</table>

It is estimated that an LDV on ETC driveways instead of an manual toll driveways can realize:

<table>
<thead>
<tr>
<th>NOx reduction</th>
<th>Carbide reduction</th>
<th>CO reduction</th>
<th>CO2 reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.4%</td>
<td>71.2%</td>
<td>71.3%</td>
<td>48.9%</td>
</tr>
</tbody>
</table>

Facilitating green transactions

With a focus on the paperless transformation of the counter, we continuously promote the comprehensive integration of counter transactions, achieving the digitization of paper vouchers, customer signatures, and bank seals, and further deepening green and low-carbon financial services.

As of the end of 2022

<table>
<thead>
<tr>
<th>Electronic transactions completed</th>
<th>Transactions increased over the beginning of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,052,590,400</td>
<td>826,030,600</td>
</tr>
</tbody>
</table>

99.42% Services handled via main e-channels
We acknowledge the impact of our corporate operations on the environment and promote green offices and green procurement. We actively engage in eco-friendly public activities to reduce resource consumption, improve energy utilization rates, and decrease harmful emissions, thereby cultivating a culture of green and low-carbon living.

Green office

Adhering to green philosophy, the Bank upholds green production to reduce energy consumption, and seeks to raise staff awareness of frugality, environmental protection and a sense of responsibility. By taking small steps towards greener workplace culture, we aim to foster a healthy and sustainable work environment.

Energy conservation: We have installed LED bulbs and other energy-efficient consumer equipment in our green offices. To save energy, we introduce measures to ensure lights and taps are turned off if not used, and reduce printers and materials.

Green travel: We strictly implemented requirements to manage company-financed vehicles and deployed the vehicles reasonably. We encouraged employees to commute by bus, subway or bike or on foot, thus contributing to lower exhaust emissions by motor vehicles.

“Clean your plate” campaign: Our staff continues restricted food quota to reduce kitchen waste and the staff was encouraged to eat at home or outside.

Waste sorting: Waste sorting facilities were set up in offices. Specifications were in place for employees to sort waste, improving waste sorting efficiency.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total water consumption of Head Office (ton)</td>
<td>33,193.13</td>
<td>34,423.6</td>
<td>35,248.58</td>
</tr>
<tr>
<td>Total power consumption of Head Office (kWh)</td>
<td>51,340,078.62</td>
<td>60,577,508.3</td>
<td>64,336,569.73</td>
</tr>
<tr>
<td>Total fuel consumption from company-financed vehicles of Head Office (litre)</td>
<td>24,607.26</td>
<td>27,808.22</td>
<td>18,589.04</td>
</tr>
<tr>
<td>Total paper consumption of Head Office (ton)</td>
<td>20.83</td>
<td>20.89</td>
<td>17.61</td>
</tr>
</tbody>
</table>

Green procurement

We conducted centralized procurement and established over 10 policies such as the Administrative Measures for Centralized Procurement, Administrative Measures for Tending, Bidding and Procurement and Working Rules of the Centralized Procurement Committee, aiming to improve the transparency and standardization of our procurement work and promote green procurement.

| Green requirements in centralized procurement system |
|------------------------------------------------------|--------------------------------------------------|
| The Rules define the parameters for suppliers who wish to do business with us, including their green capacity and social responsibility performance. |
| Professional management departments are encouraged to prioritize the procurement of innovative and green products. |
| Project accreditation index and index weight design should consider the elements of environmental protection. |
| Suppliers failing to fulfill their social responsibilities and dimension will not be admitted to our supplier base. |

Green charity

We organize various eco-friendly public activities to engage employees in environmental protection, such as volunteering at garbage collection stations in target communities, signing a letter of commitment on waste sorting, cleaning up community garbage, and conducting voluntary tree planting. By actively reducing carbon emissions and promoting green initiatives, we strive to contribute to building a greener and more eco-friendly country for all.

Nanjing Branch holds a themed public welfare activity on Tree-planting Day.

Voluntary sanitary service

On March 4, Chongqing Branch joined hands with the volunteer team of the Chongqing Youth League and the community to provide voluntary sanitary services. The volunteers were organized to collect the garbage scattered around Binfang River Dam, exemplifying Lei Feng’s spirit through practical actions. The service helped enhance employees’ awareness of labor, environment, and social responsibility, taking a step forward toward sustainable development.

For more information on green finance and the environment, please refer to the Environmental Information Disclosure Report.
OPERATING HONESTLY to Achieve Sound Development

To pursue high-quality development while maintaining prudent operation, we comprehensively promote the construction of long-term mechanisms for compliance management and operations, enhance risk prevention capability, and protect consumers’ legitimate rights and interests.

Sustainability practices

- Ensuring compliance in operations while following laws and regulations, improving the internal control and compliance management mechanisms, and promoting a culture of the rule of law
- Strengthening risk prevention and control, improving the long-term risk management mechanism, and pursuing professional risk management
- Safeguarding the legitimate rights and interests of customers and carrying out financial knowledge publicity and education activities.

In 2022

3,624 Training sessions on compliance held

3,734 Training sessions on anti-money laundering

28,453 Public education sessions

As of the end of 2022

1.75% Non-performing loan (NPL) ratio

158.99% Provision coverage ratio (PCR)
Ensuring Compliance

To safeguard the bottom line of compliance, the Bank improves its internal control and compliance management mechanisms, prevents illegal financial activities, provides precedents to promote vigilance, and fosters a culture of the rule of law and compliance to ensure honest and compliant operations.

Improving the internal control and compliance system

To achieve sound development, we ensure compliance in operations by improving an internal mechanism for compliance management and promoting the construction of a compliance management system based on the requirements of regulators.

The Bank has revised the Measures for Risk Management for Compliance, and established a joint review mechanism for compliance risks under the co-management of the first and second lines of defense. We have also consolidated the primary responsibility of business lines and strengthened gate-keeping for business lines with compliance, to enhance the prevention and control of risks from the sources.

As we promote the digital empowerment of business system management, we have built an enterprise-level policy framework for businesses, constructed a database for group businesses, and facilitated the integration of the policy framework with business development.

We have established a grid supervision and inspection mechanism covering the Head Office and Branches at the operation management level by strengthening the “second line of defense” and improving the quality and efficiency of the “first line of defense”.

We have established a joint review mechanism for compliance risks under the co-management of the first and second lines of defense. We have also consolidated the primary responsibility of business lines and strengthened gate-keeping for business lines with compliance, to enhance the prevention and control of risks from the sources.

Promoting the rule of law

The Bank promotes the rule of law in various ways. In addition to strengthening our legal risk control, we organize educational seminars on the rule of law, advance the construction of our legal professional team, and reinforce our collectivized legal risk management to foster a workplace culture of integrity.

With a focus on the legal risk prevention and control needs across various business areas, we have formulated and issued judicial interpretations and actual business operations, thereby enhancing our foresight in prevention and control.

We have conducted special inspections on the prevention, control, and resolution of major risks of our subsidiaries to promote the Group’s risk management strategy, urging our subsidiaries to abide by the law and prevent risks, and enhancing their legal risk-management capabilities.

We enhance the Bank’s legal risk prevention and control capability, we have organized special training on Personal Information Protection Law and the Civil Code of the People’s Republic of China.

We have promoted the improvement of a training and incentive mechanism for legal professionals to ensure the coverage of the professional legal team in all branches.

The Bank prioritizes compliance with laws and regulations in managing important matters of major projects.

We have organized special training on personal information protection laws and the Civil Code of the People’s Republic of China.

Optimizing control system for legal risks

Shenzhen Branch’s activity on “Pursuing Long-term Development in Stability with Full Compliance”
Ramping up to guard against crime risks

Among our efforts to consolidate risk prevention and control defenses, Hua Xia Bank actively prevents illegal financial activities by investigating employees’ abnormal behavior, deepening the accountability system and showing precedents to promote vigilance.

- We have effectively prevented hidden risks by implementing a risk-examination mechanism, improving the verification of irregular behaviors, and investigating various illegal and irregular problems such as illegal lending and improper capital transactions with customers.
- To improve compliance and crime prevention awareness, we have strengthened the risk warning in business areas such as inter-bank deposits, counter business, and elderly customer service.
- We have carried out regular anti-crime efforts by strengthening credit management and enhancing the gate-keeping, monitoring, and evaluation of cooperative institutions.
- We have established a close collaborative working mechanism to prevent and combat illegal financial activities such as illegal fundraising, illegal lending, and financial fraud.
- We launch the publicity on the Anti-organized Crime Law of the People’s Republic of China.
- We conduct regular and comprehensive troubleshooting with 100% coverage.
- We have strengthened our special investigation of “flying bills” (the practice of a sales clerk processing orders through other companies rather than their own), which is conducive to preventing fraudulent activities.
- We have optimized the monitoring system and model for abnormal transactions in employees’ accounts to improve the scope and accuracy of monitoring and warning.
- We optimize the accountability system and deter employees from committing financial crimes through accountability and education, creating a strict atmosphere of accountability.
- We have issued notices on accountability, analyzed common problems and specified the requirements for accountability management.
- We conduct a self-examination of irregularities in investment responsibility operations to strengthen the accountability arrangements.
- We organize the “Guard Your Money to Ensure a Happy Family” campaign to prevent illegal fund-raising.
- We have won the Organization of Excellence in the “Fighting Fraud and Boosting Compliance” Financial Fraud Prevention Knowledge Quiz.
- To encourage the effective prevention of risky behaviors and enhance risk prevention awareness, we have established the Award for Stopping Financial Crimes and Handling Risk Events.

Reinforcing money laundering risk management

We continue to improve the internal control system for anti-money laundering. By strengthening self-organisation and intensifying publicity efforts, the Bank comprehensively enhances its awareness of money-laundering risks and improves the quality and efficiency of its management.

- We have revised five systems, including the method for handling customer money laundering behaviors, risk assessment and classification for terrorist financing, and the business procedure for risk classification of customers involved in money laundering.
- We have organized a special agenda to reinforce our AML efforts, thoroughly identifying weaknesses and formulating optimization plans to improve our AML management.
- We take measures to enhance our anti-money laundering training system, strengthen the construction of its anti-money laundering team, and cultivate the idea that “preventing money laundering is a shared responsibility”
- To promote this idea, we have organized a series of four-in-one publicity activities in “lobby + outdoor + media + Internet”.
- We have revised five systems, including the method for handling customer money laundering behaviors, risk assessment and classification for terrorist financing, and the business procedure for risk classification of customers involved in money laundering, further strengthening the foundation of our anti-money laundering management.
- We conduct self-assessments of money laundering and terrorist financing risks for institutions, develop self-assessment models, evaluate risky situations and the effectiveness of relevant central measures, and identify areas for improvement.
- We organize the “Guard Your Money to Ensure a Happy Family” campaign to prevent illegal fund-raising.
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Nanjing Branch raises the public awareness of AML at the entrance of its sub-branch.

Hangzhou Branch conducts AML promotion especially for elderly customers.
We have enhanced the capabilities of the big data risk identification and early warning system – "Dragon Shield" to promote the utilization of big data in customer marketing, credit investigation, examination and approval, post-loan inspection, and asset preservation. This deepens our implementation of big data in credit and risk control, leading to improved efficiency and accuracy in risk management. The "Dragon Shield" system was awarded the Financial Insights Innovation Awards - FIIA by IDC China Digital Finance Forum.

Preventing and Controlling Specific Risks in Key Areas

The Bank has been continuously strengthening risk prevention and resolution in key areas to secure overall control of various risks.

- To improve the asset lifecycle management, we have actively worked to strengthen the formulation and implementation of policy systems, and optimized business structures, ensuring continued stability and improvement of asset quality.
- The Bank traces and interprets important national policies and economic operations to timely refine its policies and resources. We also actively review and update the regional credit granting strategies, and continue to guide branches to effectively support the development of local real estate.
- We enhance our post-loan management by broadening our warning monitoring dimensions and establish normal and abnormal monitoring and analysis to manage the access and monitoring in key areas, effectively preventing new risks.
- We improve the asset preservation management mechanisms, strengthen the centralized management of non-performing assets, greatly promoting the quality and efficiency of collection and disposal.
- In line with the Measures for the Administration of the Large Capital Exposures of Commercial Banks, we actively strengthen the management of large capital exposure, monitor and report all the details on a quarterly basis, in order to steadily promote the establishment of the large capital exposure system. The risk control of key accounts at the headquarters and branches has been continuously strengthened.
- We closely monitor changes in the market to better understand market changes and related risks. We have improved the identification, and reporting mechanisms for market risks, which has helped strengthen our risk prevention and management efforts.
- Hua Xia Bank has optimized setting methods and indicator matrices for key risks for early warning, so as to improve our operational risk monitoring capability.
- By launching a market risk management system and reforming the counterparty credit risk measurement system, the Bank has multiplied its market risk measurement capability.

Credit risk management

- The Bank has optimized systems and mechanisms by improving the credit risk management system and mechanisms and workflow for disposition.
- The Bank takes risk awareness, maintains a focus on problem identification, and fosters a culture that prioritizes reputation risk mitigation.
- The Bank places significant emphasis on strengthening operational work, consolidating primary responsibilities, enhancing risk warning mechanisms, and taking proactive measures to mitigate reputation risks, thereby effectively improving management practices.

The Bank has raised risk awareness, maintained a focus on problem solving, and continually improved systems and mechanisms, so as to improve the quality and effectiveness of operational risk self-assessment.

Optimizing operational risk management

- We have refined our assessment standards as well as audit and verification mechanisms to improve the quality and effectiveness of operational risk and self-assessment.
- Covering risks in key risk areas and key links, our management has improved the indicator system for key risks for early warning, so as to improve our operational risk monitoring capability.
- The Bank has also upgraded the management mechanisms for operational risk events, and made adjustments to the operational risk management system's functions, including the cleaning and replacement of old historical data. These measures have adequately prepared us for the official implementation of the new standard law.
Hua Xia Bank places significant emphasis on safeguarding customer rights by strictly adhering to various requirements for customer protection. This approach ensures that customer rights and interests are protected in an orderly manner.

Putting people first, the Bank complies with relevant policies and regulations, and actively implements the requirements of the Board of Directors (Supervisors) and the senior management. We remain committed to enhancing comprehensive customer rights protection and services by involving all employees across business lines and processes. Our efforts focus on improving customer rights protection in areas including top-level design, business operation, customer protection review, public education, internal training, supervision and inspection, information disclosure, complaint and dispute handling, performance evaluation, etc.

Protecting customer rights and interests

The Bank remains highly vigilant about customer rights protection and has successfully integrated it into the corporate governance, culture, and business development strategies. As a result, we have strengthened the customer rights protection mechanisms by deeply embedding them into our operations.

Functional departments responsible for customer protection at all levels have reinforced their duties to improve the management of customer rights protection. We have also strengthened coordination and supervision, and improved the management of key links. Through fulfilling our management responsibility, promoting the integration of business lines, and facilitating the implementation of key tasks, we ensure the construction and effectiveness of a comprehensive customer protection system across all business lines and processes.

The Bank strictly adheres to regulatory requirements and tailors training content for different participants. We also conduct special training on issues found in the dynamic management, and promote multi-form, multi-channel customer protection training in online + offline, centralized + self-study, and special + joint forms. By combining the theoretical foundation of customer protection with business operations, we aim to enhance our ability to protect customer rights and interests.

We have diligently followed the relevant requirements set by regulatory authorities and industry associations regarding customer protection education and publicity. As part of our institutionalized and diversified efforts to provide long-term and effective customer protection education and publicity, we established a Branch Manager’s Lecture on Customer Protection program, which serves as an education and publicity brand. Additionally, we created various forms of customer protection education and publicity, and improved our online and offline risk warning systems. All these measures are part of our efforts to fulfill our responsibility of education and publicity for customer protection.

The Bank remains highly vigilant about customer rights protection and has successfully integrated it into the corporate governance, culture, and business development strategies. As a result, we have strengthened the customer rights protection mechanisms by deeply embedding them into our operations.

We continuously improve the construction of our customer complaint handling systems, clearing complaint channels and handling customer complaints in a proper and active manner. We use mediation mechanisms to resolve customer disputes and put emphasis on assessing customer complaints, while strengthening accountability, traceability and rectification. Through these measures, we are effectively fulfilling our responsibility of complaint handling, improving the management of customer complaints, and obliging customer complaints positively to improve corporate governance, promote business development, and enhance financial services.

We attach great importance to the implementation of customer protection reviews and have strictly controlled the integration of customer protection into product design, business systems, and marketing promotion. We have further enhanced the embedding of customer protection into all business lines to build both online and offline customer protection review mechanisms that bring risk threshold forward.

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Creating our own education and publicity brand to strengthen risk education

Strengthening customer protection training and improving the training content

Unlocking complaint handling channels to assume the responsibility of complaint handling

Strengthening service quality and efficiency to support each other to improve customer protection

Strengthening customer protection training and improving the training content

Creating our own education and publicity brand to strengthen risk education

Unlocking complaint handling channels to assume the responsibility of complaint handling

Strengthening service quality and efficiency to support each other to improve customer protection

Through exploring new practices of customer-friendly and well-regulated service, we have incorporated the customer-friendly and well-regulated service evaluation system into the construction and management of outlets’ services to meet the diverse needs of financial customers. This enables the Bank to better serve the diverse needs of financial customers, expand the coverage and depth of its financial services, and facilitate the integration of well-regulated service and customer rights protection.

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Creating our own education and publicity brand to strengthen risk education

Unlocking complaint handling channels to assume the responsibility of complaint handling

Strengthening service quality and efficiency to support each other to improve customer protection

Strengthening customer protection training and improving the training content
Responding to customer complaints

The Bank has always attached great importance to the management of financial customer complaints. Guided by regulatory authorities and led by the Party Committee of the Bank, the Board of Directors, and the management team, Hua Xia Bank has always regarded complaint management as a key task in applying the people-centered development philosophy as an SOE.

We continuously improve the construction of our customer complaint handling systems, clearing complaint channels and handling customer complaints in a proper and active manner. We use mediation mechanisms to resolve customer disputes and put emphasis on assessing customer complaints, while strengthening accountability, traceability and rectification. Through these measures, we are effectively fulfilling our responsibility of complaint handling, improving the management of customer complaints, and utilizing customer complaints positively to improve corporate governance, promote business development, and enhance financial services.

We handle complaints in a timely and proper manner, strictly following the established procedures and never rejecting any complaint without justifiable reasons. In 2022, the Bank further strengthened the identification and early warning of complaint data. Based on the principle of accepting all possible complaints, we have expanded complaint channels and further strengthened the management and application of complaint data. Throughout 2022, the Bank received a total of 112,980 customer complaints (including all complaints received by the Head Office, the credit card center, and all branches, and through the customer feedback worksheets). We completed the handling of 99.99% of customer complaints within 15 days, and resolved all customer complaints we received in 2022, achieving a 98.04% customer satisfaction rate for complaint handling.

Complaints concerning credit cards were mainly from Guangdong, Shandong, and Henan, and complaints involving other banking services were mainly from Beijing, Jiangsu, Guangdong, and Tianjin. Due to the economic challenges in 2022, complaints were mainly related to loan repayment consultation, repayment of personal loans (mainly mortgage loans and online loans), debt collection, credit adjustment services, and product returns related to wealth management and other financial products. In response to the above situation, while receiving and handling complaints in a proper manner, the Bank focused on complaint analysis and source control, and urged the continuous optimization of banking processes or services, leveraging the positive role of complaint management to provide better services for financial customers.

Carrying out public education on finance

To actively implement the requirements of regulatory authorities and industry associations such as the People’s Bank of China and the China Banking and Insurance Regulatory Commission, we have strengthened public education and publicity on customer rights and interest protection. Through a variety of channels such as online and offline lectures, social media platforms, and financial education events, we aim to help key and vulnerable groups improve their understanding of financial knowledge and skills, and increase their risk prevention awareness and ability.

**Case:** The first finance-themed train in Henan Province co-created by Zhengzhou Branch

On September 26th, the first finance-themed train co-created by Zhengzhou Branch in Henan Province was launched. The train carriage was decorated with original customer protection posters and slogans, and the branch’s original customer protection cartoons were played on the TV. On the day of the launch of the train, Zhengzhou Branch organised its employees to disseminate financial knowledge to passengers on the train by distributing leaflets, centralized lectures, and award-winning Q&A. This practice not only fulfilled the Bank’s social responsibility, but also improved the financial literacy of the public.

<table>
<thead>
<tr>
<th>Invested in public education</th>
<th>RMB 5,443,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Themed activities held</td>
<td>555</td>
</tr>
<tr>
<td>Activities held in 2022</td>
<td>28,453</td>
</tr>
<tr>
<td>Attendees in total</td>
<td>32 million</td>
</tr>
<tr>
<td>Copies of brochures and leaflets distributed</td>
<td>3,605,900</td>
</tr>
</tbody>
</table>
Always being people-oriented, we prioritize the well-being and career development of our employees. In addition to providing platforms for self-development, we work to build a team of outstanding financial talents. Through our active participation in social welfare activities with employees, we fulfill our social responsibility, demonstrating our commitment to making a positive impact.

Sustainability practices
- Safeguarding employee’s basic rights and ensuring equal employment and democratic management
- Empowering employee’s career development and building a multi-level and full-coverage training system
- Protecting employee’s physical and mental health and striving for employees’ satisfaction and happiness
- Engaging in community-based charity and improving people’s well-being

As of the end of 2022
6,913
Employee training sessions organized

261
Employees in need received assistance

RMB 21.3853 million
Charitable donations
We abide by the Labor Law, Labor Contract Law and other Chinese laws and regulations strictly. Following the principles of transparency, fairness, and impartiality, we have established a diversified talent recruitment system that fosters an equal working environment where employees respect one another and their basic rights are protected.

Promoting equal employment
Strictly abiding by relevant laws and regulations such as the Employment Promotion Law, the Bank provides equal and transparent employment opportunities to workers and fights against any form of discrimination regardless of race, gender, religious belief and cultural background, forging a diversified, harmonious and inclusive labor relationship.

Improving compensation and benefits
Hua Xia Bank has optimized its compensation management system. In line with the performance-based pay structure, we correlate employees’ compensation with their performance appraisal. This system incentivizes continuous personal development and improvement among employees.

- The Bank signs collective contracts, collective contracts on salary, and labor contracts with employees in accordance with the law, and ensures timely and full payment of various social insurances for employees.
- The Bank sets reasonable working hours and ensures timely and full payment of remuneration to employees.
- Every employee is entitled to statutory holidays and payments.
- The Bank constantly optimizes the assessment and incentive mechanism and salary distribution system.
- We strengthen the assessment of the protection of consumer rights.
- The Bank has incorporated social responsibilities such as serving the real economy, MSE services, and agriculture-related and rural vitalization into its performance evaluation.

As of the end of 2022

39,938
Employees in total

51.39%
Percentage of female employees

1,962
Ethnic minorities

100%
Labor contract signing rate

100%
Social insurance coverage rate

In 2021

450
Constructive suggestions received

100%
adopted and implemented

106
Employees’ Congress meetings held

5,395
Participants in total

213
Staff meetings held

2,134
Grassroots employees attended

Advancing democratic management
We have deepened our democratic management mechanism to respect the rights of employees to discuss and express their opinions. We provide unimpeded channels for employee feedback through various forms, such as the Employees’ Congress, and the Homes of Employees and staff meetings, to better understand employee needs and demands.
To enhance employees’ professional knowledge and skills, the Bank has organized professional training sessions in five major areas: digitalization, retail finance, corporate finance, financial markets, and risk management. Hua Xia Bank remains committed to its strategy of enhancing the Bank through a high-quality workforce. To support the development of key talents and a professional team, the Bank has built a well-rounded and multi-level training system. This system offers customized courses to meet the needs of employees at different levels and in various roles, promoting their career advancement.

To regard employees’ vision, enrich their work experience, and build a composite talent team, the Bank has carried out exchanges between officials, launched a talent market, implemented staff rotations, and enabled fresh graduates to gain practical experience by shadowing senior employees. 

Hua Xia Bank organized the third phase of the “Young Hawk Training Program” and mentorship for new employees over a period of three weeks. The training program aimed to assist new employees in adapting to their workplace by focusing on five themes: “building self-image”, “following the rules”, “learning business procedure”, “improving skills” and “expanding horizons”. As a participant in the Second National HR Innovation Competition, the program won the Talent Development Innovation Brand Award.

Guangzhou Branch organizes “Young Hawk Training Program”

Guangzhou Branch organized the third phase of the “Young Hawk Training Program” and mentorship for new employees over a period of three weeks. The training program aimed to assist new employees in adapting to their workplace by focusing on five themes: “building self-image”, “following the rules”, “learning business procedure”, “improving skills” and “expanding horizons”.

As of the end of 2022

6,913 Employee training sessions held

640,050 Participants in total

1,269 Training sessions on CSR, with

153,804 Participants in total

126 Training sessions on environmental protection, with

7,400 Participants in total

New employees of Guangzhou Branch participate in “the Young Hawk Training Program”

Caring About Employee Well-being

We place importance on the physical and mental health of employees, enrich their spiritual life, and improve their physique and create a good workplace by introducing new cultural and sports activities, building Homes of Employees, etc.

Keeping a work-life balance

As an advocate of a healthy lifestyle, we organize and upgrade cultural and sports activities, enrich the cultural life of employees, and provide a platform for employees to demonstrate their talents, cultivating a relaxed working environment.

Caring About Employee Development

As an advocate of a healthy lifestyle, we organize and upgrade cultural and sports activities, enrich the cultural life of employees, and provide a platform for employees to demonstrate their talents, cultivating a relaxed working environment.
Building home of employees

The Bank keeps building the Home of Employees, equipped with fitness equipment, reading rooms, lounges, and other amenities. This is a reflection of our commitment to creating a democratic, happy, and caring environment that serves as a place for learning and business startups.

Employees of Hangzhou Branch read in the reading room of Home of Employees.

As of the end of 2022

809 Homes of Employees built in total, including

125 Models of Homes of Employees

584 Qualified Homes of Employees

Visiting and helping employees

The Bank has established an employee relief fund to provide assistance and support to employees in need, particularly during major festivals. Our focus on the diverse needs of employees and our commitment to humanistic care have led us to establish channels for delivering aid to employees in need. We also carry out activities on different topics, to show our concern for retirees and female employees and meet the diverse needs of employees.

Representatives of Wuxi Branch visit and show support to employees in need.

Shijiazhuang Branch launches visits during Spring Festival.

Female employees of Wenzhou Branch cultivate potted-plant on Women’s Day.

The activity room of the Home of Employees of Xining Branch

Employees of Hangzhou Branch read in the reading room of Home of Employees.

As of the end of 2022

261 Employees in need helped

RMB 844,000 Living allowances distributed

RMB 324,100 Medical subsidies distributed

RMB 309,000 Disaster relief subsidies distributed
The Bank promotes volunteerism by establishing a volunteer service system that is “based in Beijing and serves the whole country”. We have carried out various public welfare activities.

### Engaging in Public Welfare Undertakings

**As of the end of 2022**

| **1,756** | Volunteer activities organized |
| **17,523** | Employees involved |
| **18,625** | Volunteer activities offered |

### Participating in the Beijing 2022

The Bank pursues volunteerism by actively taking on urgent and difficult tasks, making contributions to important events such as the Games, and supporting security efforts.

#### Volunteering for the Beijing 2022

Hua Xia Bank was acknowledged for its efforts during the Beijing 2022. The Bank received a letter of appreciation from the supporting group of the opening and closing ceremonies. Selected young employees played a vital role in the supporting work of the Organising Committee for the Olympic Winter Games Beijing 2022 on-site, efficiently handling the organization and trace-tracking of more than 60,000 spectators through programming scripts, examining the data of more than 40,000 spectators, and conducting on-the-spot surveys four times. With a "10,000 people participate, 1,000 cars involved, respond in the shortest possible time" approach, the Bank demonstrated its courageous and selfless dedication.

### Supporting charity

Committed to public welfare, the Bank encourages employee participation in volunteer activities. We continue to carry out various initiatives such as providing care for the elderly and underprivileged children, and charitable donations, contributing to the promotion of a harmonious and civilized society.

#### Launching “Plan for the Growth of Children of Sanitation Workers”

The Bank continues to place emphasis on the growth of children of sanitation workers and has launched the “Biodiversity - Embrace a Sustainable and Better Future” - Hua Xia Bank “2022 Plan for the Growth of Children of Sanitation Workers” on August 22. Through remote live broadcasting and interacting with others, the program provides an opportunity for the children to learn about biodiversity conservation from a global perspective, and the concept of sustainable development was upgraded from sanitation and environmental protection, reflecting the Bank’s determination to protect the environment and care for the children of sanitation workers, and spreading the concept of “the more sustainable and the better”.

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### Case

**We have carried out various public welfare activities that is based in Beijing and serves the whole country**

With Beijing as the main base of the youth’s voluntary services, the Bank organizes young volunteers to actively carry out voluntary services such as “giving way to pedestrians at zebra crossings”, “garbage sorting” and “sending warmth in winter”. We also implemented the “With Bright Love-Happy Journey” project, accompanying orphaned children and children with special needs in Beijing’s Bright Love School. The Bank and the volunteers were honored with the outstanding organization and volunteers in Beijing on the Centenary of the Founding of the Youth League.

**Volunteers from our branches carry out voluntary service activities.**

**Volunteers from the Head Office carry out voluntary service activities.**
The year 2023 marks the beginning of a new journey towards high-quality development and the full implementation of the guiding principles of the 20th CPC National Congress. Standing at the starting point of the new era, the Bank will adhere to the theme of “Serving a New Era and Building a New Hua Xia Bank”, firmly executing the concept of sustainable development. We will continue to prioritize our mission of serving the real economy, while also deepening inclusive finance and promoting green finance. As we move forward, we will remain dedicated to fulfilling our economic, environmental, and social responsibilities, ensuring that the benefits of financial development reach more people and contributing our efforts to the new development stage.
# Appendix

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独立保证意见

安永华明（2023）专字第60466757_A02 号
华银银行股份有限公司

我们接受委托，对华银银行股份有限公司（以下简称“华银银行”）编制的华银银行股份有限公司2022年社会责任报告（简称“《社会责任报告》”）中涉及的2022年度关键绩效信息发表独立保证意见。

一、关键绩效信息

本报告所引用的2022年度关键绩效信息包括《社会责任报告》第5-15、25页中的环境绩效、社会绩效及经济效益中的小微企业贷款余额、小微企业贷款增量、支持国家战略性新兴产业的贷款余额、支持制造企业贷款余额、支持小微企业贷款余额、国际结算和办理跨境人民币业务的保证意见。

二、华银银行选用的标准

华银银行编制《社会责任报告》中涉及的2022年度关键绩效信息所采用的标准包括《社会责任报告》中“编制说明”（以下简称“编制依据”）。

三、董事会的责任

选用适当的编制依据，并按照编制依据的要求编制《社会责任报告》中涉及的2022年度关键绩效信息应是华银银行董事会的责任。董事会的责任包括选择、设计、执行和维护编制的2022年度关键绩效信息相关的内部控制。

四、我们的责任

我们的责任是在遵守我们所执行的程序对《社会责任报告》中涉及的2022年度关键绩效信息发表独立保证意见。如果按照国际审计与鉴证准则理事会发布的《国际审计与鉴证准则第3000号》的规定，我们执行了鉴证工作。

五、我们的独立性和质量控制

我们遵守国际会计师职业道德准则理事会发布的《国际会计师职业道德准则第1号》，并按照中国证券市场的服务规范和《中国注册会计师执业质量控制准则第1号》，并按照中国证券市场的服务规范和《中国注册会计师审计准则》和《中国注册会计师执业质量控制准则第1号》的要求，对《社会责任报告》进行了审计。

我们遵循中国证券市场的服务规范和《中国注册会计师执业质量控制准则第1号》，并按照中国证券市场的服务规范和《中国注册会计师审计准则》和《中国注册会计师执业质量控制准则第1号》的要求，对《社会责任报告》进行了审计。

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六、鉴证工作程序

在按照中国证券市场的服务规范和《中国注册会计师执业质量控制准则第1号》，并按照中国证券市场的服务规范和《中国注册会计师审计准则》和《中国注册会计师执业质量控制准则第1号》的要求，对《社会责任报告》进行了审计。

根据我们所执行的程序，我们未发现《社会责任报告》中涉及的2022年度关键绩效信息在审计过程中存在与编制依据的要求不相符的情况。
Thank you for reading the Hua Xia Bank Co., Limited Social Responsibility Report 2022. In order to provide you and other stakeholders with more valuable information and improve our CSR fulfillment, we sincerely invite you to share your comments on this report and send your feedback as follows:

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What kind of stakeholders do you belong to?
- □ The Government
- □ Regulatory authority
- □ Shareholder and investor
- □ Customer
- □ Employee
- □ Partner
- □ The Environment
- □ Community
- □ Media
- □ Other

Do you think the Report completely covers your expectation of Hua Xia Bank?
- □ Yes
- □ No, what else would you like to know:

What do you think of the readability in terms of the content arrangement and layout design of the Report?
- □ Good
- □ Average
- □ Bad

What other comments and suggestions do you have on our social responsibility work and our report?