



Fully Supporting Beijing's Central Axis to Apply for Inclusion on the World Heritage List

Huaxia Bank actively fulfills its social responsibilities. Since 2021, the Bank has fully supported Beijing's Central Axis to apply for inclusion on the World Heritage List, practicing our philosophy of "Sustainable, Wonderful" through cultural heritage protection.

An aerial illustration of Beijing's Central Axis, showing the Forbidden City, Tiananmen Square, and the Great Canal. The scene is framed by a large, semi-transparent green map of China. In the foreground, there are modern elements like wind turbines, solar panels, and a high-speed train, suggesting a blend of tradition and modernity.

2023

Social Responsibility Report

HUAXIA BANK CO., LIMITED

About This Report

Reporting Scope

Reporting Period: Unless otherwise stated, the report covers the period between January 1 to December 31, 2023.
Organizational Boundary: The report discloses the information of the Huaxia Bank Co., Limited and its major subsidiaries.
Release Cycle: This is an annual report. This report is the 16th Corporate Social Responsibility (CSR) report issued by the Bank in a row. The most recent report was issued on April 28, 2023.

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 the former China Banking Regulatory Commission (CBRC), the *Guidelines on Corporate Social Responsibility for Financial Institutions in China's Banking Sector* by China Banking Association, and the *Guidelines No.1 for Self-Regulation of Listed Companies - Standardized Operation* issued by Shanghai Stock Exchange (SSE), and by referring to the *GRI Sustainability Reporting Standards (GRI Standards)* issued by Global Sustainability Standards Board (GSSB) and the *IFRS S2 Climate-related Disclosures*.

Reference

For better readability, "Huaxia Bank Co., Limited" is referred to as "Huaxia Bank" , "the Bank" or "We", "Huaxia Wealth Management Co., Ltd." is referred to as "Huaxia Wealth Management", and Huaxia Financial Leasing Co., Ltd. is referred to as "Huaxia Financial Leasing" in the report.

Data Sources

The financial data in the report come from the audited Annual Report 2023 of Huaxia Bank Co., Limited and other data come from internal documents and statistics of Huaxia Bank. Unless otherwise specified, the monetary amounts mentioned in the report are denominated in Chinese RMB.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 (<https://www.hxb.com.cn>).

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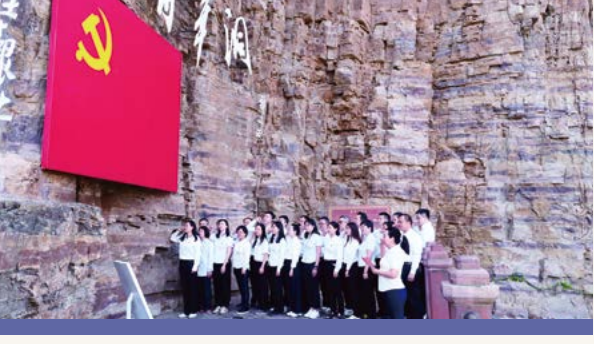
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Message from the Chairman

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The year 2023 proved to be pivotal for China to make a good start in building a modern socialist country in all respects, and witnessed HuaXia Bank’s endeavor to write a new chapter of financial work in the new era. The call of the Central Financial Work Conference to “accelerate efforts in constructing a robust financial system” indicated that the financial sector had entered a new stage with focus on quality and efficiency enhancement in the pursuit of high-quality development. Ensuring sound financial work on this new journey and in the new era is a glorious mission and a historic responsibility. As a national joint-stock commercial bank and “a bank based in Beijing”, Huaxia Bank has remained dedicated to our strategic goal of transforming into a modern financial group that is “large and strong with stable and excellent performance” at an earlier date. Guided by the Party building, we have deeply integrated political consciousness and a people centered philosophy into our financial work as we do our part to advance the high-quality development of finance.



李敏吉

Party Secretary and Chairman of
Huaxia Bank: Li Minji

We are committed to leveraging finance to serve the country and foster robust economic growth.

Serving the real economy is the fundamental purpose of finance and what it builds on. Last year, we focused on supporting the transformation and upgrading of traditional industries, and fostering the growth of strategic emerging industries. We optimized resource allocation, refined credit policies, and introduced a range of innovative financial products. Aimed to serve China’s regional development strategies, we have integrated into the mainstream of regional economies, striving to spearhead regional development initiatives. We unmistakably outlined and consistently executed the differentiated regional development strategy of “Three Regions, Two Lines, Multiple Outlets,” with a particular emphasis on the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area. Upholding the political, people-centered, and professional ethos of financial work, we actively aligned with the national rural revitalization strategy and proactively integrated into China’s opening-up agenda. We diligently advanced the development of technology finance, green finance, inclusive finance, digital finance, and pension finance. Furthermore, we expedited the innovation-driven development of our industry-specific digital finance business, striving to break new ground of financial work.

We remain true to our original aspirations and founding mission, dedicated to fulfilling the people’s aspirations for a better life.

Through social empowerment, finance will not only serve the people’s needs, but also elevate its values. Last year, we continued to be people-centered and strengthened services in key areas such as pension finance and boosting consumption. We established a framework for protecting consumer rights, with top executives setting examples, management taking proactive measures, and full participation from all staff, to better serve the people in their pursuit of a better life. Staying oriented towards customer needs, we built a customer service ecosystem, resulting in an upgraded service model and improved service capabilities. Putting people first, we grounded efforts in this new stage of development, took solid steps to build a multi-tier workforce, and provided platforms to tap employees’ potential. At the same time, we actively supported public welfare initiatives, participating in disaster relief efforts and providing assistance to those in need. Through collaboration with customers, employees, and the wider community, we strive to create a better future together.

We are dedicated to promoting green development and advancing the Beautiful China Initiative.

Green development is not only the inevitable choice for financial enterprises, but also the key to their competitiveness. Over the past year, we have worked diligently towards China’s 30·60 Decarbonization Goals, and seized the financial opportunities arising from the national drive of ecological conservation. We prioritized green finance in our strategic plan and devised a special action plan to drive green and low-carbon development. In response to the challenges posed by climate change, we established a management framework and bolstered climate risk management. Furthermore, we introduced innovative financial products and services, enhanced the long-term mechanism for green credit, investment, and financing, and further improved our ESG investment and financing strategies. We persisted in advancing carbon finance by introducing innovative products such as carbon emissions rights mortgage and pledge financing, while bolstering our support for pivotal green projects. Concurrently, we actively promoted green operations and collaboration with international organizations, built up the visibility of our “Green Growth for a Better China” initiative, and did our best to build green finance as a new characteristic.

We endeavor to reinforce responsible governance to fortify the foundation of growth.

Financial security serves not only as a stabilizer but also as a lifeline. Last year, we continued to enhance corporate governance mechanisms by improving the internal control management system and promoting digital and intelligent compliance management at a faster pace. Meanwhile, we fortified the management foundations of anti-money laundering, employee management, and case prevention and control, to effectively prevent and mitigate financial risks. We continued to strengthen risk management by comprehensively upgrading the risk management system with the risk appetite at the core, building a sound security protection system, and coordinating efforts to control conventional risks and respond to unconventional risks, while ensuring effective risk prevention and control in key areas. Moreover, we continued to enhance network security and data security governance, and improved our capabilities in protecting personal information and data security, thus establishing a solid foundation for secure development.

As an ancient Chinese scholar once observed, “Only with deep roots can a tree yield rich fruit; only filled with oil can a lamp burn brightly.” The high-quality development of finance is crucial to the Chinese modernization. We will uphold the fundamental principles of finance, fully and faithfully apply the new development philosophy on all fronts, and steadfastly pursue the path of financial development with Chinese characteristics. We work to ensure the sound development of technology finance, green finance, inclusive finance, digital finance, and pension finance. Concurrently, we will further enhance our ESG governance capabilities, serving the real economy with high quality financial services, and endeavor to do our part to build China into a global leader in finance.

About Us

Company Profile

With the support of Deng Xiaoping, the chief architect of China's reform and opening-up, Huaxia Bank Co., Limited was established in October 1992 in Beijing, where its headquarters is situated. Huaxia Bank is a nationwide commercial bank and was founded as a fully owned subsidiary of Shougang Corporation (now rebranded as Shougang Group Co., Ltd.). It stands as the only joint-stock commercial bank initiated and established by a manufacturing company in China. In April 1996, Huaxia Bank completed the joint-stock transition. On September 12, 2003, the Bank was officially listed on the Shanghai Stock Exchange (stock code: 600015), with a registered capital of RMB 15.915 billion, solidifying its position as the fifth listed bank in China.

Since 2017, Huaxia Bank has diligently implemented the decisions, plans, and regulatory requirements outlined by the Central Committee of the Communist Party of China (CPC), the State Council, and the Beijing Municipal Committee of the CPC and Municipal Government. As a nationwide joint-stock commercial bank and "a bank based in Beijing," the bank has maintained its dual position. Despite navigating a complex and challenging operating environment and facing various obstacles, the bank has shown consistent progress with stability in its operational performance. Both the asset scale and operational efficiency have seen steady growth, accompanied by continuous enhancement in asset quality. The bank has optimized its asset-liability structure and profit

framework, resulting in a consistent strengthening of its customer base. The sustained release of reform vigor, along with intensified efforts in transformation and innovation, has led to a continuous enhancement of capital resilience, with key indicators reaching historically high levels. As of the end of 2023, Huaxia Bank's total assets amounted to RMB 4.254766 trillion, achieving a net profit attributable to the shareholders of listed companies totaling RMB 26.363 billion. The Bank operates a network of 982 business outlets, establishing 44 Tier-1 branches and 78 Tier-2 branches in 120 cities at or above the prefectural level nationwide. Furthermore, strategically developing an institutional framework, the bank has established its presence in developed cities while extending its reach across the entire country. Notably, the bank has opened a branch in Hong Kong and acquired controlling stakes in one financial leasing company, one wealth management company, and two rural banks, earning recognition as a systemically important bank.

In the global ranking of the top 1,000 banks by The Banker, published in July 2023, Huaxia Bank secured the 46th position globally in terms of Tier 1 capital, maintaining its position among the top 50 global banks for two consecutive years.

An Overview of 2023 in Data



At the end of 2023

RMB **4.254766** trillion

Total asset



At the end of 2023

RMB **584.973** billion

Balance of loans for micro and small enterprises (MSEs)



At the end of 2023

40,293

Total workforce

RMB **2.309583** trillion

Total loans

RMB **269.273** billion

Green credit balance

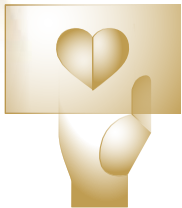
RMB **2.129945** trillion

Total deposits

2023

RMB **26.363** billion

Net profit



In 2023

RMB **70.5793** million

Total public welfare donations

1,658

Volunteer activities organized

Honors and Awards for 2023

<p>The Central Committee of the Communist Youth League of China (CYLC)</p> <p>National May Fourth Red Flag Youth League Branch</p> <p>National Youth Civilization Unit</p> <p>National Outstanding Communist Youth League Cadres</p>	<p>China Association for Science and Technology</p> <p>Excellent case for 2022 "Innovation China" Fintech Innovation Application Competition</p>	<p>China UnionPay</p> <p>Unified Customer Service Award and Operational Excellence in Customer Service Award</p>	<p>Financial Computerizing</p> <p>Best Organization Award in the First "Fintech Competition – Explanation Contest", and Innovation Award for Industry-specific Digital Finance Development at 14th Financial Technology Innovation Awards, with the Bank's case selected as one of the "Top 10 Financial Informatization Events in 2023"</p>
<p>All-China Women's Federation</p> <p>Outstanding Women's Group in China</p>	<p>China Foreign Exchange Trade System</p> <p>"Annual Market Influence Institution" and "Market Innovation Business Institution" for 2023 domestic currency market</p>	<p>International Data Corporation (IDC)</p> <p>2023 IDC Fintech Application Scenario Innovation Award</p>	
<p>Shanghai Stock Exchange</p> <p>Excellent bond investment institution for the year 2022 and grade A (excellent) in the evaluation of information disclosure initiatives</p>	<p>China Electronics Chamber of Commerce</p> <p>Top 10 Outstanding Call Centers 2023: Award for Excellence in Customer Experience</p>	<p>10000link.com and Fudan University's International Supply Chain Finance Research Center</p> <p>2023 Tianxin Award for Leading Institution in Industry-Finance Integration Innovation</p>	<p>Retail Banking</p> <p>The Best Digital Marketing Award at the "6th Retail Banking Innovation Practice Awards" and the "Best Provincial Bank Customer Group Management Service Award" presented to six branches</p>
<p>Beijing Office of the National Financial Regulatory Administration</p> <p>Outstanding Case in the Education and Awareness Month Campaign on Consumer Rights Protection</p>	<p>Customer Contact Center Branch of the China Information Industry Association</p> <p>Best Learning Organization</p>	<p>PYSTANDARD</p> <p>The Outstanding Wealth Management Bank, Outstanding Private Banking, and Outstanding Wealth Service Capability Bank Awards at the "3rd Golden Reputation Awards"</p>	<p>National Business Daily</p> <p>Annual Inclusive Finance Award at the 14th "Golden Tripod Awards"</p>
<p>State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality</p> <p>The "Good" rating in the assessment of contributions to rural vitalization among enterprises administered by the municipal government</p>	<p>National IDC Industrial Technological Innovation Strategic Alliance (NIISA)</p> <p>The First Prize for Information Technology Platform, The Second Prize for Information Infrastructure Platform and Data Center, and the Innovation Award for Information Infrastructure Platform and Data Center in "2022 Technological Innovation Projects"</p>	<p>Beijing Daily</p> <p>One of the "Top 10 Financial Brands for Public Welfare 2023," Outstanding Contribution Award for Technological Finance in the "Financial Brands for Public Welfare 2023"</p>	<p>The Economic Observer</p> <p>The 12th Outstanding Financial Enterprise — Annual Outstanding Bank in Digital Construction</p>
<p>Beijing Municipal Finance Bureau</p> <p>2022 Beijing "Outstanding Unit" for financial statements work in financial sector</p>	<p>China Financial Certification Authority (CFCA)</p> <p>"2023 Digital Finance Gold Award", Award for Most Trusted Mobile Banking by Customers, Best Innovation Award in Corporate Digital Finance</p>	<p>China Banking and Insurance Media</p> <p>Top 20 Comprehensive ESG Performance of Banks Exemplary Green Finance Case in Banking ESG for 2023 Outstanding Consumer Rights Protection Case in the Compilation of Service Innovation Cases in the Chinese Banking and Insurance Industry</p>	<p>Sina</p> <p>Annual ESG Innovative Bank</p>
<p>Publicity Department of the Beijing Municipal Committee of the CPC (Beijing Municipal Bureau of Copyright) and the World Intellectual Property Organization (WIPO) Office in China</p> <p>2022 Beijing Copyright Protection Demonstration Unit (Software Genuine Licensing)</p>	<p>Asia Pacific Banks Alliance</p> <p>2023 Inclusive Finance Award of the "Hua Ying Award"</p>	<p>Securities Daily</p> <p>Exemplary Case of Digital Economic Development</p>	<p>Hexun</p> <p>Leading Bank in Digital Transformation in 2023 of the 21st Financial List</p>
<p>China Banking Association</p> <p>2023 Good News Award for the Banking Industry—"Fintech", Selected as one of the Exemplary Cases of Inclusive Finance in China (2023)</p>	<p>National Financial Technology Certification Center (Beijing)</p> <p>Annual Security Management Demonstration Unit for Mobile Financial Clients</p>	<p>China Financial Publishing House</p> <p>Inclusive Finance Annual Case Award in the "6th China Financial Annual Brand Case Competition" Award for Annual Integrated Marketing Case</p>	<p>JRJ</p> <p>Outstanding ESG Case of the 2023 JRJ "Golden Wisdom Award"</p>
<p>China Association for Public Companies</p> <p>Best Practices of Board of Directors' Office Award Exemplary Rural Vitalization Case and Best Rural Vitalization Practice Case among Listed Companies</p>	<p>Zhongguancun Digital Economic Industry Alliance</p> <p>one of the "Top Ten Cases of National Corporate Digital Transformation in 2023"</p>	<p>Bloomberg Green, Bloomberg Businessweek/Chinese Edition</p> <p>2023 Bloomberg Green ESG 50</p>	<p>Jiemian News</p> <p>Joint-stock Commercial Bank of the Year at the 2023 Excellent Financial Award—Outstanding Institutional Awards</p>
	<p>Financial Technology Service Committee of the Shanghai Modern Service Industry Federation</p> <p>2023 Financial Technology Experience Service Award of the "Golden Wing Award"</p>	<p>Trade finance magazine, sinoff.com, and tfsino.com</p> <p>Best Trade Finance Bank Award in the 2023 "Gold Trade Awards"</p>	<p>cebnet.com.cn</p> <p>"Glory Award" and Silver Award for Smart Platform · Digital Empowerment at 2023 Digital Finance Innovation Competition</p>

Strategic Management

Studying and Implementing the Guiding Principles of the Central Financial Work Conference

The Central Financial Work Conference held at the end of October 2023 was a very important conference convened during the critical period when China just hit the road to build a modern socialist country in all respects. With a grand strategic vision and profound historical insight, the important speech made by General Secretary Xi Jinping answered a series of major theoretical and practical questions concerning financial development in a scientific manner, and provided a fundamental guideline and action guide for the Bank to do a good job in the financial sector.

Deeply understanding the significance of accelerating building China into a financial powerhouse on the new journey in the new era

For the first time, the goal of "accelerating building China into a financial powerhouse" was put forward at the Central Financial Work Conference, which elevated financial work to a higher strategic level. It is a systematic plan made by the Party Central Committee with Comrade Xi Jinping as the core, from the perspective of advancing the cause of the Party and the country, in pursuit of a strategy of national rejuvenation amid global changes of a magnitude not seen in a century, and based on the trend of the times, the expectations of the people and the development needs. It also sets the direction for doing financial work well.

Accelerating building China into a financial powerhouse — a must for building China into a great modern socialist country in all respects and advancing the rejuvenation of the Chinese nation on all fronts through Chinese modernization

Building a stronger China and advancing national rejuvenation are the unanimous consensus of the Party, the country and the people. Finance is the lifeblood of the national economy. When finance is alive, the economy is alive. Throughout the history of the world, a powerful country cannot rise without the strong support of financial sectors. Only by becoming a financial powerhouse can a country become an economic powerhouse; an economic powerhouse is certainly a financial powerhouse. Since the 18th CPC National Congress, China has achieved an overall improvement in its comprehensive strength and become the world's second largest economy. On the new journey, accelerating building China into a financial powerhouse and realizing the historic transformation from a financial power to a financial superpower are integral to promoting Chinese modernization and becoming an economic power.

Accelerating building China into a financial powerhouse — a must for forming a new development pattern and promoting high-quality economic and social development

It was put forward at the 20th CPC National Congress that high-quality development was the top priority in building a modern socialist country in all respects, and promoting new development pattern was the strategic move. Finance, as the core of the modern economy and the hub of resource allocation, plays a key role in facilitating capital flows, optimizing capital allocation and strengthening risk resistance. It is also an important force in promoting economic development, scientific and technological innovation, and improving the well-being of the people. On the new journey, China is going to accelerate building China into a financial powerhouse by strengthening the guidance over finance and funds, upgrading the financial service model and providing better financial services, which are conducive to better leveraging China's enormous market and the agglomeration effect, as well as the interplay between domestic and international markets and resources, so as to further enhance China's viability, competitiveness, development and sustainability.

Accelerating building China into a financial powerhouse — a must for enhancing China's international influence and competitiveness

At present, the world has entered a new period of turbulence and change. Our world, our times and the history are changing in a more evident way. Finance is a crucial component of a country's core competitiveness, and also a key tool of national governance and international competition for modern countries. Looking around the world, some developed economies, especially financial powerhouses, have become the center of global economic resource allocation by virtue of their deeply internationalized sovereign currencies, their well-developed financial markets and their highly competitive financial institution systems. On the new journey, China is going to accelerate building China into a financial powerhouse by speeding up the development of a modern financial system with Chinese characteristics, and by getting the global resource allocation capacity and capability matching China's comprehensive national strength and international status, which are urgent to cope with the great changes that have not been seen in a century and to take the initiative of development when the international landscape is reshaping.

Building China into a financial powerhouse: the key is to grasp the essentials of the path of financial development with Chinese characteristics

For the first time, "eight commitments" were made at the Central Financial Work Conference to systematically elaborate on the essential features and key points of the path of financial development with Chinese characteristics, making it more clear how to look at and carry out financial work. It demonstrates that the Party has reached a new height in understanding the nature and the development law of finance. It also provides scientific guidance for financial work to better follow the trend of the times, conform to the law of development and reflect people's aspirations.

The Bank has deeply grasped the essentials of the "eight commitments", and effectively heightened our political awareness and sense of responsibility to do a good financial work in the new era:

"Eight commitments"

- ★ **Following the centralized and unified leadership of the CPC Central Committee over financial work** the guarantee for good financial performance
- ★ **Embracing a people-centered value orientation** the basic position for good financial performance
- ★ **Upholding serving the real economy as the fundamental mission of the financial sector** the basic requirement for good financial performance
- ★ **Viewing risk prevention and control as the eternal theme of financial work** the fundamental task of good financial performance
- ★ **Promoting financial innovation through market-oriented and law-based approach** the important direction for good financial performance
- ★ **Deepening financial supply-side structural reform** the important lever for good financial performance
- ★ **Coordinating financial opening up and security** the important path for good financial performance
- ★ **Following the general principle of pursuing progress while ensuring stability** the vital principle for good financial performance

The key to pursuing the path of financial development with Chinese characteristics lies in promoting high-quality financial development

The Central Financial Work Conference has emphasized the importance of advancing high-quality financial development and has set the theme for financial work in the new era. We have thoroughly studied and implemented the guiding principles of the conference, accurately grasping the new situations and tasks associated with high-quality financial development. We endeavor to live up to the "eight commitments". Concurrently, we have made significant progress in drafting the "Five Major Articles," demonstrating our commitment to advancing financial services in support of technological development, green finance, inclusive finance, digital finance, and financial services for the elderly. Through this approach, we have synchronized development and security, leading to new advancements and results in our pursuit of high-quality development.

Fully infusing political consciousness and a people-centered philosophy into our financial operations

Remaining politically conscious — Upholding and strengthening the centralized, unified leadership of the CPC Central Committee. We continuously deepen our understanding and application of General Secretary Xi Jinping's important statements and instructions on financial work, effectively executing the unified directives of the Central Financial Commission and the decisions on Party building by the Central Financial Work Commission. We have enhanced our consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment with the central Party leadership; stayed confident in the path, theory, system, and culture of socialism with Chinese characteristics; upheld Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and upheld the Central Committee's authority and its centralized, unified leadership. We have continued to improve our capacity for political judgment, thinking, and implementation, concurrently advancing the execution of decisions and plans made by the CPC Central Committee at the Bank. Simultaneously, we have steadfastly embraced the core principle that "Huaxia Bank is unwaveringly loyal to the CPC," fostering development through Party building and making significant strides in exercising full and rigorous Party self-governance. Our efforts include the establishment of a framework encompassing "three systems, two integrations, and one guarantee" to ensure full and rigorous Party self-governance.

Upholding the people-centered philosophy — Enhancing our efforts to meet the people's aspirations for a better life. Focused on improving well-being and fostering common prosperity, we aim to become a bank renowned for providing attentive services and earning people's trust. We have actively expanded our services in consumer finance, elderly care finance, and financial services for MSEs. Simultaneously, we have consistently improved the accessibility, convenience, and inclusiveness of our financial services. Embracing the philosophy of offering financial services that meet people's needs, we have solidified our identity as "a financial service provider for small and medium-sized enterprises (SMEs)." We not only actively support the growth of private enterprises, including micro-, small-, and medium-sized enterprises (MSMEs), but also introduce innovative financial products and services tailored to benefit agriculture, rural areas, and farmers. Our commitment extends to supporting crucial sectors like food security, rural industries, and rural infrastructure. Furthermore, we have strengthened comprehensive financial services aimed at enhancing people's livelihoods. Focused on key areas such as employment, education, healthcare, housing, elderly care, and childcare, we offer end-to-end and one-stop financial services.

Promoting economic and social development in leaps through premium services

Bearing in mind the country's most fundamental interests — Delivering top-notch services to support vital national regional strategies. Persistently implementing national strategies, we capitalize on our status as a nationwide joint-stock commercial bank and the geographical advantage of our headquarters in Beijing. For instance, we integrate serving regional development strategies, such as the coordinated development of the Beijing-Tianjin-Hebei region, into our overarching strategic priorities. We clearly articulate and consistently implement the differentiated regional development strategy of "Three Regions, Two Lines, Multiple Outlets," prioritizing the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area. Through our efforts, we establish a new paradigm characterized by mutual promotion, complementary advantages, and orderly development. Guided by the overarching national regional development strategy, we actively integrate into the mainstream of regional economies, aspiring to play a pivotal role. We endeavor to build a new pattern of coordinated development, utilizing branches in the three major regions (Beijing-Tianjin-Hebei, Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area) as anchors and a collaborative structure supported by "two lines and multiple outlets." This initiative aims to amplify development opportunities and elevate the quality of growth.

Bearing in mind the mission of serving real economy — Achieving outstanding outcomes in promoting economic and social development. The introduction of the "Five Major Articles" has brought about new requirements for the transformation and innovation-driven development of commercial banks. Consequently, We have consistently promoted the execution of the four major transformation strategies covering digitization, corporate finance, retail finance, and financial market business. Our focus has been on deepening financial supply-side structural reform to deliver high-quality services aimed at fostering economic and social development. In line with this, we are deepening our FinTech development strategy to cultivate enterprise-level digital capabilities. Additionally, we are increasing financial support in the technology sector, refining our working mechanisms, and allocating additional resources to facilitate a virtuous cycle of technology, industry, and finance. Simultaneously, we are executing the retail finance development strategy while supporting the development of the elderly care industry through an industry chain perspective. In the inclusive finance sector, we are steadfastly implementing policies related to serving micro and small enterprises. Furthermore, we are driving the transformation of financial market business to comprehensively enhance our capabilities in serving interbank customers. Moreover, we are intensifying our green finance strategy to amplify the influence of our green finance brands.

Ensuring that no systemic financial risks arise

Prioritizing compliance — Continuously enhancing operational and managerial compliance. Steadfastly implementing regulatory requirements and upholding the philosophy of compliance operation, we consistently refine our governance structure, fortify the internal control management system, and expedite the digital and intelligent transformation of our compliance management. We also solidify the foundation of compliance management in areas such as anti-money laundering, employee management, and case prevention. Furthermore, we bolster comprehensive and all-encompassing compliance capability-building initiatives that engage all staff and span all processes. Through these initiatives, our objective is to comprehensively elevate the proficiency of our compliance operations.

Embracing a risk-centric approach — Continuously strengthening the foundation of prudent operations. We will better coordinate the management over traditional risks and new emerging risks to better defuse outstanding risks and forestall emerging risks simultaneously. We will also improve forward-looking assessments and bolster control over asset quality. Concurrently, we fine-tune our comprehensive risk management system, expedite the digital transformation of risk control, and ensure risk prevention in key areas, thereby establishing a robust defense line for secure development.

Promoting market-oriented reform to bolster our competitiveness

Deepening system and mechanism reforms to accelerate the progress of market-oriented practices. Driven by the strategic objective of evolving into a modern financial group that is "large and strong with stable and excellent performance," we have embraced a market-oriented approach, and executed the strategic plan in which "branches undergo revolutionary changes under the Head Office's unified leadership." We have systematically advanced reforms in seven major mechanisms, covering incentive constraints, comprehensive operations, comprehensive risk management, and marketing management. These efforts have unleashed creative potential across the Bank. Next, we will intensify efforts to refine systems and mechanisms aligned with high-quality development, enhanced the strategic management system, and made organizational structure adjustments. We upgraded the business strategy system, reshaped the value management system, and optimized incentive constraints, thereby driving transformative practices and achieving operational efficiency breakthroughs.

Enhancing the development of the capital management system to further strengthen capital resilience. We pursue a well-balanced strategy of internal accumulation and external replenishment of capital. Leveraging the implementation of new regulatory measures, we have enhanced our capital management system. Additionally, we have strengthened capital planning, allocation, and performance management to leverage the guiding influence of capital in business development. We have deepened structural adjustments and intensified efforts to promote efficient capital operations, aiming to enhance the level of capital returns. Actively pursuing various capital supplementation initiatives, we have explored the application of innovative tools for capital replenishment.

The convening of the Central Financial Work Conference marks the beginning of a new chapter in the development of the financial sector in the new era. With heightened political awareness, ideological consciousness, and proactive commitment, the Bank has a thorough study on the essence of the important speech delivered by the General Secretary Xi Jinping, and is resolute in understanding the imperative of steadfastly pursuing the path of financial development with Chinese characteristics through practical actions. Acknowledging the political and people-centric essence of financial work, we aspire to forge a new paradigm of high-quality development in this new era, so as to make due contributions to the building of a strong country and the national rejuvenation.

Upholding Party Leadership

The Bank has steadfastly followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly studied, and implemented the guiding principles of the 20th CPC National Congress. We have prioritized enhancing the Party politically as the guiding principle, thoroughly implementing the overall requirements for Party building in the new era, and the Party's organizational line for the new era. Simultaneously, we have resolutely exercised full and rigorous self-governance and conducted themed education on studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. These initiatives have provided robust support for the high-quality development of the Bank.

Strengthening Political Awareness

We have consistently prioritized political awareness as our foremost objective. We have thoroughly studied and implemented the guiding principles of the 20th CPC National Congress, continuously equipping ourselves with theory. We have diligently studied Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, along with the important speeches and instructions made by the General Secretary Xi Jinping. We have provided unwavering support for the pivotal decision to establish Comrade Xi Jinping's core position within the Party Central Committee and the Party as a whole, as well as to establish the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Moreover, we have taken the initiative to heighten our consciousness of the importance of maintaining political integrity, adopting a broad perspective, adhering to the leadership core, and aligning with the central Party leadership. Our confidence in the path, theory, system, and culture of socialism with Chinese characteristics remains steadfast. We stand firm in upholding Comrade Xi Jinping's core position within the Party Central Committee and the Party as a whole, and in supporting the authority of the Central Committee and its centralized, unified leadership.

Increasing efforts to improve Party conduct and uphold integrity

In our commitment to ensuring full and rigorous Party self-governance, we have fulfilled our primary responsibility by implementing detailed task arrangements and responsibility lists at all levels. We have strictly adhered to the central Party leadership's eight-point decision on conduct and the regulations for its implementation, issuing measures to implement these directives and rectify pointless formalities, bureaucratism, hedonism, and extravagance. Moreover, we have consistently promoted a culture of honesty and integrity in finance, bolstered daily integrity education, and intensified supervision checks. We have regularly convened warning education conferences to facilitate corrections through practical case studies. In 2023, we took a comprehensive initiative for inspection and rectification and yielded significant and effective outcomes. Furthermore, from the Bank's leadership team to grassroots units, we have successfully ensured comprehensive learning and application of the experiences gained from the "Green Rural Revival Program" and the "Pujiang experience." To actively address challenges at the grassroots level, we have established an internal forum, "New World".

Conducting high-quality themed education

Through various means such as reading groups, focused studies, specialized seminars, and Party lectures, we have actively engaged in the comprehensive study of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Additionally, we have facilitated extensive research and fact-finding endeavors. Specifically, we have conducted 66 in-depth investigations at the grassroots level, addressed 71 issues, and achieved 66 tangible outcomes. All tasks outlined in the rectification and people's livelihood project lists have been successfully completed according to schedule. Moreover, we have efficiently coordinated meetings convened by the Party Committee and regular activities of Party organizations focusing on specific topics, thereby fostering more principled and earnest intraparty political engagements.



► The Bank holds a Party lecture to report what we have learned from themed education on studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and Li Minji, the Party Secretary and Chairman of the Bank, delivers speech at the report meeting.

Rigorously implementing the accountability system for ideological work

We have intensified efforts to implement the "1+1+N" system for ideological and publicity work by diligently putting into action mechanisms related to consultation and research, situation reporting, risk prevention and control, management and handling, supervision, and assessment, so as to establish our dominance in the primary arena of ideological work. Advancing initiatives aimed at nurturing a civilized society and selecting role models, we achieved notable results in 2023. One unit was recognized as a "Distinguished National Women's Collective," another maintained its prestigious title as a "National Civilized Unit," while four units continued to be recognized as models for civilized units and civilized units in the capital. Additionally, one individual was honored as an outstanding contributor to ethnic unity and progress in the capital.

Cultivating officials and talents

The Bank selected and dispatched personnel to join in the "Doctoral Service Group" organized by the Organization Department of the CPC Central Committee and the Communist Youth League, to take the lead in studying and implementing the policies, major platforms and projects related to the national economic and financial innovation pilot programs, so as to help build the Chengdu-Chongqing economic circle and the new land-sea transit routes for the western region. The Bank also selected and dispatched personnel to join in the "Talents Sent to Beijing Suburbs" program, sending them to the Finance Service Office of Beijing Changping District for one-year special service to support the development of the "two zones" (the National Integrated Demonstration Zone for Greater Openness in the Service Sector and the Beijing Pilot Free Trade Zone) and the "three platforms" (the China International Fair for Trade in Services, the ZGC Forum, and the Financial Street Forum).

Dispatching "First Secretary"

The Bank selected and dispatched comrades to the villages (Shudi Village, Xinwangzhuang Village, and Qingdian Village) under Xitiangezhuang Town, Miyun District, Beijing, to serve as the "First Secretaries". During their stay in the villages, the "First Secretaries" carefully studied policies, gained an in-depth understanding of village conditions and public opinion, and carefully sorted out their resource endowments. By doing so, they made sustained efforts in building and improving village Party organizations, developing villages and enriching the people, reinforcing the governance and serving the people. They focused on resolving the pressing difficulties and problems that people concerned about most, so as to continuously increase people's sense of gain, well-being and security.



► The Bank holds the 2023 work conference on full and rigorous discipline over the Party (Party building)

In 2023

20

Editions of column articles centering around education on improving Party conduct and upholding integrity

12

WeChat posts with the same theme

3

Training sessions on fighting corruption

13,500

Participants involved

Strengthening Strategic Implementation

In 2023, the Bank's Party Committee, with a focus on attaining high-quality development, made significant progress in advancing the five-year development plan. We achieved comprehensive key indicators, and tentatively initiated a new phase characterized by strategic leadership, reform, innovation, and value creation. With half of the five-year development period completed, the results of plan execution exceeded expectations, laying a good foundation for the plan's implementation in the second half.

Accelerating breakthroughs in digital transformation

- The Bank rigorously controls critical aspects such as data standards, security, and quality. We have initiated key projects in digital technology, accelerating the journey towards establishing a "Digital Huaxia."
- The Bank has made new progress in establishing the industry-specific digital finance model. Additionally, we have gained momentum in developing the digital ecosystem, swiftly enhancing digital customer service capabilities. Moreover, we have nurtured a digital talent pool.
- We have gained momentum in developing enterprise-level operational capabilities, which facilitates the gradual evolution of the integrated operational framework. Our continuous improvement of technological service delivery is complemented by ongoing reinforcement of system security operations, ensuring the safeguarding of both network and data security.

Witnessing the gradually evident impacts of retail financial transformation

- We have launched the "Fast Win" initiative to assist retail customers in achieving operational innovation and breakthroughs. The annual growth of individual basic deposits has been steadily increasing.
- We have commenced the "Strong Foundation Project" which focused on optimizing the operational system for high-net-worth private clients to improve customer relations. We have also established a vertical cross-selling mechanism for advisory service, which paved the way for a new era in wealth management and private banking services.
- In line with current consumption trends, we have pursued ecosystem marketing tailored to high-frequency consumption scenarios, so as to create a comprehensive consumer experience that covers all aspects of customers' lives around the clock and in all scenarios.
- Remaining true to our identity as a "financial service provider for SMEs," we are committed to becoming the premier partner for the development of sophisticated and specialized SMEs. Through the launch of the "Sophisticated and Specialized Enterprise Program" (a program which outlines the expected number of sophisticated and specialized enterprises in the Bank and the branches that are applicable to inclusive financial services), our aim is to propel them onto the fast track of high-quality development.

Steadily advancing financial transformation

- We have enhanced coordination across cross-sector business operations, implemented the "commercial banking + investment banking" collaborative service model further, and established coordination mechanisms with private equity (PE) investment institutions. We implemented collaborative initiatives between "investment banking + private banking" at the Head Office and corporate headquarters levels, leading to a significant improvement in comprehensive financial service capabilities. The Bank has seen steady growth in corporate deposits, showcasing an optimized deposit structure. Moreover, the number of financing, high-value, and ecosystem clients has rapidly increased, signaling an improved customer structure. We have maintained growth in our investment banking business and achieved breakthroughs in emerging business areas.
- We have developed distinctive strengths in green finance, with the proportion of green loans ranking among the forefront of comparable peers. We have achieved results in green finance with controllable risks, economic feasibility and social responsibility practices. By emphasizing the "specialization of industry, products, and personnel," we have established a strong basis for developing specialized capabilities in green finance, especially in crucial areas related to carbon reduction and achieving carbon neutrality.
- The recently launched Huaxia Treasury Cloud has received positive feedback from customers, experiencing a rapid increase in transaction volumes. It has successively served important customers such as Huawei and ByteDance, and has received high praise from the People's Bank of China, providing strong support for branch marketing and serving group companies.
- While reinforcing our presence among trade finance clients, we have actively cultivated new avenues for business growth. Our digital product pool, forfaiting, RMB letters of guarantee, and domestic factoring have all experienced growth. Additionally, we have proactively executed the RMB internationalization strategy. In 2023, the total amount of cross-border RMB receipts and payments exceeded RMB 100 billion, representing a year-on-year growth of 29.15%.

Gradually deepening the transformation of financial market business

- Our fund trading business has responded to market shifts by expanding the scale of both domestic and foreign currency investments and transactions. We have also expedited the growth of our investment clientele and strengthened partnerships with counterparts.
- We have provided more types of invoice financing and rolled out the quick discounting service for commercial bills to boost credit utilization efficiency and enhance the overall customer experience.
- The custodial business has seen overall growth. We have launched our first publicly-traded REITs product, leading to rapid expansion in public fund custody.
- Huaxia Wealth Management Co., Ltd. has expedited asset creation and product issuance while exploring fund allocation strategies for bank wealth management. Furthermore, we have maintained our leading position in ESG and experienced significant growth in the external distribution scale.

Pressing ahead with the regional development strategy

- We are dedicated to fulfilling our role as "a major financial service provider for the Beijing-Tianjin-Hebei region." We have proactively provided support for the development of the "two wings" based on the local mainstream economy. In alignment with the financial needs in infrastructure construction, industrial development, urban governance, business environment, and livelihood services in the Beijing-Tianjin-Hebei region, we have increased our financial support for key enterprises and projects in the Beijing-Tianjin-Hebei region to enhance its coordinated development.
- We have been proactive in driving the high-quality development of our branches in the Yangtze River Delta region. To achieve this, we have been gradually enhancing the regional integration mechanism, pioneering a financial service model customized for technological innovation in the Yangtze River Delta, and expediting the retail financing transformation and the establishment of a new framework for the branches in the area. Additionally, we have strengthened the foundation for offshore business across all fronts to facilitate the development of branches in the Yangtze River Delta.
- As we actively foster the rapid growth of our branches in the Guangdong-Hong Kong-Macao Greater Bay Area, we have consistently focused on four core areas: retail finance, trade finance, financial markets, and financial technology. We have bolstered the infrastructure of financial services and green finance, while also enhancing collaboration between domestic and international institutions. This effort has led to significant progress in cross-border financial development, reflecting our commitment to sustainable growth in the region.

Contributing to the high-quality development of the capital

- Remaining true to our dual identity as a nationwide joint-stock commercial bank and "a bank based in Beijing," we have implemented specialized initiatives to contribute to the economic development of Beijing and foster the coordinated development of the Beijing-Tianjin-Hebei region. We have deeply integrated our strategies with the "five key initiatives" launched by Beijing to better fulfill its role as the national capital. We have also taken active actions in building Beijing into the "four centers" (centers for politic, culture, international exchange and scientific innovation) and integrating into the new development pattern.
- We have provided support for the development of the Beijing Municipal Administrative Center (BMC). For instance, we have established a branch and a wealth management branch in the BMC successively, and initiated the construction of our new office building. In 2023, we signed a comprehensive strategic cooperation agreement with the Tongzhou District People's Government of Beijing Municipality to sponsor the BMC Green Development Forum.

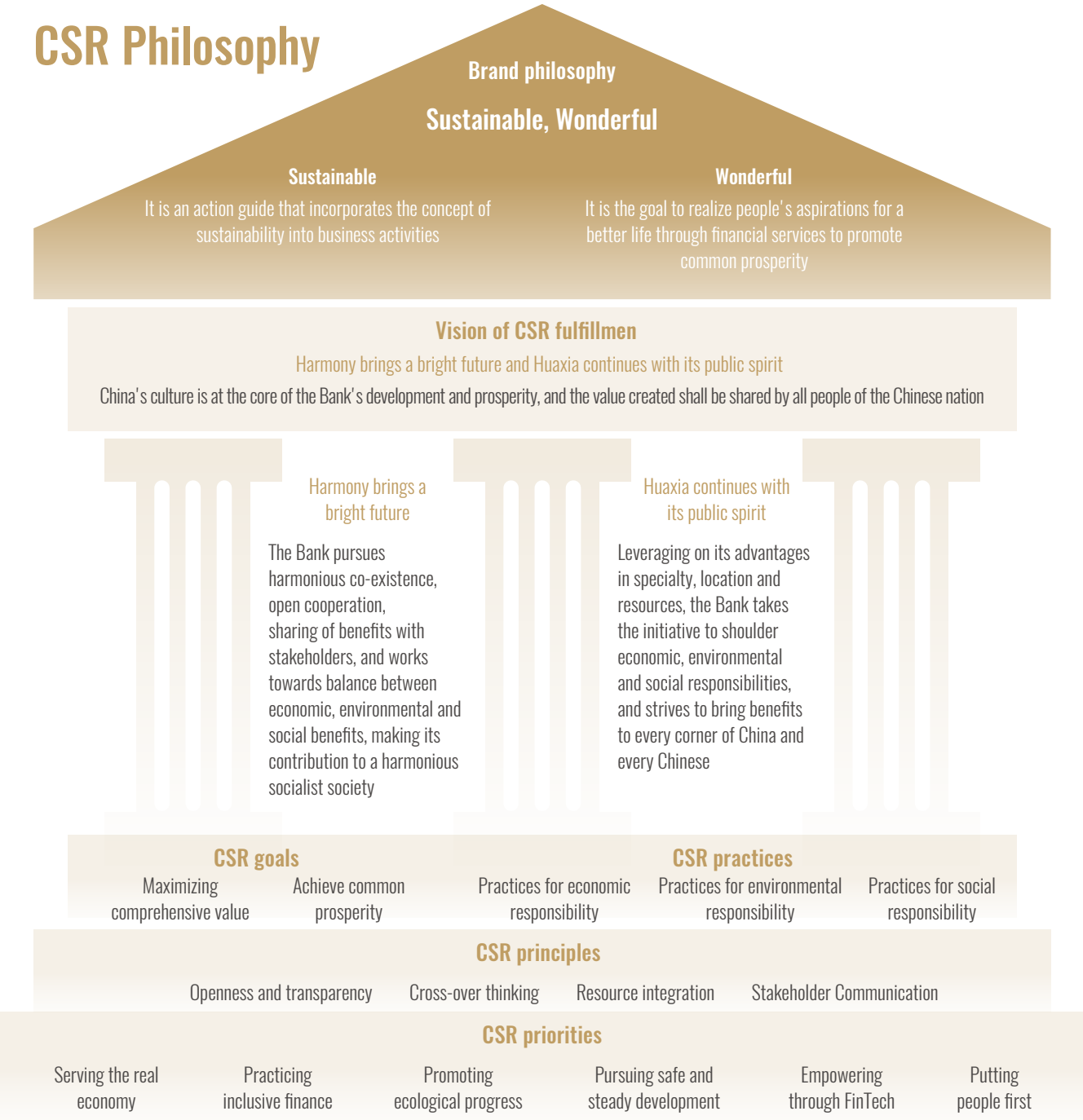
Strengthening risk management

- We have refined the quantitative transmission mechanism for risk preference, optimized the credit investment and financing policy system, and accelerated the digital transformation of risk control. Simultaneously, we have continued to cultivate a risk-aware culture. These efforts have led to the ongoing enhancement of our comprehensive risk management system.
- We have progressed in developing a tiered credit granting strategy system and implemented a consistent credit pre-approval mechanism. These initiatives have led to enhancements in the efficiency and quality of the approval process.
- We have hastened the construction of a centralized management mechanism for special assets, and reinforced focused and specialized risk management practices to highlight the value contribution of these assets.

CSR Management

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. 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 Huaxia continues with its public spirit" while striving to develop into a modern financial group that is large and strong with stable and excellent performance.

CSR Philosophy



Analysis of Substantial Issues

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 Huaxia Bank and the importance to stakeholders. Through this process, we identify substantive issues that are important to both Huaxia Bank and its stakeholders.

Matrix of substantial issues



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.



Stakeholder Communication

Stakeholder	Core Expectations	Main Response
Government <div></div>	Serving the real economy Supporting national strategy Developing inclusive finance Promoting inclusive finance Supporting rural vitalization Paying tax in full according to law	Serving coordinated regional development Supporting China's opening-up Supporting the growth of private micro- and small-sized enterprises Advancing rural vitalization Studying and implementing the relevant financial policies Proactively paying taxes in full
Regulatory authorities <div></div>	Compliance Strict risk management	Implementing regulatory policies Receiving supervision Strengthening risk prevention
Customers <div></div>	Safeguarding customer rights Accelerating product innovation Improving customer experience	Strengthening the protection of consumer rights Enhancing financial innovation Providing high-quality and efficient services Advancing digital transformation
Shareholders and investors <div></div>	Improving corporate governance Ensuring sustained and stable return Protecting shareholders' rights and interests Achieving transparent operation	Improving corporate governance Realizing stable operation Creating values for shareholders Accurately information disclosure Holding shareholder meeting
Employees <div></div>	Protecting employees' rights and interests Ensuring salaries and benefits Improving the working environment Making career development plans	Protecting the basic rights and interests of employees Facilitating career development channels Providing job skills training Carrying out diverse cultural and sports activities Holding employee congresses
Partners <div></div>	Realizing Win-win cooperation Contract fulfillment with integrity	Strengthening exchanges and cooperation Improving procurement management to be open and transparent
Communities <div></div>	Financial knowledge popularization Support for community development Engagement in public welfare undertakings	Publicizing financial knowledge Organizing community service activities Encouraging employees to engage in voluntary activities Participating in charitable activities
Environment <div></div>	Facilitating green development Focusing on climate change	Developing green finance Promoting green offices Participating in eco-friendly public activities

CSR Practices

Development

Committed to Serving the Nation through Finance and Writing a New Chapter in Financial Service

The Bank actively implements national strategies, solidly working on the five sectors, namely technology finance, green finance, inclusive finance, pension finance, and digital finance. We adhere to the principle of serving the real economy through financial services, deliver high-quality services to support key national and regional strategies as well as high-standard opening-up. These efforts contribute to our integration into the new development pattern of the capital.

As of the end of 2023

RMB **234.265** billion
Balance of loans to manufacturing

RMB **278.621** billion
Balance of agriculture-related loans

RMB **690.854** billion
Balance of loans issued in the Yangtze River Delta

627
Correspondent banks opened in BRI markets

RMB **584.973** billion
Balance of loans for MSEs

RMB **560.832** billion
Balance of loans issued in the Beijing-Tianjin-Hebei region

RMB **252.791** billion
Balance of loans for the Guangdong-Hong Kong-Macao Greater Bay Area

In the opening year of comprehensively implementing the guiding principles of the 20th CPC National Congress, the Bank adhered to the general principle of seeking progress while maintaining stability, solidly promoting the high-quality implementation of the five-year development plan to open a new chapter.

Supporting the Real Economy

In accordance with the national and regulatory policies, and in alignment with the mission of serving the real economy and the reality of our business, we have developed the Huaxia Bank Credit, Investment and Financing Policy for 2023. This policy includes approval guidelines for specific sectors such as new energy vehicles, the 5G industry, photovoltaic manufacturing, pharmaceutical manufacturing, and construction machinery manufacturing. At the policy level, we have increased our focus on industrial transformation, upgrading, and strategic emerging industries, infusing financial vitality into the development of the real economy.

Promoting the Transformation and Upgrading of Traditional Industries

The Bank has innovatively utilized a range of financial products, refined credit policies, and optimized resource allocation to improve service quality and efficiency. We offer comprehensive financial services to support enterprises in their pursuit of transformation and upgrading, with the goal of fostering the high-quality development of traditional industries.



At the end of 2023

RMB **234.265** billion
Balance of loans to manufacturing

Strengthening policy guidelines

- The Bank is dedicated to facilitating the transformation and upgrading of traditional manufacturing industries. In our credit, investment, and financing policy for 2023, we explicitly affirm our active support for the transformation and upgrading of traditional manufacturing. Priority has been given to initiatives such as equipment renewal, technological transformation, optimization of production capacity layout, industry mergers and reorganizations, and the transformation toward low-carbon development. We have also outlined annual growth targets for manufacturing loans and medium- to long-term loans in the manufacturing sector.

Bolstering the industrial and supply chains of manufacturing

- The Bank is committed to fostering breakthroughs in core technologies in key fields and the industrialization of critical technologies. This includes supporting the application of the first set of major technical equipment, the initial application of key new materials, and the production of critical components in China.
- The Bank has enhanced its supply chain financial services, with a particular focus on enterprises that are "leaders of the supply chain." We actively support the initiatives aimed at empowering these leading enterprises to play a pivotal role in ensuring the stability and security of industrial and supply chains, fostering the integration of the industrial and supply chains, and establishing national demonstrations for supply chain innovation and application. This endeavor is geared towards supporting enterprises of all sizes across the upstream, midstream, and downstream segments of the industrial chain in fostering collaborative development. By leveraging approaches such as "commercial banking + investment banking" and advancing financial services for industry digitalization, the Bank is dedicated to serving the entire manufacturing ecosystem.

Strengthening industry policy research

- Drawing from research on manufacturing-related industry policies, layouts, trends, and other factors, we have developed and issued approval guidelines for specific sectors. These sectors include new energy vehicles, 5G industries, photovoltaic manufacturing, pharmaceutical manufacturing, and construction machinery manufacturing. These guidelines are designed to guide operating units in providing specialized financial services, with the aim of enhancing our capacity and service quality to support the transformation and upgrading efforts of clients within the manufacturing industry.

Increasing resource allocation

- We align our strategies with national policy directives and capitalize on the People's Bank of China's re-lending policy targeting equipment upgrading and technological innovation. Our support extends to corporate clients involved in product research and development and equipment upgrading, thereby facilitating their upgrading and transformation.
- We provide internal fund transfer pricing discounts for loans in the manufacturing sector. Clients listed on the manufacturing white list, whether at the head office or branch level, receive discounts of 30 basis points and 20 basis points, respectively, on newly allocated manufacturing loans.

Enhancing product innovation

- Through the strategic allocation of a wide range of products and services, including fixed asset loans, acquisition loans, syndicated loans, bill pools, commercial acceptance bill subsidies, confirmed warehouses, factoring, accounts receivable pledging, guarantees, cash management, and financial market solutions, we have met the financial needs of manufacturing enterprises. These services support various initiatives such as expanding production capacity, implementing technological upgrades and transformations, managing fund turnover, participating in project bidding, facilitating asset restructuring, and supporting group settlements.

Case Supporting expressway construction

Kunming Branch has entered into a collaborative agreement with the Zhaotong Municipal Government for a syndicated loan project associated with the DuXiang Expressway (Duyun-Shangri-La Expressway), providing credit support totaling RMB 200 million for the expressway's construction. This partnership aims to accelerate the development of transportation infrastructure in Yunnan Province.



Case Supporting the development of new forms of infrastructure

Centered on the development of new forms of infrastructure, Nanchang Branch has extended credit support totaling RMB 3.648 billion to a local municipal service company and its key subsidiary.



Case Promoting the sustainable development of the local mining industry

Taiyuan Branch provided financial support to a mining company in Shanxi Province. It participated in a syndicated project loan aimed at transitioning the mining company's operation from open-pit to underground mining. The entire loan process, from application to approval, was expedited, taking only 4 weeks. The loan proceeds were allocated towards technological upgrades.



Case Promoting technological improvement and upgrade in the metallurgical industry

Nanjing Branch extended a loan of RMB 252 million to a steel manufacturing company in Jiangsu under the "Carbon Emission Support Tools." This financial assistance aims to back the company's initiative in the "Energy Saving and Quality Enhancement Technical Renovation for Electric Furnaces" project, which focuses on energy-saving transformation and energy efficiency improvement of the industrial boiler (kiln) sector.



Boosting the Development of Strategic Emerging Industries

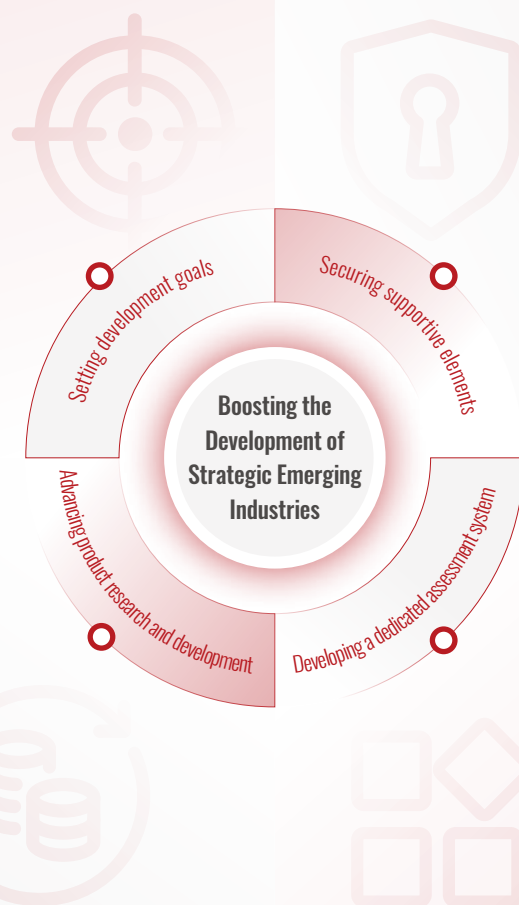
With a focus on pivotal sectors like specialized and sophisticated SMEs, Huaxia Bank has developed a dedicated assessment system and intensified financial support for corporate clients in strategic emerging industries. Furthermore, the Bank provides interest rate incentives for loans related to scientific and technological innovation, and has consistently improved the effectiveness of comprehensive "debt + equity" financial services to address the evolving financial needs of businesses at various stages of strategic development.



At the end of 2023

RMB **103.623** billion
Balance of loans to strategic emerging industries

- In the Credit, Investment And Financing Policy for 2023, the Bank explicitly emphasizes boosting support for strategic emerging industries, and calls for clear knowledge of the policy goals.



- The Bank has developed option loan and investment-oriented loan products, delivering comprehensive "debt + equity" financial services to both specialized, high-end and innovation-driven SMEs and technology companies.

- The Bank has maximized the re-lending policy from the People's Bank of China, thereby increasing FTP pricing discounts for loans within the science and technology innovation sector.
- The Bank has introduced a loan FTP pricing discount policy tailored for specialized, high-end and innovation-driven SMEs. This policy applies a 30bp and 20bp FTP pricing discount to newly disbursed loans for national "little giants" (top performers among specialized, high-end and innovation-driven SMEs) and provincial specialized, high-end and innovation-driven SMEs.
- We have integrated a dedicated assessment module for tech companies into our non-retail internal evaluation system. This module focuses on high-tech companies, strategic emerging industries, specialized, high-end and innovation-driven SMEs, and technology enterprises included in the People's Bank of China's re-lending program for technological innovation. We made specific adjustments to improve the ratings for these entities and built this technology innovation assessment system to bolster our support for technology enterprises by addressing aspects such as financing limits and costs.

Case Satisfying the diverse financial needs of an automotive manufacturing company

Hangzhou Branch has employed a comprehensive service solution to address the diverse financial needs of an automotive manufacturing company throughout various stages of its development. During the company's initial phases, the Bank facilitated the application for a RMB 300 million fixed asset loan, earmarked specifically for constructing its production facilities. As the company expanded its production capacity, the Bank utilized financial instruments such as bank acceptance drafts and guarantees to fulfill the company's procurement requirements for items like batteries. Growing alongside the company and addressing its financing needs stemming from a broad upstream customer base, the Bank collaborated on the full-chain marketing of new energy passenger vehicles within the automotive industry ecosystem. This collaboration resulted in the development of the downstream dealers' "witness repurchase" 3.0 digital credit solution.

Case Boosting the intelligent evolution of the semiconductor industry

Focusing on major projects in advanced manufacturing within Shanghai, the Shanghai Branch, acting as the lead coordinating bank, has organized a syndicate to provide a loan of RMB 2.1 billion for a semiconductor project. This funding is allocated for constructing a fully automated and intelligent production line for 300mm integrated circuit silicon wafers in the ultra-pure silicon semiconductor sector. The initiative aims to bolster research and development and construct supporting facilities for ultra-pure silicon production in Shanghai.

Case Fostering advancements in the new materials industry

Changzhou Branch places significant emphasis on the development of the new materials industry cluster, and has customized a specialized financial service package for a local new materials technology joint-stock company. The branch has provided a comprehensive credit facility, including working capital loans, bank acceptance drafts, and letters of credit, totaling RMB 125 million. Furthermore, the branch strategically allocated RMB 82.5 million of limited bank acceptance drafts with zero margins, specifically to support the production, research, and sales of high-performance fiber multiaxial reinforcement materials. This proactive approach significantly contributes to the advancement of the carbon fiber industry.

Case Boosting high-quality development in the photovoltaic industry

Nanjing Branch expanded the scale of loans for strategic emerging industries, providing medium-to long-term green manufacturing loans of RMB 129 million for a local photovoltaic technology limited company, supporting the production of monocrystalline PERC solar cells in the photovoltaic industry.



案例 Promoting the rapid development of the new energy industry

With a commitment to eco-friendly development, Wenzhou Branch has bolstered its support for strategic emerging industries. In particular, the branch has provided a credit facility of RMB 230 million to a local new energy company, dedicated to the research, production, and sales of the company's battery liquid cooling plates.

Case Fostering the growth of energy internet

In response to the national policy on the strategic development of emerging industries, Dalian Branch has introduced innovative digital credit facilities, and provided a comprehensive financial service package including financing, settlement, and credit card services to a local energy internet company.



Contributing to Regional Development

Guided by the overarching national regional development strategy, Huaxia Bank has actively integrated into the mainstream of regional economies, aspiring to play a pivotal role. Our efforts have been directed towards constructing a new paradigm of synchronized advancement, leveraging branches situated within the three primary regions (Beijing-Tianjin-Hebei, Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area) as focal points, supported by a network of "two lines and multiple outlets." This initiative is aimed at facilitating regional high-quality development.

Serving the national regional development strategies

With a comprehensive understanding of national strategies, we have unequivocally articulated and consistently executed the "Three Regions, Two Lines, Multiple Outlets" differentiated regional support strategy, focusing on the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area. Through these endeavors, we have forged a new paradigm marked by mutual advancement, complementary strengths, and organized development.

Coordinated development of the Beijing-Tianjin-Hebei region

We have implemented the *Huaxia Bank Action Plan for the Development of the Beijing-Tianjin-Hebei Region 2021-2025*, emphasizing the significance of serving the developmental strategy of this region as a strategic priority for the entire bank. Concurrently, we have established a repository for key projects aimed at fostering the coordinated development of the Beijing-Tianjin-Hebei region. Furthermore, we have consistently intensified our efforts to provide financial services in the region.

Holding the Beijing-Tianjin-Hebei Collaborative Development financial services promotion meeting

- The Bank has enhanced the information exchange and sharing platform across the three regions, organizing the "Beijing-Tianjin-Hebei Collaborative Development Financial Services Promotion Meeting" to address key challenges and accelerate the growth of branch businesses in these areas.

Facilitating the development of key functional zones

- Focusing on developing the "2+4+N" industrial cooperation pattern, the Bank has offered investment and financing support to entities involved in the construction of industrial collaboration platforms and industrial parks in Tianjin, Caofeidian, and Handan.

Enhancing cooperation with the government

- The Bank attended the first joint meeting of the State-Owned Assets Supervision and Administration Commission of Beijing municipality, Tianjin municipality and Hebei provinces, and signed a strategic cooperation agreement with Tianjin Infrastructure Investment Group and China Xiong'an Group



Supporting the development of Xiong'an New Area

- The Bank has garnered qualifications for various business roles, including the "Trustee Bank for Hebei Xiong'an Industrial Guidance Fund," and "the Bank to Deposit Financial Funds for Xiong'an New Area".
- The Bank has deepened its strategic cooperation with China Xiong'an Group to advance the construction of the Xiongxin Digital Payment Platform.
- The Bank has provided a Bank-Lease Loan for CCCC Xiong'an Financial Leasing Co., Ltd, offering full support to the development of subsidiary of the central state-owned enterprise in Xiong'an.

At the end of 2023

RMB **560.832** billion

Balance of loans outstanding in the Beijing-Tianjin-Hebei region

2,509,100

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

156

Outlets established in the Beijing-Tianjin-Hebei region

1,428,300

ETC card users in the region

Promoting infrastructure construction

- Through the comprehensive "Commercial Banking + Investment Banking" operating model, the Bank has provided a range of financing services for key projects under the Beijing-Tianjin-Hebei integrated development strategy.
- The Bank has prioritized supporting projects such as Zhangjiawan Outlet Town in the capital's Tongzhou district, Tongzhou Universal Studios Integrated Transportation Hub, and International Aviation Headquarters Park.

In 2023

about **83.5** billion

The total amount of various investment and financing services rendered to key projects in the coordinated development of the Beijing-Tianjin-Hebei region



Integration of the Yangtze River Delta region

We have implemented the *Outline of the Integrated Regional Development of the Yangtze River Delta* and the *Huaxia Bank Action Plan for the Regional Development of the Yangtze River Delta 2021-2025*. Capitalizing on emerging opportunities in the delta's integrated development, we have extended comprehensive financial services across crucial sectors such as talent acquisition, infrastructure enhancement, strategic emerging industry cultivation, and environmental preservation. Our aim is to propel forward the integration process in the Yangtze River Delta region.



At the end of 2023

RMB **385.6** billion

Balance of loans outstanding in the Yangtze River Delta

Case Engaging in the development of the five new cities in Shanghai

Shanghai Branch has successfully issued the first bond in the integrated development demonstration zone of the Yangtze River Delta, raising funds for investment, construction, and operation of development projects within the demonstration zone. This includes key industrial projects in Qingpu New City, one of Shanghai's "five new cities." Through tangible actions, the branch aligns with the overarching national strategy of the integrated development of the Yangtze River Delta.

Case Promoting the development of the semiconductor industry across the Yangtze River Delta.

Hefei Branch has utilized investment-oriented loans extensively to provide a "follow-up loan" financing service support, successfully implementing this service for a local semiconductor joint-stock company.

Case Serving high-net-worth clients in the Yangtze River Delta Region

Suzhou Branch has customized asset management solutions for both listed companies and their controlling shareholders. Collaborating with a trust company, it has jointly developed trust products to meet the needs of controlling shareholders in listed companies for equity reduction and phased financing. Additionally, by implementing specific risk mitigation measures, the branch offers low-risk fixed-income products to high-net-worth individual clients, thereby facilitating cross-regional customer acquisition.

Case Enhancing the attractiveness of the Yangtze River Delta for talent acquisition

Hangzhou Branch, focusing on major projects in the integrated development of the Yangtze River Delta, has extended loan support of RMB 200 million to the consortium for the "Zhejiang Yangtze River Delta High-level Talent Entrepreneurship Base" project. This funding was earmarked for the construction of a hotel within the park, aiming to stimulate consumption upgrades in the Yangtze River Delta region and enhance its appeal to talents. By the end of 2023, RMB 66 million of the loan had been disbursed in accordance with the construction progress.

Case Formulating and implementing differentiated credit policies in the Yangtze River Delta

Wuxi Branch, aligning with Wuxi's strategic positioning as the "core of advanced manufacturing in the Yangtze River Delta, a leading area of technological innovation, benchmark for green ecology, and comprehensive transportation hub", has formulated and implemented differentiated credit policies, which integrate both supportive and regulatory measures. The Branch also establishes an integrated financial service mechanism that combines online and offline operations, with coordination between front, middle, and back-office functions. By engaging deeply with manufacturers, industrial parks, and key enterprises, the branch facilitated multi-channel financing supply. By 2023, the branch has extended credit support of RMB 56.01 billion.

Development of the Guangdong-Hong Kong-Macao Greater Bay Area

Huaxia Bank has executed the *Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area*, and strives to seize opportunities in the development of the Greater Bay Area. By introducing innovative financial products and services specifically designed for the strategic pillar industry clusters in the region, we contribute to the Greater Bay Area's aspiration to become an international first-class bay area and a world-class city cluster.

Case Supporting the growth of innovation and technology industries in the Greater Bay Area

Guangzhou Branch has been actively extending financial services to innovation and technology sectors within the Greater Bay Area. At the signing ceremony for industry and finance integration projects during the 12th China (Guangzhou) International Finance Expo, the branch signed cooperation agreements with a group from Guangzhou Science City (GSC) and a group from Guangzhou Development District.



Case Promoting FinTech development in the Greater Bay Area

Shenzhen Branch has collaborated with the International Digital Economy Academy (IDEA) to explore application projects involving privacy computing technology. The partnership focuses on the utilization of next-generation independently controllable SPU confidential computing co-processors. Together, we aim to construct a hardware-level privacy computing framework tailored for the financial sector, facilitating the integration of multi-party data and breaking down data silos. This joint effort is geared towards expediting the development of the Greater Bay Area.



Case Supporting infrastructure construction in the Greater Bay Area

Hong Kong Branch has actively supported the business expansion of a construction group and its subsidiaries in Hong Kong. We have sought a comprehensive credit limit exceeding HKD 3.5 billion, comprising bilateral, syndicated, and debt facilities, to assist this construction group, thereby supporting the group's project construction in the Greater Bay Area.

As of the end of 2023

RMB **252.791** billion

Balance of loans for the Guangdong-Hong Kong-Macao Greater Bay Area

Hong Kong Branch

22

Offshore bond underwriting projects for clients in the Greater Bay Area



Contributing to High-Quality Regional Development

We have offered financial support to key areas, including regional infrastructure construction, industrial transformation and upgrading, and ecological protection. In addition, we are advancing the construction of the Chengdu-Chongqing economic zone, and further promoting the high-quality development of the Yangtze River Economic Belt.

Case Supporting the development of the financial center in western China

In August 2023, a seminar on supporting Chongqing in building the Western Financial Center and assisting in the construction of a modern financial ecosystem in Chongqing was held in Beijing. Li Minji, chairman of Huaxia Bank, attended the meeting, and Vice President Yang Wei signed a strategic cooperation agreement with the Chongqing Municipal Government on behalf of Huaxia Bank. To support the construction of the Western Financial Center, our bank decided to offer intended comprehensive financing on-and-off balance sheet with an amount of RMB 220 billion to different types of enterprise and major projects in Chongqing in the next five years.



Case Advancing ecological improvement in the Yangtze River Economic Belt

Nanchang Branch has extended a credit of RMB 200 million to a wastewater treatment company in Ganzhou, Jiangxi Province. This funding is earmarked for the construction of the urban sewage treatment project in Ganzhou's central urban area, improving urban sewage treatment in the Jiangxi section of the belt.

Promoting Inclusive Finance

Huaxia Bank has proactively infused political consciousness and a people-centered philosophy into its financial operations. We effectively respond to the national rural revitalization strategy, focusing on vulnerable areas and key sectors in the financial services, leveraging financial technology and digitization to explore new paths for the development of digital inclusive services, striving to advance the enhancement of inclusive financial products and services.

Increasing Efforts to Provide Inclusive Services

Taking into account the characteristics of micro and small enterprises (MSEs), we provide attentive and high-quality services, actively responding to financial support policies in the "agricultural, rural, and farmers' sectors". We continuously strengthen the breadth and depth of inclusive financial services.

Serving MSEs

Guided by our identity as "a financial service provider for small and medium-sized enterprises," we actively engage with micro and small enterprises (MSEs), continuously increasing support for inclusive financial credit. We enhance our service pricing mechanism to effectively alleviate the financing costs and burdens of MSEs.

Increasing support for MSEs transactions within the inclusive finance

- The Bank has implemented a dedicated inclusive loan credit plan to effectively manage the scale of inclusive credit.
- The Bank has set a "Double Increases" goal for inclusive MSEs, which requires that the growth of these loans should not be lower than the growth rate of all loans and the number of loan accounts to remain at or above the level at the beginning of the year. As a result, the Bank has seen an increase in loans of RMB 14.106 billion, marking an impressive growth rate of 8.77%.
- The Bank has reduced and waived handling fees for MSEs transactions within the inclusive finance sector. The Bank has taken the initiative to assume the costs associated with financing activities for MSEs, including mortgage registration, assessment, insurance, and compulsory notarization fees, totaling RMB 33.7895 million.

Supporting specialized, high-end and innovation-driven MSEs

- In the inclusive finance sector, the Bank has introduced a dedicated program targeting support for specialized, high-end and innovation-driven MSEs.
- The Bank has granted differentiated authorization for specialized, high-end and innovation-driven MSEs and increased the single-account approval authority for corporate clients classified as specialized, high-end and innovation-driven MSEs to RMB 30 million and has granted branches specific credit authorization for these clients.
- The Bank has strengthened comprehensive services for all businesses and processes, and established a streamlined approval process, providing services with a "customized approach for each client, real-time review, priority review meetings, and expedited approval."
- The Bank offers preferential policies for the admission of specialized, high-end and innovation-driven MSEs on the whitelist, offering benefits in terms of industry, client, guarantee, region, and corporate group.

Implementing periodic interest rate reductions

- MSEs in our inclusive services benefit from automatic periodic interest rate reductions, further decreasing financial burdens on MSEs to facilitate their growth and development.
- Two rounds of interest refunds from the Bank involve 567,500 loan transactions, with a total interest refund of RMB 461 million, benefiting 517,600 small and micro enterprises.

Improving the assessment mechanism for business management

- The Bank has increased the weighting of inclusive finance assessments and introduced incentives for internal fund transfer pricing and economic capital utilization.
- We have established a process management evaluation system for inclusive finance, covering six dimensions—mechanism construction, customer management, business operations, risk control, team development, and business innovation. The aim is to guide branches in conducting inclusive finance business to higher standards.
- The Bank has implemented a mechanism for credit due diligence exemption and error tolerance, including additional criteria for personnel in each MSE business process, and has enhanced the due diligence exemption system for MSE credit.

Case Breaking through tradition to fully empower specialized, high-end and innovation-driven SMEs

An Artificial Intelligence Technology Co., Ltd in Beijing is an intelligent manufacturing enterprise based on a new generation of AI technology. In view of the characteristics of the group, such as large investment in early-stage scientific research and a long revenue generation cycle after the product is launched into the market, Beijing Branch has changed the traditional service approach and introduced a full life cycle innovation service mechanism of "Financing + Training", providing a total of RMB 18 million in loan funds support, and provided loan renewal services without requiring the company to repay the principle, which facilitates the company's technological advancement and innovation.

Case Collaborating with multi-parties, empowering specialized, high-end and innovation-driven SMEs

A local technology company, which focuses on energy-saving and environmental protection technologies, was recognized as a provincial-level specialized, high-end and innovation-driven enterprise. When Hefei Branch learned that this company was seeking strategic investors to facilitate equity-based financing, it stepped in to offer a tailored financial service approach. This included actively introducing potential third-party investors and providing expert advice to support the company through the equity financing process, ensuring that the company's varied financial requirements were met.

Case Taking initiative, efficiently empowering specialized, high-end and innovation-driven SMEs

An optoelectronic company in Shenzhen specialized in the research, production, sales, and service of liquid crystal display screens was faced with a tight cash flow. Learning about the situation, Shenzhen Branch took the initiative to extend the company's loan repayment period and waive a portion of the interest, lightening the burden of its loan repayment obligations. After the company's cash flow recovered, the branch continued to extend credit of RMB 10 million as "Science and Technology Innovation Loan," providing steadfast support for the development of high-quality SMEs in the field of science and technology innovation.

At the end of 2023

RMB **584.973** billion

Balance of loans for MSEs, accounting for

RMB **175.011** billion

Balance of loans to MSEs with a maximum of RMB 10 million

351,800

Customers who received loans to MSEs with a maximum of RMB 10 million

Case Offering tailored assistance to precisely empowering specialized, high-end and innovation-driven SMEs

A tech company in Nanjing, a “specialized, high-end and innovation-drive” enterprise, mainly produces rail transit power control and electrical control equipment. Nanjing Branch sought to address the financing challenges of light-asset of this company and offered tailored loans. Within a week, the branch approved a credit loan of RMB 10 million, effectively meeting the company’s urgent short-term funding needs.

Changsha Branch, considering factors such as industry type and growth stage, has provided customized products and services to MSEs that precisely align with their needs. To support entrepreneurial endeavors and the re-employment of MSEs, the branch designed the “Startup Business Loans”. For qualified POS acquiring merchants, it introduces “POS online Loan” to tackle various financing challenges. Additionally, it launches “Tobacco Business Loans” exclusively for tobacco retailers, providing pure credit loans to meet stores’ cigarette sales and daily operational turnover needs.

Contributing to rural vitalization

We diligently implement the Opinions of the CPC Central Committee and the State Council on Doing a Good Job in the Key Tasks of Comprehensively Promoting Rural Revitalization in 2023, pooling resources to support the vitalization efforts and intensifying our commitment to providing agriculture-related loans. Harnessing the power of finance, we aim to empower rural vitalization.

Improving top-level design

- Huaxia Bank has a rural revitalization leadership group led by the the party secretary and chairman of Huaxia Bank, which spearheaded the formulation of the *Huaxia Bank Implementation Plan for Comprehensively Promoting Rural Vitalization in 2023*.

The Bank was rated “good” in the 2022 assessment of poverty alleviation efforts conducted by the Beijing State-owned Assets Supervision and Administration Commission (SASAC) system.

The Bank was honored with the “Best Practice Case of Listed Companies for Rural Revitalization” at the “2023 Listed Companies’ Best Practices for Rural Revitalization Initiative,” hosted by the China Listed Companies Association.

Consolidating the achievements in poverty alleviation

- Utilizing the financial sector’s capabilities to promote rural industry development, the Bank has coordinated the allocation of financial resources and introduced innovative product and service models customized to the conditions of supported areas. Meanwhile, the Bank has consistently enhanced credit support for these regions.
- Focusing on assisting villages with a weak collective economy in Beijing to increase income, the Bank has implemented a targeted assistance plan called “One Policy For One Village.” We have dispatched outstanding officials to serve as “First Secretary” in these villages to assist economically weak villages in making the best use of various assistance funds. Our endeavors aim to bolster the collective increase of annual operating income for these villages and address various practical challenges.
- By launching consumption support programs and purchasing agricultural and sideline products from key supported areas like Beijing, Inner Mongolia, Xinjiang, etc., the Bank contributes to the promotion of agricultural product sales.

Enhancing mechanisms

- The Bank has incorporated performance indicators such as agriculture-related loans, inclusive agriculture-related loans, loans to areas lifted out of poverty, and loans to key counties designated to receive assistance for rural vitalization, in the performance assessment system for branches and branch leadership. Meanwhile, the Bank has consistently raised the importance of these indicators to enhance motivation.
- The Bank has provided 80bp and 20bp internal fund transfer pricing incentives respectively for inclusive agriculture-related loans and credit activities in key counties designated to receive assistance for rural vitalization. This initiative aims to motivate operating units to extend credit to support these areas.

Case Caring for the growth of the youth in the Xinjiang Uygur Autonomous Region

Urumqi branch, as part of the initiative of stationing officials in villages and the ongoing efforts to advance comprehensive rural vitalization in the Xinjiang Uygur Autonomous Region, continues to deepen the “1+6” targeted assistance model (“1” refers to the foundational support provided by the branch’s Party committee, ensuring leadership responsibility, mechanism guarantee, fund guarantee, and work guidance. “6” represents six key areas of focus education, consumption, industry, employment, finance, and public welfare). This model aims to bolster poverty reduction efforts and the rejuvenation of rural areas.Urumqi branch has donated special funds to the Hotan region, supporting the establishment of scholarships and projects benefiting the local community. In addition, the branch has conducted various visits to local youth and educational assistance activities to support the growth of the youth in the region.



As of the end of 2023

RMB **278.621** billion
Balance of agriculture-related loans

RMB **22.756** billion
Balance of inclusive agriculture-related loans

108
Rural outlets

Case Safeguarding the quality of food products

Utilizing the protective role of finance in rural industry development, Guangzhou Branch has extended credit support to a local agricultural development limited company, one of the vegetable and food production bases in the Guangdong-Hong Kong-Macao Greater Bay Area. This assistance aims to promote standardized production and improve the quality of the company's characteristic agricultural products, including Zengcheng Chinese flowering cabbage, Zengcheng lychee, Simiao rice, paddy field ducks, lychee chickens, and others.



Case Promoting the development of rural industries

Yinchuan Branch has developed a financial program to support rural vitalization and deployed three officials to carry out village assistance work. Branch leaders have led two visits to local government departments to understand their specific needs. The branch has implemented the "credit extension to the entire village" model, disbursing rural revitalization loans totaling RMB 2.54 million and contributing RMB 100,000 to support the local "free-range chicken" project.



Case Catalyzing the development of the agricultural and pastoral industry chain

Hohhot Branch actively implements the requirements outlined during General Secretary Xi Jinping's inspection of Inner Mongolia, focusing on key regional leading enterprises of the agricultural and pastoral industry and distinctive industries. It has extended credit support to upstream forage planting and processing enterprises and livestock breeding enterprises in the agricultural and pastoral industry chain. This strengthens support for the agricultural and pastoral industries, fostering the expansion and resilience of enterprises engaged in the processing and distribution of agricultural and livestock products.



Case Supporting high-quality agricultural enterprises

After understanding the actual business operations and funding needs of the Huinong Livestock Farming Cooperative in Feng County, the Baoji Branch under the Xi'an Branch provided the enterprise with a credit scheme and credit support. This assistance has facilitated the healthy development of the enterprise, leading to seasonal employment opportunities for over 560 impoverished households in the surrounding area.



Innovating Inclusive Financial Products

Leveraging the advantages of financial institution resources, we tailor distinctive inclusive financial products based on the operational characteristics of corporate clients and the unique business features of individual clients. This precision in product development ensures the fulfillment of diverse financial service needs for inclusive clients.

Comprehensive upgrading the traditional "Business Loans Secured by Property" service

The Bank has developed the "Business Loans Secured by Property" 6.0 service, fully digitized to improve efficiency. Leveraging our in-house "digital inclusive intelligent risk control platform," we have introduced features including online application, property valuation, automated file creation, risk screening, online signing, property mortgage, withdrawal, repayment, and automated post-loan management. Customers can access an end-to-end online loan service with flexible borrowing and repayment options, offering a maximum loan amount of RMB 30 million and a maximum term of 30 years. This service effectively meets the frequent small loan fund requirements of MSE clients.

Promoting new internet loan services

The Bank has actively pursued high-quality partnership projects, with a focus on leading platforms. In addition, the Bank has introduced new online loan products, including the "Sunshine Huaxia Personal Business e-Loan," "Micro Business Loan," and "Qingdao Zhongan Dragon e-Loan." These initiatives leverage technologies such as the Internet and mobile communication to improve credit accessibility for MSE customers.

Empowering business development with "Technology Innovation e-Loan"

The Bank has launched the "Technology Innovation e-Loan" product specifically for technology-oriented enterprises listed under the Zhongguancun Management Department's client list of the Beijing Branch. Harnessing financial technology, this initiative aims to support the growth of innovative and technological businesses.

Offering the exclusive "Food Supply Assurance Loan"

The Bank has developed an exclusive digital loan product named the "Food Supply Assurance Loan" for the Xinfadi market, the largest wholesale food market in Asia. This initiative is aimed at facilitating a fully online end-to-end business process.

Case Introducing the fully online "Business Loans Secured by Property" 6.0 product

Zhengzhou Branch has further strengthened its partnership with the Zhengzhou Property Registration Center and introduced the first fully online version, "Business Loans Secured by Property 6.0," across the entire Huaxia Bank system. This product, built upon the traditional property mortgage loan framework, seamlessly integrates with internal operating systems and facilitates smooth data exchange with the Zhengzhou Property Registration Center. As a result, it streamlines the entire process of individual property mortgage applications, property valuation, approval screening, property mortgage, and collateral management into a comprehensive online experience. This strategic advancement is aimed at providing our diverse customer base with more convenient, efficient, and secure credit services.

Case Promoting regional distinctive enterprises through "Douban Loan"



Chengdu Branch, with a focus on fostering industries with distinctive local characteristics, has introduced innovative financial products like the "Douban Loan" to bolster regional agricultural development. Tailored to the operational features of Douban (broad bean chili paste) production enterprises, the bank has extended credit loans of up to RMB 3 million to MSEs holding the "Pixian County Douban" trademark. This financial support aims to assist these enterprises in procuring chili peppers, fava beans, and other raw materials, alleviating their funding shortages during raw material purchases. In 2023, a total of RMB 5.8 million in credit was disbursed for this purpose.

Promoting High-Standard Opening Up

Proactively aligning with China's strategy of opening up, Huaxia Bank has stepped up to promote international settlement, import and export trade financing, cross-border guarantee products, and cross-border RMB products, to deliver efficient and convenient financial services for Chinese enterprises "going global."

Responding to the Belt and Road Initiative

In 2023, during the tenth anniversary of the Belt and Road Initiative (BRI), the Bank met Chinese enterprises' cross-border business demand with trade finance and other products and services. We also provide comprehensive financial services, including policy consulting, payment and settlement, risk mitigation, trade financing, and credit enhancement, to help enterprises expand overseas presence.

Case Supporting the development of an international logistics hub

Nanning Branch has extended credit support to enterprises involved in the development of building Guangxi into an international logistics hub, including RMB 83.3 million in working capital loans to a port company and a shipping company in the region, to support infrastructure construction along the new corridor of the international logistics hub.



Case Launching China's first Belt and Road asset-backed securities (ABS) project

Nanjing Branch has actively implemented the BRI and successfully launched China's first Belt and Road ABS project. This project, referred to as the "Huaxia-Ping An-Dongzao Port Fee Revenue Rights Phase 1 ABS Scheme," put the stock assets of the port company into good use.



Contributing to RMB Internationalization

Embracing the internationalization of the renminbi (RMB), Huaxia Bank has introduced the cross-border RMB remittance service on its corporate online banking platform. Simultaneously, the Bank has fostered the growth of online channels, and developed new business scenarios to leverage the role of cross-border RMB transactions in serving the real economy and facilitating trade and investment. The Bank has consistently increased the scale of cross-border RMB transactions and their share in both domestic and foreign currency payments, thereby expediting the internationalization of RMB.

Case Facilitating Qualified Foreign Limited Partnership (QFLP) transaction

HaiKou Branch, in collaboration with the State Administration of Foreign Exchange and local government agencies, organized a policy briefing on the Hainan Free Trade Port. It explained to businesses one-on-one the policies facilitating QFLP in Hainan. Facilitating successfully a RMB 70 million QFLP transaction, the Branch also analyzed and addressed issues that might arise in processes such as forex registration, opening of capital accounts, onshore payment of capital, and fund use supervision, and expanded the use of cross-border RMB in attracting foreign investments.

Case Streamlining management of the cross-border settlement process

Shanghai Branch reached out to high-quality enterprises involved in foreign trade, and customized convenient cross-border RMB service solutions for them. Now instead of a stack of documents, the enterprises need only submit the "Cross-Border RMB Settlement Receipt/Payment Instruction" to the Bank, which has significantly improved fund settlement efficiency and saved business costs.

Case Facilitating the overseas listing of a private enterprise

While expanding cross-border RMB business, Hangzhou Branch offered a cross-border RMB settlement service solution for a new energy automobile company and helped the latter go public overseas. The funds raised from the listing have flowed back into China in the form of cross-border RMB, with RMB 1.842 billion received so far.



In 2023

RMB **102.399** billion
RMB cross-border payments

USD **78.873** billion
Cross-border payments and receipts

Hong Kong Branch

RMB **1,725** billion
issuance volume of offshore bonds

As of the end of 2023

627
Correspondent banks opened in BRI markets

98
covering 98 countries

1,187
Correspondent banks set up, covering 304 cities in 98 countries and regions across the world

304
covering 304 cities

Serving the Capital's High-Quality Development

Adhering to the dual positioning as a nationwide joint-stock commercial bank and "a bank based in Beijing", We have released the *Huaxia Bank 2023 Work Plan for Serving the Economy in the Capital and Coordinated Development of the Beijing-Tianjin-Hebei Region*. Based on the strategic positioning of the capital, we have deeply aligned our strategy with Beijing's "Five Key Initiatives" and actively participated in the city's drive to develop "Four Centers" and create a double development dynamic. We will give full play to our role as a forerunner in the capital's financial sector, and work persistently to break new ground for the high-quality financial development of the city.

Boosting Economic Development

Serving the economic and social development of the capital was established as a priority for supervision for the Head Office Party Committee and a priority task for the management team. We provided full support for and actively engaged in the construction and development of the capital. We continued to strengthen financial services for various key projects and dramatically increased resource investments in Beijing. This underscores our unwavering commitment to serving the development of the capital city and its economy with a strong sense of mission and responsibility.

Strengthening financial support for key enterprises in the capital

- Beijing-based central SOEs. The Bank has proactively extended credit to the headquarters or core subsidiaries of 28 central state-owned enterprises (SOEs), including China Energy Investment Corporation and China Chengtong Holdings Group. We have engaged in treasury business partnerships with 40 central SOEs and signed a strategic cooperation agreement with China Forestry Group Corporation, China Power Investment Ronghe New Energy technology Co.,Ltd and China Power International Holding Ltd.
- The Bank has invested in bonds issued by SOEs directly under the Beijing SASAC, including Beijing Capital City Development Group, Beijing Capital Development Holding (Group), and Beijing Electronic Zone High-tech Group.
- Key district-based enterprises. The bank carried out comprehensive business partnership with the Beijing Fiance Street Group, extending credit support to Haidian State-owned Assets, and investing in bonds issued by different district-based enterprises.
- Financial services for premium platform enterprises. The Bank has secured the contract for ByteDance's cash management RFP in mainland China, embedded Didi's discounted fueling API into our mobile banking application and fostered various collaborations with JD Group.

Strengthening financial services for key projects in the capital

- The Bank has fostered closer collaboration between headquarters and branches, strengthened ties with government oversight departments, and provided robust support for key projects in Beijing at both the city and district levels. The Bank also adopted a "project contracting" service model to offer comprehensive financial services. The Bank has advanced the preparation of key projects in Beijing, such as the "3 sets of 100." The Bank also has established an efficient "iron triangle" working mechanism involving "customer managers, product managers, and credit approval officers" to facilitate the forward advancement of approval processes.
- The Bank took part in the bidding for eight rounds of local government bond insurances, supporting the pilot initiatives for local government bonds, and ranked top among banks under the Beijing Municipal Government in terms of business volume.
- The Bank offered fund supervision and custody services for the first REITs projects in the country backed by photovoltaic power generation assets—the AVIC Jingneng Photovoltaic REITs project.
- The Bank reformed the real estate business model to support urban development and renewal efforts, and extended credit to Beijing Public Housing Center Co., Ltd. and Metro Land Corporate Ltd.

Serving MSEs in Beijing

- The Bank has strengthened communication with the Beijing Financial Loan Service Center to expand the coverage of inclusive finance.
- The Bank has further cut fees in accordance with *the Implementation Rules for Interest Subsidies and Guarantee Fee Subsidies for First-time Loans to Micro-, Small-, and Medium-sized Enterprises in Beijing*.
- The Bank has introduced products and services like the "House Loan Express", "Loan Renewal Without Principal Repayment" and "Sci-Tech Innovation Easy Loan" to help MSEs in Beijing tackle financing challenges.

Supporting Beijing's livelihood development

- The Bank has formulated the *National Health Commission's Integrated Financial Services Plan for Smart Healthcare* and distribute the *Guidelines for Marketing Efforts to Enhance Cooperation with the National Health Commission and to Provide Excellence Financial Services in the Health and Healthcare Sector*.
- The Bank has partnered with the Beijing Medical Insurance Bureau to support the rollout of the Beijing Universal Health Insurance in 2023.
- The Bank has vigorously promoted the use of Beijing's third-generation social security cards and actively encourage the adoption of pension accounts.

Case A new digital inclusive product — the "Shopping Basket Supply Assurance Loan" for the merchants in Xinfadi market in Beijing

Committed to serving the real economy and ensuring the well-being of the capital's residents, Beijing Branch has developed an exclusive digital product, the "Shopping Basket Supply Assurance Loan," specifically designed for the merchants in Xinfadi market, to provide them with digital and intelligent financing support. From application, automatic filing and risk screening, contract signing, to automatic disbursement, repayment, and automatic post-loan services, the customers can access all the services they need online. The customer experience was greatly improved and financial resources were channeled to Beijing's Shopping Basket Program. As of the end of 2023, the "Shopping Basket Supply Assurance Loan" had served 1,000 customers, and extended more than RMB 1 billion in credit.



► Beijing Branch has signed a strategic cooperation agreement with the Xinfadi market.

In 2023

about **RMB 458 billion**
of diverse financing services offered in Beijing

about **53%**
Year-on-year increase

RMB **40+ billion**
Financing services provided for MSEs in Beijing

Boosting scientific and technological advancement

Huaxia Bank is dedicated to expanding the market of technology finance. The Bank has built a whole-chain financial service mechanism, fostered deep integration between the digital and real economies, and made great effort to support Beijing's drive to grow into an international center for science & technology innovation, a global leader in the digital economy, and develop high-tech industries.

In 2023

RMB **31.5** billion

Investment and financing services provided for XX tech companies Beijing

Improving the systems and mechanisms

- The Bank increased the FTP tilt based on the central bank's special re-lending instruments to further lower financing expenses for tech companies.
- The Bank launched a specialized program aimed at specialized, high-end and innovation-driven MSEs, with FTP subsidies for loans extended to those at the national and provincial levels, aimed at assisting them in accelerating high-quality development. By 2023, the Bank has served more than 170 such MSEs in Beijing, with a total business balance surpassing RMB 1.5 billion.
- The Bank cultivated the distinctive features of the Zhongguancun Management Department, featuring a specialized "1+16+N" system to provide financial services tailored for tech enterprises ("1" refer to one central, namely the Zhongguancun Management Department, which takes the lead in formulating marketing strategies for the district and sixteen parks, developing technological innovation products, cultivating and sustaining a client base within the ecosystem, and regularly distributing a list of technology firms and "specialized and innovative" enterprises in the parks to explore business opportunities. "16" signifies sixteen "park primary branches" within the Beijing Branch's jurisdiction, selected based on their collaboration with park-based tech firms. These branches, guided by the Zhongguancun master plan for one district and sixteen parks, offer tailored financial partnership programs for the parks, ensuring comprehensive channel marketing coverage across the city. And "N" represents a number of "park supporting branches", ranging from 2 to 5, which are designated based on the park's scale and the number of tech companies present.

Deepening strategic cooperation

- The Bank collaborated with the Capital Science and Technology Development Group to establish the "Beijing Shoufazhan Huaxia Longying Jieli Tech Investment Fund," actively serving equity financing needs of technology enterprises.
- The Bank has partnered with the Beijing Academy of Blockchain and Edge Computing to complete the Longxin Chain project.
- The Bank has implemented industry-specific digital finance projects for the No. 2 Research Institute of China Aerospace Science and Industry Corporation, and China Huaneng Group.

Optimizing product services

- The Bank launched the venture loan and the equity-based loan on a trial basis in Beijing and extended "follow-on loans" to high-quality tech companies leveraging its expertise.
- The Bank launched digital finance brand and a series of products for industrial digital finance.
- The Bank continued to improve our online supply chain non-recourse refactoring products. Throughout the reporting period, we extended refactoring services to over 1,000 companies in the industrial chain through Cloudchain Group.
- The Bank launched the Beijing Medical Insurance Mobile Payment Project, which is of great importance to the public wellbeing in the city. The project offers merchant onboarding and fund settlement services for designated healthcare institutions participating in Beijing's medical insurance program. It enables 24/7 online payments of Beijing medical insurance. More than 50 hospitals in Beijing are now covered by the medical insurance mobile payment service.
- The Bank launched a new e-CNY system which directly connects our mobile banking system with China Construction Bank's e-CNY operating platform, and features such functions as salary disbursement in e-CNY and QR code scanning.
- Our intelligent POS terminals have been equipped to accept e-CNY, bank cards, and barcode payments, facilitating transactions in high-frequency and low-value payment scenarios at shopping malls, supermarkets, convenience stores, wholesale markets, etc.

Case Attending the 2023 Zhongguancun (ZGC) Forum

In May 2023, the Bank, as an industry partner of the forum, participated in the professional discussion at the "Double Carbon Strategy and Green Finance Forum" and set up a booth in the core exhibition area to showcase our achievements in digital financial innovation to all participants in support of Beijing's drive to grow into an International Center for Science & Technology Innovation.



Driving Cultural Development

We have actively expanded our range of financial products and services tailored for the cultural and creative sectors. For example, we engaged in the Beijing Consumption Season and co-organized cultural events with time-honored Chinese brands. Simultaneously, we support the sustainable growth of these brands through a "commercial banking + investment banking" financial service model. We contributing to the development of Beijing as the nation's cultural center.

In 2023

RMB **10** billion

Financing services provided for cultural and creative enterprises in the capital

Case Contributing to the cultural development of the capital

In October 2023, the Ministry of Culture and Tourism, the People's Bank of China, and the Ministry of Finance began the acceptance inspection of the first batch of national cultural and financial cooperation demonstration zone. Our Beijing branch, as one of the first batch of cooperative banks in constructing the demonstration zone, attended the symposium, and initiated the Huaxia Bank monthly campaign _"Wenjing Service Program" (a support program for excellent cultural enterprises).



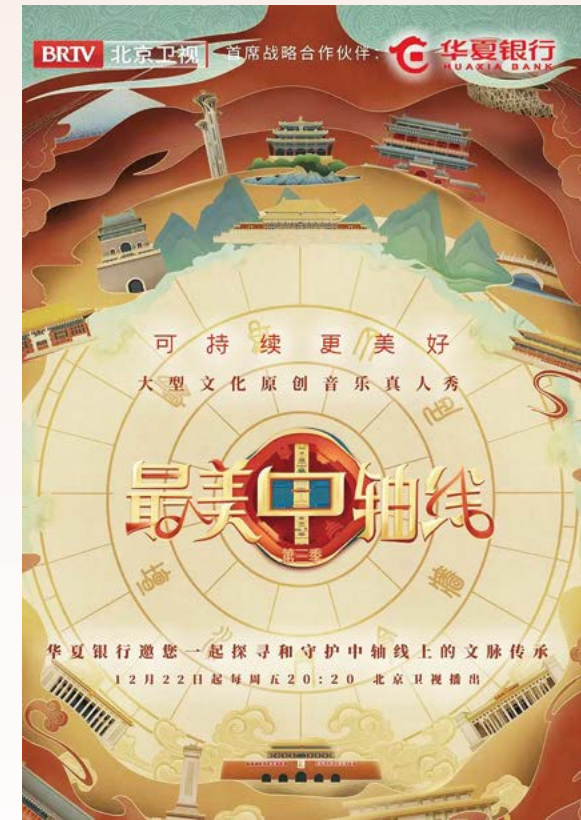
In September 2023, our Beijing Branch took an active part in the "Beijing Youth Innovation and Trend Shopping Festival", which was jointly organized by the Beijing Municipal Committee of the Communist Youth League and the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. During the event, the branch launched various forms of promotional and marketing activities within the park, as well as financial service outreach activities for cultural and creative sectors.



Case Invigorating the inheritance of historical and cultural heritage through financial services

Beijing Branch continued to implement the Time-Honored Brand Action Plan. We have collaborated with multiple time-honored brands to support the inheritance and development of Beijing's time-honored brands. Throughout the reporting period, the branch served a total of 51 time-honored brands and extended comprehensive credit amounting to RMB 30.6 billion to group companies of some time-honored brands.

Case Supporting the inheritance and innovation of the Axis Culture of Beijing



In late 2023, Beijing TV's grand cultural original music reality show, "Singing for the Central Axis of Beijing", premiered its highly anticipated third season, titled "Season of Cultural Context", igniting a passionate display. Focused on nine captivating themes-gates, rivers, granaries, walls, mountains, towers, restaurants, residences, and altars-the show skillfully resurrects history and reimagines scenes, engaging in ethereal dialogues with esteemed historical figures. Through this compelling approach, it delves deep into the profound cultural legacy and national wisdom enshrined within the central axis. As a steadfast companion throughout the three seasons of "Singing for the Central Axis of Beijing", the Bank is honored to return as the principal strategic partner, joining forces with the audiences once again to explore the rich heritage along the central axis and wholeheartedly supporting the Central Axis of Beijing to be a World Heritage Site.

The 7.8-kilometer-long central axis of Beijing is the longest and most

complete ancient urban axis in the world. It not only embodies the wisdom of ancient Chinese urban architecture but also carries the historical context of the capital. It is hailed as the "soul and backbone" of old Beijing. Since 2021, the Bank has been wholeheartedly supporting the Central Axis of Beijing to be a World Heritage Site, serving the inheritance of central axis culture, and contributing to the enduring transmission of Chinese cultural heritage.

The Central Axis of Beijing is a unique witness to Chinese civilization and cultural traditions. The application for a World Heritage Site by the Central Axis of Beijing is conducive to increasing Beijing's reputation and cultural charm and promoting the protection and inheritance of the central axis and traditional culture, and enables more people to comprehend ancient Chinese thoughts and culture through the central axis, enhancing cultural confidence and national pride.

The Bank understands that finance is not only the lifeblood of the economy but also an important pillar for cultural inheritance and development. We have deeply integrated the concept of sustainable development into our corporate strategy and sponsored "Singing for the Central Axis of Beijing" for three consecutive years. By popularizing the cultural essence of the central axis and forming a consensus on protecting the Central Axis of Beijing among the public, we have witnessed the continuous development of Chinese civilization's "inclusive integration" and contributed to cultural heritage protection. We are committed to inspiring the public, especially the younger generation, to develop an interest and love for the central axis and traditional Chinese culture, and encouraging more people to actively participate in the protection and inheritance of cultural heritage.

Serving International Exchanges

We have robustly developed financial services for trade and actively contributed to the development of the "Two Zones" and "Three Platforms," thus aiding Beijing in growing into an "international exchange center" and continuously promoting high-standard opening up.

The Bank is preparing to establish a sub-branch in the China (Hebei) Pilot Free Trade Zone Daxing Airport Area, the Houshayu Sub-branch in the China (Beijing) Pilot Free Trade Zone, and a sub-branch in the Canal Business District in the Beijing City Sub-center of the China (Beijing) Pilot Free Trade Zone.

The Bank's six sub-branches in Beijing have become pilot institutions for facilitating trade receipts and payments, and applied for the pilot unit status of trade receipts and payments facilitation for eight enterprises.

Improving the institutional layout of the "Two Zones"

Developing new trade finance services

Supporting the capital's opening up

Improving trade facilitation services

Broaden external communication channels

The Bank has enhanced the utilization of foreign exchange settlement and sales as well as derivative products, and offers comprehensive, personalized, applicable, and multi-currency foreign exchange hedging and risk management solutions, along with foreign exchange policy consulting services to enterprises in the "Two Zones."

We sponsored the China International Fair for Trade in Services (CIFTIS) and the ZGC Forum, and participated in the Financial Street Forum, to raise public awareness of our innovations and achievements in fields like science and technology, green initiatives, digital solutions, and cross-border finance, and actively serve companies attending the two events.

Case Participating in the 2023 China International Fair for Trade in Services

In September 2023, the China International Fair for Trade in Services (CIFTIS) was held in Beijing. The Bank participated in the Financial Services Exhibition, showcasing our innovative practices and achievements in industry-specific digital finance, ecosystem-oriented customer development, Huaxia Financial Cloud platform, trade finance service platform, and the integration of digital scenarios in credit card business.



Supporting the development of the Beijing Municipal Administrative Center (BMC)

Focusing on key industries in the BMC and the relocation of functions nonessential to Beijing's role as the capital, the Bank has actively engaged in strategic cooperation, providing high-quality financial services to foster the BMC's high-quality development.

Supporting the development of the BMC

Improving the top-level design

- We formulated and issued the *Huaxia Bank Work Plan for Supporting the Development of Tongzhou District*.
- In December 2023, the Bank signed a comprehensive strategic cooperation agreement with the Tongzhou District government, advancing cooperation of both parties to new heights. We pledged our support to the key projects in BMC, engaging in the preliminary research of significant initiatives and reforms within state-owned enterprises. We have successfully prepared several project reports and financing solutions, providing financing and intellectual support to key projects in Tongzhou District. By the end of 2023, the Bank had extended credit support exceeding RMB 30 billion to enterprises under the administration of Tongzhou District, with the total credit fund disbursed exceeding RMB 10 billion.

Responding to government decisions and policies

- The construction of our new Head Office Building in the BMC is in full swing.

Serving SOEs directly under the SASAC of Tongzhou District

- We have established cooperation with all first-tier SOEs directly under the SASAC of Tongzhou District.

Deepening cooperation and communication

- We have entered into strategic agreements with China Beijing Green Exchange.
- We have signed a Memorandum of Understanding with the Green Development Institute of BMC.
- We sponsored the BMC Green Development Forum.
- We have obtained the main underwriting qualification for the PPN project of the State-owned Assets Supervision and Administration Commission of Tongzhou District (SASAC of Tongzhou) and Tongzhou Urban Construction. We, acting as the general coordinator, have completed the issuance of corporate bonds for the SASAC of Tongzhou. We have also provided credit support for the state-owned enterprises affiliated with the Tongzhou District.
- We have engaged in custodial business collaboration with the Beijing Municipal Administrative Center (BMC) Industrial Guidance Fund.

Spotlight

Accelerating the Digital Transformation of Retail Business

The Bank has always considered digital and retail transformation as a key strategic direction. We adhered to a customer-centric business philosophy, deepened synergy and collaboration, and constructed a digital account management system while building a digital operational platform. We actively implemented the "Fast Win" project for digitizing account management and explore the best practices in digital retail operations, aiming to a more convenient, efficient, and secure customer experience.

Building a digital customer management system with six major mechanisms as a priority

The Bank actively utilizes digital means to build an account management system, and works hard to produce quick effects and to create a second growth curve in retail business.

Establishing an integrated operating mechanism with "agility" at its core

The Bank sets up an integrated and coordinated agile team that consists of the Head Office, branch command centers, and outlet units and operates both top-down and bottom-up. Through the integration of different business areas, of business, technology and data, and effective coordination between the Head Office, branches and subbranches, we have created a new transmission mechanism.

Building an inter-departmental collaborative mechanism with "collaboration" at its core

We adhered to the holistic and coordinated approach and created a Digital Account Management Office involving key marketing departments such as personal banking, wealth management, inclusive finance, and credit card center, as well as support departments including technology, operations, finance, and human resources. Under this mechanism, all departments and personnel work together, regardless of their labor division and titles, and efficiently advance projects.

Building a cross-functional teamwork mechanism with "efficiency" at the core

We have formed a flexible cross-departmental team that encompassed business, technical, and data personnel to achieve joint efficient advancement of the stable and traditional waterfall development and the agile and scenario-based channel operation.

Building a digitally-driven business mechanism with "intelligence" at its core

We have screened millions of customers, built 20 targeted marketing models, designed over 30 cases of customer segmentation strategies, and created a "smart brain" for account management strategies.

Building a product supply mechanism with "precision" as its core for wealth allocation and targeted promotion.

In response to the segmentation of our private banking clients and the investment lifecycle, we customize private banking product portfolios and provide professional advisory services for clients to meet their diverse needs.

Building the "Energy Points + Premium Value" push mechanism of customer loyalty points and benefits with "value" as the core

Focusing on two major customer segments, seven major customer groups and 30 big data use cases, the Bank has created a customer loyalty points and benefits mechanism of "Energy Points + Premium Value" by catering to the characteristics of different customer groups.

We have upgraded the loyalty points and benefits system for individual customers with the double engines of "Energy Points" and "Premium Value" to drive the customer value growth. We have driven agile iterations of the online points-based activity platform for individual customers, diversified the activities, and made it a major platform to reward and engage our customers. In 2023, the platform attracted more than 30 million visits, and awarded "Energy Points" to 8 million customers and direct benefits to 1.2 million customers.

Giving back to customers

- The "Energy Station" introduces a side quest called "Little Dragon's Treasure Hunt - Travel around the Heavenly Palace". Inspired by the customer service lifecycle, this quest includes activities such as "Welcome Gifts", "New Customer Alliance", "Personal Pension", "Electronic Health Insurance Voucher", "Payroll", and "Wealth Management".
- We established a "Low Carbon" account points system and launched enjoyable, personalized marketing activities.
- We promoted traditional Chinese culture and organized elderly care and parent-child activities.

Diversifying value-added services

- In the education and growth section, we launched the exclusive Huaxia Book Selection service, regularly updating books in five categories i.e. finance and management, humanities and social sciences, popular science for daily life, literature and art, and children's reading.
- In the quality lifestyle section, we introduced customized services such as Huaxia Family Portraits, pet care services, and domestic service & glass cleaning, etc.
- In the health management section, we launched an online medical appointment service for the convenience of customers.

Case The asset allocation event titled "Investment Portfolios for the Future"

The Bank has launched the asset allocation event titled "Investment Portfolios for the Future". With our expertise in the market, we offered personalized and all-in-one asset allocation solutions for individuals, households and businesses by taking into account the customers' risk appetite, investment horizons, and wealth management requirements, to meet their specific needs.



► Huaxia Bank's "Energy Station" Integrated Marketing Case won the Integrated Marketing Case of the Year award at the 6th Annual Finance Brand Case Competition hosted by China Financial Publishing House.

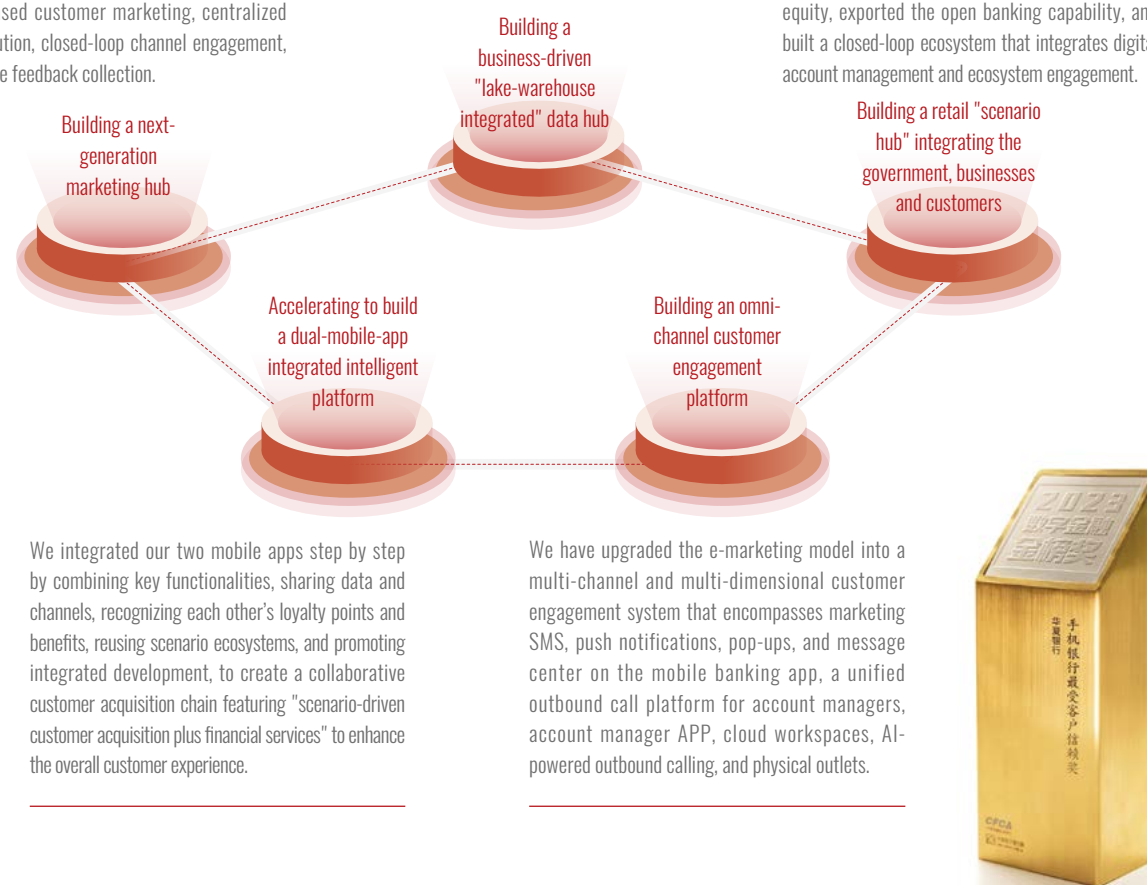
Consolidating five foundations to build a digital operating platform

In order to strengthen the digital technology foundation supporting digital retail business, the Bank promoted the deep integration of business, technology, and data, and enhance the comprehensive application of business, digital, and scientific technologies. We have established a team of over 300 technology specialists dedicated to the retail business, and rapidly developed five key technology platforms, laying the technological foundation for the success of our "Fast Win" project and accelerating business development, value creation, and a better customer experience driven by digital technology.

We have integrated six key processes - the model engine, marketing events, strategy management, lead distribution, channel engagement, and feedback collection - seamlessly into the marketing hub, so that we can realize online marketing management, scenario-based customer marketing, centralized lead distribution, closed-loop channel engagement, and real-time feedback collection.

We have established a multi-dimensional performance indicator system with tightened control at the source, constructed a real-time indicator system for "golden data" such as aggregate financial assets and deposits, created a real-time event marketing repository for significant transactions and maturity of wealth management products, and enhanced precise customer portraits with six major dimensions and over 1,000 core labels.

The Bank has developed an enterprise-level digital ecosystem platform that collaborates with the industry-specific digital finance sector. Centered around the domains of "real estate, automotive, education, healthcare, travel, and shopping", we have constructed a broad digital account system encompassing personal accounts, e-wallets, and open equity, exported the open banking capability, and built a closed-loop ecosystem that integrates digital account management and ecosystem engagement.



We integrated our two mobile apps step by step by combining key functionalities, sharing data and channels, recognizing each other's loyalty points and benefits, reusing scenario ecosystems, and promoting integrated development, to create a collaborative customer acquisition chain featuring "scenario-driven customer acquisition plus financial services" to enhance the overall customer experience.

We have upgraded the e-marketing model into a multi-channel and multi-dimensional customer engagement system that encompasses marketing SMS, push notifications, pop-ups, and message center on the mobile banking app, a unified outbound call platform for account managers, account manager APP, cloud workspaces, AI-powered outbound calling, and physical outlets.



► We were awarded the "Most Trusted Mobile Banking Award" at the 19th Joint Promotion of Digital Finance Event hosted by the China Financial Certification Authority (CFCA).

Building an elite task force to drive the rapid, effective implementation of "Fast Win" project

The Bank has made great effort to nurture well-rounded digital finance professionals. We have developed a three-tier training and assessment system focusing on the "business, management, and data" of retail banking. Through the "Agile Seeds" program, we fully unleashed the potential of multi-skilled talent. We have designed differentiated digital capability frameworks for various positions and offered targeted training courses to enhance core competencies. We have continuously implemented the "learning by doing" approach, combining theory with practice.



► Changsha Branch's retail banking team conducted special training on digital transformation and application of new media tools.

Through the implementation of the one-year digital "Fast Win" project, the Bank has trained over 700 professionals in management, marketing, and data analysis, and established dedicated digital direct sales, mobile banking operations, and ecosystem operations teams to ensure the effective implementation of the "Fast Win" project, to significantly enhance our digital capabilities and expand the outcomes of "Fast Win".

The "Fast Win" project has notably improved the digital, targeted marketing capabilities of our retail business. We have launched over 30 big data use cases for differentiated account management. Compared to the control group, the experimental group has witnessed a more than 30% increase in asset value per account, with a total increase of over RMB 70 billion in assets for key customer segments. These achievements have driven the rapid and steady development of our retail business.

Spotlight

Leading Digital Transformation with Industry-Specific Digital Finance

Fully implementing the development plan for digital technology, the Bank works to develop new business and commercial models based on advancements in "business technology, digital technology, and scientific technology." Concurrently, we have expedited the innovation of industry-specific digital finance to facilitate the ecosystem-based transition of all our customers.

Strengthening the organizational mechanism support

With a focus on unleashing innovation vitality, we are forging innovation teams to provide reliable support for the innovative development of our industry-specific digital finance business.

Building agile and flexible teams

Centered around the branch contracting and Head Office undertaking model, we revamped the organizational structure of both the Head Office and branches, and reshaped the organizational structure of the Industry-Specific Digital Finance Department at the Head Office. This has led to the establishment of an agile organization comprising the front, middle, and back offices at the Head Office, providing systematic support for branch operations.

Creating standardized project operation processes

Guided by the principles of agility, standardization, and efficiency, we are implementing a process-driven project management approach. Following the stages of the initial phase, trial operation phase, and formal operation phase, we execute a series of steps including project initiation, team formation, project research, solution development, model evaluation, risk assessment, sandbox testing, technological development, trial operation, pilot testing, adjustment, and retrospective analysis.

Establishing a scientific innovation mechanism

We have built a comprehensive system that incorporates innovation tolerance (rapid write-off mechanism, innovation risk reserve mechanism, due diligence exemption mechanism), wealth creation incentives (mechanism for labor-driven wealth creation), collaboration (inter-branch profit distribution mechanism, cross-functional profit measurement mechanism, ecological comprehensive pricing mechanism, ecological customer account service coordination mechanism), and problem-solving (mechanism for issue collection and resolution). These nine mechanisms across four aspects ensure continuous enhancement of support and guarantee for innovation.

Defining business development direction and products

Motivated by an unwavering dedication to innovation, we have comprehensively recalibrated the development direction of our industry-specific digital finance business and actively delivered digital financing products to strengthen the foundation of our industrial ecosystem services.

Establishing three major business development directions

We have defined three primary business directions: movable assets, transactions, and logistics. Our efforts are focused on constructing an ecosystem with movable asset management at its core, alongside the provision of digital financing services for movable assets. Based on the digitization of traditional industries and trade, we deliver digital supply chain financing services and provide comprehensive digital financial solutions centered around modern digital logistics.

Developing five categories of digital financing products

Leveraging advancements in "business technology, digital technology, and scientific progress", we have introduced five business categories under the industry-specific digital finance 3.0 model: Express Digital Loans for Orders, Receivables, Distributors, Collateral, and Platforms, providing substantial financial support for the entire industry chain.

Building an independent full-process system platform

Building an independent full-process system platform to empower the innovative development of industry-specific digital finance with technology

Improving the industrial digital FinTech platform around the three major systems of industrial digital finance processes, risk control, and monitoring >>>

The platform possesses the capability to support the implementation and operation of industry-specific digital finance projects under five major models. We have established R&D teams for processes, channels, and risk control based on these models to enhance development efficiency and capacity.

Building a digital, standardized, automated, and intelligent industry-specific digital financial credit platform >>>

We have enhanced our business process system for industrial digital finance, providing digitized financing services with features such as ecosystem-based services tailored to industry-specific customer segments, real-time data-driven processes, agile process implementation inspired by Lego-like building blocks, and the application of advanced digital technologies.

Building a preliminary industrial digital finance credit monitoring and operations platform >>>

Key focus areas include building project-level model monitoring capabilities, risk alert and resolution processes, and business reporting functionality.

Completing the foundational infrastructure for the industrial chain financial service platform based on blockchain technology (known as the DragonChain platform) >>>

We have launched our bank's first electronic bond certificate product called "DragonBond", enabling online issuance, circulation, splitting, and online application for digital factoring financing services.

Establishing a digital credit and digital intelligent risk control system

We actively explored the utilization of industry ecosystem data and extensive data to drive two core technological innovations in digital credit assessment and intelligent risk control: "algorithm + model + rules", supporting the steady implementation of innovative models in industry-specific digital finance.

Implementing meticulous internal control management to establish a full lifecycle risk management mechanism for risk models. This includes managing model design, review, deployment, testing, release, monitoring, optimization, and iteration to ensure precise control over the entire model process.

Enhancing product standards and accumulating underlying data assets. For different modes and products with specific risk control requirements, list of standardized data requirements and model strategies were developed for products like government procurement financing, military industry financing, liquor distributors financing, and online freight financing, thus accumulating underlying data assets for industrial digital finance.

Applying quantitative models to enable data-driven decision-making. Quantitative models have been applied in select industry-specific digital finance projects to predict financial default risks and ecosystem transaction stability for financing clients, as well as to forecast the probability of client churn.

Improving approval efficiency by transitioning from "manual approval" to "model-driven automatic approval" for project credit evaluations. By optimizing models and iterating rules based on accumulated project data, the level of precision in model-based approvals has been continuously enhanced. Customer credit approvals are now fully automated through the model.

Creating risk control expertise by establishing a 12-grid system for the industry-specific digital finance risk control models. This risk control system is gradually refined to align with the five major business models, evolving towards modularity, standardization, and productization.

Co-building the industrial digital ecosystem

In the pursuit of collaborative, systemic, open development for all, we have fostered extensive collaboration with entities in industries, technology, platforms, and other fields, aiming to enhance ecological synergy.

Co-building the industrial ecosystem alliance

In collaboration with over 10 institutions, including Huawei and ZechFin, the Bank has calibrated the development of movable assets financing business toward the "digital credit for tangible assets." Together, we have established a digital financing ecosystem for movable assets and released the *White Paper on Digital Warehousing for Movable Assets Financing*.

Promoting the establishment of industry standards

We organized an expert symposium for the revision of the national standard titled *Warehouse Receipt Fundamental Element and Form* co-hosted by the China Federation of Logistics & Purchasing and the China Association of Warehousing and Distribution, and helped formulate industry standards in the financial warehousing sector with over 50 experts representing more than 20 regulatory bodies, associations, and banking institutions.

Developing a partner ecosystem

In August 2023, the "2023 Collective Soaring Action" Ecosystem Partner Conference, co-organized by Huaxia Bank and Longying Zhida (Beijing) Technology Co., Ltd., was held in Beijing. Aimed at serving the collaborative creators of the industrial ecosystem, the "2023 Collective Soaring Action" ecosystem partner system focused on industry direction and customer needs, and collaborated with partners in technology, industry, finance, and other sectors. Together, they enlisted nearly a hundred outstanding partners to collectively shape ecological scenarios, deliver a comprehensive "technology + finance" solution for the real industries, enhance the digital transformation of enterprises in traditional industries.



Achievements in Business Development

The Bank has made remarkable strides in the industry-specific digital finance business, significantly amplifying its overall market influence.

Building a leading edge

The project titled "Research and Application Demonstration of Key Technologies for Penetrative Supervision over the Innovation of Industry-Specific Digital Asset Finance," led by Huaxia Bank, passed the project approval defense organized by the Ministry of Science and Technology, and was officially approved. As the first national-level research project undertaken by the Bank, the project is poised to significantly enhance the Bank's leading position in the industry-specific digital finance sector, allowing it to secure a commanding role in the industry. Additionally, the Bank hosted, for the first time, an expert symposium on the revision of the national standard *Warehouse Receipt Fundamental Element and Form*, participating in the formulation of industry standards.

Building the brand visibility of "Digital Wing Pass"

In November 2023, the Bank, in collaboration with the China Association of Warehousing and Distribution and the China Materials Storage & Transportation Association, jointly hosted the 2023 China Financial Warehousing Innovation and Development Conference and the Huaxia Bank Digital Finance Summit. The Summit focused on the collaborative construction of a digital warehousing new infrastructure among the industry ecosystem partners. During the event, we unveiled our industry-specific digital finance brand "Digital Wing Pass" alongside a series of products, the *White Paper on Digital Warehousing for Movable Assets Financing*. We shared innovative achievements in the field of industry-specific digital finance to further strengthen collaboration with ecosystem partners.

Achieving breakthroughs in business development

As of the end of 2023, the Bank's industry-specific digital finance business had been implemented in over 20 sectors, including high-end manufacturing, steel, energy, chemicals, warehousing, logistics, agriculture, animal husbandry, liquor, and government procurement, served 659 ecosystem customers, with RMB 2.689 billion extended in credit.



Case Exploring new models of digital finance

Harbin Branch, in partnership with Heilongjiang Xiangyu Agricultural Products Corporation, has introduced its first full-stack digital industry financing project. By employing the "digital + grain bank" approach, it has established a complete data monitoring model, and offers grain brokers 24/7 contactless financial services covering digital credit approval, online loan disbursement, and intelligent post-loan management. The project caters to the financing needs of brokers in the grain storage scenario and has shortened the supply chain and reduced circulation costs.

In the 2023 selection of best practices of digital transformation by listed companies, organized by the China Association for Public Companies, the Bank was honored with the "Excellent Case" award.



CSR Practices

Social

Staying True to the Original Aspiration to Write a Splendid Chapter in the New Era

Huaxia Bank has always adopted the people-centered philosophy, embodying the humanistic aspects of financial work. We prioritize the protection of financial consumer rights and interests, devote ourselves to social welfare and charity and empower our employees to achieve self-realization. Together with people from all walks of life, we strive to build a "sustainable and better" society.

At the end of 2023

RMB **724.87** billion
Personal loans

40,293
Total workforce

RMB **70.579** million
Total public welfare donations

7,829
Employee training sessions held



Employees in the finals of the 2nd Staff Sports Meeting held by the Huaxia Bank

Improving Customer Service

Guided by customers' needs, the Bank has promoted organizational and institutional changes, improved the ecological customer service system to upgrade the customer service model and improve customer service capabilities.



Building ecological customer service sytem

To effectively implement national and regional industrial development strategies and diligently execute the *2021-2025 Huaxia Bank Development Plan*, we are committed to advancing the transformation of our financial business. We have always prioritized a customer-centric approach. In 2023, we fully initiated the ecological transformation of customers service and put our focus on increasing customer amounts and improving customer service capabilities. This transformation has seen a shift in our customer acquisition model from a singular approach to an ecological and mass expansion strategy, while our service methods have evolved from offline to a seamless integration of online and offline channels. By gradually accumulating transaction data within our ecosystem, we have redefined our customer service and risk control frameworks, bolstering our capacity to track customer financial transactions continuously and comprehensively cover customer opportunity businesses, thus effectively addressing the dual challenges of risk management and customer acquisition. We've also introduced digital technology into ecological customer service to deeply understand customer needs and update the communicating methods with customers, thus to provide integrated solutions with multi-channel integration capabilities.

At the end of 2023

20,000+

New ecological customers developed

4.1 %

Growth rate of corporate customers

Accelerating the transformation of market development modes

- We remain committed to serving the "high-end industries" and "high-end industrial sectors," actively supporting the national manufacturing industry, strategic emerging industries, green initiatives, and the dual-carbon strategy, as well as the private sector. Based on the "3-3-1-1" customer strategy, we provide comprehensive financial services to central SOE enterprises, local state-owned enterprises, listed companies, and companies listed on the National Equities Exchange and Quotations.
- Prioritizing customers operating in 18 emerging sectors, including new energy vehicles, integrated circuits, and green and dual-carbon, we provide services to leading companies in emerging industries, specialized and sophisticated SMEs, and scientific and technological innovation enterprises.
- We strengthen comprehensive financial services across the entire industrial chain of key industries. Utilizing four ecosystem categories: industry, finance, platform, and park, we penetrate the industrial, equity, and financial chains of core clients, implement a large, medium, and small ecosystem approach to achieve "1+N+N" customer development, and promote horizontal and vertical extension of the ecosystem.
- Focusing on the needs and "pain points" of customers throughout the entire chain, the Bank has actively tapped into the core customers in the industry chain, and engaged upstream and downstream clients in the broader business network through means such as online platform docking and customized development of digital products.

Deepening the role of payment business in integrating scenarios

- We are continuously enhancing our capacity for scenario-based payment acquisition, deeply rooted in societal welfare and the real economy. Our focus lies in constructing consumption scenarios such as wholesale markets, dining establishments, and community properties. We aim to provide high-quality and convenient payment and settlement services to individual customers including community residents, market vendors, and merchant members.
- We have constructed an online payment closed loop, forming an integrated financial service tool encompassing "payment, clearing, wealth management, and financing." By expanding the scenario ecology to include "account + payment, rights + payment, investment + payment, and financing + payment," we aim to provide service assurances for essential life scenarios such as mobile payment and combined payment one-stop settlement with Beijing medical insurance cards, as well as boarding code payments during the Asian Games period.

Creating marketing support tools and products

- We have constructed a "sustainable and profitable" corporate-oriented digital marketing model, advancing digital ecological map research through big data, artificial intelligence (AI), and other technologies.
- We have developed and launched an ecological map platform, realizing functions such as industry insight, enterprise insight, industry map analysis, and outreach to enterprise opportunities.
- We are committed to building an ecological customer financing platform, aiming to achieve "online application - model establishment - ecological credit limit approval." Within this credit limit framework, we aim to facilitate online approval, contract signing, loan disbursement, and post-loan servicing.
- We have built and launched the "Huaxia Financial Cloud" platform, advancing the second phase of functionality and system iteration. By incorporating platform settlement functionalities into ecological customer business scenarios, we aim to continually accumulate transaction data and facilitate cross-validation of this data in customer approval and risk control processes.



Focusing on aggregating enterprise-level service capabilities

- We aggregate retail service capabilities to build an enterprise-level retail ecosystem, launching and promoting functions such as electronic wallets, ecological cash registers, aggregated payments, prepaid, deposit supervision, consumer vouchers, pension accounts, and open points rights.
- Centered around the government's efforts to stimulate consumption and provide convenient services for residents, we have developed a retail ecosystem within a three-kilometer radius of our branches. This initiative involves empowering smart branches with mobile banking, revitalizing offline branches with an online ecosystem, and enhancing branch productivity with digital operations.
- We have bolstered our enterprise-level online customer service capabilities. This integration has enabled us to enhance the overall customer service experience across key scenarios, while continuously refining our mobile marketing matrix through the utilization of corporate WeChat accounts, customer manager APPs, and cloud studios. Through these efforts, we aim to aggregate scene ecology co-building capabilities and elevate customer online service capabilities at the enterprise level.

Optimizing customer service

Strategically organizing our bank outlets, we fully commit to developing digital finance channels and continually optimize our customer service to enhance overall customer satisfaction. Our aim is to provide customers with more convenient and personalized financial services, fostering a warmer and more engaging experience.

Promoting outlets upgrade

- We are deeply committed to advancing the digital transformation of our outlets. This involves enriching self-service scenarios, optimizing business handling processes, and ensuring that over 95% of high-frequency personal transactions can be conducted via self-service channels across the bank.
- We continue to optimize the layout of outlets to address financial service gaps. To this end, we have established 13 new sub-branch outlets throughout the year. Moreover, 92 outlets were relocated and remodeled, supporting the high-quality economic development of the local areas.

Optimizing the experience of customer service

- We have been building the product matrix on the mobile App featuring "fast with new capability, easy to use with new services, beautiful with new experience, good discounts with new ecology, fun with new idea". In addition, we have been enriching its service functions with continuous efforts. Our goal is to create an intelligent and online service system, with the iteration speed of making progress every week and month.
- Based on brand new visual standards, we have comprehensively redesigned the account, fund, and batch transfer functions on our online personal banking platform. We have also introduced brand services such as "Enjoy Account+", "Profit Wealth+," and "Quick Transfer+" on online personal banking.
- We have expanded the scope of credit card self-service channel business services. By integrating our workflow system with the Hua Cai Life Mobile App, customers can conveniently upload the business material directly through the app, eliminating the need for traditional fax-based processes and repetitive phone calls.
- We have launched multiple business functions such as online application for corporate VAT invoices, online application and offline delivery, and widespread application of electronic business licenses. These functions have effectively increased the efficiency of bank teller operations, reduced customer waiting times at the counter, and improved overall service response efficiency.
- In accordance with the requirements of the *Notice on Promoting the Implementation of the New Version of Foreign Permanent Resident ID Card Eligibility Modification to Improve the Convenience of Financial Services for Foreign Nationals*, we optimize the handling procedure for foreign nationals' permanent resident ID cards.
- The Credit Card Center and telephone banking have enriched intelligent self-service voice scenarios, including features such as annual fee inquiries, repayment status inquiries, card renewal status inquiries, and reporting lost cards, which could assist our customers with self-service transactions.
- With a unified whole-process operational model encompassing pre-event prediction, mid-event monitoring, and post-event analysis, the 95577 Customer Service Center has realized multi-channel communication through "call, text, and video," multi-faceted service provision including "business and service," and a combination of "AI and human" interaction for quality control. This comprehensive approach has significantly enhanced the customer service level.

Intensifying services for customers with special needs

- We have implemented a dedicated real-time service mechanism to ensure the quality and efficiency of wage payments for migrant workers, and address immediate concerns related to wage payments for migrant workers. In 2023, we facilitated wage payments for 360,000 migrant workers, totaling RMB 2.7 billion.
- We promote the New Citizen Loan and other financial services aimed at accurately distinguishing new citizen groups among credit customers and fulfilling the demands of new citizens in housing decoration, vocational skills training, and children's education according to the different life scenarios of new citizens. We have also achieved the online acceptance of personal housing mortgage loans and streamlined the online business process for consumer loan products, enabling functions such as online application, withdrawal, real-time repayment, and increasing the function of anti-fraud alerts before withdrawals. These enhancements not only realize convenient services, but also enhance the level of product risk control.
- We have adjusted the interest rates on existing mortgages for personal first-home loans legally and orderly.
- Through collaboration with local governments, supervision departments and other institutions , we have actively fulfilled our responsibility in delivering financial services aimed at "ensuring the delivery of housing." This includes providing financial support for relevant projects and offering flexible repayment options through loan extension services to project borrowers.

In 2023

99.65%

Customer satisfaction of 95577 Customer Service Center



At the end of 2023

3,736

Self-service banking machines



Case Winning the title of "Top 100 Model Branches for Civilized and Standard Service in Banking Industry"

In June 2023, the Binzhou Sub-Branch Business Department of Jinan Branch was honored with the title of "Top 100 Model Branches for Civilized and Standard Service in the Banking Industry".



Improving the People's Well-being

In response to the needs of the people, we focus on key areas such as pension finance and promoting consumption to constantly expand our business scope, advance product innovation, and safeguard the pursuit of a better life for all.



Facilitating financial services for elderly care

In line with the directives of the Party Central Committee, the State Council, and regulatory bodies to promote the development of the pension industry, Huaxia Bank has earnestly implemented the principles outlined in the National Financial Work Conference, and strongly supported the development of private pension as the third pillar, making significant contributions to financial services for elderly care.

Supporting the construction of the elderly care system

Huaxia Bank has established a dedicated office to provide stronger financial services in key areas such as elderly health and smart elderly care, promoting the development of financial business in the elderly care industry. In March 2023, the Bank officially joined the Pension Business Committee of the China Banking Association, becoming one of the 15 member units of the committee.

Case Multi-domain efforts to promote the development of the elderly care sector

Smart elderly care services Utilizing a combination of "short-term working capital loans + medium and long-term working capital loans + bank acceptance drafts + domestic letter of credit + fundraising supervision", Shanghai Branch has provided a comprehensive financial service package totaling RMB 400 million to a demonstration enterprise in the smart health elderly care sector.

Institution-based elderly care Chongqing Branch has provided financing of RMB 52 million through fixed asset loans for the state-owned nursing home project, facilitating the market-oriented reform of regional public elderly care institutions. Wenzhou Branch has played an active role in supporting the local "Municipal-Level Health Care Demonstration Project" by extending RMB 100 million in fixed asset loans.

Medical and health care. Qingdao Branch has taken proactive steps to engage with the unicorn enterprises in the medical and big health sectors. As part of these efforts, the branch has extended financing support totaling RMB 250 million to a pharmaceutical group and its subsidiaries.

Making innovations in elderly care products and services

Faced with the aging trend, the Bank has made continuous efforts to improve its financial product system. By developing financial scenarios tailored to private pensions, we aim to build a new ecosystem for elderly care through online and offline service channels, the establishment of rights systems, the advancement of smart elderly care, and the provision of asset allocation services.



Case Building a cloud supervision platform to ensure the safety of elderly care funds

The Yantai Sub-branch of Jinan Branch secured the contract to oversee the prepaid funds of local elderly care institutions. The branch has integrated the "Cloud Funds Supervision Platform" with the elderly care fund supervision platform of the Yantai Civil Affairs Bureau, enabling it to provide fund supervision services for elderly care institutions. This initiative fulfills the civil affairs department's needs for opening and managing prepaid funds supervision accounts, supervising fund transactions, and providing transaction and account information services for elderly care institutions.

Case Improving financial services for elder care

Tianjin Branch regularly organizes wealth salons for seniors, providing clients with exclusive pension wealth management, pension FOF funds, and other insurance products. Through partnerships with insurance companies, we conduct pension-themed salons to assist elderly clients in pension planning.

Igniting the "Beautiful Hua Xia" consumption season

Guided by the policy of "expanding domestic demand and promoting consumption", we have spearheaded a series of activities under the "Beautiful Hua Xia" consumption season. This includes launching events like the "Colorful Hua Xia Shopping Festival" in Beijing and the "Shenzhen Hua Xia Shopping Festival - Illuminating a Better Life." Furthermore, we have implemented business initiatives alongside merchant consumption subsidies aimed at fostering development and improving livelihoods. Additionally, we have focused on cultivating the online consumption ecosystem to cater to the financial needs of businesses across various consumption scenarios. These efforts are geared towards boosting market confidence and unleashing consumption potential.

- Tailored to resident consumption preferences, the Credit Card Center has organized discount promotions at Sam's Club and Grand Joy in Beijing, as well as consumption discounts for dining at Wanda Plaza.
- We have introduced travel discounts for Universal Beijing Resort to support the recovery of the tourism industry.
- We have collaborated with e-commerce platforms like Douyin, Pinduoduo, and the dining and travel categories of Meituan to conduct online scenario-based marketing.



- We have launched low-threshold and easy-to-participate promotions, offering rewards such as cashback with unlimited spending thresholds, instant discounts for consumption, shopping vouchers, and coffee coupons.
- We have introduced the "Hua Cai Elite Club" special activity for customers with high-value spending and installment needs, offering more rewards for more spending.

- We have expand customer payment channels and strengthened our partnerships with UnionPay, top-tier merchants, and various acquiring institutions. Focusing on established merchants such as Taobao, Tmall, Pinduoduo, and Xiaomi, we have introduced scenario-based installment services on the Alipay platform.

- Through partnerships with Taobao, Tmall, and Pinduoduo, we have offered different patterns of payment including interest-free installment plans and installment discounts.

Case Deepening the ecological development of consumption scenarios

The Bank has reached a strategic cooperation agreement with Luckin Coffee to jointly issue co-branded credit cards. We allocated a consumer credit of RMB 10 billion. Through the initiative of "Ten Thousand Stores for RMB Ten Billion of Revenue", the Bank could integrate banking products and services with scenario-based support to create a new digital consumption ecosystem.



Case Implementing various actions to support business and benefit the public

Guiyang Branch, in collaboration with China UnionPay, has initiated a series of economic stimulus activities aimed at promoting consumer spending. These initiatives span across various sectors including tourism, dining, and retail. Moreover, the branch has prioritized public welfare activities such as discounts on utilities and groceries.



Case Organizing "the Colorful Shopping Festival in Beijing"

In June 2023, the Head Office and Beijing Branch hosted the "the Colorful Shopping Festival in Beijing" as part of the 2023 Beijing Consumption Season. This event aimed to promote the expansion and enhancement of consumption, thereby supporting the construction of Beijing as an international consumption center. The event featured a "1+E+4" system: "1" represented the Launch Ceremony for Summer Solstice, which included various activities such as beneficial measures for residents, entertainment projects, and national trend activities; "E" represented the online digital consumption sub-venue. With the Bank's consumer vouchers as the core, the Bank collaborated with online platforms such as Meituan and Ele.me to stimulate online digital consumption; "4" represented four main thematic summer consumption scenarios, including activities targeting retail, beauty, digital, and self-improvement products, under the themes of "Summer Joy, Keep Going"; activities catering to summer demands such as special delicacies and cooling consumption, under the themes of "Summer Coolness, Quality Enjoyment"; activities fulfilling travel demands of graduates and parent-child families, under the themes of "Summer Travel, Graduation Gifts"; activities focusing on the "Romantic Economy", under the theme of "Autumn Romance, Love on Qixi."



At the end of 2023

RMB **724.87** billion
Personal loans

RMB **535.989** billion
Personal loans (excluding credit cards)

among them

RMB **104.526** billion
Personal consumption loans

Engaging in Social Welfare

In fulfilling our corporate social responsibilities, we vigorously support noble causes and actively participate in public welfare initiatives such as disaster relief and providing assistance to those in need. We have established the public service brand "Jinghua Volunteer" to embody the spirit of volunteerism."

Dedicating to charity

We have continued our activities and practices in various social welfare fields, provided resources for vulnerable groups and encouraged our employees to actively participate in public welfare volunteer activities and contribute to social charity with practical actions.

In 2023

RMB **70,579** million
Total public welfare donations

Case Supporting the charity causes in Hong Kong

In December 2023, Huaxia Bank donated HKD 1 million to the Tung Wah Group of Hospitals, the oldest and largest local charitable institution in Hong Kong. This contribution aimed to support the development of local elderly service, showcasing the commitment of Chinese financial institutions and state-owned enterprises to social welfare.



Case Caring for sanitation workers

In 2023, the "Growth Fund of Huaxia Bank to Help Sanitation Workers' Children" continued to provide financial help for sanitation workers' children for their education and families with difficulties. The Bank helped 300 children from environmental sanitation families in Beijing, and each was provided RMB 1,000 of bursaries. A total of RMB 300,000 of charity was granted. At the same time, 10 families of environmental sanitation workers in difficulty were supported, and RMB 5,000 was issued to each family, with a total amount of RMB 50,000 granted. By the end of 2023, Huaxia Bank's "Growth Plan for Sanitation Workers' children" has been carried out for 9 years, and the Bank has provided a total of more than RMB 10 million in financial donations to this public welfare project.

During the winter in 2023, Changchun City experienced consecutive snowfall and strong winds. In response to these adverse weather conditions, Xingfu Street Sub-branch of Changchun Branch took proactive steps to fulfill its social responsibility by organizing the "Caring for Sanitation Workers and Bringing Warmth in Winter" activity. Led by the Head of the Sub-branch, staff members ventured out onto the streets and extended invitations to outdoor workers like sanitation workers, to take a break. They provided hot water for refreshment and offered the opportunity to recharge their mobile phones, offering support and warmth during challenging times.



Case Donating to construct "Huaxia Road"

Zhengzhou Branch is dedicated to improving the living environment of the assisted village. It donated RMB 288,200 to Qiangongtang Village, Weixian Town, Xunxian County, Hebi City, specifically for subgrade leveling of the two main roads and the construction of the supporting pipeline network in the village. In June 2023, the Huaxia Road in the village was completed and passed the inspection check.



► Old dirt road of the Qiangongtang Village



► New "Huaxia road" of the Qiangongtang Village

Case Building the "Jinghua Volunteer" Brand

The Bank has standardized its youth volunteer brand, exemplified by "Jinghua Volunteer". Following the concept of "Hua Xia youth build a better future together", the Bank is dedicated to establishing a youth volunteer service system that is "based in Beijing and serves the whole country", thereby promoting the branding and institutional development of its volunteer services. In March 2023, the Youth League Committee of the Head Office organized an online selection for public welfare cases under the theme of "Jinghua Volunteer, Promising Youth". This initiative aimed to advocate the spirit of volunteerism, emphasizing values such as dedication, friendship, mutual assistance, and progress, coinciding with the 60th anniversary of Chairman Mao's inscription "Learn from Comrade Lei Feng". We gathered 59,000 votes and 459,000 views.

In 2023

1,658

Volunteer activities organized

18,545

Employees involved in volunteer activities

18,221.5 hours

Volunteer activities offered

Case

Making charitable donation to school

In December 2023, Xi'an Branch visited Cao Ping Town Central Primary School of Zhashui County and made charitable donations. In collaboration with charitable organizations, the Branch donated 520 books, 422 cleaning kits, and 36 warm care packages. These donations were aimed at extending care and blessings to rural students, while also conveying the warmth and compassion of Huaxia Bank.



Case

Organizing a voluntary blood donation event

The Hohhot Branch took proactive measures upon learning about the shortage of blood supply in the local area. Themed "A Drop of Blood, A Gesture of Care - Hua Xia's Bond Between You and Me", the event saw a total of 93 individuals successfully passing the screening process and contributing a cumulative blood donation of 32,700 milliliters. The Branch was granted the honor of "Outstanding Contributor to Voluntary Blood Donation" by the Inner Mongolia Autonomous Region Blood Center.



Engaging in disaster relief

In response to rare heavy rainfall, sudden earthquakes, and other disasters, Huaxia Bank acted swiftly to provide prompt assistance. We efficiently organized various financial services and rescue efforts, dedicating all our resources to post-disaster reconstruction. Through our concerted efforts, we aim to spread the power of mutual assistance and contribute to the recovery and rebuilding process in affected areas.

Case

Supporting earthquake relief efforts in Gansu and Qinghai



► Donation ceremony of Huaxia Bank at Gansu Provincial Charity Federation

In December 2023, a 6.2-magnitude earthquake struck Jishishan County in Gansu province. The Bank promptly initiated disaster relief efforts. We contributed RMB 1 million to the affected areas through the Gansu Provincial Charity Federation. Lanzhou Branch also took swift action by donating RMB 37,000. In Minhe County of Qinghai Province, where some areas suffered significant impact from an earthquake, employees of Xining Branch donated RMB 18,100 spontaneously and forwarded the donations to the Red Cross Society of Minhe Hui Autonomous County.

Case

Dedicated in flood control and post-disaster reconstruction in Beijing

In July 2023, Beijing was hit by a heavy rainstorm. The Head Office established the "Post-Disaster Recovery and Reconstruction Support" working group, dedicated to assessing the impact of disasters on our clients and providing them with targeted post-disaster financial services. Our goal is to alleviate the burdens and difficulties faced by affected enterprises and individuals. We strictly prohibit forced early repayment of loans, loan suspension, and arbitrary termination of loan agreements. In response to reasonable loan renewal requests from flood-affected enterprises, we offer loan renewal services without requiring repayment of the principal, thereby easing repayment pressures on small and micro-sized enterprises. Additionally, through communication with Chongho Bridge, we facilitate loan extensions for customers with Inclusive Agricultural Loans and apply for credit reporting exemptions for affected rural households. Furthermore, we have introduced the "Standing Together against Flood Disaster" service plan to support economic and livelihood reconstruction in disaster-stricken areas through tangible actions.

Mentougou Sub-branch of Beijing Branch swiftly initiated emergency flood control measures. It ensured the safety of customers, promptly transported operational cash, and protected operational equipment. Despite the temporary closure, the Sub-branch efficiently reviewed critical documents online and successfully completed the submission of six L/C transactions and the transfer of forfeiting materials.

Fangshan Sub-branch of Beijing Branch delivered the first batch of disaster relief materials to the financial office in the district and provided emergency loan services to state-owned enterprises and district-controlled enterprises. It extended over RMB 790 million in loans for the purposes of disaster recovery, urgent repair of river channels in Fangshan District. Additionally, the Sub-branch offered loan renewal services to affected MSEs without requiring them to repay the principal, and granted new loans to repay the old ones, with the total amount exceeding RMB 560 million. These efforts assisted in the business recovery of market entities and the resumption of production in Fangshan District.



► Employees from Mentougou Sub-branch of Beijing Branch carried out relief work



► Fangshan Sub-branch of Beijing Branch supports post-disaster reconstruction

Case

Providing financial support to disaster-stricken areas

In July 2023, Hebei Province was hit by severe floods. Shijiazhuang actively sought policy support and favorable loans from the Head Office, visited credit customers and expedited the approval of reconstruction funds. Furthermore, the Branch promoted loan renewal services without requiring repayment of the principal and offered loan extension services. It implemented fee reduction and interest concession policies for SMEs and established green service channels to optimize procedures for personal customers regarding reporting lost or reissuing. Additionally, the Branch applied for a special donation of RMB 800,000, and employees voluntarily donated RMB 132,000 from employees' voluntary donation, to help the targeted county for post-disaster reconstruction.



► Langfang sub-ranch of Shijiazhuang Branch visits and donates relief supplies to the affected people

Deepening the Care for Employees

We adhere to a people-oriented philosophy, anchoring our efforts in the new development stage, and actively cultivating our talent pool. We enhance the employee training and education mechanism, providing our employees with a platform for realizing their self-value, and working hand in hand with them to embrace a better future.

Safeguarding employees' legal rights

We have established a comprehensive human resources management system and management policies, centered around the strategic development planning of the Bank. These policies are in strict accordance with laws and regulations such as the *Labour Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*. We fully leverage the role of the Employees' Congress in democratic management and supervision, ensuring the protection of employees' legitimate rights and interests on all fronts. This contributes significantly to the high-quality development of the Bank.

Talent recruitment: We uphold the principles of transparency, fairness, and impartiality in our talent recruitment efforts. Through a variety of online and offline channels, we conduct social and campus recruitment initiatives with the goal of establishing an outstanding employer brand.

Equality and diversity: We strictly prohibit discriminatory practices based on gender, race, religious belief, or cultural background in our recruitment processes. Our commitment is to fight against any form of discrimination and ensure equal opportunities for all candidates.

Incentive and restraint mechanism: We continuously refine our assessment and incentive mechanism, linking employees' compensation to their performance appraisal. Additionally, we reinforce assessments related to the protection of consumer rights.

Compensation and benefits system: The Bank adheres to legal requirements by signing collective contracts, salary agreements, and labor contracts with employees. Additionally, we provide various social insurance to our employees. We prioritize setting reasonable working hours and ensuring timely and complete payment of remuneration. Furthermore, all employees are entitled to statutory holidays and paid leave, and we strictly prohibit any form of forced labor.

Following the requirements of the *Trade Union Law of the People's Republic of China*, we have established labor union organizations at our Head Office, all branches and sub-branches. We select employee representatives through votes and regulate the operation of the Employees' Congress in accordance with the *Management Measures for Employees' Congress of Huaxia Bank*, ensuring employees' rights to information, participation, expression, supervision and other legal rights.

Case Caring about employees' physical and mental health

Ningbo Branch carried out customized health management services for the employees and set up "health cabin", equipped with various health facilities, commonly used medicines and health books. The cabin is also equipped with health assessment instrument to remind the employees to focus on the change of their health indicators and pay attention to sub-health problems; the face-to-face consultation and appointment service with experts have been provided to build health protection for employees.

Lanzhou Branch initiated the "Employee Psychological Support Project". Through a range of activities, such as a psychological survey questionnaire, an "Employee Voice" mailbox, health lectures, a psychological counseling hotline, and stress relief activities, we aim to offer warm services and assistance to our employees throughout the year.

Case Practicing democratic management by holding Employees' Congress



In 2023, Xiamen Branch organized and held six Employees' Congress and elected the fourth labor union committee, and completed the re-selection of the labor union committee; it has also reviewed welfare budget plans, performance appraisal methods and many other rules and regulations involving the vital interests of employees, to fully protect the rights of employees to information, participation, expression and supervision.

At the end of 2023

40,293

Total workforce

51.57%

Percentage of female employees

1,985

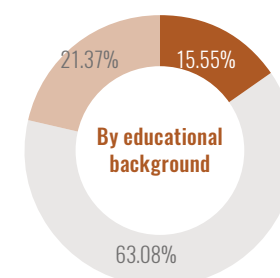
Ethnic minorities

100%

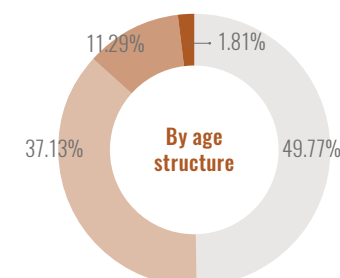
Labor contract signing rate

100%

Social insurance coverage rate



- Employees with a Master's degree
- Employees with a Bachelor's degree
- Employees from Junior college or below



- Aged 55 and above
- Aged 46-55
- Aged 36-45
- Aged 35 and below

In 2023

131

Employees' Congress meetings held

162

Staff meetings held

3,840

Grassroots employees attended

6,340

Participants in total

215

Proposals received

605

Constructive suggestions received

100%

Adopted and implemented



Promoting employees' career development

Committed to the promotion of professional ability of employees as the core, we have built a tiered and classified training system. Closely following the strategic planning of the Bank, we have set major training programs focusing on six key areas: digital transformation, corporate finance, retail finance, financial markets, risk management, and operational management. Our goal is to enhance all employees' transdisciplinary digital skills and core professional competencies across these business segments. We have launched the Hua Xia College app, a digital knowledge repository platform that integrates knowledge management, training, learning, live streaming, exams, and other functions. Accessible via both internal and external networks, the app caters to the diverse and evolving learning needs of our employees.

For new employees

We organize unified onboarding training for all recent graduates and socially recruited employees across the Bank. These sessions are designed to help employees better understand Bank's history and current standing, enrich their professional skills development, and enhance their overall competence. Utilizing both online and offline methods, we aim to support new hires in seamlessly transitioning into the working environment at Huaxia Bank.

For professional employees

We continuously organize the Hua Xia Lecture specialized training series focused on digital transformation. These sessions feature internal and external instructors, covering topics such as digital economic development, artificial intelligence, the Internet of Things, and data applications. The objective is to boost the digital literacy of all employees and raise awareness about the significance of digital transformation across the organization.

Case

Carrying out special training sessions for new employees

The Head Office of Huaxia Bank organized the "2023 Spark Training Camp for New Employees," along with specialized training sessions for socially recruited employees. More than 400 recent graduates and more than 4,000 socially recruited employees from both the Head Office and subsidiaries actively participated in these training initiatives.



► Patriotic education for new employees was conducted at Zhejiang Memorial Hall of Revolutionary Martyrs

Case

Supporting the capability enhancement of young employees

Shaoxing Branch held the "Huaxia Future Stars" management trainees symposium along with monthly learning salon activities. The learning salon was entirely planned, organized, and coordinated by the management trainees themselves. They took the initiative to invite senior experts from various branches to facilitate analysis, discussions, explanations, and teachings, further strengthening the organizational management, comprehensive coordination, and theoretical-practical skills of the management trainees.



Case

Organizing specialized training on ecological digital capability

The Bank organized the "Ecological Digital Capability Building" training camp for senior financial managers in the Bank. This intensive program combined cutting-edge theoretical insights with industry-specific practical experience, as well as a wealth of data and actual operational processes. Utilizing mind maps, trainees were guided through the intricacies of industrial analysis, core tasks, fundamental strategies, and the digital ecosystem.



At the end of 2023		
7,829	2,124	134
Employee training sessions held	Training sessions on CSR, with	Training sessions on environmental protection, with
622,620	214,119	11,126
Participants in total	Participants in total	Participants in total

Helping employee balance work and life

We prioritize the physical and mental well-being of our employees by creating a harmonious working environment and establishing the Home of Employees. This dedicated space allows employees to readjust themselves. Moreover, we organize a range of cultural and sports activities to promote a healthy work-life balance among our workforce. Recognizing the diverse needs of our female employees, retired staff, and those encountering challenges, we extend our support and care to them.

Enriching cultural life

We set up multiple interest groups and organize various innovative cultural and sports activities across platforms within and outside the Bank. These initiatives are designed to enrich employees' interests, invigorate their leisure cultural experiences, and foster stronger cohesion and camaraderie among the team.

Case Hosting the 2nd Staff Sports Game

Under the theme of "Promoting Development with Unity and Cohesion, Embracing a Bright Future for Hua Xia" the Finals of the 2nd Staff Sports Game of the Bank were successfully held in October 2023 at the National Stadium (Bird's Nest) in Beijing. Nearly 9,000 employee representatives of the Bank, along with their family members, attended the event. After preliminary competitions in four regional zones, 47 representative teams from across the Bank, comprising nearly 900 athletes, participated in the final competitions featuring 14 events. After intense competition, the Guangzhou Branch, Urumqi Branch and Beijing Branch won the first, second and third team prizes, respectively. Beijing Branch, Hua Xia Credit Card Center, Hua Xia Wealth Management Co., Ltd., Hua Xia Financial Leasing Co., Ltd., and Longying Zhida (Beijing) Fintech Co., Ltd. each received the Special Contribution Award. Wuhan Branch, Wuxi Branch, Nanjing Branch, Jinan Branch, and the Head Office departments each received the Excellent Organization Award.



In 2023

337

Sports competitions and activities
organized



◆

Improving the service system for employees

The Bank remains steadfast in enhancing the employee service system. We are dedicated to offering continuous assistance and support to employees during various life events, including marriage, childbirth, illness, difficulties, retirement, and bereavement, along with providing benefits during major festivals. We prioritize the well-being of female employees and retirees, and extend assistance to those facing challenges, thereby fostering a greater sense of fulfillment and happiness among our employees.

Case

Celebrating the International Women's Day with diverse activities

On the eve of International Women's Day, the Bank held a variety of celebration activities to extend sincere wishes to female employees.



► Wang Minglan, Deputy Party Secretary and chief supervisor of the Bank at the time, participated in the activities of the Zhengzhou Branch on International Women's Day.



► Activities on International Women's Day at the Head Office Labor Union



► Kunming Branch carries out flower arrangement activity



► Shanghai Branch carries out hand-painted eco-friendly bag activity



► Nanning Branch organizes collaboration games

In 2023

245

Employees in need helped

RMB 288,400

Medical subsidies distributed

RMB 761,200

Living allowances distributed

◆

Building Home of Employees

The Home of Employees serves as a dynamic platform, injecting vitality into the labor union and igniting employees' enthusiasm to actively engage in democratic processes. In alignment with *the Management Measures of Huaxia Bank on Building Homes of Employees*, we continue to build qualified and model Homes of Employees, striving to further improve the working and living environment for employees and enhance their cohesion.

At the end of 2023

818

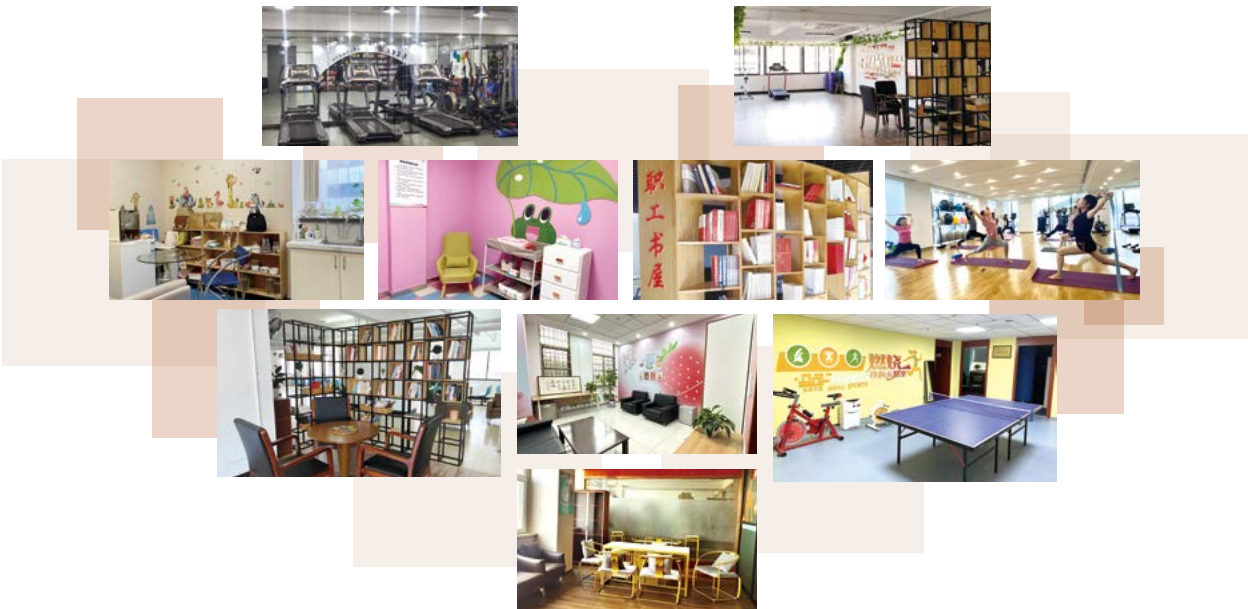
Homes of Employees built in total, including

194

Model Homes of Employees

592

Qualified Homes of Employees



◆

Improving services for retired personnel

Focusing on the key tasks of Huaxia Bank, we intensify our efforts to strengthen the political, ideological, and Party organizational construction for retired cadres. This includes enhancing service concepts and implementing various initiatives to better serve their needs.

Key tasks in retired personnel services

- Conducting systematic training on the spirit of the 20th CPC National Congress for retired party members and cadres at the Head Office.
- Carrying out education on studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era.
- Organizing diverse Party-themed activities such as theoretical study, themed discussions, and field visits.
- Conducting special surveys with the theme of "Talking about Tradition, Discussing Revitalization, and Gathering Strength", and organizing Huaxia Bank reading activities.
- Promoting learning platforms such as Xuexi Qiangguo app, Beijing Lao Ganbu app, and the Retired Cadres WeChat official account.
- Ensuring the livelihood benefits of retired personnel, formulating administrative budgets, and guaranteeing funds for retired cadre service management.
- Delivering commitments for the socialized management of retired personnel, and carrying out routine visits on traditional holidays and birthdays, with a total of 22 visits made during the Spring Festival, "July 1st" visits for elderly Party members, and hospital visits for the sick.
- Organizing spring and autumn outings as well as training courses on poker games and painting to enrich the cultural life of retired personnel, and encouraging them to participate in interest associations, Chinese tea activities, and calligraphy, painting, and photography activities.

Spotlight

Strengthening Consumer Rights and Interest Protection

Huaxia Bank places significant emphasis on safeguarding customer rights by strictly adhering to various requirements for customer protection. This approach ensures that the related work are promoted in an orderly manner.

Putting people first, we strictly observe the regulatory requirements of the National Financial Regulatory Administration, the People's Bank of China, as well as relevant regulations of industry associations, and practice the guiding opinions of the Party Committee of the Bank, the Board of Directors, and the management team on consumer rights protection for 2023 to further improve the consumer rights protection system and mechanism. Aligned with principles of integrity, innovation, systemic thinking, goal orientation, and problem-solving, our efforts are directed toward improving customer rights protection across various areas. These include top-level design, business operations, customer protection review, public education, internal training, supervision and inspection, information disclosure, complaint and dispute handling, as well as performance evaluation.

Promoting "Bank-wide systemic management" and integrating consumer protection with operations

We have strengthened the leadership to ensure the effective operation of consumer rights protection initiatives. Furthermore, we have enhanced the comprehensive consumer rights protection framework, where the Board of Directors oversees overall planning and guidance, the Board of Supervisors monitors relevant performance, and Senior Management provides comprehensive deployment. In addition, the Consumer Rights Protection Committee coordinates efforts, consumer protection functional departments drive progress, and professional management departments collaborate closely. By clarifying primary responsibilities for consumer rights protection, we address relevant issues systematically. We leverage the major role of branches to ensure full implementation of management requirements. By strengthening coordination between departments involved in consumer rights protection, we integrate consumer rights protection with business operations, thereby facilitating the achievement of annual consumer rights protection objectives.

Detailing various "regulatory requirements" for comprehensive implementation

Benchmarking against the latest regulatory requirements, centering around the *Management Measures for Consumer Rights Protection of Banking and Insurance Institutions* which came into effect on March 1, 2023, we align our actions with our operational realities. We undertake specific implementation of relevant regulatory requirements and update the management measures on consumer rights protection within the Bank accordingly. We also assess the applicability of supporting systems such as the management measures of consumer protection assessment to ensure the timely updating and optimization of relevant systems. We refine internal management and supervision measures, ensuring the effective implementation of the eight consumer basic rights and other regulatory requirements.

Adopting targeted measures for four groups and conducting publicity activities in five scenes

In response to the needs of four major groups—the elderly, the young, newcomers, and those with special needs—we implement customized measures to assist each group. For the elderly, we focus on helping them overcome digital divides, while guiding young people to cultivate rational consumption habits. Additionally, we enhance risk awareness among newcomers and provide financial services initiatives and educational campaigns tailored to these special groups. Aligned with the needs of financial consumers, we conduct publicity activities in various settings, including rural areas, communities, schools, enterprises, and business zones. Through these initiatives, we actively guide financial consumers to learn, understand, and effectively utilize financial services.

Advancing the integration of consumer protection review into all business lines and preventing risks in advance

We prioritize the management of the customer protection review system and bolster control and management at the source. We have rigorously overseen the integration of customer protection into product design, business systems, system development, and marketing promotion. Additionally, we have strengthened the integration of customer protection review into all business lines to ensure the implementation of review opinions on financial consumer rights protection and to advance risk controls. Furthermore, the Bank continually learns from practice and updates key points in consumer protection reviews. This ensures the timely identification and correction of issues in financial products or services that may jeopardize the legitimate rights of financial consumers.

Deepening complaint management and implementing the primary responsibility

We concretely fulfill our responsibility in handling complaints, continuously ensure complaint channels remain open, addressing customer complaints promptly and actively. Additionally, we focus on deepening traceability and resolving complaints at their source. Utilizing mediation mechanisms, we aim to settle customer disputes efficiently and emphasize the assessment of customer complaints. Through these measures, we effectively enhance the management of customer complaints, and utilize them as constructive feedback to improve corporate governance, drive business development, and enhance financial services.

Optimizing training courses to promote deep integration of consumer protection training and businesses

To address issues identified in consumer protection work, the Bank has promptly arranged targeted training courses. These courses are designed to gather the demands of departments at both the Head Office and branches for consumer protection training. We optimize the courses to facilitate the deep integration of consumer protection training with business operations. We provide suitable customer protection training courses in online +offline, centralized +self-study, and special +joint forms. By prioritizing training for grassroots personnel, individuals dealing with consumer financial information, and those in positions with a higher rate of complaints and risks across all business lines of the Bank, we aim to align consumer protection training with operational development.

Case Conducting specialized training on financial consumer rights protection

In July 2023, the Bank organized an offline training session on financial consumer rights protection. The training attracted over a hundred participants from 19 Head Office departments and all Tier-1 branches. The training encompassed various topics, including improving management capabilities for in-house consumer protection services, enhancing the efficiency of financial consumer rights protection, analyzing key points in consumer protection reviews, improving complaint handling skills, and diversifying dispute resolution techniques.

Enhancing "Three Consciousness" across the Bank and unifying awareness and actions for consumer protection

The Bank earnestly follows regulatory requirements and enhances "Three Consciousness", which entails thinking in terms of the bigger picture, assuming responsibility, and maintaining a long-term perspective. We are committed to aligning our ideological awareness and actions with the resolutions and directives of the Board of Directors and Senior Management regarding consumer rights protection. By enhancing our sense of responsibility and mission, we aim to strengthen our determination and proactiveness and align our goals and actions of consumer rights protection with the Bank's high-quality development.

Leveraging the "supervisory role" to urge problem resolution and results consolidation

The Bank is pushing for the resolution of key issues and ensuring accountability. By consolidating key issues identified in internal and external consumer protection inspections and assessments conducted over the past two years, we are closely monitoring the progress of rectification by relevant departments at both the Head Office and all branches. Moreover, we have intensified supervision of consumer rights protection for 17 branches, both online and offline. These include branches in Beijing, Nanchang, Xining, and Xi'an.



Case Protecting the wallet of customers through joint efforts of police and bank

Nanchang Branch carried out activities to bolster employees' anti-fraud knowledge and conducted rigorous bank card control measures at the source, alongside daily checks. Upon detecting abnormal transactions or unusual customer activities, each outlet promptly contacts the local police station to report such incidents. Through collaborative efforts with the police, the Branch aims to fortify the defense line against telecommunications and online fraud, thereby safeguarding the financial security of citizens.



► Qingyunpu Sub-bureau of Nanchang Public Security Bureau presents a banner to Xianghu Sub-branch of Nanchang branch

Improving the level of complaint management

The Bank prioritizes the management of financial consumer complaints. We accept and handle complaints in a compliant, timely, and efficient manner. Throughout the acceptance, processing, and follow-up of complaints, we strictly adhere to relevant requirements for consumer information protection. We have input great efforts to improve our ability to resolve customer issues online without further ado, leveraging the positive role of consumer complaints in improving corporate governance, promoting business development, and enhancing financial services. Throughout 2023, the Bank received a total of 178,944 complaints. We successfully handled 99.99% of customer complaints within 15 days, achieving a 97.18% customer satisfaction rate and 100% settlement 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 Henan. These complaints were mainly associated with loan repayment consultations, personal loan repayments (particularly mortgage loans and online loans), debt collection, credit adjustment services, and product returns related to wealth management and other financial products. In response to this situation, while appropriately receiving and addressing complaints, the Bank prioritized complaint analysis and source control. We emphasized the continuous optimization of banking processes or services, harnessing the positive role of complaint management to deliver enhanced services for financial customers.

Implementing the "Immediate Response to Complaints" initiative

We issued the *2023 Work Points for Immediate Response to Complaints at Huaxia Bank* to implement the first inquiry accountability system. Upon receiving a worksheet, we promptly engaged with the complainant and designated personnel to oversee the resolution process, ensuring strict adherence to complaint handling protocols. To constantly improve our service standards, we strengthened the governance at the source by conducting in-depth analysis of the complaint data regarding "swift response to complaints", proactively identifying high-frequency and common issues, and actively optimizing the business, products, and services.

The Credit Card Center conducted an on-site visit to the Beijing 12345 Public Service Hotline Center to exchange experiences and gain insights into their "immediate response to complaints" approach.

The Bank earnestly organized the work of 12345 hotline for citizen service "Immediate Response to Complaints" in 2023. The work results in 2023 ranked at the forefront of state-owned enterprises of Beijing Municipality.

Strengthen service supervision and enhancing complaint process management of 95577

Implementing the One-Key Call Transfer

We have implemented the requirements of the "One-Key Call Transfer" project for the 12378 hotline of the National Financial Regulatory Administration. To ensure efficient handling, we have assigned dedicated customer service personnel and established a support team specifically for complaints transferred through the 12378 hotline. The project commenced official operations on January 1, 2024.

Strengthening the oversight of dedicated services for complaint management

To enhance service awareness throughout the Bank, we conduct specialized service supervision for complaint handling, refining and optimizing the quality and efficiency of our complaint resolution mechanisms, systems, and processes. Additionally, we conduct monthly follow-ups on the implementation of associated measures to ensure the efficacy of complaint handling procedures.

Enhancing direct resolution at the Head Office and branches

We enhance the direct resolution of customer issues by implementing a layered and classified handling mechanism for worksheets. By expanding the scenarios for direct resolution, we strengthen coordination between the Head Office and branches as well as cross-business lines. This approach improves our online and direct resolution capabilities for customer issues and enhances the efficiency of responding to and handling complaints through the 95577 channel.

Deepening closed-loop management of customer issues

Focusing on customer experience, we diligently monitor and proactively address recurring customer concerns. Through the "95577 Lighthouse" experience initiative, we assign business department managers to listen to customer calls, gaining direct insights into real customer feedback. This process enables us to enhance our customer service standards and satisfaction levels.

At the end of 2023

100%

Settlement rate of complaints lodged through 95577 customer service center

35,627

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

1,104,592

95577 call-backs

Paying attention to consumer rights publicity and education

The Bank has always adhered to the consumer rights protection philosophy of "senior management setting an example, managers taking the leading role, and all employees getting involved", ensuring comprehensive participation, management, and supervision by senior management. We continuously diversify our public education and awareness initiatives and reinforce our online and offline risk alert mechanisms. Tailoring consumer rights protection education and awareness campaigns to different priorities, unique features, and key highlights, such as the Bank President's Lecture on Customer Protection program, we aim to disseminate financial literacy among consumers effectively.

"Bank President's Lecture on Customer Protection" series independent education and publicity activities.

Education and publicity activities at business outlets, including Reception Day by Bank President, Bank President Receiving at the Lobby, etc.

Special education and publicity activities, including themed publicity activities in schools, communities, and nursing homes, etc.

Main education and publicity forms

Online education and publicity activities, including bank president's micro-classes, live broadcasting classes, etc.

Joint education and publicity activities with external media, including co-produced programs, columns, etc.

Special cultural education and publicity activities with themes, including the Mid-Autumn Festival, National Day, university enrollment, etc.

Case Internal and external collaboration on financial education activities

In September 2023, the Credit Card Center initiated financial education activities through cross-sector cooperation within the financial industry. We established the "Consumer Protection Education and Publicity Alliance" with four institutions to integrate consumer protection education resources. With an emphasis on key groups of "the elderly, the young, and new citizens", we organized outreach activities around three main themes: eldercare, youth development, and empowerment of new citizens. In partnership with Plan B, a program on the Beijing Radio & Television Station Finance Channel, we launched financial consumer protection initiatives under the theme of "Finance Caring for the Elderly, Loving for the Young, and Serving the People."



Case Diversifying the methods to disseminate financial knowledge

To diversify financial education efforts, Ningbo branch launched original videos such as *The Magic of Digital RMB*, Upgrade Your Anti-Fraud Awareness, etc., through new media platforms. Among them, *The Magic of Digital RMB* was featured on "Chengfang 32", the official WeChat account of the Youth League Committee of the Head Office of the People's Bank of China.



Scan to watch the original video of *The Magic of Digital RMB*

Case Conducting "Financial Consumer Rights Protection Education and Publicity Month" Activities

Shenyang Branch carried out "Voice of Branch Staff" video collections, held more than 20 financial knowledge dissemination activities and participated in the "Financial Consumer Rights Protection Education and Publicity Month" kickoff day activities held by regulators, which aimed at popularizing financial knowledge for the public.



In 2023

15,570

Public education activities held

Case Conducting financial education for groups with special needs

Longyan Branch under Fuzhou Branch conducted outreach campaigns at Longyan Special Education School. With the help of sign interpretation, it disseminated financial literacy, including topics such as safeguarding personal financial information and preventing fraud, to students with hearing impairments.



42.3+ million

Attendees of public education in total

21,753

Copies of original online and offline education and publicity brochures and leaflets

CSR Practices

Environmental

Pursuing Green Development to Build a Beautiful China

The Bank is committed to green development, and actively serves China's carbon peaking and carbon neutrality goals. We make a big push to develop green finance and respond to climate change in all respects, conserve biodiversity and explore green operations, to facilitate ecological progress and low-carbon development, thereby building up our financial brand of "Green Growth for a Better China".

At the end of 2023

RMB **269.273** billion
Balance of green loans

6,303,285,300
Electronic transactions completed

RMB **29.504** billion
Accumulative value of ESG assets under management (AUM)

2.7037 million
Number value of ETC cards users in total

We support the inheritance of the agricultural heritage Mulberry Dike Fish Pond System in Huzhou, Zhejiang Province to facilitate the development of recycling agriculture, unleashing the ancient Chinese farming ecological wisdom among the lucid waters and lush mountains.

Responding To Changes In Climate

The Bank has developed countermeasures for identified climate risks and opportunities, with reference to the four dimensions of Governance, Strategy, Risk Management, and Metrics and Targets recommended by *Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)* , and formed a closed-loop management mechanism. We do all this by following applicable laws, regulations and state policies, domestic and international sustainability development trends, and internal policies.

- We built a green finance governance structure consisting of the Board of Directors, the Senior Management, the Green Finance Management Committee, the Green Finance Center, and branch-level green finance departments, and clearly defined the responsibilities and powers of each level, thus forming an effective green finance business management and ESG risk control system.
 - We built the green finance incentive and restraint mechanism, and organized performance evaluations and general evaluations to stimulate the innovation awareness and capacity in the field of green finance at all levels and departments, thus improving the Bank's environmental and climate risk management.
- In the *2021-2025 Development Plan of Huaxia Bank*, we clarified the strategic focus of "making every effort to develop green finance as a new characteristic". We increased financial support for clean energy, energy-saving transformation, green development and ecological conservation, developed new products and services of green finance, and actively practiced ESG investing.



- We incorporated ESG risks as specific risks into the Bank's risk preference management system.
 - We established an environmental and climate risk management mechanism and incorporated ESG risks throughout the process of credit business management. We improved environmental risks management tools and strengthened the evaluation of the customers' environmental risks and the management of key customers.
 - We appointed environmental specialists to make professional evaluations on the customers' environment-related risks, and give professional advice to colleagues of all levels and customers.
 - We conducted climate risk stress tests to quantify environment climate risks and provide a basis for the Bank's risk mitigation measures.
- We formulated the *Carbon Peaking Action Plan*, incorporated the work for peaking carbon emissions and achieving carbon neutrality into the Bank's development strategy, clarified targets and tasks, and developed a roadmap for the carbon peaking action.
 - We increased financial support for green and low-carbon industries, continuously optimized the structure and quality of green loan business, and expanded the business scale of green finance.
 - We strengthened environment-related risk management to avoid credit business losses caused by poor environment and climate risk management.
 - We practiced green operations, implemented low-carbon management and strove to peak carbon emissions of our own operations step by step.

Identifying climate risks and opportunities

The Bank attaches great importance to environment-related risk management which including climate risk and incorporated ESG risks as specific risks into the Bank's risk preference management system. We conduct in-depth research on short-, medium- and long-term environment and climate-related risks and opportunities to enhance the ability to identify and assess risks from multiple dimensions and strengthen the management of environmental and climate risks.

Environmental and climate risks identified

Physical risks		
Acute risks		
Extreme weather such as floods, typhoons, blizzard and extreme heat	<p>Business risk</p> <p>Climate change leads to the frequent occurrence of extreme weather, which causes severe physical damage to tangible assets in disaster-affected areas, such as houses, farmland, and infrastructure. These disasters will result in asset depreciation and restrict production activities, and may increase the customer default risks and then the non-performing loans.</p> <p>Operational risk</p> <p>Extreme weather may lead to temperature rise and water supply shortage, which may drive up energy consumption, result in the insufficient water pressure for domestic water and air-conditioning hydration, and threaten the business continuity and daily operation and management. Frequent occurrence of extreme weather events such as heavy rainfall and typhoons in southern coastal areas may lead to seawater inwelling, and disrupt the normal operation and service of business outlets in coastal areas.</p>	<p>Duration</p> <p>Long-term</p> <p>Potential financial impact on the Bank</p> <ul style="list-style-type: none"> • Decline in asset quality • Decreased income • Increased costs for disaster resilience and related operations
Chronic risks		
Rise in average temperature	<p>Business risk</p> <p>Global average temperatures are increasing due to the climate change, which may increase the consumption of refrigeration equipment, and in particularly the operating costs of temperature-sensitive industries such as cold chain logistics, and fresh produce. This may trigger customer default risks, resulting in an increase in non-performing loans. The rising average temperatures may also exacerbate the spread of vector-borne transmission diseases such as dengue, increase health risks for residents in some areas and affect borrowers' ability and willingness to repay.</p> <p>Operational risk</p> <p>Increase in average temperatures may increase the Bank's energy consumption, operating and maintenance costs, shorten effective business hours, and thus affect the continuity of its operations.</p>	<p>Duration</p> <p>Long-term</p> <p>Potential financial impact on the Bank</p> <ul style="list-style-type: none"> • Decline in asset quality • Decreased income • Increased operating and maintenance costs
Sea level rise	<p>Business risk</p> <p>The rising sea level caused by climate change may impact real estate and infrastructure in coastal areas, the value of customer assets and their business, which may increase the risk of customer default and non-performing loans. The rising sea level may force the residents and businesses in coastal areas to relocate, which in turn may reduce the sources of deposits in the Bank's coastal business outlets.</p> <p>Operational risk</p> <p>The rising sea level may affect the Bank's office locations, offline business outlets and back office (e.g., data centers). Some equipment may be eroded and corroded, which will affect the business continuity and increase the maintenance costs.</p>	<p>Duration</p> <p>Long-term</p> <p>Potential financial impact on the Bank</p> <ul style="list-style-type: none"> • Decline in asset quality • Decreased income • Increased operating and maintenance costs

Transition risks		
Policy risks		
New environmental policies	<p>Business risk</p> <p>If a customer fails to follow up the climate change related policy trends in time and develop appropriate countermeasures, he or she may face declining revenues, rising costs and declining profitability, which may in turn increase his/her default risk and increase the Bank's non-performing loans.</p> <p>Operational risk</p> <p>Governments may introduce new climate-related policies that demand banks to pay more active attention to climate factors in their operations. Inadequate response of the Bank may increase its administrative costs and prevent it from meeting sustainability targets.</p>	<p>Duration</p> <p>Short-term</p> <p>Potential financial impact on the Bank</p> <ul style="list-style-type: none">• Decline in asset quality• Decreased income
Legal risks		
Stricter regulatory requirements	<p>Business risk</p> <p>If the Bank is lax in reviewing the environment compliance qualifications of the borrowing enterprise or project which causes environmental pollution, the Bank may be held accountable for the pollution and face the legal compliance risk.</p> <p>Operational risk</p> <p>Governments and regulators may strengthen regulatory requirements for banks' climate risk management regarding disclosure requirements, risk assessment procedures, etc. The Bank may be exposed to legal compliance risks if it fails to promptly adjust their operational and management processes.</p>	<p>Duration</p> <p>Long-term</p> <p>Potential financial impact on the Bank</p> <ul style="list-style-type: none">• Decline in asset quality• Decreased income
Technology risks		
Transition to low-carbon technology	<p>Business risk</p> <p>The development of clean technologies will deprive high-emission enterprises of their competitive advantages, and increase the pressure and costs of high-carbon industries for technological transformation. This may trigger credit risks and an increase in non-performing loans. Meanwhile, customers involved in the R&D and commercialization of emerging low-carbon technologies may not be able to recover their investment in technological innovation, consequently causing default risks and increasing the Bank's non-performing loans.</p> <p>Operational risk</p> <p>Fintech and digital transformation can significantly reduce the use of non-renewable resources and greenhouse gas emissions. If the Bank fails to master the latest technologies for digital transformation and energy saving and emissions reduction, it may face risks such as increased operating costs.</p>	<p>Duration</p> <p>Medium- and long-term</p> <p>Potential financial impact on the Bank</p> <ul style="list-style-type: none">• Decline in asset quality• Increased operating costs

Transition risks		
Market risks		
Carbon price volatility, customer preferences and investment behavior	<p>Business risk</p> <p>The higher carbon prices and the fewer free quota may lead to lower profitability or asset depreciation for enterprises, which in turn increases their risk of default and the Bank's non-performing loans.</p> <p>At the bank level, as market demand for products in high-carbon industries declines, and product prices in specific industries (especially bulk fossil energy) fluctuate significantly over time due to market supply and demand, if the Bank fails to quickly spot the shift in market demand and provide green products and services that are more in line with demand, it may face risks such as loss of customers and declining demand for their products and services.</p>	<p>Duration</p> <p>Long-term</p> <p>Potential financial impact on the Bank</p> <ul style="list-style-type: none">• Decreased market share• Decreased income• Reduced profit
Reputation risks		
Negative public opinion	<p>Business risk</p> <p>If customers of the Bank's financing and investment business persistently contribute to environment pollution or high greenhouse gas emissions, the Bank might be implicated and have its overall reputation damaged, resulting in divestment by environment-minded investors, customer attrition, and potentially even lawsuits.</p> <p>Operational risk</p> <p>If the Bank causes environmental damage in daily operations or fails to take timely action on climate change, the public, the media and other stakeholders may have negative opinions of it, thus damaging the Bank's reputation and image.</p>	<p>Duration</p> <p>Medium- and long-term</p> <p>Potential financial impact on the Bank</p> <ul style="list-style-type: none">• Decline in asset quality



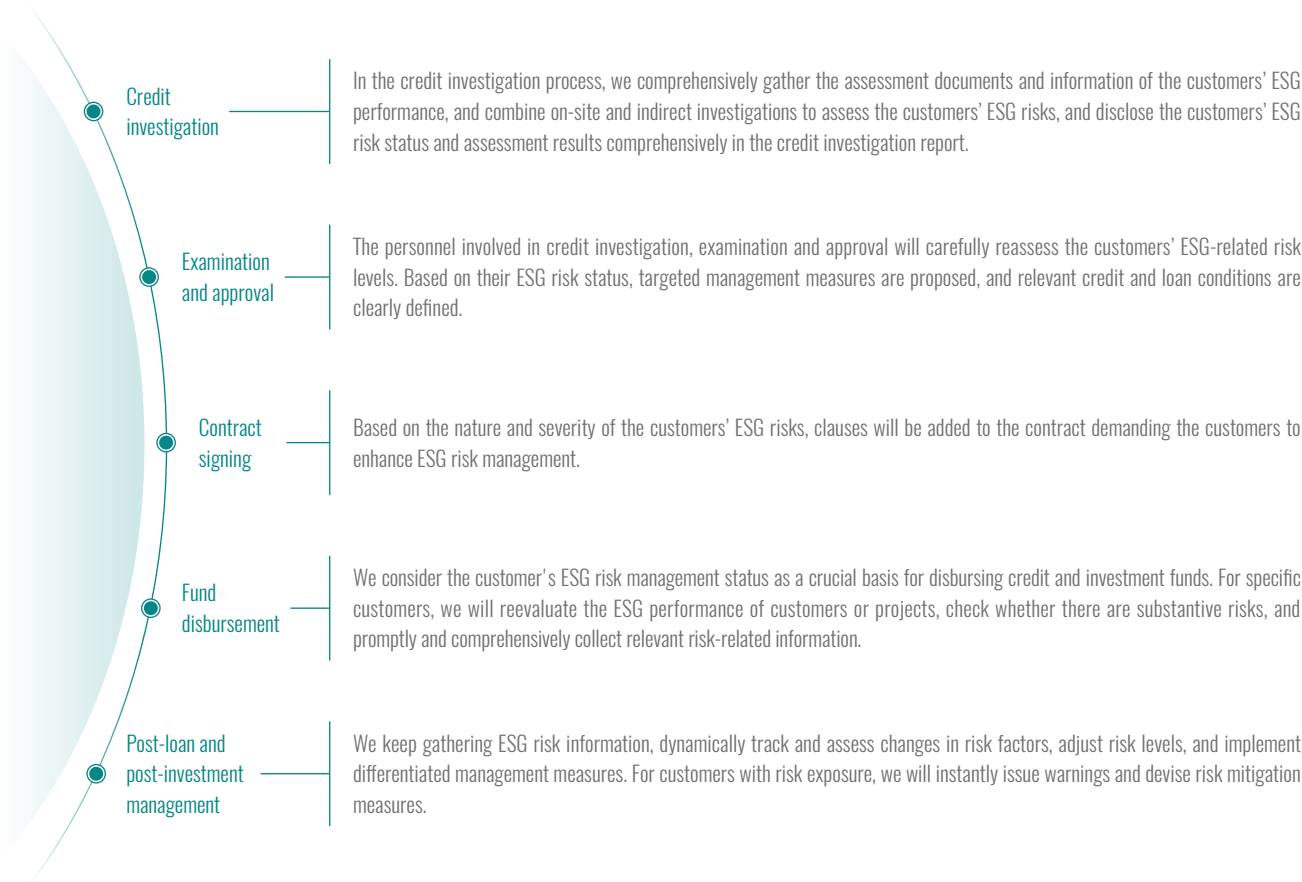
Environmental and climate opportunities identified

Green products and services	
<ul style="list-style-type: none">The Bank can meet the diversified needs of their customers, expand market share and increase income sources by designing and providing financial products and services that meet the needs of the low-carbon transition, such as those for carbon-neutral finance and climate risk management.The Bank continues to promote innovation in products and services of green finance, which helps to enhance the suitability of the financial service system and service capacity.Green development and the low-carbon transition have brought new opportunities for the Bank's business development. The expansion of market size in the areas of clean energy, energy conservation and environmental protection, clean production, ecology and environment, green upgrading of infrastructure, and transition finance has provided the Bank with more market space and sources of revenue.	<div>Duration Medium- and long-term</div> <div>Potential financial impact on the Bank</div> <ul style="list-style-type: none">Improvement in asset qualityIncrease in operating income
Resource efficiency and energy sources	
<ul style="list-style-type: none">In daily operations, the Bank shall reduce electricity and water consumption through energy-saving renovations, employee behavior instruction, and the use of circular technologies, thereby decreasing operational costs.Under appropriate conditions, the Bank shall replace the use of fossil energy with renewable energy such as distributed photovoltaics and green electricity, etc., to shift to low-carbon clean energy.	<div>Duration Medium- and long-term</div> <div>Potential financial impact on the Bank</div> <ul style="list-style-type: none">Decrease in operating costs
Application of low-carbon technology	
<ul style="list-style-type: none">The Bank can reduce operating costs and carbon emissions and enhance the sustainability by introducing and applying green and low-carbon technologies, such as digital platforms, green data centers and smart buildings.	<div>Duration Medium- and long-term</div> <div>Potential financial impact on the Bank</div> <ul style="list-style-type: none">Decrease in operating costs
Climate data service	
<ul style="list-style-type: none">The Bank can help the customers better understand and manage climate risks by providing climate data analyses and technology solutions, such as climate risk assessments, sustainability consulting and advanced environment data analysis tools.	<div>Duration Medium- and long-term</div> <div>Potential financial impact on the Bank</div> <ul style="list-style-type: none">Increased operating income



Throughout the credit business process

The *Guiding Opinions on the Credit Business Environment and Social Risk Management of Corporate Clients of Huaxia Bank* is formulated and issued, covering the entire process of credit investigation, examination and approval, contract signing, fund disbursement, and post-loan and post-investment management. It requires the Bank to conduct comprehensive risk management of credit business for customers, considering the volume of environmental risks in their industry and their own ESG performance.



Case Hong Kong Branch's climate risk management measures

In response to global climate change and in alignment with China's 30-60 Decarbonization Goal, as well as the principles of "impact investment" and "green finance," Hong Kong Branch formulated the *Climate Risk Management Measures of Huaxia Bank Hong Kong Branch* based on the Supervisory Policy Manual GS-1 provided by the Hong Kong Monetary Authority. It incorporates climate risk management into daily risk management procedures, establishes mid-term and long-term strategies to address climate risks, and imposes concentration limits on industries with high carbon emissions to restrict loans to sectors with climate-related high risks.



Climate risk stress tests

On the basis of the assets weighting of high-carbon emission industries in the Bank, three key industries, namely, thermal power, iron and steel, and cement, which are characterized by high climate risk and transition pressure, are selected to conduct a climate risk stress test. The systematic framework for quantitative analysis and stress measurement in high-carbon emission industries is improved and has already been applied to the risk identification and monitoring.

Protecting Biodiversity

The Bank is committed to biodiversity protection, and utilizes financial resources to mitigate risks arising from investment and financing activities to biodiversity. Additionally, we have introduced new financial products to support biodiversity conservation, increased the ecological value and contributed financial resources to ecological sustainability.



After reviewing the *Green Industry Guideline Catalogue* to identify standards related to biodiversity protection, the Bank has formulated statistical standards for its green finance supporting biodiversity conservation. At the end of 2023, the Bank's credit balance supporting biodiversity reached RMB 45.285 billion, accounting for 16.82% of its green loans.

We keep expanding the product portfolio of green finance, and increase effort in the development of financial products for biodiversity, including carbon emissions rights pledge financing, loans secured by plant variety rights, and a digital, intelligent agriculture technology platform.

We manage the biodiversity-related risks associated with investment and financing activities, and incorporate these activities' influence on biodiversity as a stand-alone element in the assessment system for ESG risks. At the project level, we study the methods, instruments, and systems for assessing the impact of financing and investment actions on biodiversity.

We continue with information disclosure. Since 2022, the Bank has independently prepared the *Environmental Information Disclosure Report*, specifically dedicating a section to biodiversity for information disclosure.

We probe into how finance could support biodiversity conservation. Specifically, we utilize platforms and tools for biodiversity risk evaluation to assess the ecological sensitivity of the business areas, and the range and extent of the project's impact on the local ecological environment.



Case Protecting agricultural heritage

Huzhou sub-branch of Hangzhou Branch granted a loan of RMB 20 million to Huzhou Digang Mulberry Dike Fish Pond System Construction and Management Co., Ltd for the construction and improvement of the Mulberry Dike Fish Pond System. This helped protect agricultural cultural heritage.



Case Supporting the comprehensive management of the water environment in the Dianchi Lake basin

Kunming Branch loaned RMB 150 million to some water replenishment engineering company for the Niulan River-Dianchi Water Replenishment Project. This project conserves high-energy-consuming building materials and continuously releases endemic fish species to increase their population, and thus supports the conservation of aquatic organisms and the restoration of the aquatic ecological environment in the Niulan River-Dianchi Lake basin.



Case Supporting regional marine ecological restoration

Dalian Branch granted a working capital loan of RMB 74.2 million to a company in Dalian for regional marine dredging and integrated environmental management, providing strong support for the company's initiatives in regional marine ecological restoration.



Promoting Green Operations

The Bank places importance on the environmental impact of its own operations, promoting green offices, green procurement, and active participation in non-profit environmental initiatives. It advocates green and low-carbon lifestyles, encourages eco-friendly travel, promotes green transactions, and strives to foster green lifestyles among the public.

Promoting green transactions

Exploring the new remote model of green services

Remote service through video, relying on the mobile banking App and WeChat banking, can transcend physical limitations to provide customers with "one touch access from the ease of home" contactless financial services. Diversified service matrix converging audio, video, text and etc. offers customers 24/7 uninterrupted, one-stop, and travel-free financial services.

Expanding the scope of intelligent technology application

We promote the use of the customer service chatbot which uses voice or text to answer questions and aid transactions, and thus effectively replace manual operations, providing strong support for green transactions. The number of customers served by the chatbot in 2023 increased by 12.99% compared to the previous year.

Encouraging green travel

We practice the concept of green development to serve the construction of a low-carbon society with our own practice, and complying with the laws and regulations including the *Environmental Protection Law of the People's Republic of China* and *Energy Conservation Law of the People's Republic of China*. Advocating the concept of "green travel" as our own responsibility, we vigorously promote the use of Electronic Toll Collection System (ETC) express card.

At the end of 2023

2.7037 million
Number of ETC card users signed



Promoting green offices

We actively promote green offices by boosting digital and paperless office operations. While setting up green building benchmark and carrying out carbon inventory, we practice low-carbon operations in all aspects.

In 2023

6,303,285,300

Electronic transactions completed.

99.58%

Proportion of the services handled via electronic channel

Using low-energy consumption devices like LED lighting, and reducing the standby time of computers and other office equipment.

Electricity saving

Low-carbon travel

Attaching great importance to the promotion and application of new energy vehicles, promoting the replacement of the existing gasoline-fueled official vehicles to new energy vehicles.

Case Building Green Data Centers

The Bank has implemented measures to make its data centers greener and more energy-efficient, including procuring green and energy-efficient IT equipment, replacing and upgrading cooling systems, optimizing airflow organization in server rooms, replacing Uninterruptible Power Supply (UPS), and improving lighting systems. As a result, the power usage effectiveness (PUE) has kept falling.

We have chosen the GDS Nanfaxin Data Center as the new local date center as per high standards. The data center has applied many energy-saving technologies recommended in the National Catalogue of Recommended Industrial Energy-saving Technologies. Furthermore, it actively participates in green certificate trading, carbon trading, and other initiatives to offset carbon emissions, and has indirectly achieved the 100% use of green electricity.

Centrin Data Center, the primary production center of the Bank, has been included in the first batch of National Green Data Centers, as announced by the Ministry of Industry and Information Technology.

In 2023

36,6000 tons of standard coal

Total energy consumption

152,200 tons of carbon dioxide

Total greenhouse gas emissions

2,900 tons of carbon dioxide

Scope 1 emissions of greenhouse gas

149,300 tons of carbon dioxide

Scope 2 emissions of greenhouse gas

Notes:

Carbon emission accounting boundary: The entire Bank refers to the head office, branches and subsidiaries. The scope of carbon emissions includes direct emissions (emissions from fossil fuel combustion) and indirect emissions (emissions from purchased electricity and heat) within the Group, excluding carbon emissions from the upstream and downstream of the supply chain. The Bank's carbon emission accounting is for carbon dioxide only and does not include other greenhouse gases.

Carbon emission accounting basis: The types of energy used in the Bank involve electricity, municipal heat, natural gas, gasoline, diesel, liquefied petroleum gas and small amount of coal, among which natural gas, gasoline, diesel, liquefied petroleum gas, coal and heat are calculated in accordance with the emission factors in the *Requirements of the greenhouse gas emission accounting and reporting—Public building operation units (enterprises) (for Trial Implementation)* issued by the National Development and Reform Commission, and the emission factors are all default values. The emission factors from electricity generation used by institutions in mainland China and Hong Kong respectively originate from the Notice on Doing a Good Job in the Management of Greenhouse Gas Emissions Reporting of the Power Generation Enterprises in 2023-2025 issued by the General Office of the Ministry of Ecology and Environment of China, and the Emissions Factors 2023: Annual GHG Emission Factors for World Countries From Electricity and Heat Generation (English Version). The scope of the electricity consumption statistics for the Head Office covers the branches in Beijing including the Huaxia Bank Tower, Longfu Building, World Financial Center, Xidan International Building, and BoRui Plaza, as well as the Infrastructure Office in Tongzhou. The scope of the heat energy consumption statistics for the Head Office only covers the branches in Huaxia Bank Tower and the Longfu Building, while other office locations are not covered in the statistics because the heating costs are included in the property fees and the heat energy consumption cannot be calculated separately.

Scope and basis of energy consumption: the energy consumption of the Bank primarily involves the use of gasoline, diesel, natural gas, liquefied petroleum gas, coal, purchased electricity, and heat energy. Unless otherwise specified, the scope of statistics for the Bank's energy consumption covers the Head Office, all branches, sub-branches and subsidiaries of Huaxia Bank. Energy consumption related factors involved in the statistical process such as energy density and standard coal conversion coefficients are referenced according to the GB/T 2589-2020 General Rules For Calculation Of The Comprehensive Energy Consumption issued by the State Administration for Market Regulation and the Standardization Administration of China, as well as the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by China Public Building Operation Units (Enterprises) (Trial) released by the National Development and Reform Commission.

Case Setting a new benchmark for green buildings

Aiming at six certification standards including three-star Green Building, LEED Platinum, WELL platinum, Ultra Low Energy Building, Beijing Ultra Low Energy Consumption Demonstration Project and LEED Zero Carbon, the Bank's newly constructed head office building significantly reduces its environmental load through measures such as thermal bridge and high airtightness node design, the use of new insulation materials like vacuum insulation panels and aerogels, and the application of energy recovery ventilators for outdoor air handling. The building is equipped with a centralized solar power generation system with a designed annual output of approximately 1,000 MWh. It also features building equipment monitoring systems, energy management and measuring systems, and an information integration platform. All these measures can ensure the required environmental quality for the office building and provide a safe, energy-efficient, and comfortable environment.



► Design drawing of newly constructed head office building

Advocating green procurement

Strictly adhering to the Administrative Measures for Centralized Procurement, Administrative Measures for Tendering, Bidding, and Procurement, as well as the Working Rules of the Centralized Procurement Committee and other relevant policies, we have established a green procurement system, regulated procurement procedures, and enhanced procurement efficiency.

Optimizing the platform and enhancing procurement efficiency:

We enhanced the end-to-end design of the centralized procurement platform, and extended the online procurement process.



We developed e-commerce and negotiation mall modules to enable online quick ordering of standardized goods and in-house selected products.



We enabled the functions of convening online meetings of the Centralized Procurement Committee and project review meetings, contributing to paperless office practices, cost reduction and efficiency increase.

Transmitting green concept

We launch environmental volunteer activities, and organize volunteers to take up in tree planting and city cleaning activities, to help fight water pollution and air pollution, and foster harmony between humans and nature.

Case Huaxia Bank 2023 Miyun Eco-marathon

In May 2023, Huaxia Bank 2023 Miyun Eco-Marathon was successfully held. The marathon was recognized as a World Athletics Label Road Race. Hosted by Beijing Miyun District Government, certified by China Athletics Association, and sponsored by Huaxia Bank, the event had three categories, marathon, half marathon, and mini marathon with about 10,000 runners. More than 800 runners from the head office, subsidiaries and customers participated in the race as "Huaxia Bank Running Team". They spread the brand concept of "Sustainability for a Better Future" and the spirit of "Challenge Oneself, Transcend Limits with Perseverance and Never Give Up".



Case Contributing to the success of the "Green Asian Games"

During the preparations for the 19th Asian Games Hangzhou, Hangzhou Branch, as a "green finance benchmark bank in Zhejiang", donated 40,000 tons of internationally certified carbon credits to the Organizing Committee, to support the hosting of the Asian Games and the Asian Para Games, helping Hangzhou achieve carbon neutrality.



► Yan Jiongzhi, Manager of Hangzhou Branch, had the honor of being a torchbearer at the Lishui leg of the Asian Games Torch Relay

Spotlight

Developing Green Finance

The Bank actively responds to new opportunities and challenges, pursues "innovative, coordinated, green, and open development with shared benefits, and continues to develop green finance. We actively practice ESG principles, and identify green finance as a key focus in the overall corporate strategy, and also clarify the development goal of "works hard to develop green finance as a new characteristic".

Strategic planning for green finance

We have developed a special action plan for green and low-carbon development, and continued to implement the ESG investment and financing strategies. Outcomes have been achieved in the deployment of resources in key sectors, the innovation of products and services and extensive cooperation mechanisms, tighter climate risk management, and accelerating of fintech development and green operations.

We increase support for green and low-carbon businesses, delve deeply into the clean energy sector, and constantly enhance expertise in energy conservation, environmental protection, clean production, ecological environment, and green upgrade in infrastructure. We also propose relevant solutions for key sectors.

We have improved the innovation mechanism for green financial products, stepped up in the development of new low-carbon financial products, and created a comprehensive service system for green financial products including green loans, green bonds, green investments, green leasing, underwriting of green debt financing instruments, green wealth management, green funds, and carbon finance.

We have accelerated the pace of developing and applying IT systems for green finance, improved the basic data system for climate investment financing, and worked continuously to develop the information systems for green finance.

The policy system for green finance

We implement the national policies supporting the development of green industries and fully and faithfully put the new development philosophy on all respects into practice. In accordance with the former China Banking and Insurance Regulatory Commission's *Guidelines on Green Finance for the Banking and Insurance Industries*, the Bank has revised and issued the Administrative Measures for Green Finance. We are committed to advancing green finance from a strategic perspective, consistently increasing support for green, low-carbon, and circular economies, mitigating ESG risks, and enhancing its own ESG performance. We strive to promote a comprehensive transition to green society and economy, optimize the overall asset structure of the Bank, improve services, and develop green finance as a new characteristic.

Green financial products innovation

Green loans

We continue to acquire new customers for green business, map the ecosystem of key green industries, enhance professional service capabilities, and increase the value contribution of green assets. While developing carbon finance, we have launched carbon emissions rights pledge financing products, actively utilized the supportive tools for carbon emissions reduction from the People's Bank of China, and strongly supported the green and low-carbon transition of society and economy.

At the end of 2023

RMB **269.273** billion
Balance of green loans

2,608,400 tons
CO₂ reduced

1,098,400 tons
Standard coal equivalent saved

21,979,200 tons
Water saved

Case Coordinating efforts to support green development

Hong Kong Branch, in collaboration with HSBC and China Construction Bank (Asia), jointly granted a syndicated loan to Beijing Energy International Holding Co., Ltd, along with 17 domestic and foreign banks. They issued overseas green syndicated loan amounting to USD 500 million. Hong Kong Branch participated with a loan of USD 50 million. The syndicated loan complies with the Green Loan Principles of the Asia Pacific Loan Market Association, and was certified by the Hong Kong Quality Assurance Agency as a green loan.



Case Supporting financial leasing to jointly develop green transportation

Nanning Branch, focusing on key industries in Guangxi, targets "green industries and green customers", and has developed "green products and green services". The branch issued a green loan of RMB 70 million to a leasing company in Guangxi for the latter's financial leasing operations. The leased assets include new energy charging stations and energy storage battery equipment.

Case

Boosting the implementation of carbon emissions reduction support tools

Thanks to the active marketing of the Wuhan branch, the largest compressed air energy storage project in Hubei, invested by a Chinese central State-owned enterprise, successfully obtained a loan approval of RMB 1.56 billion with a loan term of 15 years. The project can be financed by the World Bank's relending facility and supported by the "Carbon Emission Reduction Support Tools".



Green bonds

We have introduced new characteristic green financial products and business models, increased investment in green bonds, and strongly supported the green economy, low-carbon economy, and circular economy. In 2023, the Bank successfully issued RMB 10 billion in green bonds. The funds raised were allocated to 74 green-industry projects listed in the Green Bond Support Project Catalogue (2021 Edition), covering the five areas of energy conservation and environmental protection, clean production, clean energy, ecological environment, and green upgrading of infrastructure.

Case

Issuance of an offshore Renminbi green bond

Guangzhou Branch successfully executed the issuance of an offshore Renminbi green bond for a certain holding group limited. The issuance scale amounted to RMB 1.37 billion.

Case

Issuance of a Free Trade Zone green bond

Shanghai Branch introduced a new service model and coordinated the Head Office and branches to issue a green bond for a company within the Free Trade Zone. The issuance amounted to RMB 1.1 billion.

Green Leasing

We have established the development strategy featuring "Green Leasing," to gradually build a business ecosystem with green energy, green transport, pollution control, and circular economy at the core. We deeply cultivate green energy sectors such as wind power and photovoltaics, explore the green transport market, including new energy vehicle ride-hailing and freight vehicles, and work to develop emerging business such as vendor leasing, cold chain logistics, and offshore wind turbine installation vessels.

Case

Actively expanding operations and leasing business for offshore and onshore wind power equipment

Hua Xia Financial Leasing actively promotes operational leasing services for onshore wind turbine hoisting equipment. This involves introducing 24 onshore wind turbine hoisting machines to participate in wind turbine hoisting construction at major wind power project sites. The effort has successfully completed the hoisting of over 500 wind turbines, with a cumulative installed capacity of 3.4 GW. Centered around the principle of "green infrastructure", a floating mechanism was incorporated in the rental scheme to reduce the burden of small and medium-sized wind power engineering enterprises.



► Crawler cranes of Huaxia Financial Leasing are used for hoisting in the CSSC-Hami project

Hua Xia Financial Leasing

At the end of 2023

RMB **62,252** million

The balance of green leasing assets amounted to



In 2023

10 TWh

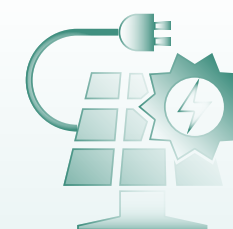
The photovoltaic power stations in operation cumulatively generated clean electricity

9.58 million tons

Equivalent to a reduction of carbon dioxide emissions

3.84 million tons

Standard coal



In 2023

Totalling RMB **183** million

The energy storage business issued loans for **35** projects

In 2023

We provided B2B customers with **7,217** new energy logistics vehicles, totalling RMB **955** million in value.

Additionally, we supplied B2C customers with **421** new energy logistics vehicles, amounting to RMB **43.022**

million. A total of **2,479** new energy ride-hailing vehicles were offered, with a combined value of RMB **253** million.

Green wealth management

Based on wealth management and private banking expertise, CSI HUAXIA BANK Green Economy Wealth Index, the first asset allocation index in China that matches the green and low-carbon transformation of economic activities is issued. The index aims at reflecting the development status of the green economy and providing a professional reference tool for resident asset allocation.

Following the principles of ESG investing, we believe green investments are the key to accelerating green development. We conduct ongoing ESG industry research, and have successively launched multiple ESG financial products.

At the end of 2023

RMB **22.302** billion

Balance of green investment business

RMB **29.504** billion

Accumulative value of ESG AUM



Case The ESG Investing Forum

Under the guidance of the Beijing Municipal Bureau of Local Financial Regulation and Supervision and Tongzhou District People's Government of Beijing Municipality, Hua Xia Wealth Management hosted the 5th ESG Investing Forum for Asset Management in China, namely, the Hua Xia Wealth Management Annual Investment Strategy Conference in Tongzhou. Themed "Green Source, Green Harmony," the forum invited government officials, regulators, industry experts and academia, to discuss various topics, including global macroeconomics, international sustainable development guidelines, climate change, and the development of carbon markets.



Case Continuing to improve ESG management and practices

In August 2023, Hua Xia Wealth Management released the 2022 ESG Investment Report, introducing advanced ESG management practices within its investment framework and operational processes. This report was the first public high-quality ESG investment report that was verified by a third-party within the domestic asset management industry. As the report shows, in 2022, Hua Xia Wealth Management's carbon footprint accounting covered more than 90% of its portfolio, making a good example in the financial industry's low-carbon transition efforts.



Case Release of the industry research report

In December 2023, Hua Xia Wealth Management collaborated with the Chinese University of Hong Kong, Shenzhen to compile three years' worth of ESG research findings on the Chinese asset management industry. The research was published under the title *Research Report on the Development of ESG Investment in the Chinese Asset Management Industry (2020-2022)*.



Deeper green finance cooperation

Constantly refining the green financial product portfolio, we are committed to deepening collaboration among all parties. We have established long-term and close partnerships with international financial organizations such as the World Bank, the Asian Development Bank, and the French Development Agency, and actively use green finance to promote the green and low-carbon transition of economy and society.

The Bank full supported the 4th Green Development Forum of Beijing Municipal Administrative Center. Li Minji, Chairman of the Bank, delivered a keynote speech titled "Explorations and Practices in Financial Support for Green and Low-Carbon Development."



Chairman Li Minji had a meeting with Chen Guangzhe the World Bank Vice President. Li introduced the Bank's development in the field of green finance and exchanged views with the guests on the progress of the China Renewable Energy and Battery Energy Storage Promotion Project.



At the 2023 Green Low-Carbon High-Quality Development Conference, jointly hosted by the Ministry of Ecology and Environment, the China Association for Science and Technology, and the Provincial Government of Shandong, Guan Wenjie, former President of the Bank, presented a keynote speech titled "Practices and Exploration in Financial Services for Green, Low-Carbon, and High-Quality Development."



For more information on green finance and environment, please refer to Huaxia Bank's Report on 2023 Environmental Information Disclosure

CSR Practices

Governance

Strengthening CSR Governance to Consolidate the Foundation of Development

Deeply aware of the political significance of financial work, Huaxia Bank adheres to the general principle of pursuing progress while ensuring stability. In 2023, we continually improved our governance system, strengthened compliance management, made decisive efforts to prevent and defuse financial risks, and enhanced the data security governance ability, laying a solid foundation for the Bank's high-quality development.

In 2023

3,329

Training sessions on compliance

3,996

Training sessions on anti-money laundering

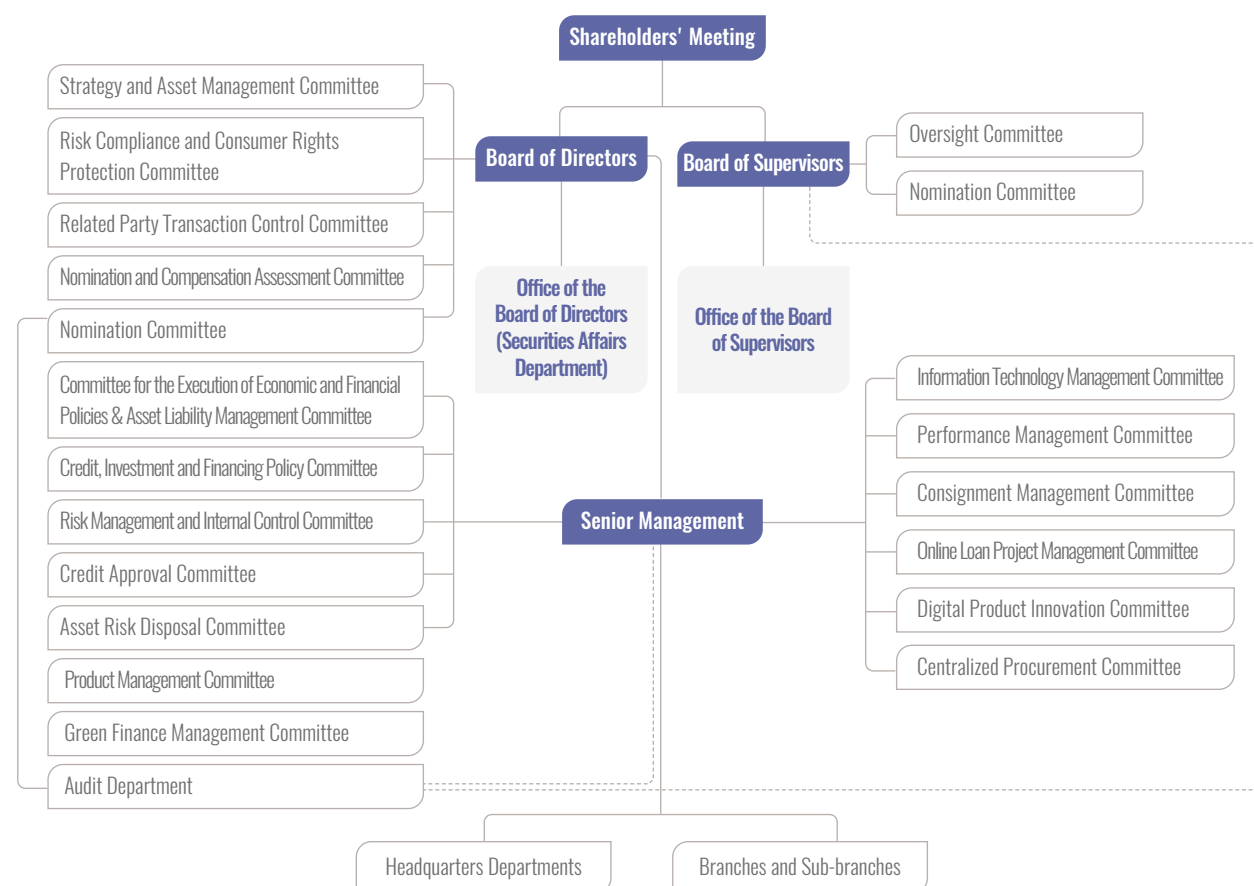
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Legal training sessions

The young employees keep alive the spirit of the great revolution, overcome challenges and strengthen their resilience in the pursuit of high-quality development.

Optimizing Corporate Governance

Huaxia Bank has improved corporate governance, given full play to its corporate governance and organizational structure and stepped up in communication with investors and information disclosure, ensuring a better corporate governance.



At the end of 2023

16

Directors in the Board

among them

3

Executive Directors

6

Non-executive Directors

7

Independent Directors

9

Supervisors

among them

2

Shareholder Supervisors

4

External Supervisors

3

Employee Supervisors



Improving the organizational structure of corporate governance

We have established a governance structure including the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and the senior management, and clearly defined their respective responsibilities, as well as the duties of the Party Committee. We see to it that all governance bodies perform their duties and coordinate with each other for smooth corporate operations.

- The Party Committee plays a leading role in setting the direction, managing the overall situation and promoting implementation. It focuses on the political direction, Party building leadership team, basic policies, and major decisions to effectively assume the responsibility of strict self-supervision and self-governance, and deliberates and discusses major operational and management matters before making decisions.
- The Shareholders' General Meeting effectively plays its role as a decision-making authority. The Bank's shareholding structure is clear and stable, and shareholders are compliant with laws and regulations. The major shareholders actively support the Bank's operation and development, and fulfill their responsibilities and obligations in accordance with laws and regulations. Small and medium-sized shareholders participate in the decision-making process by attending the Shareholders' General Meeting and other channels. The shareholders collectively maintain our stable development foundations.
- The Board of Directors focuses on setting strategies, making decisions and preventing risks, and continues to conduct strategic leadership and scientific decision-making. It has established effective risk management mechanisms as well as reasonable incentive and constraint mechanisms, actively fulfills its social responsibilities and safeguards the lawful rights and interests of stakeholders.
- The Board of Supervisors performs its supervisory functions, carries out supervisory inspections in alignment with supervisory orientation while taking into consideration the Bank's overall business, and fulfills its statutory supervisory duties in accordance with the law and regulations, objectively and impartially, in a scientific and effective manner, in the best interests of the Bank and all shareholders, and to protect the lawful rights and interests of stakeholders.
- The senior management focuses on operation, implementation and management. The body carries out operation and management activities strictly according to the Articles of Association and under the authorization of the Board of Directors. The senior management conscientiously implements the resolutions of the Shareholders' General Meeting and the Board of Directors, takes the initiative to accept the supervision of the Board of Supervisors, and unites and leads the staff at all levels to complete all the operation and development tasks of the year.

In 2023

1

Shareholders' General Meeting held

9

Resolutions adopted

8

Board of Directors meetings held

60

Resolutions adopted

4

Board of Supervisors meetings held

15

Resolutions adopted



Strengthening information disclosure

Following the regulatory requirements, we continuously improve the quality and efficiency of information disclosure work, increase the intensity of proactive information disclosure and expand the breadth and depth of disclosure. Our main information disclosure channels include *China Securities Journal*, *Shanghai Securities News*, *Securities Times* and *Securities Daily*, Shanghai Stock Exchange website and the official website of Huaxia Bank. In 2023, we disclosed 4 regular reports and 44 interim announcements, informing investors of significant information such as the resolutions adopted at the Shareholders' General Meeting, and meetings of the Board of Directors and the Board of Supervisors, changes in the composition of the Board of Directors, Board of Supervisors, and senior management, performance snapshots, related party transactions and profit distribution. In the 2022-2023 annual information disclosure evaluation of listed companies of Shanghai Stock Exchange (SSE), the Bank was awarded the grade A (excellent).

To strengthen investor relations management, the Bank strictly implements the *Working Measures of Huaxia Bank Co., Ltd. on Investor Relations*. In 2023, the Bank promoted interactions and exchanges with investors and analysts through various channels and in various forms. We organized the Shareholders' General Meeting and performance briefings, in which we earnestly answered questions raised on the SSE e-interactive platform and via the investor phone calls and e-mails, communicating with investors on the Bank's business performance and financial statements. By actively communicating the Bank's essence and value to the capital market, and demonstrating our progress in promoting high-quality development, we effectively enhanced the capital market's understanding of the Bank, and promoted positive interaction with the market.

Enhancing Enterprise Risk Management

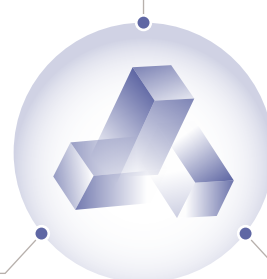
The Bank resolutely carries out various national decisions and plans, and effectively coordinates efforts to support the real economy, serve public wellbeing, and prevent and resolve financial risks. The Bank continues to adhere to the principle of "removing the existing risks and controlling the new ones, addressing the symptoms as well as the root causes," and continues to improve the strategies and procedures of risk management, in order to effectively prevent and respond to various types of risks.

Institutional building for risk management

We have improved the risk management system and mechanism to safeguard our sound business development.

Comprehensively upgrading the risk management system with risk preference at its core

We have comprehensively revised our administrative measures for risk preference, formulated a risk preference transmission plan. We have for the first time established an indicator system that combines "pivot points indicators, dynamic indicators and forward-looking indicators", and guided all levels to carry out business operations under the framework of the risk preference transmission system, to strike a balance between the cost of risk and the benefit.



Optimizing risk management strategies

Based on changes in regulatory requirements and the external risk situation, we define annual objectives of risk control and how to accomplish them, and effectively utilize the binding force of the strategies.

Strengthening Group-wide risk management

We guide our subsidiaries to improve risk preference and risk management strategies, urge them to improve their own enterprise risk management (ERM) system, and strengthen the management of various types of daily risks, so as to ensure the smooth achievement of the Group's strategic and operational objectives.

Strengthening Specific Risk Management

We adhere to the strategic guidance of ensuring the Bank's stable operation through risk control. We have strengthened forward-looking research and judgement, enhanced risk refinement management, to build a solid defence line for safe development.

- We have comprehensively optimized the set of credit investment and financing policies. We closely track and study the economic situation, resolutely implement the economic and financial policies and regulatory requirements of the Central Committee of the CPC, and optimize the credit investment and financing policy system involving five dimensions: business lines, industries, regions, customers and products. Moreover, we have constructed an industry-specific risk evaluation model to develop policies that are more customized and differentiated.
- We have carried out in-depth research on industry-specific topics. In conjunction with the requirements of the latest regulatory policies, we have strengthened research and used the research findings to effectively guide the Bank's asset allocation towards mainstream industries and customer groups to meet the financing needs of fields prioritized in national strategies.



- After considering the internal and external economic situations and the Bank's risk profile, we have strengthened the concentration risk control for quota in the dimensions of customers, industries, regions, products, and risk mitigation, and continued to strengthen the management of large capital exposure so as to keep the concentration risk at a reasonable level.

- We continuously optimize the annual IT risk monitoring indicators, and enhance the timeliness and comprehensiveness of information technology risk monitoring by increasing the frequency of monitoring and analysis, adding monitoring indicators such as autonomous control of application systems and information security, and expanding the coverage of the monitoring indicators.

- We adhere to a moderately prudent risk appetite, and have established a quantitative preference interval while optimizing setting methods and indicator systems for quotas. Furthermore, we strengthen quota monitoring and control of market risk. Therefore, our market risk business operated smoothly in 2023.
- We promote the implementation of new regulatory regulations, improve the processes of account book division, identification and measurement, optimize the market risk management system and enhance the market risk measurement capability, leading to better regulatory compliance and internal management.
- We closely track market changes and enhance our understanding and assessment of the external situation, to effectively prevent market risks.

Ensuring Compliance

Committed to strengthening compliance management, Huaxia Bank integrates compliance and due diligence into daily operation and management. With the empowerment of digital technology, we work to transition to proactive compliance and improve our compliance management involving all employees, in all aspects and throughout the process. We also continue to foster the culture of compliance to elevate our compliance level as soon as possible.

Shaping a culture of compliance culture

We have improved the compliance management system, stepped up to foster a culture of compliance, and raised the awareness of operating in compliance with the law to create a favourable atmosphere.

In 2023

3,329

Training sessions on compliance held

122,641

Participants in total

Enhancing compliance culture advancement and raising the awareness of compliance

- More legal compliance training sessions are organized. Taking Legal Compliance Lecture as the platform, the Head Office holds compliance training sessions to enhance the compliance fulfillment capability.
- Compliance publicity activities are organized. We conduct in-depth research at the branches and use case studies to promote the concept of proactive compliance. We also carry out a precautionary lecture tour to explain the penalization for violations.

Strengthening the compliance system reorganization and system construction to elevate the compliance level

- We comb through and reorganize the compliance management system. After combing through the compliance management system, framework and process, we have clarified the responsibility boundary and built a compliance system coordinating with Three Lines of Defence.
- We upgrade the internal control mechanism for products. We have devised the *Plan for Upgrading the Internal Control Mechanism for Products* and organized Bank-wide attribution analysis to improve the effectiveness of the product system, process and system control.
- We push ahead the compliance system construction, and strive to build a digitized integrated platform of "legal affairs, compliance and auditing".

Adopting multi-measures to strengthen the foundation of internal control and compliance management

- We strengthen the system management throughout the process, especially the management of the regulatory review, project check and plan implementation tracking.
- Aiming at improving the rectification effectiveness of key risk issues, we have improved the work mechanism and workflow, and established a list of key issues for rectification supervision to prevent acute risks.
- We work to move credit due diligence to an earlier stage, and take the lead in standardizing the due diligence procedure, to effectively improve the timeliness of due diligence.
- We have intensified the efforts for supervision and inspection, and scored and assessed specialized inspections to improve the effectiveness of inspections.
- We prepare for the implementation of the new standardized approaches on operational risks under Basel III, and have revised policies and reshaped systems for matters established in regulatory rules.

Building the rule of law

We provide overall legal support, regularly conduct inspections to prevent and control the legal risk and promote compliance and healthy development.

We provide all-round legal compliance support

We provide all-round legal compliance support including access, architecture design, policy formulation, agreement drafting and contract fulfillment for key projects, innovative products and major matters of the Bank, to promote compliant and healthy operation and management.

We carry out special investigations on legal risks

We have launched a special inspection on the risk of contract validity, self-inspection on standard form contracts of the retail business, and the inspection of sub-delegation from by the Head Office and branches, strengthened the standardized management of legal work, and promoted the implementation of legal risk management responsibilities at the first line of defense, facilitating business compliance.

We have strengthened legal risk warning

We closely follow up the changes in legal environment, respond to the priority needs for legal risk prevention and control in key business areas, and issue legal interpretations, case compilations and special risk warning to provide forward-looking guidance to prevent and control potential risks.

We implement the requirements for risk prevention and control

Specifically, we deepen consolidated management on legal risks, organize and complete the assessment of the rule of law construction of financial enterprises under the municipal SASAC, anti-monopoly special investigation, the mid-term self-inspection of the 8th Five-Year Plan on Rule of Law Awareness, intellectual property rights self-inspection and other tasks, and implement the administrative requirements for the legal disputes, pushing the Group's rule of law construction to a new level.





Strengthening crime risk prevention and the effectiveness of internal controls

The Bank has doubled down on litigation risk identification, and eliminated potential hazards in key areas and links. We also strengthen access control of employees and detect abnormal behavior to resolutely curb the occurrence of major litigations.

- Unusual trading monitoring and behavior detection

- We carry out a bank-wide self-assessment of financial crimes and crime prevention among the employees. After analyzing the crime risk prevention situation and the existing problems, we make the work arrangement to prevent employees from committing financial crimes.
- We investigate employees who sell financial products without permission by means of cross-visit to customers, talks with employees and spot check.
- For the strict management of employees at the Head Office, we step up to verify the early warning information concerning them and verify offline alerts sent by the monitoring system for abnormal transactions of employee accounts.
- We optimize the monitoring system for abnormal transactions of employee accounts. To prevent the practice of selling financial products without permission, we have created an optimized transaction monitoring model with improved functions to realize all-round, multi-angle monitoring of abnormal behavior of employees.

- Strictly implementing regulatory requirements on crime risk prevention

- We continue to implement regulatory policies and requirements, and forward the *Administrative Measures for the Prevention and Control of Criminal Case-Related Risks by Banking and Insurance Institutions* and several case briefings to improve crime-related risk control measures.
- We launch regular crackdown on gang crimes, strengthen the management of online lending and third-party institutions in the credit business, and enhance the risk monitoring and alert ability and the crime prevention capability.
- We conduct a self-examination of illegal operations and investment, including the accountability system and loss recovery, and make great effort to hold those violating the laws and regulations accountable.
- We organize an awareness month campaign on the prevention of illegal fund-raising to raise public awareness of illegal fund-raising and improve their ability to detect it, effectively protecting the customer rights.
- We continuously prevent and combat illegal fund-raising, illegal lending and financial fraud, utilizing a working mechanism where the front, middle and back offices work closely with each other while performing their respective duties.

- Strengthening the crime prevention system

- We strengthen crime risk prevention management by issuing a circular on doing so and standardizing the crime risk prevention management of Hong Kong Branch, and specify objectives and requirements.
- We have conducted self-investigation and self-correction of suspected criminal cases against the filing and sentencing standards for crimes such as bribery and illegal loan issuance.
- We issue guidelines and prohibitions strengthen the prevention and control of the practice of selling financial products without permission, clarify the requirements for business management and staff management, and step up to investigate and correct violations in a holistic manner.
- We carry out special investigations into litigation risks in key areas, strengthen collective prevention and control, and launch Group-wide investigations.
- We continue to investigate clues of violations of irregularities, strengthen direct investigation by the head office, intensify supervision and review of branches, and seriously investigate and punish violations.
- We implement accountability management, carry out accountability re-inspections, organize departments of the Head Office and branches to carry out accountability re-inspections on all kinds of violations, and standardize the accountability process to ensure the effect of accountability.



Strengthening anti-money laundering management

We have improved the AML compliance management structure, continuously strengthened risk management of money laundering to support the healthy development of our business.

In 2023

3,996

AML training sessions held

127,291

Participants in total

Improving the AML internal control system

We have revised the *Self-assessment of Risks of Institutional Money Laundering and Terrorist Financing* and Assessment and Categorized Management of Product Money Laundering and Terrorist Financing Risks to promote Group-wide AML management and strengthen the foundation of AML management.

Strengthening the assessment of the money laundering risk

We have improved the money laundering risk assessment model for customers and that for products, enriched the assessment index system, and optimized the system functions of both models, so that the assessment results would be more accurate, standardized and valid.

Enhancing the monitoring and early warning capacity

We have designed and developed transaction monitoring models for new types of business, evaluated and optimized existing monitoring models, and enhanced the accuracy of risk alert and identification. We also have improved the functions of the AML system and strengthened the system's support for managing the money laundering risk.

Strengthening information transmission and risk prevention and control

We closely track internal and external risks, issue risk alerts, and transmit information of the money laundering risk to the entire Bank and subsidiaries timely.

AML training and publicity

We carry out AML training for directors, supervisors, senior managers, AML officers, and new hires to comprehensively enhance their AML capability and risk awareness. We engage in publicity and education to foster a strong atmosphere of "It is everybody's duty to prevent money laundering."

Case

AML awareness activities

Qingdao Branch carried out, AML publicity activity . The staff put up banners, distributed leaflets, and invited financial experts to explain AML knowledge to the university students and the elderly, to raise public awareness of AML.



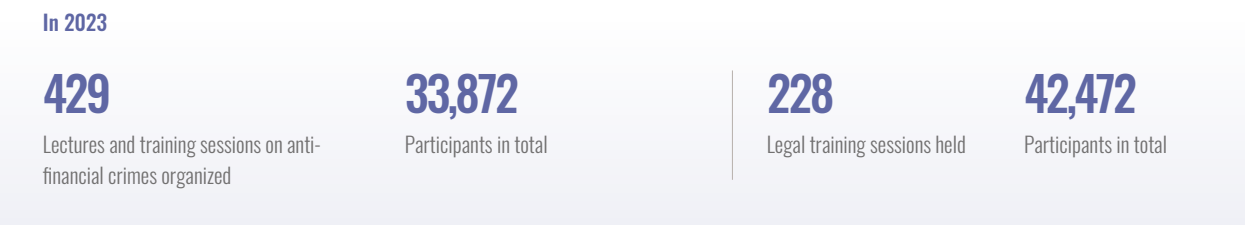
▶ Xining Branch launches the AML awareness campaign in the banking hall



▶ Changsha Branch is organizing the outdoor AML awareness campaign

Conducting law popularization and legal training

We conduct special legal trainings to enhance compliance awareness and prevent potential risks.



- We carry out special training on standardizing credit management and case presentations to expound credit standardization, administrative penalty, and tort.
- We conduct online and offline training on data security laws and policies, and have held two special training sessions on the Data Security Law. We also organized a bank-wide test on data security knowledge with 24,286 participants in 2023.

Case Exclusive Sponsorship for "Comprehensive Reading of the General Provisions of the *Civil Code*"

The "Comprehensive Reading of the General Provisions of the *Civil Code*" of Beijing Radio and TV Station(BRTV) is the only large-scale legal education TV program in China. It provides a detailed interpretation of each provision of the Civil Code, offering a comprehensive and systematic visual interpretation of the 1,260 legal provisions in the seven books of the *Civil Code*. The program was awarded the First Prize for Excellent News by the Central Political and Legal Affairs Commission. Our bank exclusively sponsored the program and served as a representative of the banking industry to provide professional explanations.



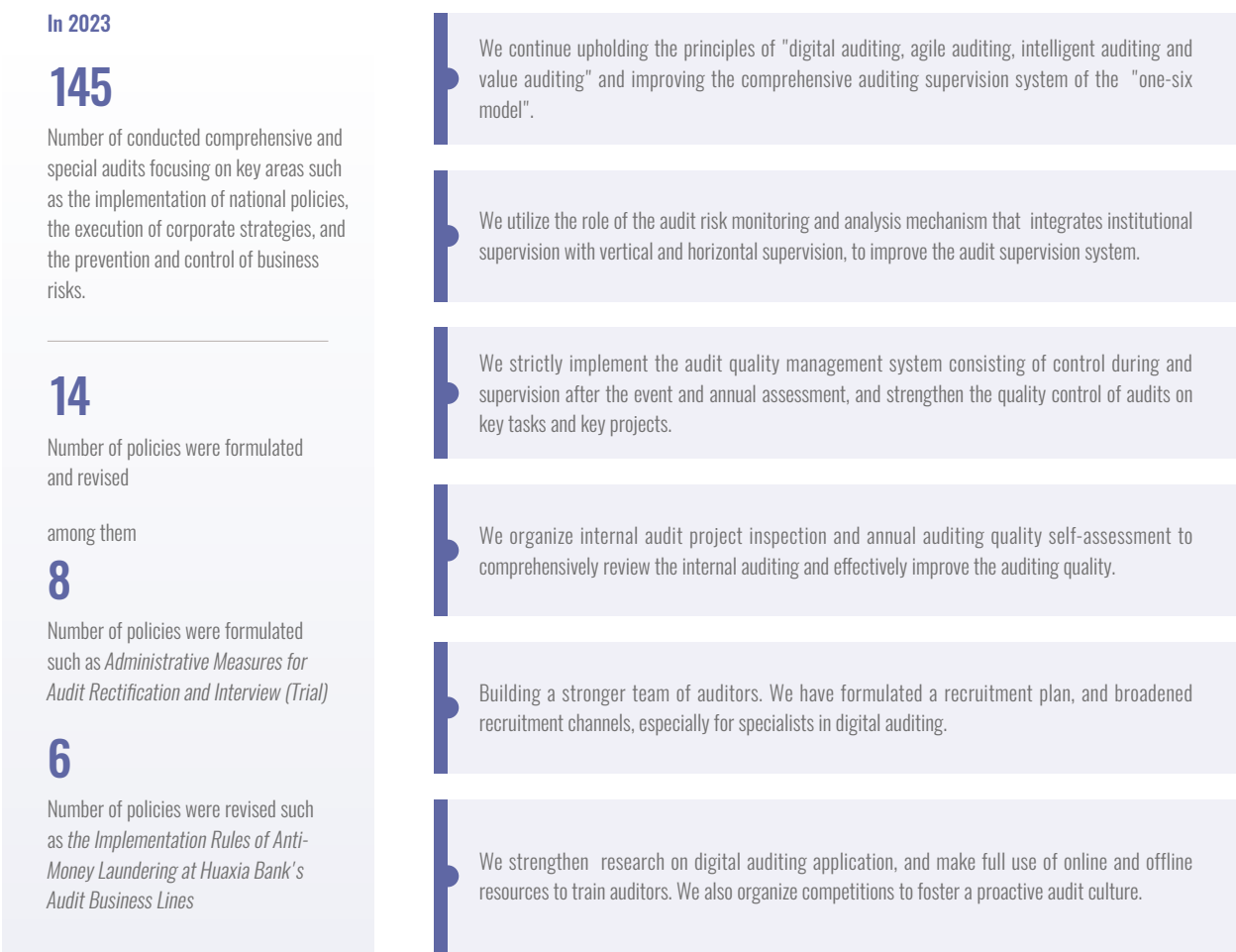
Protecting the legitimate intellectual property rights

We actively safeguard the Bank's intellectual property rights (IPR) and enhance the awareness of IPR protection. We also strengthen the supervision of the use of other people's IPRs and prevent the legal risk of infringing other people's IPRs.



Launching auditing supervision

We have strengthened the prevention and control of financial litigation risks, consumer rights protection and anti-money laundering (AML) auditing supervision. By vigorously promoting digital and standardized auditing, we give full play to the supervision and evaluation functions of auditing.



Spotlight

Safeguarding Cybersecurity and Information Security, and Enhancing Personal Privacy Protection



According to laws, regulations and requirements related to cybersecurity and information security, the Bank has established a sound security protection system, strengthened data security management and the use of technological tools, and improved the capabilities of protecting personal information and data security, thus providing clients with more secure financial services.

Strengthening system of cybersecurity and information security management

We have improved information security system by perfecting information security management structure and expanding the contingent of online security personnel to boost information management.

Clarifying the central role of the Party Committees at all levels in cybersecurity

- Huaxia Bank has established the cybersecurity accountability system for the Party Committees at all levels, and issued the *Measures for the Accountability for Cybersecurity of the Party Committees at All Levels* to make it clear that the Party Committee at all levels assume the primary responsibility for cybersecurity.

Continuously improving the cybersecurity related policies

- We have formulated the technology security and risk management strategy and the administrative measures for technology security to regulate and guide the Bank's cybersecurity management work.
- The effect of cybersecurity work is included in the performance assessment to ensure the effective fulfilment of cybersecurity responsibilities.

Effectively fulfilling responsibilities for cybersecurity

- We implement the policies and regulations of the national competent and regulatory authorities, improve the IT governance structure in line with business development, and optimize the cybersecurity management mechanism.

Continuously strengthening the cybersecurity team

- We have strengthened the coordinated cybersecurity management work across the Bank.
- The application security departments and offices are set up and information security officers appointed to strengthen security management.
- We have improved the evaluation process and standards to select attack and defence specialists, and improve the capability to identify vulnerabilities.
- We carry out special training sessions to raise the staff's awareness of cybersecurity, increase their knowledge of related regulations and improve their practical skills of attack and defence.

Case Holding the National Cybersecurity Awareness Week 2023 event

The Beijing Branch, in collaboration with the Beijing Municipal Branch of the People's Bank of China and the Beijing Cyberspace Administration of the Beijing Municipal Party Committee, organized the National Cybersecurity Awareness Week 2023 event in the Laoshan Community of Shijingshan District. The event was themed "Cybersecurity for the People and by the People," aiming to promote the message of "Starting with Myself for Cybersecurity, Preventing Telecom Fraud, and Building Cybersecurity Together" to the public.



Case Launching cybersecurity awareness week training

The Haikou Branch organized the cybersecurity week awareness training with the theme of "Cybersecurity for the People and by the People." The training aimed to promote and disseminate knowledge about cybersecurity, as well as guide employees in learning relevant policies and regulations.

In 2023

By in-person lecture, video meeting and livestream

14

Cybersecurity training sessions



among them

2

Training sessions for information security officers

2

Security attack and defence skills training sessions

10

Security knowledge lectures

10,000+

Participants in total

125

Emergency drills for information security

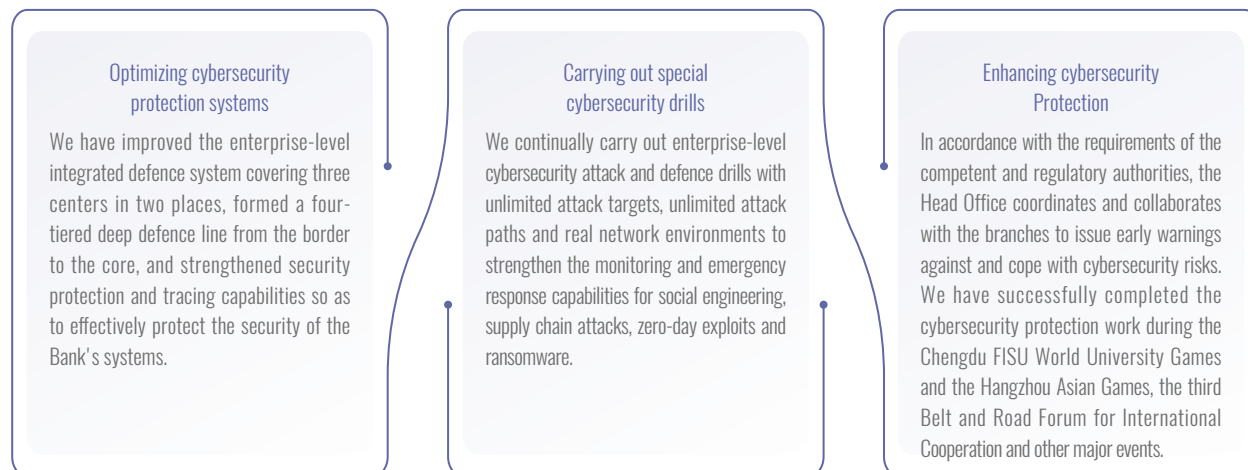
28

drills Increase over the previous year



Improving capabilities of cybersecurity and information security management

We have strengthened the ability of security protection and tracing and regularly conducted cybersecurity drills to ensure the safe and stable operation of information systems.



Case Ensuring the security and stability of network systems

The Tianjin Branch deployed Advanced Persistent Threat (APT) and Intrusion Prevention System (IPS) detection devices in both the internet and intranet areas to enhance its network security protection capabilities and ensure the stability of network operations. The Branch also replaced network equipment in branch and sub-branch offices that exceeded the timeout limit, effectively improving overall network performance and the ability to detect and identify network security threats.

Case Improving network security protection strategy

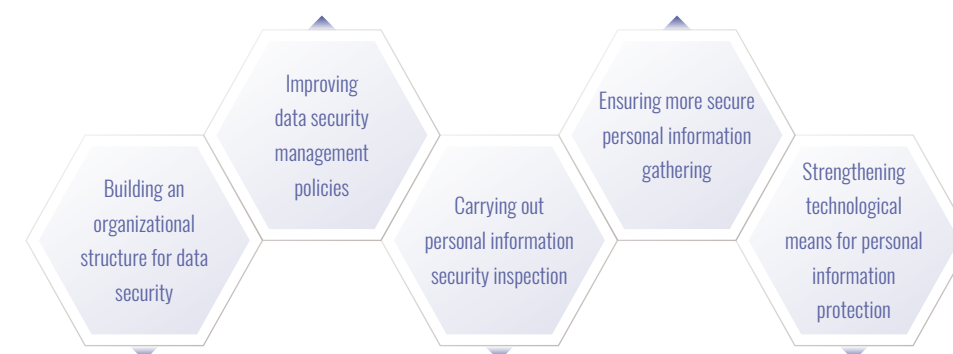
The Qingdao Branch conducted equipment updates and system transformations for the network systems in the central data center. Based on unified network architecture planning, the overall network structure is managed at different levels and in different areas. Redundant backups were implemented for critical devices, and important transmission nodes were configured with two different network service providers' lines. Virtualization technology was utilized for the deployment of most devices, effectively ensuring the stability of the network systems. Physical firewalls were deployed at the network core and external connections to define secure zones and control access policies between them. Advanced Persistent Threat (APT) and Intrusion Detection System (IDS) detection devices were deployed across the network, significantly enhancing the overall security and control level of the branch.

Personal information security and privacy protection

We have regulated the management of data security and customers' personal information, improved management processes and operation requirements of various links including information gathering, transmission and use, effectively protecting the security of consumers' personal information.

Huaxia Bank has formulated and revised the *Administrative Measures for Data Security*, *Implementation Rules for Data Security Management*, *Implementation Rules for Production Data Management of Information Systems*, and others, clarifying the management requirements for data processing and transmission security, and consolidating the foundation for the protection of personal information.

We have consolidated the privacy clauses of service channels and formulated and issued the *Personal Information Protection Policy of Huaxia Bank*. In accordance with regulatory requirements, we strictly adhere to the principles of "only for business necessity" and "the least privilege" to only obtain authorization from customers for the privacy permissions used, thus ensuring the security of personal information collected.



We have built a "pyramid" structure based on the for data security structure consisting of the "decision-making level, coordination and management level and execution level" to coordinate and promote the data security work of the Bank in a sustainable and stable manner.

We carry out special inspections to assess the risk of leakage of personal customer information in business systems to prevent any such leakage. We also conduct random checks on the desensitization of sensitive information in production data for enquiry transactions using core and peripheral systems. Additionally, we launch special inspections on test environments to ensure that the real information of personal customers will not be used in these environments.

We have deployed an internet-based email data leak prevention system to issue alerts against sensitive information, deployed API interface monitoring devices to prevent personal information theft, and deployed a desktop control system to analyze and identify sensitive keywords in transmitted content and to trace data files.



► The Bank's "Cloud-Native Security Management Platform" has successfully passed the advanced-level capability assessment of the Cloud-Native Application Protection Platform (CNAPP) by the China Academy of Information and Communications Technology. Our bank has become the first domestic bank to receive this qualification and has been awarded as the "Outstanding Case of Cloud-Native Security for the Year 2023."

Appendix: CSR Performance

Economic Performance

Index	Unit	2021	2022	2023
Total asset	RMB billion	3,676.287	3,900.167	4,254.766
Operating revenue	RMB billion	95.870	93.808	93.207
Total profit	RMB billion	31.493	33.583	35.439
Net profit	RMB billion	23.903	25.49	26.363
Total deposits	RMB billion	1,904.363	2,063.874	2,129.945
Total loans	RMB billion	2,213.529	2,272.973	2,309.583
Balance of loans to MSEs	RMB billion	490.749	565.470	584.973
Balance of loans in support of strategic emerging industries	RMB billion	97.321	104.587	103.623
Balance of loans in support of manufacturing industry	RMB billion	190.744	212.827	234.265
Balance of agriculture-related loans	RMB billion	255.980	271.538	278.621
CAR	%	12.82	13.27	12.23
Allowance-to-NPL ratio	%	150.99	159.88	160.06
ROA	%	0.67	0.67	0.66
ROE	%	9.04	9.00	8.71
NPL ratio	%	1.77	1.75	1.67

Environmental Performance

Index	Unit	2021	2022	2023
Balance of green loans	RMB billion	208.477	247.035	269.273
Increase of green loans from the beginning of the year	RMB billion	28.434	38.558	22.238
CO2 equivalence of reductions of projects supported by green loans	10,000t	311.11	278.59	260.84
Balance of climate-related financing business	RMB billion	206.567	252.145	265.105
Balance of green investment business	RMB billion	14.263	21.111	22.302

Index	Unit	2021	2022	2023
Accumulative value of ESG AUM	RMB billion	26.338	28.969	29.504
Number of ETC cards users	10,000	254.81	261.79	270.37
Number of e-transactions	10,000	322,655.98	405,259.04	630,328.53
Proportion of the services handled via electronic channel	%	98.34	99.42	99.58

The data of green loan balance in 2023 was based on the Special Statistics System of Green Loan revised by the People's Bank of China in December 2019

Social Performance

Index	Unit	2021	2022	2023
Number of outlets	/	1,008	987	982
Number of rural outlets	/	109	109	108
Number of online corporate banking transactions	10,000	2,759.33	2,661.08	2,947.60
Number of online personal banking transactions	10,000	1,651.14	1,597.29	1,661.75
95577 call-backs	/	130,637	580,710	1,104,592
Customer satisfaction rate for 95577 customer service center	%	99.66	99.63	99.65
Number of employee training sessions	/	5,200	6,913	7,829
Number of participants of employee training sessions	/	531,553	640,050	622,620
Total workforce	/	39,175	39,938	40,293
Percentage of female employees	%	51.43	51.39	51.57
Total charitable donations	10,000	1,451.5	2,138.53	7,057.93
Number of participants of legal training sessions	/	31,803	39,741	42,472
Number of participants of AML training sessions	/	135,000	137,755	127,291

GRI Content Index

Global Reporting Initiative(GRI)
GRI Sustainability Reporting Standards (GRI Standards) 2021 Reporting Index

GRI standard	Disclosure item	Page/ Remarks
GRI 1:Foundation 2021		
GRI 2:General disclosures 2021		
2-1	Organizational details	P6
2-2	Entities included in the organization’s sustainability reporting	P1
2-3	Reporting period, frequency and contact point	P1
2-4	Restatements of information	P120-121
2-5	External assurance	P124-127
2-6	Activities, value chain and other business relationships	P6
2-7	Employees	P70-71
2-9	Governance structure and composition	P106
2-11	Chair of the highest governance body	P5
2-12	Role of the highest governance body in overseeing the management of impacts	P18
2-13	Delegation of responsibility for managing impacts	P18
2-14	Role of the highest governance body in sustainability reporting	P107
2-16	Communication of critical concerns	P21
2-22	Statement on sustainable development strategy	P4-5
2-23	Policy commitments	P18
2-24	Embedding policy commitments	P4-5
2-28	Membership associations	P18
2-29	Approach to stakeholder engagement	P21
2-30	Collective bargaining agreements	P70
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	P19
3-2	List of material topics	P19
3-3	Management of material topics	P19
Economic		
GRI 201 Economic Performance 2016		
201-1	Direct economic value generated and distributed	P7
201-2	Financial implications and other risks and opportunities due to climate change	P87-90
201-3	Defined benefit plan obligations and other retirement plans	P70-77
GRI 203 Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	P28-31
203-2	Significant indirect economic impacts	P28-31

GRI standard	Disclosure item	Page/ Remarks
GRI 205 Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	P14-15
GRI 207: Tax 2019		
207-3	Stakeholder engagement and management of concerns related	P21
Environmental		
GRI 302 Energy 2016		
302-1	Energy consumption within the organization	P95
302-4	Reduction of energy consumption	P94-96
302-5	Reductions in energy requirements of products and services	P94
GRI 304 Biodiversity 2016		
304-3	Habitats protected or restored	P93
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	P95
305-2	Energy indirect (Scope 2) GHG emissions	P95
Social		
GRI 401: Employment 2016		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P70
Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	P70
403-3	Occupational health services	P70
403-6	Promotion of worker health	P70
GRI 404: Training and Education 2016		
404-2	Programs for upgrading employee skills and transition assistance programs	P72-73
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	P70
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	P66
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	P78-83
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	P78-83

Independent Assurance Report



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社会责任报告独立鉴证报告

安永华明（2024）专字第70013365_A01号
华夏银行股份有限公司

华夏银行股份有限公司董事会：

我们接受委托，对华夏银行股份有限公司（以下简称“华夏银行”或“贵行”）编制的《华夏银行股份有限公司 2023 年社会责任报告》（简称“《2023 年社会责任报告》”）中所选定的 2023 年度绩效信息发表有限保证鉴证意见。

一、绩效信息

本报告就以下选定的 2023 年度绩效信息实施了有限保证鉴证程序：

- 营业机构数量 (个)
- 农村营业网点数量 (个)
- 开展反洗钱培训次数 (次)
- 反洗钱内容培训覆盖人次 (人次)
- 开展法律培训次数(次)
- 参与法律培训人次 (人次)
- 支持战略性新兴产业贷款余额(亿元)
- 支持制造业贷款余额(亿元)
- 涉农贷款余额(亿元)
- ETC 卡签约客户数(万户)
- 绿色贷款余额(亿元)
- 公益捐赠总额 (万元)
- 跨境人民币收付金额(亿元)
- 小微企业贷款余额(亿元)
- 本行从业人数(人)
- 女性员工比例 (%)
- 员工参与培训人次 (人次)
- 开展员工培训期数(期)
- 电子交易笔数(万笔)
- 公司网银动账交易笔数 (万笔)
- 个人网银动账交易笔数(万笔)
- 95577 客户服务中心启动服务联动机制处理投诉及疑难问题 (笔)
- 95577 客户回访数量(人次)
- 95577 客户满意度 (%)
- 95577 客户服务中心投诉解决率 (%)
- 温室气体排放量(范围一)(万吨二氧化碳)
- 温室气体排放量(范围二) (万吨二氧化碳)
- 温室气体排放总量(万吨二氧化碳)



社会责任报告独立鉴证报告（续）

安永华明（2024）专字第70013365_A01号
华夏银行股份有限公司

我们的鉴证工作仅限于《2023年社会责任报告》中所选定的2023年度的绩效信息，《2023年社会责任报告》所披露的其他信息、2022年及以前年度信息均不在我们的工作范围内。

二、华夏银行选用的标准

贵行编制绩效信息所采用的标准列于本报告的“附录：关键数据编制基础”（简称“编制基础”）中。

三、华夏银行的责任

选用适当的编制基础，并按照编制基础的要求编制《2023 年社会责任报告》中的 2023 年度绩效信息是贵行管理层的责任。这种责任包括设计、执行和维护与编制绩效信息相关的内部控制，在编制绩效信息的过程中做出准确的记录和合理的估计，以使该等内容不存在由于舞弊或错误而导致的重大错报。

四、我们的责任

我们的责任是根据我们所执行的程序对《2023 年社会责任报告》中的 2023 年度绩效信息发表有限保证鉴证结论。我们按照国际审计与鉴证准则理事会发布的《国际鉴证业务准则第 3000 号（修订）—历史财务信息审计或审阅以外的鉴证业务》（“ISAE3000”）的规定执行了鉴证工作。ISAE3000 要求我们计划和实施鉴证工作，以对我们是否注意到为了使《2023 年社会责任报告》中的 2023 年度绩效信息依据编制基础进行编制而需要作出重大修改发表结论。鉴证程序的性质、时间和范围的选择基于我们的判断，包括对由于舞弊或错误而导致重大错报风险的评估。我们相信获取的证据充分、适当，为形成有限保证鉴证结论提供了基础。

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颁布的国际会计师职业道德守则中对独立性和其他道德的要求。我们的团队具备此次鉴证任务所需的资质和经验。

本事务所遵循《国际质量管理准则第1号——会计师事务所对执行财务报表审计或审阅、其他鉴证或相关服务业务实施的质量管理》，设计、实施和运行质量管理体系，包括与遵守职业道德要求、专业标准和适用的法律和法规要求相关的书面政策与程序。





社会责任报告独立鉴证报告（续）

安永华明（2024）专字第70013365_A01号
华夏银行股份有限公司

六、鉴证工作程序

有限保证鉴证所实施的程序的性质和时间与合理保证鉴证不同，且范围较小。因此，有限保证鉴证业务的保证程度远低于合理保证鉴证。我们没有执行合理保证的其他鉴证中通常实施的程序，因而不发表合理保证鉴证意见。虽然在设计鉴证程序的性质和范围时，我们考虑了管理层相关内部控制的有效性，但我们并非对内部控制进行鉴证。我们的鉴证工作不包括与信息系统中数据汇总或计算相关的控制测试或其他程序。有限保证鉴证程序包括询问负责编制《2023 年社会责任报告》的核心人员，实施分析性复核以及其他适当的程序。

在我们的工作范围内，我们仅在总行开展工作，工作内容包括：

- 1) 与相关人员进行访谈，了解华夏银行的业务及报告流程；
- 2) 与关键人员进行访谈，了解报告期内绩效信息的收集、核对和报告流程；
- 3) 检查计算标准是否已根据本报告“附录：关键数据编制基础”中所述的方法准确应用；
- 4) 实施分析程序，并询问管理层以获取针对所识别的重大差异的解释；
- 5) 对基础信息实施抽样检查，以检查数据的准确性；
- 6) 我们认为必要的其他程序。



社会责任报告独立鉴证报告（续）

安永华明（2024）专字第70013365_A01号
华夏银行股份有限公司

七、结论

根据我们所实施的鉴证工作，我们未发现《2023 年社会责任报告》中所选定的 2023 年度绩效信息在所有重大方面存在与编制基础的要求不符合的情况。

八、报告的使用

本鉴证报告仅向贵行董事会出具，而无其他目的。我们不会就本报告的内容向任何其他人士承担任何责任。



安永华明会计师事务所（特殊普通合伙）
安永华明会计师事务所（特殊普通合伙）
中国 北京
2024 年 4 月 26 日



Feedback Form

Dear Reader

Thank you for reading the Huaxia Bank Co., Limited Social Responsibility Report 2023. We sincerely invite you to share your comments and suggestions on this report and will fully consider it. We are committed to protecting your information from being accessed by third parties.

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What kind of stakeholders do you belong to?

- ☐ The Government
- ☐ Employee
- ☐ Media
- ☐ Regulatory authority
- ☐ Partner
- ☐ Other ()
- ☐ Shareholder and investor
- ☐ The Environment
- ☐ Customer
- ☐ Community

Do you think the Report completely covers your expectation of Huaxia 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?

S U S T A I N A B L E , W O N D E R F U L

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