

2019 China Merchants Bank Corporate Social Responsibility Report

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March 2020

About this Report

This Report is the 14th corporate social responsibility (“CSR”) report (the “Report”) released by the China Merchants Bank Co., Ltd. (“CMB”, the “Bank”, our “Bank” or “We”) since 2007. It features CMB’s efforts in promoting balanced development of the economy, society and environment while providing financial services.

Reporting Scope

Organizations covered by the Report: The Report is primarily about CMB, covering the Head Office, branches at home and abroad, China Merchants Fund, CMB Financial Leasing and other subsidiaries of CMB.

Reporting Period: From January 1, 2019 to December 31, 2019. Matters reported under the “Special Chapter: Our Commitment to Fighting COVID-19” took place in 2020.

Release Cycle: This is an annual report. The previous report was released in March 2019.

Reporting Standards

This Report is prepared in accordance with the Global Reporting Initiative (“GRI Standards”) guidelines issued by the Global Sustainability Standards Board (GSSB). For details about indicators described in this report, please see “The GRI content index as per GRI Standards” on pages 139 to 144.

CMB is a listed company (stock code: 03968) on the main board of the Hong Kong Stock Exchange (“HKEx”), and the preparation of the Report also references Appendix 27 “Environmental, Social and Governance Reporting Guide” of the Main Board Listing Rules of the HKEx. For details about indicators described in the Report, please see the “Environmental, Social and Governance Reporting Guide” Content Index of the HKEx on pages 144 to 147.

Data and Information Disclosure

The data and information disclosed in the Report is derived from:

- CMB’s internal data collection system and related statistical statements
- Excellent CSR practice cases collected by CMB
- Qualitative and quantitative information collected under the reporting framework

All financial data disclosed in the Report is derived from the 2019 Annual Report of CMB (the “Annual Report”). Should there be any inconsistencies between the Report and the Annual Report, the Annual Report shall prevail. Unless otherwise indicated, the currency in the Report is RMB.

Report Assurance

In order to ensure accuracy and reliability, the Report has been submitted to Ernst & Young Hua Ming LLP (Special General Partnership) for third-party assurance. The assurance was conducted in accordance with the International Standard on Assurance Engagements 3000 (ISAE3000) (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and AA1000 Accountability Principles. In addition, an independent limited assurance report was provided and can be found on pages 148 to 152.

How to Get the Report

The report is released in both print and electronic versions. The digital version of the report can be downloaded from our website: (<http://www.cmbchina.com/>).

Chairman's Message

2019 is the 70th anniversary for the foundation of People's Republic of China (PRC), and is also an important year for the great cause of "building a moderately prosperous society in all aspects". China has maintained steady economic and social development, and entered a new stage of "High Quality Development". The long-term outlook of China remains promising. Against such a backdrop, CMB leveraged its advantages in financial services, and adhered to the strategic goal of becoming a "Light-operation Bank" and the strategic positioning of "One body with Two Wings". We have further transformed our operations and moved toward the goal of becoming "the best Chinese commercial bank that drives business through innovation, maintains a leading position in retail banking, and provides characteristic services". We also sustained the CSR concept of "taking root in and giving back to society". We have further improved our CSR practices and ensured that we strike a balance between economic, social and environmental values.

Leadership through technology and embracing changes. The banks that lead in the new era will be those who lead in technology. While striving to become a bank "delivering the best customer experiences" and a "fintech bank", we also actively responded to and sought changes. We seized the big opportunities arising from the increasingly deepened application of fintech, fully used technology to promote the all-round upgrade of our business model towards the 3.0 stage, and started a holistic digital transformation.

Developing a new model for our targeted poverty alleviation initiative. In 2019, we continued with our targeted poverty alleviation projects in Wuding County and Yongren County, Chuxiong Prefecture in Yunnan Province. During the year, we helped Yongren County overcome the status as a "Poverty-Stricken County". We firmly implemented national poverty alleviation policies, and adhered to the concept of "Never Decoupling in Poverty Alleviation". We optimized the work mechanism and invented new modes for targeted poverty alleviation, thereby helping China win the tough battle against poverty.

Further promotion of inclusive finance with focus on core business drivers. By actively using our advantages in financial services we increased credit support for private-sector small and micro businesses. Our "Qianying Zhanyi (千鹰展翼)" program continued to serve customers in new ways. Through the program, we supported China's "mass entrepreneurship and innovation" campaign as well as the healthy development of small and micro business. Additionally, we increased the loan supply for livelihood projects, environmental sectors and strategic emerging industries, thereby promoting high-quality economic development.

Protecting the ecological system and striving for green development. We actively implemented government policies regarding green credit and finance. We optimized our credit structure and developed innovative business models to increase support for enterprises that engage in energy conservation, environmental protection, clean energy and ecological treatment. We worked hard to help China win the hard fight against pollution.

2020 is the last year of China's 13th Five-Year Plan and the cause of "building a moderately prosperous society in all aspects". CMB will work with all stakeholders to create a better future under the principle of "taking root in and giving back to society".

President's Message

In 2019, CMB continued aligning with big economic, social and industrial trends, while adhering to the strategic goal of becoming a “Light-operation Bank” and the strategic positioning of “One body with Two Wings”. We started a holistic digital transformation. CMB proceeded with the fintech technology and made further progress in building itself into the bank “delivering the best customer experiences” and a “Fintech Bank”.

We continued with poverty alleviation efforts. 2019 is the 20th year for us to carry out targeted poverty alleviation in Wuding and Yongren counties. We continuously optimized the work mechanism of targeted poverty alleviation, with a focus on those challenging tasks. We continued to alleviate poverty through industrial support, job creation, and cultural development. We provided RMB 51.4228 million in financial assistance to the two counties, and helped Yongren County overcome the status as a “Poverty-Stricken County”.

We optimized services and customer experiences. Customers are always regarded as the most important factor driving fintech. We accelerated the application of fintech based on customers’ needs to provide warm and topmost customer experiences. In 2019, we launched CMB APP 8.0. As of the end of 2019, CMB APP has been downloaded by 113.53 million customers, providing more convenient and smarter cardless services.

We ensured prudent and stable operation. Risk management is our top priority. We used fintech to mitigate financial risks, ensure cost effectiveness and stable operation, protect shareholders’ interests and create sustainable value for stakeholders. As at the end of 2019, our nonperforming loan (NPL) balance and ratio were RMB 52.275 billion and 1.16%, respectively, down RMB 1.33 billion and 0.2 percentage points compared with the beginning of the year.

We grew with employees. We are a “people-oriented” organization, reflected by our efforts to protect employees’ legitimate rights and interests, create extensive career development opportunities for employees, heed employees’ voices, and build an open, equal and innovation-oriented corporate culture. Our aim is to grow with our employees, and we have helped employees to realize their career dreams through training and promotion. In 2019, we organized 11,898 training sessions for 71,066 employees.

We contributed to charitable activities. We believe in the principle of “everybody can make a contribution to charity”. Based on the nature of our business, we developed a characteristic charity platform that allows participation by everyone. We organized various volunteer activities to help the underprivileged groups and facilitate social development. We also joined hands with employees, the public and charitable

organizations to participate in social charity causes. In 2019, 354,173 donations were made under the “Get More Fun from Monthly Donations” scheme, and over 59.53 million charity points were donated by 240,000 people on the “Points for Micro Charity” platform.

Looking ahead, we will continue to dedicate ourselves to our mission and duties. We will uphold the concept of “taking root in and giving back to society”, perform our social responsibilities and create sustainable value.

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Our Achievements in 2019

Economy

Indicator	2017	2018	2019
Total assets (RMB million)	6,297,638	6,745,729	7,417,240
Net profit (RMB million)	70,638	80,819	93,423
Non-performing loan rate (%)	1.61	1.36	1.16
Number of retail customers (ten thousand)	10,663.00	12,541.44	14,354.36
Ratio of digital transactions (%)	98.24	98.24	98.25
Mobile banking transaction volume (RMB 100 million)	178,675	307,561	331,988
95555 hotline customer satisfaction (%)	99.68	99.69	98.02

Environment

Indicator	2017	2018	2019
Head Office electricity consumption (kilowatt-hour)	13,422,238	13,367,140	16,008,120
Head Office water consumption (tons)	103,626	97,998	105,304
Average power use efficiency (PUE) of data centers	1.74	1.72	1.65
Paper saved by using e-bills (100 million pieces)	11.85	15.48	17.91

Indicator	2017	2018	2019
Green loan balance (RMB 100 million)	1,571.03	1,660.33	1767.73

Energy savings and carbon emission reduction achieved through green loans	2019
Water (ten thousand tons)	1,117.61
Standard coal (ten thousand tons)	815.02
Carbon dioxide (ten thousand tons)	1,944.35

Society

Indicator	2017	2018	2019
Value of social contribution per share (RMB)	9.08	10.44	11.45
Total amount of charitable donations (RMB ten thousand)	2,628.32	3,566.00	8541.77
Targeted poverty alleviation funds donated to Yongren County and Wuding County (RMB ten thousand)	1,141.96	1,179.38	5142.28
Number of employees	79,866	82,241	84,683
Employee turnover rate (%)	8.18	8.73	7.71
Number of employees participating in online studies (ten thousand)	579.00	491.00	420.30
Per-capita learning time (hours)	125.00	125.00	98.90

About CMB

Company Profile

Founded on April 8, 1987, CMB was the first joint-stock commercial bank in China established and wholly owned by business entities. It is also the first pilot bank (other than a state-owned bank) for financial reforms in the Chinese banking sector promoted by the Chinese government. CMB was listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange in 2002 and 2006 respectively.

Over the past thirty-two years, we have kept adapting to the changes in customer needs and the internal and external financial markets while adhering to the principle of “we are here just for you”. We changed our business strategies, transformed our business model, and strived to provide customers with better financial services. By virtue of continuous financial innovation, high-quality customer service, cost-effective operations, good business performance and a strong sense of social responsibility, CMB has become one of the best brands in China’s banking industry.

In 2019, we adhered to the strategic goal of becoming a “Light-operation Bank” and the strategic positioning of “One body with Two Wings”, while maintaining stable and cost-effective operations. Focusing on “customers” and “technology”, we steadily advanced the digital transformation in our bank. We leveraged the fintech concept and new technologies to provide digitalized and smart financial services. As a result, fintech helped us to reinvent our business model. When serving customers, we focused on customer needs, the basic nature of our services, and leveraged digital technology to optimize customer experience and fully use fintech to deliver the best customer experiences. This enabled us to become “the best Chinese commercial bank that drives business through innovation, has a leading position in retail banking, and provides characteristic services”. We were also fully performed our social responsibilities by supporting poverty alleviation, creating a platform for promoting charity, and developing green finance in innovative ways. By joining hands with stakeholders to create and share values, we have made a substantial contribution to sustainable development of the economy, society and environment.

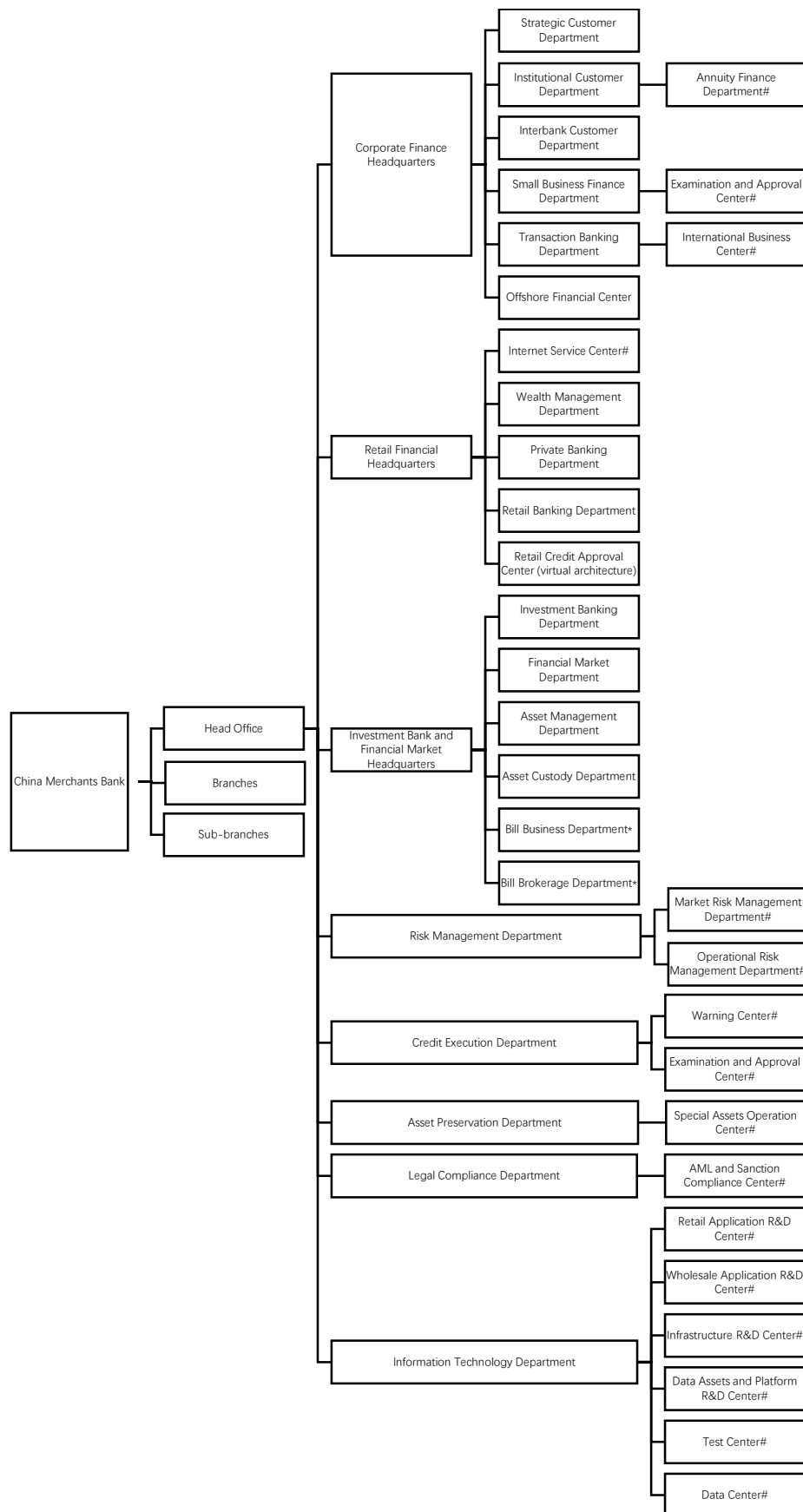
No.9

Ranked No.9 on the “2019 Top 500 Banking Brands” list published by the British magazine, *The Banker*.

No.188

Ranked No. 188 on the Fortune Global 500 list for eight consecutive years.

Organizational Structure





Note: *Independent Tier-2 Department # Tier-2 Department

Accolades

Granted by	Awards
<i>The Banker</i>	Ranked No.9 in the 2019 Top 500 Banking Brands with a brand value of US\$22.48 billion. Ranked No.19 in the 2019 Top 1,000 World Banks with US\$75.39 billion in tier-1 capital
<i>Euromoney</i>	“Best Private Bank in China”
<i>Asiamoney</i>	“Best Credit Card Business Development” “Best Technological Innovation” “Best National Joint-Stock Bank” “Best Bank for Electronic Transaction”
<i>The Chinese Banker</i>	“Best Financial Innovation”
<i>Fortune China 500 list</i>	Ranked No. 38 with an operating income of RMB 248.555 billion
<i>Fortune Global 500 list</i>	Selected for 8 consecutive years, ranked No. 188 in 2019
<i>Euromoney</i>	“Best Bank in China”
<i>China Banking Association</i>	“Best Green Financial Performance Award of 2018 Top 100 Socially Responsible Banks in China”
<i>Century Business Herald</i>	“Best Asset Management Bank in 2019”
<i>The Asian Banker</i>	“Best Retail Bank in China” “Best Joint-stock Retail Bank in China” “Private Bank of the Year in China”

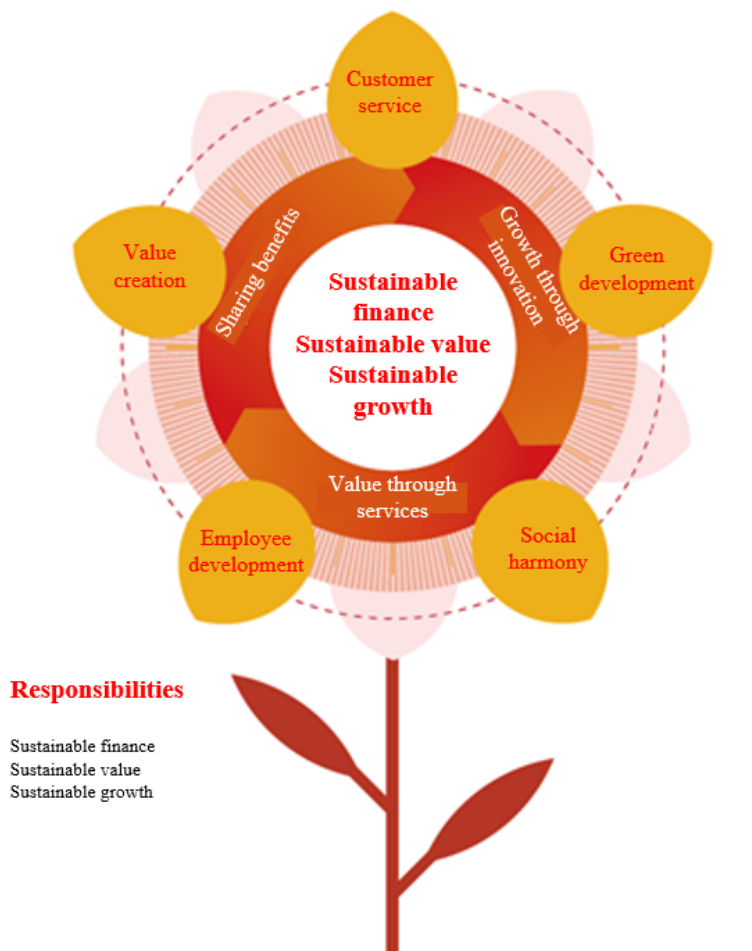
Granted by	Awards
<i>Asiamoney</i>	“Best A-Share Listed Company in 2019” “Best Corporate Management of Asia in 30 th Anniversary” “Best Corporate Financing and Investment Banking in China” “Best M&A Financing Business” “Best Bank for Electronic Transaction”
<i>Global Finance</i>	“Star in Family Office and Wealth Management”
Rankins CSR Ratings and SGS-CSTC	“Company with AA Social Responsibility Reporting”
Zhaopin	“Top 10 Employers” “Most Socially Responsible Employer” “Employer Most Favored by Female Employees”


Strategy and Management

As a financial service provider, CMB continuously pays close attention to the long-term value of ourselves and our customers. Facing the challenges and opportunities presented by the new normal in economic and social development, we have integrated sustainable development with our social responsibility concept of “Taking root in the society and giving back to the society” which eventually gives rise to the Sunflower responsibility concepts with CMB characteristics. Moreover, we have further deepened our social responsibility practices to continuously create more value for stakeholders.

Social Responsibility Strategy

The sunflower represents optimism, loyalty and positive spirit, which is the unchanged core of CMB’s company culture. We have re-interpreted our social responsibility concepts by exploring our Sunflower responsibility concept model. We also reinforced our processes and systems for performing social responsibilities.



Ways to fulfill responsibilities	Relations with UN's sustainable development goals
<ul style="list-style-type: none"> Driving growth through innovation: We pursue growth through innovation, and constantly adapt to changes in stakeholders' demand. This improves our capability for growing sustainably and achieving sustainable development goals. 	
<ul style="list-style-type: none"> Creating value through services: We insist on delivering only the best financial services, use our services to support economic growth, promote social harmony and stability, and protect the environment to create the greatest value for stakeholders. 	
<ul style="list-style-type: none"> Sharing and balancing values: We always pay close attention to the demands and expectations of stakeholders and share values with stakeholders to drive sustainable development in enterprise, economy and society. 	

CSR Management

We integrate the Sunflower responsibility concepts into our development strategy and operating activities. The CSR management system has been implemented in each department and every branch to put our responsibility concept into practice and fulfill promises to stakeholders.

CSR Management Infrastructure

- Decision-making level:** Members of the Board of Directors and Board of Supervisors participate in deliberation and decision-making on major social

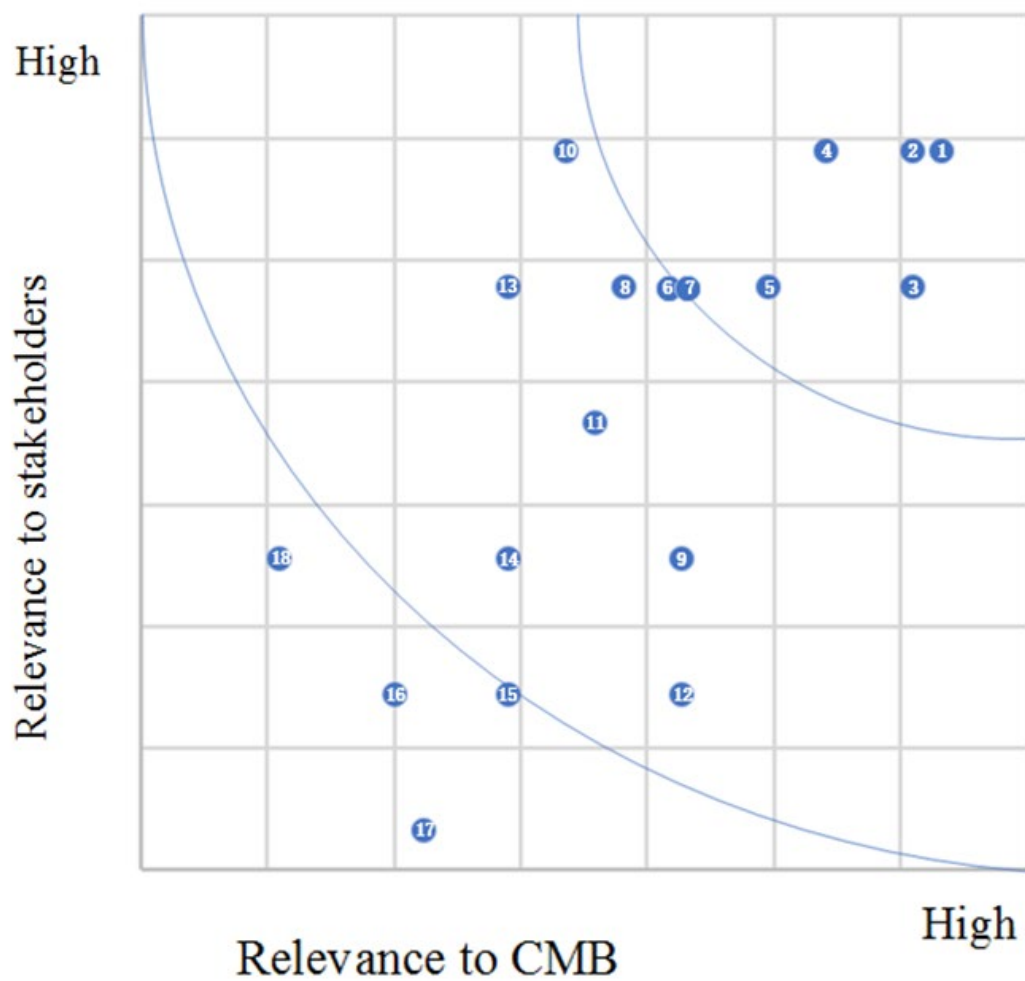
responsibility issues, including formulation of related strategies and policies and special deliberation for the annual CSR report.

- **Organization level:** The Head Office establishes a CSR management team to coordinate daily CSR management work, including CSR activities, preparation of the CSR report, carrying out training, publicity and guidance activities, collecting performance indicators and providing excellent CSR practice cases.
- **Execution level:** Functional departments and operating departments of the Head Office and branches are responsible for the centralized management of all CSR issues, regularly submit related management measures, performance indicators and excellent cases, and carry out various CSR activities in their respective areas.

Materiality Analysis

We identify, assess and screen CSR issues based on the materiality analysis model, and confirm material issues of great importance to us and our stakeholders. There are important disclosures and replies addressing these issues in the Report.

Identification	Assessment	Screening
<ul style="list-style-type: none"> • Analysis on policy and industry hotspots: Analyzing macro-economic and industry hotspots and policies, and identifying policy directions and opportunities for fulfilling responsibilities in the banking industry • CSR strategy: Comprehensively analyzing relevant research outcomes and related Sunflower responsibility concept models and identifying 18 issues that are important to stakeholders and us. 	<ul style="list-style-type: none"> • Invited external CSR experts and consultants as well as internal employee representatives to assess the importance of the above issues. Based on the assessment results, a two-dimensional system was generated showing importance of the issues. 	<ul style="list-style-type: none"> • Constructed a materiality analysis matrix (see picture below) to prioritize the issues. We focused on issues of high materiality in the Report.



1	Protecting customer rights and interests	10	Improving corporate governance
2	Enhancing customer experience	11	Accelerating digital transformation
3	Avoiding financial risks	12	Promoting green finance
4	Serving the real economy	13	Optimizing training and career path
5	Developing inclusive finance	14	Supporting national strategy
6	Protecting employees' rights and interests	15	Practicing green operation
7	Developing innovative fintech	16	Facilitating poverty alleviation

8	Caring for employees		17	Supporting charities
9	Promoting financial education		18	Promoting industrial development

Stakeholder Engagement

We sought more ways to communicate with stakeholders in our daily operation, and carefully listened to the voices and feedback of customers. We have built a regularized communication system and used digital technologies to enhance our communication with stakeholders.

Stakeholders	Expectations and Demands	Communication Channels
Government	<ul style="list-style-type: none"> • Serving the real economy • Facilitating poverty alleviation • Supporting national strategy • Avoiding financial risks • Developing inclusive finance • Protecting customers' rights and interests 	<ul style="list-style-type: none"> • Studying and complying with related financial policies • Facilitating the formation of industry policy • Related research and discussions • Submitting statistical statements
Regulators	<ul style="list-style-type: none"> • Avoiding financial risks • Protecting customers' rights and interests • Improving corporate governance • Promoting financial education 	<ul style="list-style-type: none"> • Complying with regulatory policies • Taking part in research and studies • Daily approval and regulation • Submitting statistical statements
Shareholders and investors	<ul style="list-style-type: none"> • Improving corporate governance • Avoiding financial risks • Developing innovative fintech • Accelerating digital transformation • Enhancing customer experience 	<ul style="list-style-type: none"> • Periodic reports and announcements • Roadshow and reverse roadshow • Investor visits and meetings • General meeting of shareholders

Stakeholders	Expectations and Demands	Communication Channels
Customers	<ul style="list-style-type: none"> • Developing innovative fintech • Enhancing customer experience • Protecting customers' rights and interests • Accelerating digital transformation • Promoting financial education 	<ul style="list-style-type: none"> • Customer research • Customer satisfaction research • 95555 customer service platform • Customer care activities • WeChat, Weibo and other digital platforms
Employees	<ul style="list-style-type: none"> • Promoting personal development • Caring for employees • Optimizing training and career path 	<ul style="list-style-type: none"> • Employee representative conference • Employee satisfaction research • Employee recreation and sports activities • Compliance and reporting mechanism
Partners	<ul style="list-style-type: none"> • Avoiding financial risks • Promoting industry development 	<ul style="list-style-type: none"> • Day-to-day communication • Interbank communication and cooperation • Bidding and tenders • Supplier research; visits to suppliers
Environment	<ul style="list-style-type: none"> • Promoting green finance • Implementing green operations 	<ul style="list-style-type: none"> • Complying with energy saving and emission reduction policies • Forums and meetings on green finance • Collection and disclosure of environmental protection-related data • Non-profit environmental protection activities
Communities	<ul style="list-style-type: none"> • Facilitating poverty alleviation • Developing inclusive finance • Supporting charities 	<ul style="list-style-type: none"> • Targeted poverty alleviation • Building social projects • Cardholder donation platform • Employee volunteering • Social services

1 Accuracy in Efforts to Fight Poverty

Sustainable Development Background

Poverty remains a big challenge for the whole world. Since China started its fight against poverty several years ago, the country's poverty rate declined to 1.7% in 2018 from 10.2% in 2013, reflecting the huge success of China's poverty alleviation campaign. As part of the community, enterprises play a significant role in targeted poverty alleviation. CMB firmly implemented the national poverty alleviation policies, and adhered to the concept of "Never Decoupling from Poverty Alleviation". We have optimized the work mechanism and invented new modes for targeted poverty alleviation, thereby helping China win the tough battle against poverty.

SDGs



1.1 CMB'S Road to Alleviating Poverty

2019 is the 20th year in our implementation of targeted poverty alleviation. CMB has always actively responded to China's poverty alleviation policies, and fought poverty highly effectively. We have implemented three poverty alleviation modes with high breadth and depth. The three modes, namely poverty alleviation through education, industrial support and cultural development, and cultural development, have been promoted and carried out across China using our national branch network.

CMB has been designated to help Wuding County and Yongren County of Yunnan Province reduce poverty. In the past 20 years, we invested a total of RMB 48 million to facilitate local poverty alleviation in the two counties. During the same period, our employees donated a total of RMB 117 million to the two counties, and we dispatched 76 cadres to the two counties to help alleviate poverty. By the end of 2019, we have helped Yongren County rise above the status as a "Poverty-Stricken County". In 2020, we will increase our investment in poverty alleviation and spare no efforts to help Wuding County win their battle against poverty. We also will help the two counties build long-term poverty alleviation mechanisms to prevent a return to poverty.

Our poverty alleviation work system	
Deep participation by senior executives	<ul style="list-style-type: none"> Established a poverty alleviation leadership team at the Head Office. President Tian Huiyu is the team leader. Deputy President Wang Yungui is the deputy team leader. Heads of relevant departments are the team members A special poverty alleviation project review committee is set up under the poverty alleviation leadership team. Members of the review committee are also members of the poverty alleviation leadership team. They review the poverty alleviation projects one by one, and further improve the organizational structure, decision-making mechanism and working system of the poverty alleviation leadership team.
Visits and inspections	<ul style="list-style-type: none"> In 2019, CMB's management and the poverty alleviation leadership team visited the two counties many times to inspect and learn about the progress in alleviating poverty for the two counties. They attended local poverty alleviation symposiums and visited poverty-stricken villages and households.
Special meetings	<ul style="list-style-type: none"> In 2019, CMB held one bank-wide poverty alleviation work meeting. The poverty alleviation leadership team from the Head Office held four team meetings. The special poverty alleviation project review committee held two committee meetings. Two symposiums were held with participation of delegates from the assisted counties and prefecture. Attendees of these meetings and symposiums formulated the annual poverty alleviation work plans, summarized work experiences and expedited the implementation of specific poverty alleviation measures.

Our poverty alleviation work system	
Dispatching poverty alleviation cadres to the poverty-stricken regions	<ul style="list-style-type: none"> CMB formulated the <i>Rules governing the CMB Cadres for Poverty Alleviation in Wuding County and Yongren County (the 5th edition)</i>, which further enhanced the rules governing the selection, work duties, organization and leadership, daily management, assessment and compensation of poverty alleviation cadres. Every year, two of our employees are assigned to temporarily act as subprefects for the two counties. Moreover, given the high level of poverty in Wuding County, one employee will be assigned to temporarily act as the first secretary of a local village. Poverty alleviation cadres are encouraged to use their expertise to help local people fight poverty.
Increasing investment in poverty alleviation	<ul style="list-style-type: none"> We have put in place a “poverty alleviation-oriented + review mechanism-based” mode, and set up an RMB 100 million special poverty alleviation fund. The special poverty alleviation project review committee vets proposed projects, and ensures that only qualified poverty alleviation projects receive investment from the fund. CMB has formulated the <i>Rules governing CMB Special Poverty Alleviation Fund</i>, which sets rules on classification, review, funding, account management, capital management and supervision of special poverty alleviation projects. According to the Rules, the CMB Special Poverty Alleviation Fund can only invest in projects that alleviate poverty through education, cultural development, industrial support, local goods marketing, professional expertise and job creation, and meet the conditions of “being free from two worries, and enjoying three guarantees”.
Effectively monitoring and guiding	<ul style="list-style-type: none"> A sound and adequate supervision and guidance mechanism is put in place to quickly identify, analyze and develop solutions for problems in alleviating poverty.

Poverty Alleviation Integrating Three Modes

We deeply understand that the key to poverty alleviation is helping local people increase income, changing their mindsets for self-development and providing industrial support to create a sustainable source of income. Based on our years of practice, we developed the poverty alleviation concept of “Integrating Three Poverty Alleviation Modes”. Under the concept, we believe “education is the foundation for poverty alleviation, industrial support is the key to poverty alleviation, and cultural development is the ultimate goal of poverty alleviation”. Finally, we solidified the concept into a replicable, sustainable and self-sufficient poverty alleviation model.

Poverty alleviation through education	CMB provides “one-to-one” targeted support and scholarship programs to local students. CMB also launched the “warm bag” program and constructed the Gubai CMB Hope Primary School as an exemplary school. Through “one-to-one” targeted support, CMB helped poor students 26,000 times.
Poverty alleviation through industrial support	We have built the “Internet + agriculture” mode to reduce poverty. We have launched the “Love Walnut” (“爱心核桃”) and “Love Guava” (“爱心石榴”) charitable agricultural projects. In 2019, RMB 7.03 million walnuts were sold in the “Love Walnut” project, while RMB 7.86 million guava were sold in the “Love Guava” project.
Poverty alleviation through cultural development	CMB helps promote characteristic ethnic culture, with a focus on local folk customs and traditional arts and skills. We also organized training programs for making embroidery in the Yi people's style.



“Warm bags” were presented to students



“Love Guava” distribution ceremony

1.2 Targeted Poverty Alleviation

In 2019, we further optimized poverty alleviation work mechanism to help Wuding County and Yongren County systematically reduce poverty through education, industrial support and cultural development. We provided RMB 51.4228 million worth of financial assistance to the two counties, and helped Yongren County rise above its status as a “Poverty-Stricken County” in 2019. Wuding County suffered an even higher level of poverty and we increased support to help them eliminate poverty in a timely manner.

Measures	Practices
Focusing on key areas	<ul style="list-style-type: none"> We carried out projects in the two counties to alleviate poverty through education, cultural development, industrial support, professional expertise and job creation. We used the “party-building mechanism” to promote poverty alleviation. We particularly focused on building safety, healthcare and drinking water safety.
Helping raise more financial assistance	<ul style="list-style-type: none"> We helped the two counties raise RMB 5.8696 million in financial assistance from outside sources. RMB 1.2196 million went to Wuding County, and RMB 4.65 million went to Yongren County.
Training poverty alleviation talents	<ul style="list-style-type: none"> We helped the two counties train 483 grassroots cadres, including 388 in Wuding County and 95 in Yongren County. We helped the two counties train 1,455 technicians, including 832 in Wuding County and 623 in Yongren County.
Boosting sales of products made in the poverty-stricken regions	<ul style="list-style-type: none"> CMB and its employees purchased RMB 12.8744 million worth of agricultural products from the two counties, including RMB 4.3521 million worth of products from Wuding County and RMB 8.5223 million worth of products from Yongren County; We helped the two counties sell RMB 3.1508 million worth of agricultural products, including RMB 2.0045 million worth of products in Wuding County and RMB 1.1463 million worth in Yongren County.

In 2019, through our projects of alleviating poverty via industrial development, we supported a local leading company in Wuding County, and 6 rural cooperatives in the two counties (3 in Wuding County and 3 in Yongren County), and helped lift 1,055 registered people (408 in Wuding County and 647 in Yongren County) out of poverty.

- We have built the “Internet + agriculture” mode to reduce poverty. This has helped to introduce agricultural products from Wuding and Yongren counties on famous fresh food e-commerce platforms such as www.benlai.com. We have launched the “Love Walnut” and “Love Guava” projects. In 2019, 134 tons of walnuts, worth RMB 7.03 million, were sold in the “Love Walnut” project; 549 tons of walnuts, worth RMB 7.86 million, were sold in the “Love Guava” project.
- We worked with e-commerce platform Pinduoduo to create the “product quality + e-commerce channel” mode. We have established the CMB Pinduoduo “Love Walnut” and “Love Guava” demonstration parks, in order to facilitate the sales of local agricultural products at the source.

Case:

“Walnut subprefect” finds new ways to fight poverty through industrial support

Wang Binghua is one of our 20th batch of dedicated poverty alleviation cadres. He was appointed as the subprefect of Wuding County in 2018. Shortly after arriving in Wuding County, Wang Binghua learned that more than 25,000 farmers in 11 local towns had grown walnuts, but they could not find a good market, and the walnuts eventually sold at low prices.

In order to boost these farmers’ income, Wang Binghua decided to use e-commerce platforms. Supported by CMB, Wang Binghua invited many outside enterprises such as China Merchants Group, www.benlai.com, Pinduoduo, Suning Group and Benxiang Fruit to send delegations to inspect the walnut industry in Wuding County. Wang Binghua helped Wuding County build a walnut e-commerce industrial chain, and founded CMB’s charity walnut brand “Walnut with You”. In the past two years, over RMB 5 million worth of walnuts were sold on e-commerce platforms. Now, the “Wuding Walnut” is becoming a geographical symbol and agricultural brand recognized by markets and consumers. Development of the walnut industry correspondingly increased income for local farmers.

In terms of poverty alleviation through education, Wang Binghua worked with the Head Office to raise millions of RMB to support education in Wuding County. These funds were used to buy local students supplies such as coats, quilts, water

heaters, shoes, sports socks, among others. Wang Binghua also completed poverty alleviation projects such as “Sunflower” Music Classrooms, public welfare classrooms, and village education, among others.



Wang Binghua, the poverty alleviation cadre dispatched to Wuding County, organized a donation activity for local students

Case:

CMB's Kunming Branch helped build the “CMB Weidi Chinese Chestnut Processing Plant” and successfully alleviated poverty through industrial support.

Weidi is in the north of Yongren County. Chinese chestnut is one of the characteristic local agricultural products. However, due to the low added value of Chinese chestnut, it is difficult for farmers to increase their incomes. After many inspections, the Kunming Branch invested RMB 2.982 million to build the “CMB Weidi Chinese Chestnut Processing Plant”, which processes Chinese Chestnut produced in Weidi. The plant raised the income of local farmers by increasing the added value of Chinese chestnut products.

The processing plant also endeavored to build a win-win model that enables local people to share the benefits of the plant’s development. The plant created job opportunities for local people, and allowed them to invest in and receive dividends from the plant. After completion of the plant, 10% of the profit is used to fund development of a collective economy in local villages. The plant not only helps build a complete Chinese chestnut industrial chain, but also provides new momentum to help local people rise above poverty and have enough money.



CMB Weidi Chinese Chestnut Processing Plant

1.3 Innovative Poverty Alleviation

Using its national branch network, and based on its experiences in innovative and targeted poverty alleviation, CMB invented new poverty alleviation modes and innovative products that cater to the local conditions in poverty-stricken regions across the country. By doing this, CMB boosted efficiency for lessening poverty.

Poverty alleviation through innovative financial products

Based on the demands in poverty-stricken rural regions, we increased credit support for these regions. Moreover, we invented new poverty alleviation modes to enable more efficient use of financial resources.

- In Wenzhou, we expanded the personal asset business with rural houses being the principal collaterals, and issued the first loan with rural housing being used as collateral. The new product provided a new financing channel to rural residents. By the end of 2019, RMB 6.05 million in rural house-backed loans have been issued in 11 transactions.
- Wuhan Branch formulated the CMB Wuhan Branch Rules Governing Small-Sum Poverty Alleviation Loans and carried out small-sum poverty alleviation lending business in the two counties they are designated to help.
- Taiyuan Branch worked with the Head Office to provide more small-sum poverty alleviation loans to local customers. By the end of 2019, they extended a total of RMB 14.4 million small-sum poverty alleviation loans in 291 transactions.

Case:

Hangzhou Branch continued to help the poverty-stricken, and sought new ways to combat poverty

In February 2019, Quzhou Branch set up a provincial working team for alleviating

poverty. The team was stationed in the village they were designated to help. The team invested RMB 100,000 to embrace the green options of the “One Village, Ten Thousand Trees” (“一村万树”) program, which aimed to help Shangpu Village of Jiuhua Town construct fine-looking villages. The Hangzhou Branch purchased green options for 100 cherry trees and after the green options expire, the branch may sell the options and further increase the villager's income.

The branch also actively donated a total of RMB 16,000 to Wuding and Yongren counties in Yunnan Province throughout the year. Some employees are paired with local poor students to help them overcome real life problems.



Helping village under the “One Village, Ten Thousand Trees” program

Case:

Nanchang Branch uses technology to help navel orange farmers get out of poverty

Ganzhou is known as the “orange capital of the world”. It ranked first in the world in terms of cultivated area for navel oranges, and third in terms of annual navel orange output. Gannan navel oranges have also become an icon representing Jiangxi Province's agricultural products.

Since November 2017, the Nanchang Branch has helped build the business model of “fruit farmers - express logistics platform - CMB App e-commerce platform – nationwide CMB customers”. The business model has brought the quality and tasty Gannan navel oranges from the poverty-stricken Anyuan County of Ganzhou to the CMB App. We regularly launched group-buy activities targeting premium CMB customers nationwide. By the end of 2019, over 16,000 orders were placed through the app for over 50 tons of navel oranges worth over RMB 700,000.



CMB used technology to help navel orange farmers fight poverty

Case:

Lanzhou Branch helped reduce poverty in Min County

Lanzhou Branch was designated to help reduce poverty in Caodi Village of Min County, Dingxi City in Gansu Province. Since the designation, the branch used their industrial expertise to help local people fight poverty. In November 2018, the Lanzhou Branch invested over RMB 200,000 to build the CMB Caodi Village Traditional Chinese Medicine Cooperative which taught local farmers planting techniques, and purchased traditional Chinese medicines from farmers at prices higher than market value. Moreover, the cooperative preliminarily processed the purchased traditional Chinese medicines, which increased the added value of characteristic local agricultural products such as *angelica sinensis* and *astragalus membranaceus*.

As at the end of 2019, the cooperative has assets of nearly RMB 2 million, and distributed dividends to 166 poverty-stricken households and the village administration three times. The dividends totaled RMB 85,500. The poverty rate in Caodi Village of Min County presently stands at 9% and previously was 32.92% in August 2017.



Opening Ceremony of CMB Caodi Village Traditional Chinese Medicine Cooperative in Min County

2 Focusing on promoting high quality development

The financial industry's ultimate goal is to serve the real economy. As the Chinese economy shifts from the stage of rapid growth to the stage of high quality growth, it's vital for China to optimize the regional economic layout, promote transformation and upgrade of industrial structure; and support the development of private-sector enterprises as well as small and micro businesses. These efforts will represent an important part of China's push to build a modern economic system. CMB actively responded to China's government policies, and relied on fintech and its professional advantages to fully support the development strategies of major regions, optimize the private sector service system and small and micro businesses, while innovating cross-border financial services, thereby providing financial momentum for rapid and high-quality development.

SDGs



2.1 Helping Small Businesses

As one of the most dynamic groups in the economy, small and micro businesses are an important force that promotes stable economic growth, job creation and innovation. However, small and micro businesses have been facing challenges such as difficulties in obtaining cheap credit, which has impeded their development.

CMB knows that financial services are of great importance to the development of small and micro businesses, and can significantly promote sustainable growth and the vitality of businesses. Therefore, we insisted on building a new small business service model that is driven by customers and technology, and focuses on key industries and areas. By doing this, we have continuously improved the quality and efficiency of financial services for small and micro businesses. In 2019, our small and micro business loans amounted to RMB 404.888 billion covering 369,000 customers.

Innovating services for small and micro businesses

To address small and micro businesses' difficulties in obtaining cheap credit, we launched the CMB Loan App in 2019. The app uses fintech and has digitized the entire processes of loan services to empower small and micro businesses. Moreover,

the app introduced a scenario-based online product system that targets important scenarios and customer groups. In addition, products are continuously innovated to meet the demand of small and micro businesses.

CMB Loan App

In 2019, we launched the CMB Loan App that provides whole-process and one-stop online services to small and micro businesses. Moreover, the app will appoint one dedicated account manager for every customer. The launch of CMB Loan App has been part of our efforts to explore innovative online service models, and provided three solutions to address difficulties in obtaining cheap credit.

1. Fully digitized service processes:

Customers can complete the pre-approval process within 60 seconds through the online application. They can also check the progress of their loan application, status of approved loans and repayment information online in real-time. These features boosted efficiency in processing small and micro business loan applications.

2. Dedicated account managers:

The CMB Loan App appoints dedicated account managers for small and micro business customers. Through the CMB App, officially-certified account managers operate offline to provide “one-on-one” dedicated online services to small and micro businesses. This is the first of its kind in the Chinese banking industry and ensures efficiency and quality in responding to customer inquiries. The service model enables small and micro businesses to easily and quickly find the related bank employee and communicate to address any problems in the lending process.

3. “Shengyi Hui (生意汇)” Integrated Services

In addition to loans, the CMB App provides other integrated financial services that help build an ecosystem for small and micro businesses. These services can bring new development opportunities to small and micro businesses, and facilitate business communication and upstream-downstream cooperation between small and micro businesses.



CMB Loan App makes borrowing easier for small businesses

Case:**CMB launched the first “online discounting” services to help small and micro businesses discount notes**

We have been the first bank to launch “online discounting through internet banking” and “online discounting through mobile app”. In these services, we used fintech to remove restriction in terms of time and space, and provided discounting services to enable businesses to obtain cash immediately at any time and any place. In the past, small and medium-sized enterprises faced difficulties to discount notes in a low-cost manner due to the high operating costs arising from the small value and short tenor of their notes. Our services have overcome these issues. In 2019, 12,439 small and micro businesses used the online discounting services, accounting for 92% of all customers using the online discounting services.

Case**Wuhan Branch invented new business models to promote small business lending**

In 2019, the Wuhan Branch used fintech and a new big data-based risk control model to invent a new online supply chain lending mode. Under the mode, bank data is directly connected to data from core customers in all scenarios, which enables the use of data regarding information flow, goods and capital in online supply chain lending. Under the mode, all operations and risk controls are digitized and processes become visualized, allowing massive online lending to small and medium-sized enterprises.

In June 2019, Wuhan Branch used the historical cooperation data of a core large customer in the storage and transportation industry to provide nearly RMB 200 million in new credit lines to over 10 carriers. The branch used the cargo and freight data to dynamically calculate the actual withdrawal amount, which greatly streamlined the loan approval processes and enabled small and medium-sized enterprises to borrow more easily.

Optimizing business processes

In 2019, we further optimized business processes. We mainly improved the business processes about enterprise account opening and end-to-end loan services.

Optimizing business processes for account opening

We optimized account opening in 18 branches on a pilot basis. We realized automatic collection of enterprise industrial and commercial registration and beneficiary information.

Optimizing business processes regarding end-to-end loan services

- Promoted process optimization regarding the “three check” in standardized products for small businesses.
- Clearly defined the elements, due diligence templates and data sheets in the “CMB Fast Secured Loan” (“招抵快贷”) business.
- Uploaded functional modules for enterprise credit investigation including online authorization, online withdrawal of working capital loans, post-loan mobile terminal, among others.
- Developed warning indicators particularly for online supply chain projects, and enabled automatic preparation of post-loan report on N-end customers.
- Digitized certain work processes that previously required manual operation in the traditional lending business.

Promoting product innovation

In 2019, we developed new loan products based on scenarios of government procurement and tax rebate. Moreover, we marketed these products to our existing key customers. We also further improved our online product models and supporting systems which drove the development of small and micro businesses.

Serving online based on scenarios	<ul style="list-style-type: none"> • Government procurement scenario: launched the online lending mode under the government procurement scenario. Under the mode, we connected to government procurement websites in different locations. We teamed up with governments to build an online loan service platform for small and medium-sized enterprises, and provide unsecured loans backed by orders of government procurement. • Export tax rebate scenario: we launched the fully-digitized “fast tax rebate loan” project that allowed customers to submit loan applications and complete all other procedures online.
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<p>Innovating and optimizing key products</p>	<ul style="list-style-type: none"> Optimized the high-tech small business loans for tech firms that operate through the asset-light model or have no fixed asset to collateralize. Invented a specialized fintech loan product called “Investment Link Loan” (“投联贷”). The product is designed for small enterprises that are already or about to be invested in by PE firms, have a certain operational scale, sound financial position and good outlook, but have no fixed assets to collateralize. Optimized secured loans for small and medium-sized enterprises with good track records in operation. The secured loan, with a maximum tenor of 5 years, can be used for multiple purposes and has convenient collateral processes. It features high flexibility in use. Borrowing and repayment can be done online at any time, and does not require principal repayment before renewing.
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Small business loan for government procurement

Case:

Providing loan services to Tencent's upstream small and medium-sized suppliers

Lots of outstanding small and medium-sized tech firms operate on the Tencent industrial chain. However, they are still too small to have easy access to credit. As the exclusive supply chain finance partner of Tencent, we designed a customized supply chain finance project that leverages Tencent's core position in the industrial chain. The first product under the project was online payment agency service. By providing financial services to Tencent's ecosystem partners, we effectively addressed the difficulties of Tencent's upstream suppliers in financing.

Case:**Shenzhen Branch launched the fast tax rebate loan for special districts**

In 2019, Shenzhen Branch made breakthroughs in online operation of corporate loans. Automated processing was realized in twelve innovative services, which included automatic customer registration, automatic information inquiry, automatic access, automatic approval, online shareholder resolution, online signing, automatic pricing, automatic pledging, automatic quota confirmation, automatic withdrawal audit, automatic use control and automatic monitoring of repayment. Customers can apply for loans and complete all the lending processes online. The application and approval process, the signing and quota confirmation process, and the withdrawal and disbursement process all take less than one minute.



Service page of fast tax rebate loan

Case:**Chengdu Branch actively provided supply chain financing to address small and micro businesses' difficulties in obtaining loans**

ZJXB Company primarily engages in concrete production and sales. It only received bank acceptance bill services from our bank, and recipients of its bills were mainly small and micro businesses and individual self-employed vendors that engaged in the sand trade, logistics and transportation, project reconstruction, additive processing, labor outsourcing, etc. These small and micro businesses and individual vendors, when acting as separate loan applicants, face difficulties when applying for bank loans.

Through its payment agency business under supply chain finance, Chengdu Branch reached out to each supplier, and met the loan demands of these upstream small and micro businesses. By the end of 2019, Chengdu Branch extended 160 loans under the supply chain payment agency business, involving 64 borrowers and with a loan amount of RMB 205 million.

Case:**Dongguan Branch launched small-sum secured loan with interest subsidy to boost private-sector economy**

The Dongguan Branch has supported China's "mass entrepreneurship and innovation" campaign by actively serving small and micro businesses as well as the private-sector economy. They joined hands with Dongguan Human Resources and Social Security Bureau as well as Dongguan Finance Bureau to start a "Startup Loan" project aiming to help small and micro businesses. Under the project, small-sum secured loans with interest subsidies, and a principal of up to RMB 200,000, were provided to entrepreneurs in Dongguan. The project effectively reduced borrowing costs for small and micro businesses, and addressed their difficulties in obtaining cheap loans. As at the end of 2019, a total of RMB 664 million in startup loans were provided to 3,513 small and micro businesses.



Small-sum secured loan with interest subsidy for small and micro businesses

Empowering innovative tech firms

We have focused on small and medium-sized tech firms with good growth potential. Continuing with the "Qianying Zhanyi(千鹰展翼)" program this year, we have supported small and medium-sized tech firms in emerging industries including smart manufacturing, information technology, new energy, new materials, energy-saving and environmental protection, healthcare, culture and media. Under the program, we serve small and medium-sized tech firms throughout their lifecycles and value chain. Our integrated services include conventional services (tech loans, fintech products and equity investment introduction), value-added services (market development and operational enhancement) and innovative services (recommendations to institutions, IPO training and expert advisory services). Our services have helped tech firms rapidly grow.

As of the end of 2019, the “Qianying Zhanyi” program is nurturing 26,000 companies in the pipeline, and providing over RMB 254.732 billion credit line. The program helped over 450 companies to go public on the A-share market. Moreover, we sponsored the China Innovative Entrepreneurship Competition that was hosted by the Ministry of Technology and Science for eight consecutive years as the exclusive banking partner. We provided financial services to about 18,000 companies that took part in the competition and extended RMB 34.6 billion credit line to these companies.

Case:

“Qianying Zhanyi” helps a “new momentum” company build an ecosystem

JF Technology is a tech firm committed to development and promotion of smart agricultural technologies. Its products include plant protection drills and systems, mapping drills and agricultural IOT systems. From its foundation to rapid development, the “Qianying Zhanyi” program has grown together with JF Technology.

- In 2014, the company completed the series A USD funding round. However, after the early-stage funding was completed in early 2015, the company encountered difficulties in bringing capital inbound. We quickly designed a package of cross-border financial services to help the company overcome the difficulties.
- In 2016, the company’s quick business expansion caused new working capital needs. Through cross-border financing solution, we provided a RMB 65 million loan to the company.
- In 2017, the company received investment from an overseas VC firm in its series B funding round. We provided virtual cash pooling services to address the company’s cross-border capital transfer needs.
- In 2018, JF Technology planned to introduce new products. We provided a RMB 80 million credit line to fund the R&D and marketing of the new products.

In 2019, JF Technology launched the new products, but it did not see large volume of orders for the products. After investigating and analyzing JF Technology’s industry chain, we formulated a supply chain finance plan to help JF Technology consolidate supply chain. We selected distributors with good reputations, and provided them with a RMB 100 million loan in the first tranche of our supply chain finance solution. JF Technology made a breakthrough in business development and built an ecosystem in smart agriculture. With the assistance of the “Qianying Zhanyi” program, JF Technology is on track to become an industry benchmark.

Case:**“Qunyinghui Zhanyixing” program provided value-added services to small and micro businesses**

Aligning with the trends of capital market and based on the needs of small and medium-sized tech firms, we carried out a series of activities under the “Qunyinghui Zhanyixing” (“群鹰荟·展翼行”) program. By integrating the resources of different parties including government agencies, exchanges, industrial parks, investment institutions, securities companies, law firms and consultancy firms; the program provided value-added services such as equity and debt financing, development strategy streamlining, market channel expansion, corporate governance standardization, internal management improvement and capital market operation to members under the program. As a result, we helped different small and micro businesses solve problems in their business development process.



“Qunyinghui Zhanyixing in HKEX”

Case:**Shenzhen Branch leveraged the “Qianying Zhanyi” program to facilitate the Shenzhen Innovation and Entrepreneurship Competition**

Shenzhen Branch, using the “Qianying Zhanyi” program, fully supported the Shenzhen Innovation and Entrepreneurship Competition, which is an authoritative public welfare competition in innovation and entrepreneurship. The competition was hosted by the Shenzhen Municipal People's Government and the Torch High Technology Industry Development Center of the Ministry of Science and Technology. In 2019, Shenzhen Branch cooperated with the competition's organizers to serve over 6,000 participating enterprises or projects. They followed up on the needs of these enterprises after the competition, helped the competition's organizers establish a growth database for enterprises participating in the competition and helped the tech firms take off.



At the venue of the Shenzhen Innovation and Entrepreneurship Competition in 2019

2.2 Supporting Regional Development

Based on China's regional development strategy and regional demand for financial services, CMB accelerated innovation of financial services and products. We used our financial services to facilitate the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), the coordinated development of the Yangtze River Economic Belt and Beijing-Tianjin-Hebei region, as well as the coordinated development of important strategic regions such as the Xiong'an New Area.

Supporting development of GBA

As a financial institution headquartered in the core GBA area, we closely followed the national strategy and remained committed to combining financial innovation with GBA development by formulating differentiated policies and establishing coordination and cooperation mechanisms with GBA governments.

We issued the first batch of differentiated policies for the GBA

After issuing *the first batch of seven differentiated policies for the GBA*, we promoted GBA development by simplifying process, establishing green passages and implementing remote approvals.

- The credit approval model of “head office before branch” was piloted and given preference in the GBA
- The approval process for syndicate loans in the GBA was simplified
- Branches were given more quotas for rating adjustments
- Differentiated settings and preferential treatment were offered in business loans and capital limits
- A green approval passage was established in the GBA
- Green passage for product innovation in the GBA was proposed to facilitate tech innovation and cross-border financial product innovation
- Remote approval and authority for supply chain finance have been expanded

to facilitate industrial financing

Case:

Exploring innovative financial instruments to support GBA development

Focusing on capital demand of seven key areas in GBA development, we instructed social investors to support GBA development through a series of bond underwriting arrangements.

In June 2019, RMB 1 billion medium-term notes from the Shenzhen Special Economic Zone Construction and Development Group, which were jointly underwritten by CMB and China Development Bank, were issued in the inter-bank bond market. The notes are the first non-financial enterprise debt financing instrument issued in the inter-bank market to fund GBA development. RMB 1 billion medium-term notes were issued in this tranche, with a tenor of 3 years and a coupon rate of 3.70%. Part of the raised capital was used for developing the issuer's new generation of an industrial park operating project in the GBA. This project integrates the characteristics of strategic emerging industries and corporate headquarters, and will become an important base to lead high-end industrial development in the GBA.

Case:

Promoting implementation of “Shenzhen-Hong Kong Easy Registration” (“深港通注册易”)

The “Shenzhen-Hong Kong Easy Registration” mechanism is a benchmark project jointly promoted by Shenzhen and Hong Kong SAR to improve the GBA business environment, and simplify the account opening process of enterprises in Shenzhen and Hong Kong. In April 2019, CMB became one of the first group of partner banks for the commercial service. Together with Wing Lung Bank and Shenzhen Branch, we set up a special taskforce, and printed and issued *the Notice on Printing and Distributing the Operation Procedures of Shenzhen-Hong Kong Easy Registration*, which set rules for this innovative business. Building on our success with “Shenzhen-Macao Connect” (“深澳通”) and “Guangzhou-Hong Kong Connect” (“穗港通”), we duplicated and promoted “Shenzhen-Hong Kong Easy Registration”.



Promoting implementation of “Shenzhen-Hong Kong Easy Registration”

Case:

Dongguan Branch implemented national strategy and promoted GBA development

Dongguan Branch promoted GBA development by focusing on the major infrastructure projects in Dongguan, and actively participating in a rail transit project in Dongguan, as well as the Dongguan Development Holdings Dongguan ring expressway reconstruction project and the Dongguan-Shenzhen expressway expansion project.



Public transportation project in Dongguan

Promoting integrated development in the Yangtze River Delta

The Yangtze River Delta is the most economically vibrant and open region with the best innovation capability in China. We actively responded to the national strategy and participated in regional financial policy research for the Yangtze River Delta. Our key branches in the delta held promotion meetings for Yangtze River Delta regional integration. We also cooperated with key enterprises and institutions to fully support the integrated development of the Yangtze River Delta.

We integrated financial service solutions based on ecosystems and scenarios such as tech innovation finance, cross-border finance, infrastructure construction, life services, etc.

Tech innovation finance	Centering on tech innovation, we explored a new integrated model of tech innovation finance to serve innovative ecosystems, further facilitated the construction of G60 tech innovation corridor in the Yangtze River Delta, and optimized the integrated financial service solutions such as the “IPO Loan”, tech innovation loan, high-tech loan, tech contract performing loan, and “Smart G60” tech financial services of the Shanghai Branch.
Cross-border finance	We provided cross-border financial service solutions and built various cross-border financial service platforms to meet the development needs of enterprises.
Infrastructure construction	We kept investing in and following up on key projects to realize scenario-based operations.
Life services	Centering on quality of life and digital operations, we served new customers under new scenarios brought by the integration.

Facilitating coordinated development of Beijing, Tianjin and Hebei

We fully seized opportunities arising from the coordinated development of Beijing, Tianjin and Hebei, relied on our four branches in Beijing, Tianjin, Shijiazhuang and Tangshan, optimized the linkage and coordination mechanism, increased the financing support for enterprises and projects, as well as served the business development of the Xiong'an New Area and Tianjin Free Trade Zone. Through these efforts, we promoted the functional expansion and industrial transfers in Beijing and Tianjin.

- In August 2019, we opened Tongzhou Branch, a tier-2 branch, and started preparing the Yunhe East Street Sub-branch, aiming to facilitate the development of the urban sub-center of Beijing.
- In 2019, we became a member of the first underwriting group to issue ultra-short-term financing bonds from China Xiong'an Group. The bonds were issued on schedule according to the issuer's needs, and proceeds from the bond sale will be used to support the development of Xiong'an New Area into a sub-center of the capital city.

- Tianjin Branch and Beijing Branch have formulated *the Long-Term Cooperation Mechanism for Linkage* between Beijing and Tianjin. Through information exchange and sharing, the two branches can complement each other and coordinate resources. They have provided RMB 1.233 billion in syndicated fixed-asset development loans for phase 1 of the Huaneng Inner Mongolia Abaga Banner Bieligutai (“别力古台”) 200MW Wind Power Project, RMB 1.191 billion syndicated loan to Tianjin Xinzhan Expressway Co., Ltd., and an RMB 1 billion domestic syndicated loan to China Resources Pharmaceutical Commercial Group Co., Ltd.
- To seize opportunities arising from the coordinated development of Beijing, Tianjin and Hebei, construction of Xiong'an New Area as well as holding the Beijing Zhangjiakou Olympic Winter Games, Shijiazhuang Branch extended special credit lines to key projects, opened green passages and innovated related financial products to contribute to coordinated regional development.

2.3 Promoting cross-border finance

CMB has amassed operating advantages in domestic and overseas businesses, RMB and foreign currency businesses, onshore and offshore markets as well as commercial and investment banking. Leveraging these advantages, CMB combined its transformation and development strategy with the national strategy. By doing so, we enhanced and innovated cross-border financial services to support the Belt & Road Initiative (“B&R Initiative”), helped Chinese companies go abroad and promoted the development of Free Trade Zones (“FTZ”).

Supporting the B&R Initiative

We closely monitored the demand for financial services in countries and regions along the B&R Initiative route, and leveraged our expertise and resources to fund the development activities under the B&R Initiative.

Case:

Hangzhou Branch supported the largest photovoltaic power station project in Southeast Asia

In 2019, Hangzhou Branch launched the “project guarantee” service for a Vietnamese photovoltaic power station project contracted by a subsidiary of a Zhejiang-based central government-controlled enterprise. In terms of installed capacity, the project is the largest photovoltaic power station in Southeast Asia, with an EPC contract price of RMB 2.2 billion. Hangzhou Branch designed a full

set of financing solutions for the contractor, which included “export factoring (project guarantee) + forfaiting without recourse”. The financing solutions helped the customer win the project bidding. We continued to provide about RMB 1.5 billion in loans amid project construction, to help the contractor complete the project.

Case:

Guiyang Branch supported the transformation and upgrading of foreign project contractors

Guiyang Branch has partnered with a related insurer and project company to sign a financing insurance agreement and strategic cooperation agreement on Argentina’s 100MW project with China Power Construction Group Guizhou Engineering Company. This was also the first “project guarantee” transaction completed in Southwest China. The transaction put an end to the history that Guizhou-based enterprises can only contract international projects settled through spot exchange. It has marked a milestone in innovation and overseas development of Guizhou-based foreign project contractors, and will further promote the transformation and upgrading of Guizhou-based foreign project contractors.



The first “project guarantee” transaction completed in Southwest China

Helping companies “go abroad”

We closely followed up on the cross-border development needs of enterprises, relied on the linkage of domestic and foreign branches, and built a sound cross-border financial product portfolio. We continuously increased support for Chinese enterprises to help them go abroad, and further promoted the development of an open economy.

Case:

Luxembourg Branch helped Chinese enterprises in cross-border M&A and overseas financing

Riding on the opportunity from the B&R Initiative, Luxembourg Branch improved

its financial services and provided financing to enterprises by strengthening the cooperation between domestic and foreign institutions, as well as innovating its investment and financing mode. The branch developed one-stop services to support cross-border M&A and financing of Chinese enterprises. Since its establishment in 2015, Luxembourg Branch has issued 231 cross-border loans with total amount of about 4.9 billion euros.

LEDVANCE is a company set up by one of the world's top three largest lighting manufacturers, for the purpose of diverting and selling its general lighting business. Luxembourg Branch provided a M&A bridge loan of nearly 400 million euros to help a domestic company acquire LEDVANCE and integrate its global industry chain.

Case:

Chongqing Branch explored overseas financing channels to help companies “go global”

Founded in 1997, Chongqing CX Group is a diversified investment group providing integrated solutions in the areas of planning, investment, building, operation and industrial chains. Chongqing CX Group has attempted to build a global presence and explore overseas capital market. To help Chongqing CX Group “go abroad”, Chongqing Branch launched the innovative financing mode of issuing overseas bonds on the back of other banks' letters of guarantee.

Under this financing mode, companies can use banks' letters of guarantee to enhance their credit when issuing bonds overseas. The mode helps enterprises compete in capital market and reduce financing costs. Thanks to the financing mode, CX Group managed to “go abroad”, and issued bonds in overseas capital markets.

Supporting FTZ development

Building free trade zones (FTZ) has been one of China's strategic measures to promote the reform and opening-up. It is also one of the innovative measures driving economic globalization. We actively developed and innovated our services regarding businesses in FTZs, and strived to help companies in FTZs to grow.

We have launched FT Account (Free Trade Account), which serves as a universal local and foreign currency account for companies' independent accounting units in FTZs. The account enables us to provide all-round financial services. We were also

the first Chinese bank to use the Head Office-Branch model to replicate the FT account system across our bank, which promoted the FTZ financial business in a more scientific and efficient manner.

Case:

Haikou Branch used technology to facilitate Hainan FTZ development

Hainan Branch has actively cooperated with the Head Office to introduce and promote the FT Account. In July 2019, the branch opened its first FTE account. To better fulfill national and local regulatory requirements, Haikou Branch finished developing systems that monitor capital flowing in and out of Hainan Island. Since the systems were put into use in March 2019, they generated stable and explicit logs of capital flows in and out of Hainan Island, enabling regulators to monitor capital flows on a real-time basis and promoting healthy development of the Hainan FTZ.

Case:

Tianjin Branch used FT Accounts to help companies lower operating costs

In November 2019, our Tianjin Branch was connected to the independent accounting system of the FT Account, thus making Tianjin the third region where the “FT Account” system is offered. Bianlifeng Trade and Commerce Co., Ltd., which is registered in the FTZ, has been one of the first customers to open FA Accounts at the Tianjin Branch. As a convenience store chain, Bianlifeng needs to constantly procure large amount of goods from its upstream suppliers. Subject to applicable regulatory requirements, Tianjin Branch facilitated Bianlifeng’s exchange settlement and payment under capital accounts, which effectively lowered the exchange settlement costs.

As of the end of 2019, Tianjin Branch opened 26 FT accounts. Total value of settlement, depositing and financing transactions of these accounts exceeded RMB 6 billion (or equivalent amount of foreign currencies).



Launch of FT Account

Case:**Shanghai Branch actively supported emerging industries in Lin-gang Special Area of the Shanghai Pilot FTZ**

In 2019, Shanghai Branch actively supported the development of the Free Trade Zone called “Lin-gang Special Area of the Shanghai Pilot FTZ”. The branch and the management committee of Lin-gang Special Area of the Shanghai Pilot FTZ entered into the *Cooperation Agreement on Development of Lin-gang Special Area of the Shanghai Pilot FTZ*. Moreover, they jointly unveiled the *CMB Integrated Financial Service Plan for Lin-gang Special Area of the Shanghai Pilot FTZ*. Under the plan, the branch provides account-opening, settlement and cross-border financial services to enterprises located in Lin-gang Special Area of the Shanghai Pilot FTZ. Moreover, the branch provided loans to key emerging industries in Lin-gang Special Area of the Shanghai Pilot FTZ, such as integrated circuit, artificial intelligence, biomedicine, and aviation, among others.

An integrated circuit (IC) company is located in the heavy equipment manufacturing zone in Lin-gang Special Area of the Shanghai Pilot FTZ. The company covers a site of 150 mu, with a total investment of RMB 6.8 billion. Investment in the company’s phase one project reached RMB 2.3 billion. It is also the first company manufacturing 12-inch silicon wafers in China, and the only silicon company that has received support as a nationally important project. Shanghai branch provided an RMB 150 million credit line to the company, and an RMB 507 million loan to fund the construction of the company’s phase one project.



Shanghai Branch supported emerging industries in Lin-gang Special Area of the Shanghai Pilot FTZ (Launch ceremony of service plan for Lin-gang Special Area of the Shanghai Pilot FTZ)

Case**Kunming Branch completed first cross-border capital transaction in FTZ**

On 26 August, the China (Yunnan) Pilot Free Trade Zone was officially approved, which marks Yunnan Province's entry into the FTZ era. Riding on the favorable policy, Kunming Branch actively facilitated related financing activities and optimized its cross-border financial services. The branch has used the preferential policies in the FTZ and helped enterprises in the FTZ to upgrade and transform their businesses.

In December 2019, Kunming Branch signed a cross-border capital project to serve a new retailer customer with a value upwards of US\$30 million. Kunming Branch will further leverage the preference policies in the FTZ to provide holistic financial services to the customer.

3 Empowering with Technology and Building a Digital Bank

Sustainable Development Background

The rapid development of fintech is driving financial innovation and reshaping the financial landscape. CMB is a leader in banking transformation and stays at the forefront of digitalization. We employ fintech and other emerging technologies for the digitization and smartization of financial services, and drive the transformation of our business model. Moreover, we have increased cooperation with external institutions to promote the use of fintech for further digitizing the banking industry.

SDGs



3.1 Building a Strong Technological Presence

We adhered to the strategic goal of becoming a “Light-operation Bank” and the strategic positioning of “One body with Two Wings”. Based on the rationale behind banking industry development, we aimed to become a “fintech bank” and the bank “delivering the best customer experiences”. We further upgraded our operational mode into the 3.0 stage. In 2019, we changed our *Articles of Association* to clearly stipulate that “annual fintech investment should be at least 3.5% of our bank’s group wide audited operating income of the prior year”.

With the core principle of “being open and smart”, we further enhanced our basic technological capability, solidified our customer base, improved customer structure, and strengthened our ability of using and researching frontline technologies. We have used cloud computing, big data, blockchain and other financial technologies to expand our service ecosystem and build a digital bank.

CMB’s fintech development strategy in 2019

Reshaping the digital system for retail finance	We relied on our dual apps CMB APP and CMB Life APP to fully digitize our retail business.
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Reshaping the business model of wholesale finance	We built a digital operational platform for our transaction banking operation, and explored new service models in industrial Internet. Using fintech to further improve the operational systems of our corporate finance business, we built a digital operational platform for our asset management business.
Enhancing the digital features in our risk management practices	Fintech is used to upgrade our risk management tools and create universal customer risk profiles. We integrated internal and external data to create a business customer database. A new smart rating system based on machine learning is set up. We also developed an Industrial Internet-driven online risk control platform.
Building fintech infrastructure	We promoted fintech infrastructure development, and built a “Cloud + API” open IT architecture. The big data and AI-empowered infrastructure will ensure our ability to provide digital services.

Reshaping the digital system for retail finance

Digital customer acquisition	The CMB APP and CMB Life APP enabled digital customer acquisition. On the two apps, we explored innovative marketing campaigns, and shifted from the “customer mindset” to “user mindset”, which finally translated into an expanding retail customer base.
Digital operation	Our open platform boosted our efficiency in service innovation. Our apps are fully open to our employees and internal departments. We opened our API (application program interface) to external partners to create important scenarios and expand our service offerings. We also enhanced online interaction with customers, and boosted our efficiency and capability of providing financial services. The customer experience monitoring system is continuously reshaped to consistently improve customer experience.

Digital processes	Online and offline processes are further optimized. All processes in our retail lending business are digitized. Approval efficiency for mortgage and small business loan was boosted. In 2019, the approval time of the examination and approval center was shortened by 19.7%. Customers can also use CMB APP to experience the instant services in the “online instant loan”.
Digital risk control	We expanded the smart risk control platform “Libra” to cover all online and offline trading channels. Libra can intercept any suspicious transaction within 30 milliseconds after identification, and has reduced the proportion of unauthorized cardless transactions to eight in every ten million transactions. By the end of 2019, Libra has intercepted 80,000 fraudulent transactions, with a total value of over RMB 1.8 billion.

Transforming operations with technology

Using fintech based on operational scenarios	<ul style="list-style-type: none"> Promoting OCR (Optical Character Recognition) technology across all operational processes. We have realized full coverage on filling in statements, information inputting (full statement and CPS), cheque review and pledge monitoring. We also used RPA (robotic process automation) technologies in 14 scenarios (including cross-system checking, among others). Building a physical item management platform that is based on RFID technology. We have used the technology in physical item preservation, logistics tracking, inventory management and forecast, and other application scenarios. The technology effectively reduced our risks in physical item management. Increasing the use of cloud computing technology in infrastructure. All our domestic operations related to foreign currency payment have been relocated to cloud from mainframes.
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Realizing smart decision-making through machine-learning	<ul style="list-style-type: none"> • Launching a smart selection program that uses AI to choose the nearest card makers to make cards. After being deployed in late October, the program adjusted mail routing for over 40,000 cards. • Launching a smart machine clearing program that uses big data models to determine each device's clearing cycle and note replenishment amount. The program reduced average machine clearing time by 70.08%. • Launching a smart debit card backup program that uses big data models to determine each outlet's debit card inventory level. The program reduced debit card inventory by 22.39%. • Developing and building a data teaching platform to enhance data teaching efficiency and management capability. Compared with the conventional manual processing, the use of OCR models for business licenses and wealth statements has increased processing efficiency over 10 times.
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Creating important applications

Approval processes	In 2019, the retail credit factory flexibly deployed capacity via AI smart prediction system, order sharing mechanism and continuous process optimization. Moreover, the factory monitored the real-time business process through the "lighthouse" system. These efforts digitized the management and improved the approval efficiency and quality. In 2019, the examination and approval time of credit factory was shortened by 19.7% year on year.
Audit processes	We built the first AI audit platform and developed 182 audit customer risk characters and risk rating indicators. R&D for the algorithm model in five audit risk scenarios was basically finished. We also encouraged the innovation by small Audit-AI teams. By the end of 2019, 21 audit AI models were developed, with an incubation success rate of 37.5%.

Marketing processes	Over 300 customer label bases for small business customers were added to the CRM system to digitally profile our small business customers. We enhanced customer base management capability for branches, and used AI technology to carry out centralized digital marketing campaigns that targeted 600,000 small business customers. We further understood the needs of small business customers.
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Case: Use of fintech in mobility scenario

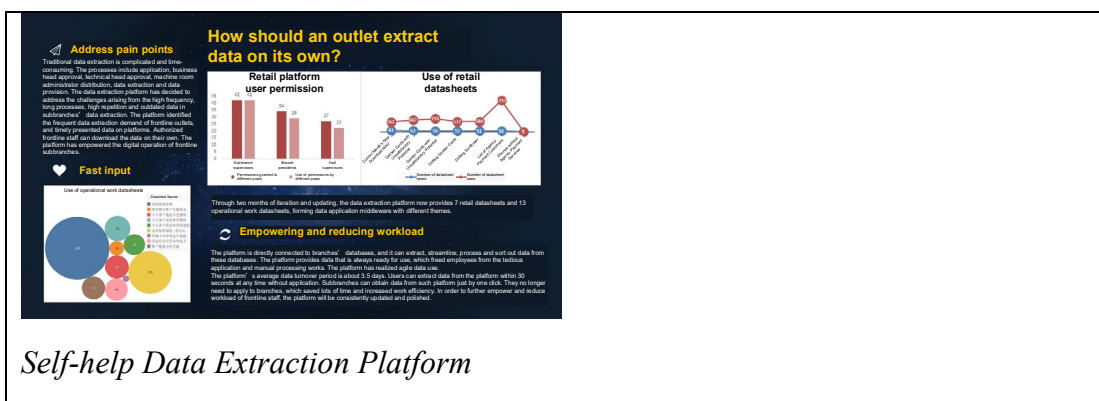
Parking is a pain for customers in big cities. Due to the limited supply of parking spaces, it is difficult, expensive and time-consuming. In February 2019, we launched the CMB Smart Parking Platform. On the platform, customers can use their CMB APP or related WeChat account to find parking spaces on a real-time basis. When leaving the parking space, they can use the CMB APP to pay parking fees by scanning QR codes. They can also open the touchless payment service to leave the parking space without scanning QR codes. The Smart Parking Platform also enables users to check their parking fees.

By the end of 2019, we have connected 922 parking lots in 55 cities to the Smart Parking Platform, which covers 520,000 parking spaces. 5.39 million payments were made on the platform, and 1.28 million vehicles were associated with the platform.

Case:

Chongqing Branch promoted development of data service platform

Chongqing Branch has developed data infrastructures and new applications, such as new-generation databases, big data analysis, self-help data extraction by outlets, visualized data analysis, as well as image identification and application. During the year, the branch designed and issued 254 datasheets, and received 20,000 data inquiries. The branch's data service platforms have saved around 3,000 hours of data extraction time and played an important role in facilitating decision-making, targeted marketing and service refinement for branches.



3.2 Enhancing technological capabilities

CMB has closely followed development of the latest financial technologies. We cooperated and made exchanges with universities, research institutions and tech firms on emerging technologies such as big data, artificial intelligence and blockchain. We strived to strengthen our technological capabilities and promote the research and use of related technologies.

Cooperation in technological research	<p>We had in-depth cooperation with Harbin Institute of Technology in the field of natural language processing. Our joint research focused on warning of unfavorable public opinions, smart responding, event management map, and other specific application scenarios in financial areas. We introduced and used certain new technologies, and achieved success in practical application under innovative projects.</p> <p>We had in-depth cooperation with the Institute of Automation, Chinese Academy of Sciences in the fields of knowledge map data fusion and name standardization. Our cooperation aimed to improve application accuracy that is 3-4 percentage points higher than that of the current online application.</p>
Joint innovation	<p>In September 2019, we teamed up with Huawei to establish the Kunpeng Computing Joint Innovation Laboratory. Our companies have adhered to the principle of complementing each other and sharing resources while aiming to build an open technology ecosystem. Based on our various business scenarios in the financial area, we will partner with Huawei to innovate in areas such as database, big data cloud, container platform, distributed storage, and others.</p>

Empowering industries	We have entered a strategic alliance with UCloud, a neutral cloud computing service provider, to jointly promote innovative application of cloud computing in fintech, and explore specialized solutions for digital and intelligent transformation of the financial industry. Our hope is that by combining tech with finance, we can promote the upgrade and transformation of industrial Internet users.
Scenarios building	By cooperating with Kyligence, a leading provider of big data analytics technologies and solutions, we connected the provider with our major platforms, applications and business intelligence (BI) tools. This has enabled the establishment of a unified multidimensional analysis platform to serve our large-scale data analysis scenarios in multiple business lines.



Opening ceremony of Kunpeng Computing Joint Innovation Laboratory

4 Optimizing Experience and Creating Value for Customers

Sustainable Development Background

Thanks to the rapid development of fintech and the popularization of AI, blockchain, big data, Internet of Things and other technologies, the focus of banks' customer service has shifted to customer experience. CMB has adopted a customer-centric approach, and focuses on customers and the use of technology. We endeavor to provide one-stop services with a process-based customer journey, and aim to provide the very best customer experience.

SDGs



4.1 Using Apps to Enhance New Lifestyles

CMB continued to explore the “human + technology” service model amid its digital transformation and remained dedicated to creating value through its expertise and technology. With a “mobility-first strategy”, we used the CMB APP and the CMB Life APP to serve and connect with users. In addition, financial scenarios have been optimized and provide the best experiences to effectively create value for customers.

In early 2019, our personal savings accounts exceeded 100 million. In September 2019, CMB APP users exceeded 100 million, making us the first Chinese joint-stock bank with more than 100 million app users.

Case:

CMB APP 8.0 provides new wealth management experience and lifestyles

We launched the CMB APP 8.0 in November 2019. Through the open ecosystem in the app, we cooperated with more partners to introduce nonfinancial service scenarios and enrich users' lives with digital technology.

One app for all

We have developed two new functions, namely open login and open accounting to actively connect with more accounts. With open login, the app was connected with

third-party account systems to support WeChat login and Apple ID login. With open accounting, we manage all-dimensional cash flow from the perspective of users to realize “one app to record all income and expenses”. We have also launched the innovative “smart income and expense recording” function that enables voice accounting.

Making use of every penny

We were the first bank to launch the “online financial planning” function for customers with asset management needs. This allows the planning process to be shown to customers through the app on a real-time basis, and enables interaction in various ways such as text, graphs, voice call, among others. After financial planning, the one-stop service is offered to enable one-click output of wealth management plans and one-click purchasing of investment products. We have also upgraded the salary payment service, and built a “payroll happy zone (薪福通专区)” in the CMB app, providing integrated services including investment, loan, insurance, among others. These services helped more than 36 million personal recipients of salary payment services from CMB achieve financial success.

Experts help make the right wealth decisions

We aimed to build a “professional financial and business knowledge platform”. To achieve the goal, we introduced high-quality content producers into the CMB APP 8.0 community channel, thereby building a great content production and management platform. We recommended content to customers based on their specific needs, forming a closed-loop. Among the content, “Famous Experts of CMB” (“招行名家说”) can quickly provide users with authoritative and comprehensive interpretation of financial hot topics and events.

Helping customers have quality lifestyles

We have launched the small program platform since the introduction of CMB APP 7.0. Based on the app and our product capabilities, we provided one-stop service to developers. After two years of development, we opened more than 100 interfaces and are connected with more than 300 partners from tourism, express delivery, takeout, healthcare and other high-frequency life scenarios. We further expanded our presence in “movie coupon” and “movie coupon” scenarios by cooperating with nationwide partners and vigorously exploring key regional merchants. By the end of 2019, our dinner coupon services covered over 120 cities and over 100,000 merchants, with annual sales exceeding RMB 10.7 billion. Our movie coupon service covered over 350 cities and over 10,000 online theaters.

By the end of 2019, 113.53 million customers have downloaded the CMB APP.



Open login page

*"Famous Experts of CMB"*
community channel**Case:****CMB Life 8.0 reshaped our connection with users**

Based on the criteria of dimension, breadth and depth, we focused on the three major innovation points: content, e-commerce and automobile. This has reshaped our connection with users, improved their quality of life and due to these efforts, we launched CMB Life 8.0.

Dimension	Based on interest, trust and service innovation, we added three dimensions: content ecosystem, quality e-commerce and auto life.
Breadth	We launched the "ecosystem partner" program to continuously attract high-quality partners.
Depth	Through the "engine heart" program, built capability for serving hundreds of millions of users. While providing a better experience to users, we also aim to empower our partners.

Launch of "today's discovery"

"Today's discovery (今日发现)" aims to boost the quality of life for users and covers card strategy, food, film, technology and other popular life necessities. It is connected to the main businesses in CMB Life and selects the most inspiring top-quality content that can be read by users in a short time.

Smart recommending puts an end to window shopping

CMB Life 8.0 puts an end to the window-shopping mode and for the first time introduced the recommendation algorithm, realizing customized and smart recommendations. At the same time, we combined the installment mall with bonus point mall, so that users can enjoy one-stop shopping. We also reconstructed the

functions of ordering, adding to wish list, using coupons, searching and more to improve the overall shopping experience.

A “car life” scenario connection platform

Cars are becoming the “third living space” for increasingly more people. CMB Life 8.0 has built a new “car life” scenario connection platform, realizing the full coverage of the car purchasing journey. Through internal and external cooperation, the new platform collected professional and popular car information, and car test reports, etc. The platform also includes a precise database of cars available for sale, and matches users' demand for high-quality partner brands and dealers to create added value for users.

As at the end of 2019, CMB Life users reached 91.26 million.



CMB Life 8.0

Case:

Fintech gadgets greatly boosted customer experience

Smart customer service

“CMB Smart Customer Service” is the online service window of the CMB APP, which helps customers quickly solve problems online 24/7. In 2019, we improved the interaction, visual experience and dialogue process, developed the multi-algorithm engine “CMB X”, enhanced the smart response ability, and shortened users’ wait time.

Xiaomai smart voice assistant

Xiaomai (小麦) is the smart voice assistant of the CMB APP, which helps users quickly enable the required functions and handle various processes. In 2019, Xiaomai launched a function to classify garbage to help users to better understand types of garbage and better contribute to recycling and environmental protection.

Voice navigation

Our telephone bank adopts voice navigation based on human-computer interaction. This is which is a great help to the elderly, the visually impaired and other special groups who can use services, make enquiries and acquire information about main services simply by speaking.

Our mobile advantages have also been leveraged to better serve corporate customers and we explored solutions to address financial pain points in the process of enterprise development, and drive the digital transformation of enterprises.

Case:

CBS 7.0 helps enterprises build excellent and safe asset management systems

CBS (Cross-bank Solution for Cash Management) is a professional capital management system developed by us to fulfill the integrated capital management needs of group enterprises, multinational enterprises and various administrative institutions. In 2019, we released the CBS 7.0 platform, which achieved four major upgrades with the help of fintech.

BI big data analytics technology helps enterprises build an efficient decision center

CMB is the first bank to introduce the industry-leading BI kernel engine. Through visualized display of financial data, the engine helps enterprises quickly build infrastructure for capital and business analysis, enables convenient, open, smart and personalized analysis, and greatly improves the efficiency in corporate financial analysis and decision-making.

Smart technology is used to provide flexible and light end-to-end connection solutions for banks and enterprises

In conjunction with the most advanced RPA (robot process automation) technology, we are the first bank to launch a lightweight SaaS-based and shared asset management robot, which reduced enterprises' RPA technology application costs. In addition, CBS 7.0 provides API super direct connection services for multiple high-frequency scenarios, enabling more flexible application portfolios with smaller granularity and more agility.

Upgrading interaction function to further improve user experience

From the customer perspective, we employed card-style design on the home page and provided a customized workbench to meet different user requirements. In terms of scenario application and performance expansion, we have expanded the scope of cross-bank business support to better meet strategic demand for enterprises in regards to full scenario wealth management and external financing.

Creating online and offline dual-dimension operation and maintenance system to serve users at any time

We have put in place an online and offline dual-dimension operation and maintenance system that can reach the whole country and cover the world. It aims to solve corporate customers' problems in project delivery, troubleshooting and operation. Our online smart customer service system uses AI knowledge maps to answer users' questions anytime and anywhere. Our offline and localized operation and maintenance centers in key Chinese cities ensure that customer's business needs are accurately communicated and quickly addressed.

Case:

Technology-empowered mobile experience with the 3.0 full-function online custodian bank

The full-function online custodian bank is a service customized for our customers in the custody business. After several iterations, the 3.0 version includes the PC terminal and "Mobile Custody" app, which combines big data, cloud computing, AI and mobile Internet technologies. This version has removed time and space restrictions, and provided customers with comprehensive, efficient and convenient custody services.

More comprehensive product lifecycle management: We launched innovative contract management, electronic reconciliation management, performance management, and other functional modules. This has transformed the conventional custody business model and provides customers with whole-process and holistic management services. Through the full-featured 3.0 online custodian bank platform, managers can track the custody process on a one-stop basis, and make queries on performance assessment and investment risk management reports regarding customized custody products or outsourced products to control the whole product lifecycle.

More efficient order management: We optimized and upgraded the order management function, supported the direct import of fax orders, and avoided the tedious manual entry of orders to improve order processing efficiency and meet personalized needs.

More convenient user experience: We focused on customers' mobile scenario needs and by using the "Mobile Custody" app, login via mobile phone number plus password, fingerprint, face recognition and other methods are supported. We also developed an innovative photo function that supports photo transmission orders and saves time for managers. We also support account query, business query, inter-bank

transaction query, business approval and other functions to meet customer needs in mobile scenarios such as meetings and business trips.

4.2 Providing Quality Services

Since its establishment, CMB has focused on building a differentiated retail banking business, and delivering superior and integrated services. On its way to become the bank “delivering the best customer experiences”, we never forget our mission and insist on providing services that surpass customer expectations.

Building smart outlets

In 2019, we implemented a full-scale development of digital outlets (VI3.0 outlet). Adhering to the design concept of “technology + life”, we integrated machines with furniture to fully consider customer's needs and our business processes, which effectively improved customers' experience in outlets.

In order to integrate online and offline service processes, we further promoted cardless operations in outlets, introduced new pre-filling processes for account opening, and enabled cardless counter transactions that only require code scanning. Account opening represents the highest proportion of services in outlets. To save time, customers are encouraged to fill in statements on the app in advance when waiting, then go to the counter to handle specific procedures.

Machines in wealth management zones	The table top of machines can rotate 360 ° freely, enabling seamless and in-depth communication between account managers and customers.
Password keyboards	The password keyboards are transferred from the counter top to below in front of the customers, which is convenient for customers to operate. This design better protects customer's privacy, and brings a new visual experience and convenience to customers.
Operation counter	The operation counter is embedded with a high-precision industrial handwriting enabled screen. The screen displays customer transaction information and allows them to sign directly which saves time and makes operations more efficient.

Self-service machines	The self-service machines and tools enabling cash withdrawals through face recognition and mobile phone code scanning have bringing greater convenience to customers.
Visual transaction machines (VTM)	Visual transaction machines are equipped with second-generation ID card readers, high-definition cameras, multi-point touch screens, encrypted keyboards and other functional modules. Customers can be connected with the backstage teller through remote video. After the teller performs identity verification to ensure compliance requirements are met, customers can complete the rest of the processes by themselves, greatly reducing the wait time. Outlet service staff can also help customers carry out remote operations at any time.



Guide desk in our digital outlets



Low cabinet wealth management zones in our digital outlets

We continued to build a customer service model of “outlets + app + scenarios”. By exploring virtual online stores and cafe banks, we built a systematic operational evaluation system. At the end of December 2019, our online stores covered 1,403 outlets under 44 branches and had 11.224 million users.

Improving service quality at outlets

We created a service-oriented culture and fully encouraged employees to be proactive and innovative when serving customers. Customer experience management is fully incorporated into our hardware environment, employee capabilities, business processes, scenario innovation, and other parts of our operation.

<p>Building a customer experience monitoring system</p>	<ul style="list-style-type: none"> • We built a digital platform named “Wind Bell” to monitor and manage retail customer experiences, and established a closed-loop customer experience management model consisting of “monitoring, analysis and improvement”, which has covered 923 experience monitoring indicators. This has realized real-time monitoring and digitally presenting the retail customer experience.
<p>In-depth analysis of pain points in customer services</p>	<ul style="list-style-type: none"> • Regularly carry out customer experience research to learn about NPS and service experience values at different touch points; understand customer demands for products, services and systems through analysis of complaints. • Real-time monitoring of customer experience emergencies to provide data support for closed-loop improvement of customer experience. • Holding meetings to analyze pain points in retail customer experiences and implement corrective actions to address pain points.
<p>Listening to customers’ voices</p>	<ul style="list-style-type: none"> • Smooth complaint handling channels: we announced complaint-handling methods in outlets, portal websites, WeChat accounts and other channels. In addition, disclosed complaint handling processes in various outlets to ensure that consumers can quickly inform us of their needs. • More efficient complaint handling: we took measures to ensure that consumer’s problems are addressed in a timely manner. In 2019, 99.7% complaints were handled within 48 hours.

<p>Building service-oriented culture</p>	<ul style="list-style-type: none"> • Ten principles for retail services and six refined service standards for positions were introduced. We focused on the most important issues for customers, standardized certain key employee services, and unified the service values of employees. • We launched the U + program to drive financial service upgrading from the inside. Our account manager training programs realized 100% coverage in 2019, and enabled our employees to more specifically serve customers. • We organized “top ten service stars” selection activities for front-line employees, which included hall staff, account managers and marketing staff. The selection used customer comments as the core for assessment, and aims to encourage employees to continuously improve their service ability and deliver a better customer experience.
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On-site U + Training program

Case:

Chongqing Branch created the “smoothest customer service process”

Chongqing Branch streamlined the customer journey for high-frequency business scenarios in lobbies, and formulated improvement measures to address the customer pain points found in each process and actual scenario.

Expanding service channels: Adding functions such as all-in-one card maintenance and tax payment inquiry on the VTM visual counter, and promoting online O2O projects such as electronic customer form filling, self-service VAT invoice application, self-service signing of consignment agreements, debit cards direct mail, enterprise receipt inquiries, among others. The branch aimed to encourage customers to handle business through online channels, in order to reduce wait time.

Optimize the business account opening journey: The branch launched the open

customer journey optimization project, integrated key processes, and effectively solved problems associated with account opening. The branch shortened the account opening processing time from more than two hours to 40 minutes. The time spent by customers for filling in forms was reduced from 40 minutes to 3 minutes, and the account opening efficiency increased by more than 70%.

Lean management of counter service: The branch carried out elite service management on the counter, and launched the “non-speaking page customers with hearing impairment” to facilitate communication between counter staff and customers from special groups. The branch also launched “green passage for cash service” to facilitate exchange of small-value and damaged banknotes by optimizing window arrangement as well as priority settings for queuing and calling machines.

Queuing and calling systems were optimized to provide early reminders. “Yunyingxin Services (运赢心服务)” activities were held on the National Day and Spring Festival Holidays. In these activities, the branch interacted with customers in innovative ways in certain scenarios to deliver surprising experiences.



Green passage windows and reminder boards

We have adhered to the principle of “being customer-centric”. We value all customers and treat customers fairly. In 2019, we formulated and issued *the Notice on CMB’s Guidelines for Serving Customers with Special Needs* to further standardize barrier-free facilities and promote people-oriented services in outlets. In the principle of convenience and humanity, and with risks under control, we spared no efforts to provide quality services to special customers.

Case:

Customer-oriented Hangzhou Branch launched dining cart + language services

In 2019, Hangzhou Branch deeply analyzed customers’ pain points and launched dining cart and language services to provide the best customer experiences.

- Provided dining cart services to customers in the hall: A food cart is located in the hall during peak hours to bring snacks, tea and magazines to customers in the waiting area. Closer to meal time, the branch serves bread, biscuits and other foods.
- Establishing the language service team: to better serve special customers, the branch offers a language service team that specializes in English, sign language and Chinese dialects. The team helped the branch better serve foreign customers, disabled people and customers who can only speak dialects.



Hangzhou Branch food cart

Case:

Shanghai Branch's care for special customers

Shanghai Branch continued to improve its hardware to deliver considerate financial services to customers with special needs.

- There are printed “service cards” that show commonly used bank service sentences in plain writing for the hearing impaired.
- For visually impaired customers: there are “braille keyboards” and “signature cards” for easily recognizing the amounts of currency.
- There is a wheelchair ramp for disabled customers to use
- For breastfeeding mothers, there are nursing rooms with baby products.
- Customized door-to-door services are offered for elderly customers.

*Online business hall**Braille keyboard*

4.3 Protecting consumer rights

CMB strictly complies with *the Guidelines on Strengthening the Protection of Financial Consumers' Rights and Interests* issued by the General Office of the State Council. CMB fully respects and safeguards the basic rights of financial consumers that include rights regarding property security, financial education and information security. Additionally, CMB places emphasis on protection of consumers' personal financial information and their legitimate rights and interests. CMB also carries out innovative financial education and knowledge sharing activities to jointly build a harmonious and safe financial environment.

Ensuring capital security

Telecom frauds frequently took place in recent years. In view of this, we have released “Libra”, a new retail smart risk control platform that uses fintech to protect customers' money. By the end of 2019, “Libra” kept the proportion of counterfeiting and theft risk at eight in every ten million transactions, and intercepted fraudulent fund transfers that amounted to RMB 1.86 billion.

In the meanwhile, to enhance our efficiency in intercepting fraudulent transactions, we teamed up with Shenzhen Anti-Telecom Fraud Center to build a joint prevention and control mechanism. Under the mechanism, we provide victim clues to the center, which then arranges for law enforcement officers to dissuade related victims at home. Through this mechanism, we can deliver experiences that surpass customer expectations.

Case:

“Libra” smart risk control system makes fund transfer safer

We employ big data analytics, machine learning and other technologies to analyze key characteristics of telecom frauds and generate a list of suspected fraudulent

accounts. We use the Libra system to deploy suspected fraudulent account reminders in fund transfer scenarios, and assign employees to review suspicious transactions. When large-sum suspicious transactions are about to happen, the system will send a warning to trigger human review. Moreover, the system will remind related customers of the risks and ask them to confirm. This mechanism ensures the security of customers' money.

- Suspected fraudulent accounts reminder: The optimized fraud reminder function can remind customers of suspicious accounts and intercept suspicious transactions based on a customer's transaction behavior, user profile and other scenarios. In 2019, over 5,000 suspicious transactions were per month, helping customers avoid losses of hundreds of millions.
- Intra-process manual review: Thanks to the efficiency enhancement arising from the use of the integrated system of "manual processing + system + data", the manual review function intercepted about 350 suspected fraudulent transactions per month in 2019, and helped customers avoid losses of nearly RMB 7 million.

Case:

Protecting old customers from fraud

On May 29, 2019, an RMB 50,000 fund transfer request, made by Ms. Qian, a 74-year-old customer, triggered an alarm in our system. After a manual review, we found that the requested fund transfer was subject to many risks. For instance, the transaction account is a special wealth management account that has never been used for fund transfer, the transaction does not conform to the account's daily operation patterns, the beneficiary account is a new account, and any funds that entered the beneficiary account was transferred to somewhere else quickly.

After identifying the risks, we tried many times to contact Ms. Qian. After communicating with Ms. Qian and reminding her of various fraud risks, she finally understood that she had been defrauded, and the hundreds of thousands of RMB in her bank card were protected.

Case:

Hefei Branch vigilantly protects customers from fraud

In the afternoon of May 9, 2019, Ms. Chen rushed to the Sunflower room of the Nanqi subbranch of the Hefei Branch, and urged our staff to transfer money as soon as possible. The counter staff noticed that the customer was upset and reviewed the fund transfer request according to the “four inquiries and four verifications” standards. When answering questions from the counter staff, Ms. Chen said that she did not know the beneficiary, who was just her friend's brother. The friend contacted Ms. Chen through QQ, saying that her brother's child needed RMB 10,000 for a medical emergency.

Counter staff suggested Ms. Chen call her friend to confirm the beneficiary's card number, but Ms. Chen refused. After learning of the situation, a retail business director came to persuade Ms. Chen. She finally agreed and asked for a phone number through QQ, but the other side said it was not convenient to answer the phone. Ms. Chen finally realized it was a scam and left the counter to call her friend, and found that her friend was not aware of the request and did not know the beneficiary. Ms. Chen expressed gratitude to the counter staff and retail business director for their efforts to protect her. She called 95555 to praise related staff.



The silk banner accolade presented by Ms. Chen to the Hefei Branch

Promoting financial education

In March 2019, we launched the “financial consumption service upgrading project”, aiming to empower customers with “Sunflower” professional services, and promote the upgrading of financial consumption services for customers and the public. We printed and issued the *Rules governing Financial Knowledge Publicity and Education Work* to promote the public's financial knowledge and meet their financial demands. A part-time financial knowledge publicity team was also established to carry out innovative financial education activities.

Promoting the public's financial knowledge	<ul style="list-style-type: none"> • The “Wealth Management Encyclopedia” was launched to provide customers with professional and practical financial knowledge in various forms, such as small online classes, wealth management stories, short knowledge-sharing videos and so on. • In 2019, we organized 2,894 short online classes to help customers develop the right spending habits. These classes attracted nearly 60,000 people. We also produced 101 wealth management stories in comic book form to systematically introduce the relation between wealth management and family life. In addition, we launched 20 episodes of short and interesting knowledge-sharing videos, and shot 2 short films to disseminate easily comprehensible financial knowledge under different scenarios. • Financial knowledge Q&A activities were carried out in the CMB APP to encourage more people to gain financial knowledge. Over 730,000 people participated in these activities.
Enhancing young people's financial knowledge	<ul style="list-style-type: none"> • We launched well-developed financial knowledge courses for senior high school students. We also developed and launched 30 open classes on wealth management. Until now, these classes were visited by more than 150,000 people. • We helped the new-generation of young people develop the right wealth concepts, and conveyed wealth management knowledge to over 10,000 teachers and students in universities.



Financial knowledge classes in universities

Case:

Working with universities to promote financial knowledge on campus

Beijing Branch has promoted financial knowledge on the campus of Tsinghua University. For the promotion, they designed multiple knowledge topics in accordance with the daily needs of teachers and students, selected typical cases and analyzed common crime techniques, as well as organized discussions with teachers and students on the harm of illegal fund-raising activities and the necessary skills for spotting fraudulent activities. Through the promotion, Beijing Branch enhanced students and teachers' vigilance against and their ability to identify illegal fund-raising activities, ensuring financial security on the campus of Tsinghua University.

Urumqi Branch promoted financial knowledge at the Xinjiang Police College. In the promotion, Urumqi Branch carried out financial knowledge lectures for over 800 teachers and students. Through case sharing, case description, case playback and other deductive forms of lectures, the branch introduced ways to spot and "deceptive loans" and "campus loans". These lectures improved the financial knowledge of teachers and students, and guided them to correctly use financial tools and learn the right values.

Jinan Branch has used the convenient and flexible online live streaming technology to promote financial knowledge at the Shandong University of Political Science and Law. For the promotion, an evening party was held and broadcast live on the CMB APP and public space of university campuses in Shandong Province. The promotion transmitted a large amount of financial knowledge to 1,000 teachers and students on-site, and presented online learning opportunities to 1.2 million mobile banking customers in Jinan and university students in Shandong Province.

Guangzhou Branch, together with the "Career Life" program of the Guangdong Radio and Television Station and the Youth Rights Department of Guangdong Provincial Committee of the Communist Youth League, held an on-site forum at Guangzhou University. The forum was promoted on radio and television programs, iQIYI live streaming platform and other publicity channels and helped university students build correct spending habits and make a good start in their careers.



Financial knowledge evening party broadcast live on the CMB APP and university cyberspace



Financial knowledge promotion on campus

Case:**Chengdu Branch consistently promotes innovative financial education**

Chengdu Branch has placed five tangible promotional models in outlets. These promotional models, in the form of a “clay figurine” dialogue and background annotation, promoted financial knowledge in a simple, vivid and straightforward manner, thereby raising customers’ vigilance against bank card risks.

Chengdu Branch also produced anti-fraud financial comics such as *The Living Rules of Young People* and *Self-test for Refined Girls*, as well as *The World through Boys' Eyes* vs. *The World through Girls' Eyes* to popularize financial knowledge.

In 2019, 44 Chengdu Branch outlets carried out 83 events under the “One Hundred Publicity and Education Activities” program, as well as about 500 centralized publicity activities, covering more than 62,000 people.



Clay figurine promotional models

Case:**Zhengzhou Branch launched “CMB Tips” to provide financial education**

In order to raise the public's awareness of payment risks, Zhengzhou Branch has opened the “CMB Tips” section in the online business hall on the CMB APP. Many programs were launched in the section to help customers understand account classification and safe card use. Through plain language, case studies and videos, the section helped the public better understand different types of bank accounts and taught how to protect personal information, prevent telephone fraud and use cards safely.

“CMB Tips is good. Though I am old, I learned a lot of useful knowledge from it. The program about safe card use showed me lots of tricks used by swindlers. I need to be careful from now on!”

——Ms. Wang, a customer



Page of “CMB Tips”

5 Developing Inclusive Finance and Focusing On Livelihood

Sustainable Development Background

Finance plays an important role in adjusting economic development and improving people's livelihood. It helps ensure high-quality economic development and satisfy a yearning for a better life. CMB attaches great importance to livelihood projects. In areas closely related to people's lives, CMB made full use of fintech to provide new and inclusive financial services in a timely and inclusive manner.

SDGs



5.1 Powering Up Livelihood Projects

Livelihood projects constitute the foundation for national economic development. Focusing on the national macro strategy of “mending infrastructure shortcomings”, CMB further increased credit support for railway, highway, subway, airport and other infrastructure projects in 2019. We ensured high quality in our financial services and a smooth progress in livelihood projects.

Serving national railway construction	Railways are basic infrastructure projects that connect the national economy. In 2019, we continue to offer preferential credit policies for the railway sector. We supported construction and operation of Beijing Shenyang Passenger Train Railway, Lunan High Speed Railway, Hangzhou Quzhou Railway, and other important railway projects in China.
Supporting the development of urban rail transit	Urban rail transit is vital to the construction of a modern high-quality comprehensive three-dimensional transportation network. In 2019, we actively supported construction projects for the Guangzhou Metro, Suzhou Metro, Fuzhou Metro and Qingdao Metro, as well as other urban rail transit projects to contribute to the promotion of urban development.

Case:**Actively participating in urban renewal and reconstruction projects**

In Quanzhou, the Baisha District reconstruction and relocation is one of the most important projects for the development of Haisi New Town in Quanzhou. Quanzhou Branch has released a syndicated loan of RMB 5 billion to fund the project. The loan has laid foundation for land and house acquisition and relocation in the whole Baisha District for the coming three years.

In Shanghai, Shanghai Branch acted as the joint leading bank in providing a syndicated loan to fund the reconstruction of the old district in the downtown area. The branch provided a loan of RMB9.444 billion, which provided impetus to old district reconstruction in the Huangpu, Jing'an, Hongkou and Yangpu Districts, among others.

In Taiyuan, Taiyuan Branch issued the first special bond for shantytown reconstruction. Moreover, the branch provided whole-process financial services to help shantytown reconstruction project contractors issue the special bonds. Until now, Taiyuan Branch has provided diversified services for 15 project contractors in Shanxi Province in projects with a total value of RMB 3.98 billion



Signing ceremony for Shanghai Branch syndicated loan for old district reconstruction

Case:**Hangzhou Branch helped issue first infrastructure REIT traded on domestic exchange**

As the largest state-owned enterprise in Zhejiang Province, SJT Group operates nearly 3,000 kilometers of expressways. In 2019, Hangzhou Branch helped the group issue the first infrastructure REIT (real estate investment trust) traded on the domestic exchange. This opened and facilitated the standardization and replication

channels for the group's underlying infrastructure assets, and helped the group further expand the scale of transportation infrastructure investment and operation. Moreover, the issuance enabled an innovative mode of financing in the field of domestic infrastructure.

Case:

Hohhot Branch supports railway construction

Hohhot Branch continued to deepen cooperation with Hohhot Bureau of China Railway Construction Group (“Hohhot Railway Bureau”), providing nearly RMB 4 billion credit support for Hohhot Railway Bureau and its subsidiaries. Leveraging the One-Bank advantages, Hohhot Branch worked with CMB Financial Leasing to quickly develop a financing plan to address the capital shortage of Inner Mongolia Jitong Railway Group Co., Ltd. The plan was approved within 1 month and RMB 1 billion was provided to Xiduo Railway on a one-off basis.



Signing ceremony for strategic cooperation with Hohhot Railway Bureau

Case:

Nanjing Branch increased financial support for livelihood projects

Nanjing Branch seized opportunities arising from the national strategy of “mending infrastructure shortcomings”. The branch identified the development opportunities in Jiangsu, and explored key infrastructure sectors such as intercity railway, rail construction, expressway, airport, power, water supply, pipeline corridor, and urban renewal, among others. It provided in-depth services to customers in these sectors. Through its cooperation with CMB Financial Leasing, the branch has provided nearly RMB 3 billion in loans for offshore wind power projects, and offered RMB 24.3 billion in credit lines to infrastructure industry customers. RMB 5 billion on-balance sheet loans and RMB 18 billion emerging financing vehicles were

provided.



Signing ceremony for strategic cooperation with Jiangsu Communications Holding

5.2 Revitalizing Rural Areas

Properly addressing “San Nong” issues (referring to agriculture, rural areas and farmers) is of great importance to China's sustainable and healthy economic development, as well as the country's fulfillment of the first Centennial goal of “building a moderately prosperous society in all respects”. The No. 1 document from the CPC Central Committee has focused on the San Nong issues for many consecutive years, sending a positive signal for strengthening, benefiting and enriching agriculture. CMB always pays attention to development of rural areas, and fully uses its financial advantages to help increase farmers' income and revitalize the rural areas.

Case:

Wenzhou Branch launches rural house-backed loans

Wenzhou Branch has actively met the diversified financial demands of agricultural companies and promoted financial reform in rural areas. In early 2019, Wenzhou Branch launched “loans with rural housing used as collateral”. The loans were offered to farmers that run businesses in Leqing and Ruian. The loans do not require guarantor and loan applicants only need to collateralize their own rural homes. The product helped farmers obtain affordable loans and effectively promoted development of the rural economy and agricultural industry.

By the end of 2019, RMB 6.05 million in rural house-backed loans has been issued in 11 transactions to farmers in Leqing and Ruian.



Staff of Wenzhou Branch introduced rural house-backed loans to farmers

Case:

Haikou Branch uses wage guarantee to protect farmer workers' interests

To protect farm workers' interests, Hainan Provincial Government set up the "farmer workers wage guarantee" system, which requires construction units and general contractors to deposit migrant worker wage guarantees at bank branches that are located in the same place as the construction projects before the projects start. Guarantee value shall equal 2.5% of the project price.

In June 2019, Haikou Branch launched the "farmer workers wage guarantee" business. The first transaction in the business was a wage guarantee of RMB 44 million for an infrastructure project. The branch has been the first local joint-stock bank to provide the farmer workers wage guarantees. Based on customers' needs, the branch also innovatively provided a "separate farmer workers wage guarantee" mechanism, which allows construction companies that suffer capital shortage to use their credit line to provide the farmer workers wage guarantee.

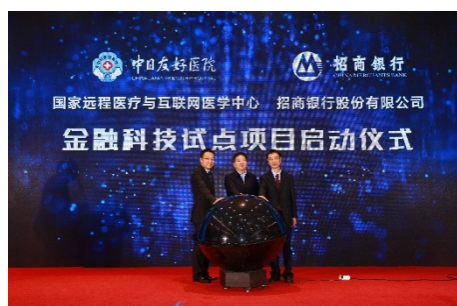
By the end of 2019, Haikou Branch has issued nearly RMB 100 million worth of farmer workers wage guarantees. The branch's "farmer workers wage guarantee" effectively protected the interests of farmer workers.

5.3 Innovatively Serving People

CMB focused on service scenarios such as smart city, smart campus, smart healthcare, smart pension, among others. We are dedicated to build a scenario-based ecosystem. By providing mobile payment products and enhancing financial infrastructure for important scenarios, we use our quality financial services to meet the public's ever-growing financial demand.

Mobility	<ul style="list-style-type: none"> • We built a service platform for car owners to expand our presence to the fields of car cleaning and appearance, traffic ticket violation payment and refueling, among others. We also launched a parking platform. By the end of 2019, 886 parking lots in 52 cities have been connected to our parking platform, covering 500,000 parking spaces. Our parking platform has addressed user pain points through touchless payment, online e-invoice, monthly parking card, coupons and other features. • We built the online ETC (Electronic Toll Collection) card issuance platform. We entered into an agency agreement with 31 ETC distributors from 29 provinces (including autonomous regions and municipalities directly under the central government). In 2019, we issued 650,000 ETC cards. • Launched NFC and QR code-based payment services in buses and metros in over 200 cities. We also launched mobile payment products in major passenger platforms to support customers' payment for tickets via "all-in-one cards" and enabled them to enjoy discounts.
Pensions	<ul style="list-style-type: none"> • We launched "CMB pension service platform" to provide more convenient, smarter and safer pension services. By the end of 2019, we engaged in occupational pension custody business in 29 regions, and started annuity investment operation in 16 regions. The annuity in custody reached RMB 42.904 billion, an increase of 375.65% from the beginning of 2019.
Public services	<ul style="list-style-type: none"> • Connected to various government platforms, such as the "electronic social security card" and "national social security public service" platforms of the Ministry of Human Resources and Social Security, and the "Internet + Identity Authentication Platform" of the Ministry of Public Security, among others. We are providing electronic social security card issuing services in 241 cities, social security inquiry services in 39 cities, provident fund inquiry services in 67 cities, provident fund withdrawal services in 5 cities, non-tax payment services in 104 cities, and tax payment services in 29 cities. • Realized QR code-based payments in self-service credit inquiry terminals across mainland China. We supported the cloud flash payment app, banking app and other QR code-based payments,

	<p>which brings great convenience to offline customers.</p> <ul style="list-style-type: none"> Connected to 7,852 payment merchants in 192 cities, covering 15 scenarios such as electricity bills, water and gas bills, campus, among others; enabling users to complete payments for utilities at home.
Health	<ul style="list-style-type: none"> Partnered with the National Telemedicine and Internet Medical Center to launch the fintech pilot project. The project relies on the center's foundations in medical information and our advantages in financial services to promote the deep integration between the national telemedicine information technology and the financial industry.
Education	<ul style="list-style-type: none"> Served the payment needs of more than 1,000 campuses across the country, connected mainstream online educational institutions with all-in-one card payment, and provided payment solutions that features bank level security to fund industry associations, and the Ministry of Transport examination center, among others.



Signing ceremony for telemedicine center



Launch ceremony for pension service platform

Case:

Suzhou Branch promotes the construction of smart city

Building the “Guanyuan Smart Community”: The Guanyuan Community (located in Suzhou Industrial Park), has a large migrant population that increased the difficulty of managing the community, so Suzhou Branch launched the “Guanyuan Smart Community” project. Under the project, CMB’s mobile scanning and facial recognition technologies were used to replace traditional access control. Moreover, the card top-up and spending, access control management, parking

management and dweller management for residents in the community were centralized on the banking app; effectively solving the high cost, complex process and other pain points caused by decentralized community management. This improved the efficiency of migrant management, and the project provided a solution for communities that include many group dorms.

Promoting smart campus: The branch made full use of fintech to provide campus financial services to over 10,000 teachers and students. By binding campus cards, teachers and students can deposit money and pay tuition and miscellaneous fees via the one-stop services on the CMB APP.

Case:

Wuhan Branch launches innovative “smart healthcare” series

With the concept of “patient first and mobility first”, Wuhan Branch used internet technology to develop a new healthcare and financial service ecosystem that integrates WeChat, Alipay, mobile apps, self-service equipment, among others. The ecosystem can provide holistic smart healthcare services to patients before, amid and after medical consultation.

- **During the pre-consultation stage:** Patients enter a hospital’s WeChat account, and describe their symptoms in the smart guidance system. The system automatically shows the corresponding medical departments. Patients can make online appointments with appropriate doctors and choose the appointment time for consultation.
- **During the consultation stage:** Patients’ mobile phones automatically receive queuing information and the required wait time. After consultation, patients can directly pay bills by scanning QR codes at the bottom of the medical form or by using self-service equipment.
- **After the consultation and follow-up visit:** If the patient still feels uncomfortable, he or she may enter the WeChat official account to choose a doctor for a face-to-face video consultation on the same day. The patient may appoint this doctor as their own family doctor that is responsible for overall health management.

By the end of 2019, “smart healthcare” has provided healthcare and financial services to 23 public hospitals and two private hospitals in Hubei Province via the innovative “healthcare + Internet” model.



Helping Wuhan Union Hospital develop WeChat-based appointment and inquiry services

6 Growing Harmoniously and Jointly Building a Green Homeland

Sustainable Development Background

Climate change, rich-poor gap and other issues are becoming common challenges facing the world. Our government adheres to sustainable development and is committed to building an inclusive and happy society as well as a beautiful homeland where people and nature coexist in harmony. CMB adhered to green development and the social responsibility concept of “taking root in and giving back to society”. On the back of its unique business model and advantages, CMB spared no efforts to solve the imbalance and inadequacy in social development, and help people pursue better lives.

SDGs



6.1 Developing Green Finance

As an important tool to address the challenges brought by climate change, green finance has been increasingly emphasized. In recent years, CMB has actively implemented the policy requirements that were set forth under the *Guidelines on Building A Green Finance System* and other policies regarding green credit and finance. By optimizing credit structure and innovating business models, CMB continuously explored the practices of using financial services to promote green development, energy conservation and emission reduction. We look to contribute to the construction of an ecologically balanced civilization and the building of a “beautiful China”.

By the end of 2019, our green loan balance reached RMB 176.773 billion, an increase of RMB 10.74 billion from a year ago. These loans were mainly invested in integrated energy conservation and environmental protection, clean energy, green transportation and other fields. RMB 19.8 billion loans were provided to nuclear power projects. RMB 51.8 billion credit lines were provided to wind power generation, solar power generation, photovoltaic power generation and other fields. We formulated the *Guidelines for Review of Waste-To-Energy Industry*, and extended RMB 24.2 billion in credit lines to 44 high-quality waste treatment projects.

<p>Support for the environmental protection and energy conservation industries</p>	<ul style="list-style-type: none"> • We formulated and polished a series of credit policies to promote green development, such as the <i>Green Credit Policy</i>, the <i>Credit Policy for Energy Conservation and Environmental Protection Industry</i>, and the <i>Credit Policy for New Energy Vehicle Industry</i>. Credit support for green fields has increased and includes low-carbon economy, circular economy, energy conservation and environmental protection, among others. We allocated more credit resources to sectors and enterprises with low energy consumption, low resource consumption, low pollution and low emissions. • Implemented differentiated credit policies to promote energy conservation and environmental protection across different industries. • Gave preference to companies who are “leaders in terms of environmental protection”.
<p>Helping traditional industries go green</p>	<ul style="list-style-type: none"> • Strictly controlled the amount of new loans made to industries with high pollution or high energy consumption. Related loans must meet our general loan-granting requirements and national environmental protection standards regarding location, production processes, resource consumption and pollutant emissions. • Applied different credit policies to different customers in the overcapacity industries or industries with high pollution or high energy consumption. For manufacturing and construction sectors, CMB set requirements regarding environmental protection, energy consumption and resource consumption in terms of loans provided to manufacturing and building industries. We provided credit support for key areas such as technological transformation and upgrading in traditional manufacturing sectors, upgrading of important products, application of energy conservation and emission reduction technologies, and construction of green manufacturing systems. • We spared no effort to distance ourselves from companies that seriously damage the environment and potentially harm the public.

Investment in energy-saving and eco-friendly projects	
Number of supported energy-saving and eco-friendly projects	Balance of loans made to energy-saving and eco-friendly projects (RMB 100 million)
50	39.34

Breakdown of green loans		
Balances of loans made to industrial energy-saving, water-saving and eco-friendly projects (RMB 100 million)	Balances of loans made to energy-saving and green buildings (RMB 100 million)	Balances of loans made to eco-friendly transportation projects (RMB 100 million)
39.34	30.86	802.89

Energy saving and emission reductions achieved by green loan projects (Unit: ten thousand tons)	
Water	1,117.61
Carbon Dioxide	1,944.35
Sulfur Dioxide	3.93
Standard Coal	815.02
Chemical Oxygen Demand	48.70
Ammonia-Nitrogen	3.68
Nitrogen oxide	1

Case:**Foshan Branch follows the concept of green finance and steadily develops green credit**

Foshan Branch has built a sound green financial service system and is committed to building a green credit bank with strong environmental risk management ability and leading green credit products and services.

- Established a classified customer management system: Based on different environmental risks for customer loans, the branch took targeted management measures in terms of customer threshold, risk classification and post-loan management to realize the refined management of environmental risks.
- Reasonable allocation of credit resources: The branch increased support for low-carbon economy, circular economy, energy conservation and environmental protection industries, and allocated more credit resources to sectors and enterprises with low energy consumption, low resource consumption, low pollution and low emissions.
- Supporting green and environmental protection project: The branch served the “Foshan Municipal Solid Waste Recycling and Quality Improvement Project”, launched by Foshan Green Energy Environmental Protection Co., Ltd. The branch efficiently formulated financing plans, and helped reduce and harmlessly recycle domestic wastes.

Case:**Harbin Branch promotes green credit and supports sustainable development of industries**

In 2019, Harbin Branch vigorously supported the development of green and circular economy in the province. During the year, the branch provided RMB 214 million in green loans and the green loan balance reached RMB 619 million.

- Supported biomass thermal power project: The branch issued a domestic factoring loan of RMB 110 million to a biomass thermal power company in Heilongjiang Province to satisfy the working capital requirements in the operation of a biomass thermal power plant project.
- Supported power plant cogeneration project: The branch issued a working capital loan of RMB 70 million to a power plant whose energy-saving technology can save 205,900 tons of standard coal, 61 million kilowatts of

electricity and 3.9 million tons of water each year. The technology can also reduce 85% of smoke emissions and 52% of sulfur dioxide emissions.

- Supporting sewage treatment project: The branch issued a working capital loan of RMB 29.84 million to an environmental engineering company in Harbin. The company is mainly engaged in the design, construction and maintenance of sewage treatment projects, as well as sewage treatment. The company is building sewage treatment projects in over ten counties and cities.

Case:

Hangzhou Branch promotes green finance in all respects

In 2019, Hangzhou branch actively explored, innovated and developed green finance.

- In Huzhou, we participated in the development of Huzhou Green Financial Reform and Innovation Pilot Zone, actively served enterprises through the “green loan” green financial service platform, promoted the efficient matchup between banks’ credit supply and enterprises’ financing demand, and improved the efficiency in bank financing services.
- In Quzhou, the Longyou Specialized Green Subbranch of Quzhou Branch opened. Riding on the issuance of ABN (asset-backed notes) by an urban investment and water industry group, the subbranch used relevant green finance policies and tools to promote the issuance of green debt and secure assets.

In the future, we will continue to innovate and promote green financial products and services, provide more diversified green financial products for green investment and financing as well as green projects, and improve the convenience and availability of green financing.

6.2 Contributing to Charity

It is a traditional virtue for Chinese people to be benevolent and to help the needy. As a responsible corporate citizen, CMB actively fulfills its social responsibility, builds a charity platform, encourages volunteer services and promotes the healthy development of community.

Innovative charity platform

We advocate the charity principle of “everybody can contribute to charity”. Riding on the features of our operations, we are committed to building a characteristic charity platform that allows everyone to participate.

<p>“Get More Fun from Monthly Donations”</p>	<p>“Get More Fun from Monthly Donations” is a small monthly donation scheme jointly launched by CMB and many other charitable institutions. CMB cardholders may simply use the CMB APP to make monthly donations to charitable projects that they are interested in. Beneficiaries of these donation schemes include children in rural areas, left-behind children, Second Sino-Japanese War veterans and other needy groups. In 2019, 354,173 people took part in the “Get More Fun from Monthly Donations” scheme.</p>
<p>“Points for Micro Charity”</p>	<p>“Points for Micro Charity” is a point-to-charity donation platform founded by CMB. The platform encourages customers to convert points to items for charitable purposes. On the World Autism Awareness Day and Children’s Day of 2019, the “Points for Micro Charity” crowdfunding platform encouraged good-hearted customers to donate their points on CMB Life and CMB’s Alipay credit card payment channel. During the year, 240,000 people donated 59.53 million points on the platform. A total of 24,000 classes were donated to help autistic children integrate into society. 237,800 free lunches and 59,000 books were donated.</p>



“Points for Micro Charity”

Case:**Promoting development of charitable trust**

CMB closely monitors the charity development in the trust sector. Since 2016, customers have been provided with charity-related services including charitable trust, charity asset allocation and other comprehensive charity-related services. We have set up 4 charitable trusts for individuals or charitable foundations, focusing on education, poverty alleviation, assistance to mothers and children facing difficulties, among others. Thus far, we have managed RMB 291.2 million in charitable trust assets.

In 2019, we established a charity inheritance mechanism for family office customers. Moreover, our charity professional committees provided advices on family charity arrangement. We held more than 50 charity salons to help customers analyze charity policies. We also organized activities on environmental awareness, children's reading, care for elderly, care for autistic children and other charitable themes, in order to help customers carry out charitable activities in a scientific, strategic, effective and sustainable manner.



Cash distribution for a charitable trust project in Taiyuan 2019

Case:**CIGNA & CMC Life Insurance brought hope to orphaned and poverty-stricken children with congenital heart disease**

CIGNA & CMC Life Insurance has taken innovative measures to support the “Ai You Child” program, which was launched by the Ai You Foundation to help orphaned and poverty-stricken children with congenital heart disease pay for their surgery and rehabilitation costs.

- CIGNA & CMC Life Insurance has partnered with Ai You Foundation and Tencent Charitable Foundation. On 99 Charity Day, CIGNA & CMC Life Insurance donated RMB 10 to match every RMB 1 donated by good-hearted

people. A total of RMB 200,000 was raised.

- CIGNA & CMC Life Insurance launched the “Heartbeat Relay Challenge” on the TikTok short video platform. Nearly 5,000 people released original heartbeat relay videos that helped more people learn about and care for children with congenital heart disease.
- More than 1,000 donations were collected through charitable pop-up shops, charitable sales, and other methods. These charitable activities recycled unused goods, and raised over RMB 130,000 for the “Ai You Child” program.

CIGNA & CMC Life Insurance also directly donated RMB 500,000 to “Ai You Child” program to help children with congenital heart disease.



Charitable pop-up shop

Case:

Changsha Branch develops online small program to promote waste separation

In 2019, Changsha began fully implementing urban waste separation and reduction. In order to convey waste separation knowledge to the public, Changsha Branch joined hands with the Hunan Provincial Unit Housing Provident Fund Management Center and Changsha Furong District Government to launch a small program themed on waste separation.

Users enter the program by scanning QR codes, and then play a recycling game in which they put waste into separated garbage bins within 40 seconds. After the game, users can receive small red envelopes to encourage waste separation. Users can also share the red envelopes online, and the program helps more people learn about separating trash.



Online small program for waste separation

Encouraging volunteering services

We advocate volunteer culture among our employees and have actively helped underprivileged groups, promoted poverty alleviation, environmental protection, education and disaster relief. CMB's volunteers have delivered their love and warmth to people in need all over the country.

Case:

Helping outdoor workers and providing them shelter

Outdoor workers, such as sanitation workers, delivery persons and workers in high temperature environments greatly contributed to keeping cities clean and beautiful. We respect all workers and use our extensive branch network to help outdoor workers.

Reducing heat for workers in high-temperature environments: In Jinhua, Hangzhou Branch partnered with local media to hold a charitable activity called "one cup of water". In the activity, outlets provided drinking water and rest space to workers in hot environments. The branch also formed a team to send drinking water to workers on construction sites in Jinhua.

Caring for delivery persons: Wuxi Branch and Wuxi Postal Administration jointly created a rest space for delivery persons and laborers that offers beverages, mobile phone chargers, medicine boxes and financial books. Moreover, financial knowledge popularization and consultancy services are also provided in the rest space, so people can get some nice rest and study in the space.

Special seats for sanitation workers: To thank sanitation workers for their hard work and contribution, Guiyang Branch launched a special seating for sanitation workers project. These seats have been separated from the waiting area for customers, and provide a temporary rest space for tired sanitation workers.

CMB has really surprised me. The special seats are so good as they give me a warm and comfortable resting place in the winter."

—Ms. Li, a sanitation worker



Hangzhou Branch “One cup of water” charitable activity



Wuxi Branch rest space



Wuxi Branch rest space



Guiyang Branch special seats

Case:

Caring for children's growth

Children are the future of our society. We pay close attention to the growth and development of children, especially underprivileged children, and encourage employees to actively provide volunteer services. By giving a helping hand, we promote the healthy development of children and create an environment where every child is well taken care of.

Caring for children in mountainous areas: In November 2019, the volunteer team of Shanghai Branch set out again to the mountains of Yunnan Province. The visit has been part of the branch's charitable activities for the education sector in 2019. During the visit, volunteers carried out the “Sunflower Garden Full of Love” program for the fourth consecutive year. Small night lights were made by the volunteers and there were books, revolving bookshelves, music and art classes, as well as other interesting courses at the Xialian Primary School, Ciba Primary School and Chengtang Primary School in Dali County, Yunnan Province. These volunteers have helped improve the educational environment for needy students in

remote Yunnan mountainous areas.

Realizing dreams for children left-behind: Nanchang Branch has actively helped children in Jiangxi Province. After learning of the new year wishes of 40 children at the Xitou Primary School in Nanchang, volunteers from Nanchang Branch visited Xitou Primary School in the Nanchang New District and brought gifts, school supplies and other materials to help these children realize their new year's wishes. By their actions, the volunteers helped these children who have been left-behind because of poverty.

Delivering warmth to orphaned and disabled children in a welfare home: In November 2019, Hangzhou Branch employees brought gifts to orphaned and disabled children in the Jinhua Children's Welfare Home and provided a wheelchair for a needy child to help him see a doctor in Shanghai.



Shanghai Branch education sector charitable activity participants



Shanghai Branch education sector charitable activity certificate



Nanchang Branch helped children realize dreams



Hangzhou Branch visit to welfare home for orphaned and disabled children

Case:

Spreading green concepts

We maintained our advocacy for green and eco-friendly lifestyles among employees, customers and the public. CMB has carried out the "Reforestation in

One Hundred Years for China Merchants Bank” project nationwide for 15 consecutive years, in order to help preserve green mountains, forests, and clean water.

Protecting the beautiful Qinling: Xi'an Branch participated in the tree planting and green protection activity named “Caring for Beautiful Qinling and Jointly Building A Green Home”. Moreover, the branch was granted the *Land Greening Honor Certificate* issued by the Shaanxi Provincial Greening Committee.

Putting on green clothes to replant red areas: Employees and customers from the Shijiazhuang Branch carried out charitable tree planting activities in Xibaipo on Arbor Day to restore the deforested areas and make them green again.

Participating in World Cleanup Day volunteer activities: Hangzhou Branch actively participated in the World Cleanup Day garbage cleanup activities in Shaoxing. Volunteers from the branch picked up and separated wastes such as cigarette packets and butts from the ground, flower beds and grassy areas near Shimao Plaza, effectively increasing the public's awareness of environmental protection.



Tree planting and green protection activity

Special Chapter: Our Commitment to Fighting COVID-19

The COVID-19 outbreak hit China in early 2020. People across the country joined together to contain the outbreak. As a leading and socially responsible commercial bank, CMB took a series of measures to effectively help the Chinese people fight COVID-19.

We have brought together all people within our bank to help Wuhan. CMB made RMB 200 million donation to Wuhan Charity Federation. Our employees also donated RMB 6.9112 million (including both financial and nonfinancial donations) as at March 2, 2020. We used our quality financial services to help fight the epidemic. While ensuring the safety of customers and employees, we provided quality financial services via online and offline channels. Moreover, green passage was opened to

increase the credit support for enterprises related to epidemic prevention. We also vigorously helped businesses to recover production and work, and help them tide over difficult times.

Helping to Contain the Virus

We made it a top priority to work on containing the outbreak. After learning of the outbreak, CMB immediately donated RMB 200 million to COVID-19 prevention and the control command office in Wuhan to help support containment.

Our Head Office established an emergency COVID-19 containment leadership group to organize bank-wide outbreak containment work. We closely monitored the developments of the outbreak and rapidly adjusted our response efforts.

Using Online and Offline Operations to Ensure Service Continuity

In every city where CMB has branches and conditions permit, we kept some physical outlets open on workdays in order to provide financial services to companies and residents amid the outbreak. When operating these outlets, full consideration was given to local conditions and we satisfied the requirements of health authorities. CMB maintained a high level of hygiene and regularly sterilized the outlets. The number of staff in these outlets was minimized, all staff needed to wear face masks to prevent virus spread, and we spared no efforts to provide a clean and sanitary environment to customers.

At the same time, we ensured a smooth, efficient and convenient supply of our electronic banking services such as apps, online banking and SMS for individual and business customers. Customers were encouraged to transfer money, make loans, manage wealth, print statements and pay utilities online, in order to minimize their outdoor activities. We also worked with many institutions to launch an “Outbreak Containment Zone” on CMB APP, which provides real-time outbreak data, online medical consultation, community infection status, transportation information of infected cases, information of hospitals receiving infected cases, real-time inquiry, and other services. These services enable the public to know real-time outbreak information without leaving home.

Case:

CMB leverages its quality services to help contain the outbreak

When the Wuhan government announced the city lockdown on January 23, all CMB Wuhan Branch’s outlets in the city remained open to serve key customers like hospitals who use our services to pay salaries and consolation money.

In the morning of January 24 (Chinese New Year Eve), we helped the Wuhan Charity Federation process a RMB 100 million medical donation.

On Chinese New Year's Eve, four colleagues in a Wuhan subbranch stayed on their posts to help process payment of specially granted money for medical workers fighting COVID-19 on the forefront in a Wuhan-based hospital.



Wuhan Branch provided quality financial services to customers amid the outbreak

Increasing financial support for outbreak containment

We fully cooperated with and increased financial support for outbreak containment responses. On January 28, 2020, we published the *Notice on Increasing Financial Support for Outbreak Containment*. By using the notice, we opened a green passage for related financial services and stepped up financial support for companies playing important roles in outbreak containment and supplying key living materials.

- To address the emergent capital demand of medical institutions, pharmaceutical companies, equipment manufacturers, construction companies, as well as material supply and transportation companies related to the outbreak prevention and control, we opened a green passage and provided a special credit quota as well as preferential loan interest rates. By doing this, we effectively satisfied the capital demand of related companies in production, transportation, emergent materials procurement and other key projects.

[Data] Since the COVID-19 outbreak, Wuhan Branch has issued RMB 2.943 billion in loans to related local medical institutions and pharmaceutical enterprises.

- Differentiated policies will be adopted for different companies that are impacted by the outbreak. Our relief measures for such companies include loan renewal, interest waiver, credit protection, among others. These measures have mitigated the outbreak's impact on companies and helped them overcome difficulties.
- For other customers with credit needs during the outbreak period, we optimized the credit granting and loan provision processes. Customers were encouraged

to discount online and borrow online which minimized offline operations, reducing risk of the virus spreading and ensuring sound operation of enterprises.

Case:

Underwriting and issuing the first domestic outbreak prevention and control bond

On February 6, we acted as lead underwriter and through CMB, the China Nanshan Development (Group) Incorporation issued RMB 300 million in ultra-short-term bonds on the interbank bond market. The proceeds from the bonds are to be used to support the construction of wards at the Huoshenshan Hospital in Wuhan and other quarantine hospitals, as well as guarantee protective measures for logistics in Hubei Province. This also marks the first issuance of a domestic outbreak prevention and control bond. As the exclusive lead underwriter for issuing the bonds, we improved the review and approval procedures to support enterprises participating in outbreak containment. Supported by regulators, we completed the approval and issuance for the bond within half a workday.

Case:

Shenzhen Branch provides emergent financial services to coronavirus test kit makers

On January 31, 2020, a test kit maker requested us to help them make a cross-border payment for purchasing test kit raw materials. Though it was a public holiday, Shenzhen Branch responded quickly during the same night of receiving the customer's request. The branch cooperated with relevant departments of the Head Office and the accounting department of the branch to provide a solution for the customer. In the afternoon of February 1, two payments for procuring raw materials were made.

Amidst the outbreak, many suspected cases needed diagnosis. To address the demand, the test kit maker planned to increase the test kit capacity by 5 times, which caused big capital demand for raw material procurement. In the afternoon of February 2, Shenzhen Branch held a meeting on related credit granting, and worked out a plan to provide integrated financial solutions to test kit makers based on their operational characteristics. These financial solutions include working capital loans, upstream and downstream supply chain finance, among others.



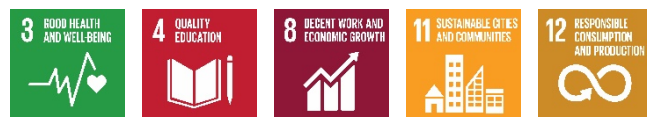
Emergent financial services for coronavirus test kit makers

7 Compliant Operation and Growing with Employees

Sustainable development background

Sound corporate governance, scientific decision-making and outstanding employees are crucial to the long-lasting and sustainable development of businesses. CMB has long adhered to the strategic goal of becoming a “Light-operation Bank” and the strategic positioning of “One body with Two Wings”. We strictly control our operational risks and insist on compliant operation. In addition, we have given good jobs and diversified training opportunities to employees, creating a wide and transparent career development path. Our aim is to grow together with our employees.

SDGs



7.1 Promoting compliant operation

We continued to strengthen risk management. With a focus on key areas, fintech is utilized to boost risk management. Moreover, we have accelerated identification and disposal of nonperforming assets to enhance our ability of fending off risks.

Under the guidance of China Banking and Insurance Regulatory Commission (CBIRC), we adhered to the principle of “compliance first”. Our operation, strictly complies with applicable laws, regulations and regulatory requirements, to ensure the compliance of our internal controls, strengthen risk control and further improve our compliance mechanism. We carried out compliance education among employees to raise their compliance awareness, and spared no efforts to serve the real economy.

Enhancing risk control

Risk management is standardized in our corporate finance business. Branches are monitored to ensure that they fulfill the internal control compliance requirements applicable to the corporate finance business. We also impelled branches to build a four-level compliance management structure in the corporate finance business.

A risk contact person system was put in place to enable grassroots staff to play a more important role in risk management. By strengthening the risk contact person system, we enhanced risk management at the business forefront.

We also stepped up staff risk management. We checked employees' behaviors and organized training activities on professional ethics, confidentiality, case warning, among others. In addition, branches were instructed in proper corporate finance operations to ensure that they perform requirements as set by the Head Office.

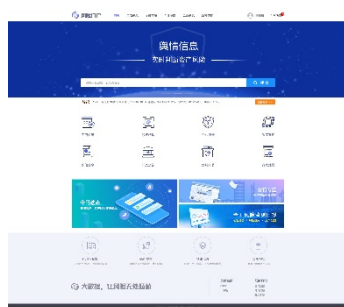
Improving overseas risk management

As we became an increasingly diversified and international bank, we are having increasingly more subsidiaries and overseas branches. Our asset scale is rapidly expanding and we are committed to enhancing risk management for our overseas branches and subsidiaries.

Our overseas branches are positioned to help customers go abroad. Based on this strategic positioning, our overseas branches have defined their risk preferences and streamlined connections with the Head Office to build a reporting and information-sharing mechanism. In subsidiaries, the risk compliance management committees on the subsidiaries' boards will play the core role, while the general manager of the risk management department of the Head Office will act as directors and heads of the risk compliance management committees of subsidiaries. They will strengthen management of risk preference, strategies and performance assessment in subsidiaries, in order to ensure that their risk management practices align with that of CMB.

Fintech empowers risk control

- Smart risk control platform: Through the iterative smart risk control platform "Risk Portal", the platform can empower each business line and therefore enhance credit service level.
- Online risk control platform: Strengthened rules, financial credit models and business scenario models were used to assess and calculate quotas for customers. Moreover, we used these models and rules to detect fraud, assess customers and price risks while implementing post-loan management and warnings, thereby enhancing the connection between industrial customers and financial services.
- Smart rating system: Our smart rating system can precisely profile customers' risks by assessing corporate customers' financial data, deposit data, borrowing activities and external reputations. Simultaneously, our smart rating model will continuously analyze customers' risks and enhance the accuracy in customer ratings.



Smart risk control platform “Risk Portal”

Case:

Smart rating system helps risk management

In our traditional assessment model, Guangdong XX Air Conditioning Co., Ltd. was rated at level 14. Our bank’s total exposure to the company (including on and off-balance) amounted to about RMB 28.35 million. The smart rating system detected that although the company's own credit status is normal, there are risk characteristics in its customer relationship network, such as overdue payment and excessive external lenders. The smart rating system re-rated the company at level 22, which was 8 notches lower than traditional rating. According to the smart rating system, the customer’s default probability is 5 times higher than that measured in the traditional rating. Two months later, the customers’ assets were downgraded to “special mention” class, and it faced large operating losses and tight liquidity. Our smart rating system can study through machine learning. It featured wider coverage and higher accuracy, which effectively boosted our risk management.

Nonperforming assets control

Our credit policies are constantly optimized and the breadth and depth of our internal and external data resources were enhanced. We have built a strong risk management system that is driven by big data technology and quantitative modeling. As at the end of 2019, our bank’s nonperforming loan (NPL) ratio was 1.16%, while our NPL balance reached RMB 52,275 million, down RMB 1,330 million from the end of 2018.

Case:

Yantai Branch strived for coordinated development in quality, efficiency and scale

In 2019, regional economic situation became increasingly complicated, and credit risks were exposed at a faster pace. Regulation was also increasingly tightened. Against this backdrop, Yantai Branch strived to mitigate risks in advance and

stepped up efforts in disposing of nonperforming assets to strengthen credit risk control.

At the end of 2019, Yantai Branch's NPL balance from the beginning of the year was RMB 85 million, down RMB 7 million and the NPL ratio reached 0.51%, down 0.14%. Yantai Branch's NPL ratio has been much lower than industry average in the Yantai and Weihai regions. The branch has fulfilled the asset quality management goals as set by the Head Office and regulators.

Case:

Yinchuan Branch stepped up risk asset disposal and ensured compliant operation

Yinchuan Branch has vigorously proceeded with the recovery of nonperforming retail loans. The branch has explored new disposal channels, such as negotiation with debtors, lawsuits, "Internet +" model, among others, thereby disposing of nonperforming assets in a compliant and efficient manner. During the year, the branch made a breakthrough in nonperforming asset recovery, with funds recovered through lawsuits, as well as recovered through unforced actions; both hitting a record high.

Promoting compliant operation

We further strengthened compliance management and raised employees' compliance awareness. In the meanwhile, we strictly implemented China's anti-money laundering laws, policies and regulations, performed our anti-money laundering duties, and ensured compliant operations.

Strengthening compliance management

In 2019, we further strengthened compliance management in accordance with related policies of CBIRC and actual conditions of our bank. Irregularities were rectified and related control systems were enhanced. We also strengthened regulation on employees' conducts and carried out compliance inspections, which translated into stronger internal control and laid a solid foundation for compliance management.

Staff behavior management	<ul style="list-style-type: none"> • We formulated a detailed code of conduct for employees in 35 key positions, as well as three general staff behavior management systems, including the <i>Point Management Rules for Minor Violations of Employees</i>. • Conducted a special inspection for illegal fundraising, POS-based cash withdrawals, and other irregularities of employees. Application of certain management tools were stepped up and all violations recorded. Those who have violated rules will be put on a list, and outgoing employees shall go through a resignation audit.
Employee compliance training	<ul style="list-style-type: none"> • Formulated and distributed the <i>2019 Guidelines on Internal Control and Compliance</i>. During the year, we produced and distributed 11 standard sets of teaching materials on legal compliance, five issues of fast guidance mechanisms on innovative applications, as well as 15 issues of fast guidance on legal compliance on 33 topics. These materials strengthened the compliance ability of grassroots employees. • Organized compliance training courses where related persons-in-charge, compliance officers and supervisors from the Head Office and branches acted as trainers. These courses are for new employees as well as employees that are transferred to new positions. They have effectively raised the compliance awareness of employees.
Internal control compliance in overseas operations	<ul style="list-style-type: none"> • Formulated the <i>Special Work Plan for Improving Compliance Management of Overseas Institutions</i>. Based on the compliance risks in overseas business, we strengthened the pre-business compliance review and post-business reporting mechanism for key countries and regions.

Case:**Shaoxing Branch strives to become a role model for compliance**

Since 2019, Shaoxing Branch has strived to build a long-term mechanism of active

compliance and become a role model for compliance. The branch stimulated the internal driving force for compliance, and shifted from passive compliance to active compliance, from business line compliance to full compliance, and from compliance in form to compliance in substance.

Senior executives in the Shaoxing Branch played a leading role in promoting compliance. They ensured compliant operation and management by strengthening collective decision-making and research. Moreover, various compliance education activities were carried out to improve employees' compliance awareness, compliance capability and risk management ability in every process. In view of the regulatory focus and the internal control system of superior banking organizations, Shaoxing Branch carried out various compliance tests and competitions to improve the actual effect of compliance education.



Building role model for compliance

Improving anti-money laundering work

In 2019, We further strengthened the internal control management of anti-money laundering, solidified the foundation of anti-money laundering, explored the application of fintech in anti-money laundering, strictly implemented national anti-money laundering laws, policies and regulations, actively performed anti-money laundering obligations, and ensured compliant operations.

We optimized anti-money laundering systems and work processes, including: optimizing anti-money laundering monitoring system module and customer money laundering risk rating system, as well as developing online AI monitoring and analysis platform, anti-money laundering KYC platform, among others.

Key anti-money laundering works in 2019

- Improving internal control systems for anti-money laundering, and formulating or revising 13 policies, including *Anti-money Laundering and Sanction Compliance Policy*, among others.
- Fully implementing money laundering risk assessments.
- Examining anti-money laundering and sanction compliance risks.
- Satisfying requirements set in anti-money laundering transaction monitoring reports and reporting large-sum transactions to China Anti-Money Laundering Monitoring and Analysis Center.

Using fintech to facilitate anti-money laundering inspection

In 2019, we used fintech to develop a smart suspicious transaction analysis platform under the anti-money laundering monitoring system. We used machine learning model to identify money laundering syndicates and cancel suspected money laundering transactions unspotted by expert rules. Self-learning of the model is activated regularly based on new sample, in order to realize continuous optimization. The platform has increased the effectiveness and efficiency in anti-money laundering monitoring, and reduced related manpower costs.

Case:**Yantai Branch trains employees on AML (Anti-money Laundering) laws and ensures compliant AML operation**

Yantai Branch organized the “AML legal knowledge contest”. Over 300 employees from Yantai Branch participated in online test. 34 employees won the title of “AML Expert”, and six teams qualified for promotion to the on-site contests. In the on-site contests, participating individuals and teams answered the questions for individuals and teams, quick response questions and supplementary questions. Outstanding individuals and teams won awards. Through this knowledge contest, all employees of Yantai Branch were encouraged to study AML laws, which helped create a good atmosphere for learning related laws and ensuring compliant operation to fight money laundering.



AML legal knowledge contest

7.2 Helping Employees Succeed

A company can grow sustainably only when it helps employees succeed. We are a “people-oriented” company and strive to protect the legal rights and interests of our employees. There is a smooth career path to help employees grow, and we built a dynamic, open and inclusive workplace for employees. In this way, CMB has grown together with our employees.

Building a solid talent pool

Employees are our most important partners and the driving force behind our businesses. We highly value talents and optimize the talent introduction mechanism and career path for employees to create a career development platform with infinite possibilities for employees.

Enriching recruitment channels

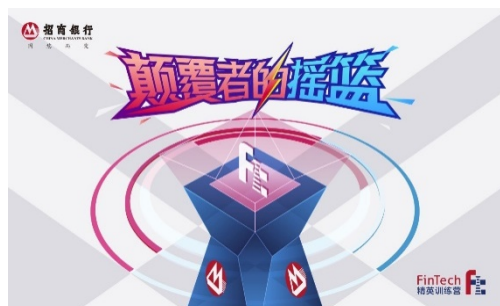
In 2019, we innovated recruitment methods and processes, and expanded recruitment coverage via an internship program as well as campus and social recruitment. We also optimized the fintech training camp, and created a new fintech recruitment model.

Internship program	We launched the 2019 “Dream Workshop – Starting from the Heart and Changing for the Dream” internship program. We also held personality assessment and project-based internship programs, and arranged for candidates to participate in fintech projects. Through these actions, we strengthened the internship roles while introducing school talents.
Campus recruitment	In campus recruitment, the “online + offline” publicity model was adopted to enable convenient tech-based interviews and improve interview efficiency and experiences. Through

	campus recruitment, we hired 4,493 excellent talents.
Social recruitment	The “Talent Seeker” program continued to operate and was used to employ 1,395 people. In our social recruitment activities, we hired 4,258 outstanding employees. We also actively responded to the government’s call of hiring retired soldiers by providing jobs to 22 retired soldiers.

Optimizing fintech elite training camp

In 2019, we optimized processes of fintech training camps and related assessment arrangements. Top learning resources from Silicon Valley were introduced and we provided the Udacity learning platform and professional certification to all applicants free of charge. 8,346 students applied to study on the platform. We also completed the online competition via our self-developed CERES competition platform. 301 applicants were selected to enter the camp. The training camp adopted the immersive recruitment mode and applicants in the camp were assessed throughout the entire processes. After the training camp, excellent graduates (excluding current graduates) received “direct pass” cards, while those graduating this year with excellent performance records were invited to join our bank.



Fintech training camp

Smooth career path

We put in place dual career paths for employees. One path is for employees who pursue managerial roles, while the other is for employees who look to develop in-depth technical expertise. The dual career paths enable us to build strong backup talent pools, and give more flexibility and choices to employees with different aspirations and talents.

Managerial path	We followed the principle of “six standards” and “three priorities” for cadre selection. We optimized our manager selection mechanism and ensured that managers are selected in an open and fair manner. We gave a lot of trust to young people, and encouraged friendly competition in our bank.
Technical path	We have launched full-coverage and differentiated paths for technical advancement to encourage employees to vertically develop their technical expertise. Employees on the paths at the same level will receive the same treatment. We look to build an “expertise-oriented” culture to enable experts to create values. In 2019, we set relevant paths and optimized review mechanisms based on our development strategy and expert team building plan. Incentives for fintech and top-performing talents, were enhanced and we further refined the related talent assessment. Over 40,000 employees took part in our 2019 professional path assessment, and over 20,000 employees were promoted.
Backup talent pools	Our backup talent pools serve as employee development platform where employees can study and apply for positions based on their own interests. In 2019, we focused on mechanism building, systematization and operation & maintenance standards of talent pools. This allowed us to provide more flexible choices to employees in terms of application, studying and position selection. By the end of 2019, we created over 2,000 backup talent pools with over 150,000 registered employees. Data for 120,000 employees was entered into the pools, and over 20,000 of these employees were transferred to new positions.

Focus on employee development

In 2019, we advocated the principle of “empowering employees through training”. To fuel personal development, our training offerings were streamlined and we provided employees with systematic courses covering the entire lifecycle of their career

development. Concurrently, we used fintech to provide online studying opportunities and deliver the best learning experience.

Optimize training system

Optimizing and streamlining training offerings	We integrated training content, coordinated offline training schedules and held centralized training once a week.
Customizing trainings for employees	The studying mode was optimized to improve employee training experiences. Training programs were customized based on employees' position specifications and personal development goals. We gradually put in place the training system of "compulsory + exemption + elective courses" to focus on the personal needs of employees and give them more options.
Offering the right training content	Training courses were carefully designed based on actual business scenarios to teach skills and knowledge that are applicable to real work.
Innovating and digitizing training	We strengthened our commitment to provide online and systematic training courses covering the whole lifecycle of an employee's career development and created clear guidelines for studying.
Focusing on on-site guidance and the exemplary effect"	Leaders were encouraged to train their subordinates on their own with the hope being that our best employees can help nurture talents that are even better.

Building a new-generation 1.0 educational and training platform

In 2019, we completed the new-generation 1.0 educational and training platform. Iterative development and online implementation of system management functions was finished and included nine business modules such as curriculum management, teacher management, learning activity management, among others. The platform enables us to build a stable and expandable underlying structure that promotes smart and digital teaching. Until now, the learning platform has provided over 2,000 high-quality e-classes, and employees studied on the platform 4.46 million times throughout the year.

We started developing the new-generation 2.0 educational and training platform that

focuses on user learning experience. The platform will integrate cutting-edge technologies with applications that are based on Internet mindsets. This reshapes the online studying mode, digitizes corporate training and creates the best learning experience.

Enhancing the training system

Different training programs were devised for employees at different levels and positions. To ensure efficiency in training, we kept providing new training content and modes, and streamlined our training offerings. In 2019, we held 11,898 training sessions for 71,066 employees.

Training for new employees in the Head Office	New employees of some branches have been invited to the Head Office to receive full-time training under formal management. In these sessions, the employees studied CMB's culture, strategy, service principles, professional ethics, fintech, and other subjects. In addition to face-to-face instruction, the training also included practical skills, computer skills, experience-based knowledge, among others. As a result, the new employees were able to start working right after completion of the training.
Nurturing fintech talents	<p>We established a comprehensive fintech talent development system covering new talent training, professional technology and management skills. In 2019, there were 127 professional training sessions held over 3,344.5 hours with 6,421 students participating.</p> <ul style="list-style-type: none"> • Through the training camp program, new employees can be quickly integrated into our bank. • Four separate professional skill training systems have been established, including system development, data analysis, testing technology and operational safety. These systems have ensured the high technical level of fintech talents. • Designed the management empowering project called "Sailing" to improve employee management skills and build talent reserves for management teams.

<p>Leadership development</p>	<p>Our leadership development activities primarily include young manager training programs, topical training at tier-2 branches, as well as training head office supervisors and their backups.</p> <ul style="list-style-type: none"> • Three phases of young manager training programs were held in 2019, and 108 employees were trained in these programs. The programs strengthened the leadership of our bank and increased backup talent reserves for managerial positions. • The topical training at tier-2 branches mainly targeted middle-level managers or deputy managers in tier-2 branches. Over 1,100 employees attended training. • Training of head office supervisors and their backups focused on empowering and developing bank-wide managers. In 2019, the training primarily targeted supervisors and their backups in the Head Office.
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New employee training



Elite employee training

Case:

Wenzhou Branch set a clear career path for employees

Wenzhou Branch built a hierarchical and classified training system to help employees grow their professional capabilities. During the year, the branch held 110 training sessions and organized centralized training for a total of 782 hours. The branch implemented a points-based training management system to encourage employees to receive training and enhance their professional capabilities.

The branch also developed a system that helps employees grow both horizontally and vertically. Through performance assessment and internal recruitment, employees are promoted on both managerial and technical paths. Wenzhou Branch also launched the “Young Eagle Plan” to select and train young managers to provide talents to county outlets and open a new growth path for employees.



Helping employees grow

Case:

Nantong Branch trains and empowers employees

Nantong Branch focused on employee growth. The branch kept improving and enriching its training system and content, in order to provide talent support for the branch's development.

In 2019, Nantong Branch customized the "Happy Learning Plan" training program for employees who have worked in the branch for fewer than 3 years. The program aims to boost the six skills for employee that involved their personal competency, integrity and knowledge. It has helped many new employees grow into highly professional talents.

The branch also carried out the "2019 Middle Level Reserve Cadre Training Class". Participants in the three-month training program took courses that involved self-awareness, mindset development, leadership improvement, among others. They also conducted topical research and work practices that centered on issues related to branch business development and team management.



Middle Level Reserve Cadre Training Class

Case:

Chongqing Branch innovated its training programs

Chongqing Branch launched the “Chongqing Sailor Program”, which was an innovative training program for its young manager backups. The program included the “Navigator Class” and “Starter Class”. The “Navigator Class” was designed for young middle-level manager backups, while the “Starter Class” was for supervisor backups. The two classes strengthened the talent pool and incubation mechanism for the branch’s management team. The branch also organized the “Management Sailor Program” in universities, which targeted new supervisors and their backups. The two-phase “Management Sailor Program” improved managers’ overall capabilities and broadened their horizons. Moreover, the branch enhanced training on basic financial knowledge for employees that did not come from financial backgrounds to help them quickly fit into their work posts.



“Management Sailor Program”

Case:

Hangzhou Branch upgraded and rebuilt its training system

Hangzhou Branch launched the “Fintech Empowerment” project. Under the project, a series of training courses named “Fintech Lectures” were introduced. Moreover, manager backups and young managers were sent to Alibaba for exchange activities. The project has included theoretical learning and practice as well as online and offline cross-industry trainings. It helped managers develop digital thinking, widen their horizons in fintech and do a better job.

Creating a dynamic workplace

We are committed to building an open, equal and inclusive workplace, and have actively communicated with our employees and gathered their wisdom and suggestions. Great importance is attached to the physical and mental health of employees and various spare time activities have been organized. We have created an energetic and positive atmosphere, and helped employees have great experiences at

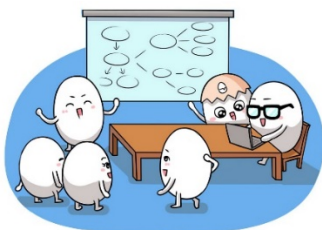
work.

Building a strong company culture

In 2019, we raised ten proposals on fighting bureaucracy, in order to strengthen our work style. We strived to build a simplicity-oriented culture, and promoted the “Egg Shell” platform to collect employees’ opinions and better communicate with employees. To promote CMB’s company culture, we also launched a short video program called “Signboard TV” to tell CMB’s stories and introduce the great spirit of our employees.

“Egg Shell” helped foster a new culture

Egg Shell is a smart employee opinion collection and escalation platform that was put into use at CMB in 2018. Not only can employees express their opinions, but good proposals posted on the platform will be adopted, and it ensures the equal importance of communication between employees. In 2019, Egg Shell helped foster a new culture that encouraged employees to spot and expose flaws in our operation. Employees posted 5,682 times, and 1,263 proposals were adopted. Egg Shell facilitated the creation of an open, inclusive and equal culture within our organization, and brought good advice conducive to CMB’s development.



“Egg Shell” helped foster a new culture

“Signboard TV” showcases CMB spirits

In September 2019, CMB launched the weekly short video program, “Signboard TV”, which used videos to tell CMB’s stories and showcase the positive attitude, professionalism and strong fighting spirit of employees.

In one episode, the founder of “all-in-one card”, as well as employees who witnessed the “going to different places with all-in-one cards” campaign and CMB’s poverty alleviation campaigns had talks with young employees that were born in 1990s. In the talks, these old employees elaborated on CMB’s history and the core elements of our culture and spirit. In another episode, the daily work of some employees was shown to help colleagues better understand their jobs. Another

episode told interesting stories about how CMB employees served customers.



“Signboard TV” told CMB stories

Enriching employees lives

We helped employees achieve work-life balance by organizing various sports and cultural activities. We believe these activities not only promoted employees’ body health, but also make them better team players.

Case:

Langfang Branch organized “Family Day” event

Langfang Branch organized employees and their family members to watch a film together. Employees and their parents, couples and children all watched “So Long, My Son”, a family-themed film that won an award at the Berlin International Film Festival. Employees also expressed their gratitude to their families and friends by giving popcorn, drinks and memorial umbrellas as gifts in the event. Before the film started, Gao Haili, vice-president of Langfang Branch, delivered a speech, saying that all employees contributed to the success of Langfang Branch. Gao thanked the families of employees for their support. Through the event, the families could truly experience CMB’s culture of caring for employees.



Langfang Branch “Family Day” event

Case:**Guiyang Branch celebrates Dragon Boat Festival**

The Guiyang Branch labor union held a week long cultural experience to celebrate the Dragon Boat Festival in 2019. To help employees better understand and experience the cultural elements of Dragon Boat Festival in a joyful manner, there was a rice dumpling DIY event, dragon boat festive cake tasting, sachet DIY and festive benefits delivery. The celebration activities covered all CMB's units in Guiyang and enhanced the employee's sense of belonging and interacting.



Dragon Boat Festival activities

Case:**Harbin Branch makes life more colorful for employees**

Harbin branch organized a series of cultural and sports activities for employees to bring more fun to their off-duty life and boost their mental and physical health. Over 150 racers and 500 hikers took part in a rally race organized by the branch. Moreover, the branch held the “2019 CMB Harbin Branch Employee Fun Sports Meeting”, with a total of 22 teams and 500 athletes participating.



Rally race



Employee Fun Sports Meeting

ESG Report

Economic Performance

In 2019, we actively seized market opportunities and adhered to the strategic goal of becoming a “Light-operation Bank” and the strategic positioning of “One body with Two Wings”. We further advanced our business transformation and enhanced our abilities to create values. We attached great importance to the expectations and demands of stakeholders. Our products and services generated value for the economy, society and environment. In addition, we carried out various social activities to share value with stakeholders.

Indicator	2017	2018	2019
Total assets (RMB million)	6,297,638	6,745,729	7,417,240
Operating income (RMB million)	220,897	248,555	269,703
Total profit (RMB million)	90,680	106,497	117,132
Net profit (RMB million)	70,638	80,819	93,423
Total taxes (RMB 100 million)	221.94	278.10	260.57
Nonperforming loan ratio (%)	1.61	1.36	1.16
Capital adequacy ratio (%)	15.48	15.68	15.54
Allowance coverage ratio of non-performing loans (%)	262.11	358.18	426.78
Return on Average Assets Attributable to Shareholders (ROAA) (%)	1.15	1.24	1.31
Return on Average Equity Attributable to Shareholders (ROAE) (%)	16.54	16.57	16.84
Total amount of charitable donations (RMB ten thousand)	2,628.32	3,566.00	8541.77
Value of social contribution per share (RMB)	9.08	10.44	11.45

Market Performance

We aimed to build a strong incentive and constraint mechanism, realize our long-term strategic goals, improve our operating efficiency and keep risks under control. We fairly determined employees' remunerations based on our strategy and overall business performance. In addition, we strived to ensure that employees are fairly paid as compared to their peers inside and outside our Bank. Our employees are paid based on their jobs and performances. Salaries of our employees at all markets are higher than local minimum wage standards. We prohibit any gender discrimination when hiring and paying employees.

Indirect Economic Impact

We continued to expand our branch network to provide quality financial services to more businesses and people. As of the end of 2019, we had 141 tier-1 and tier-2 branches, 1,681 sub-branches and one representative office in 141 Chinese cities. We owned three subsidiaries, namely CMB Financial Leasing, CMB Wealth Management and China Merchants Fund. We are also shareholders of two joint ventures, namely CIGNA & CMC Life Insurance Co. Ltd. and Merchants Union Consumer Finance Company Limited.

CMB Wing Lung Bank and CMB International Capital, two of our subsidiaries, operated in Hong Kong. CMB also has the Hong Kong Branch. Additionally, CMB has opened the New York Branch and representative offices in the US. We also established the Singaporean Branch. CMB has the Luxembourg Branch in Luxembourg, the London Branch in the UK, the Sydney Branch in Australia, and a representative office in Taipei.

Indicator	2017	2018	2019
Number of Domestic and Overseas Branches ^{Note}	1,869	1,864	1,874
Number of Domestic Self-Service Banks	3,340	3,259	3,014
Number of Self-Service Equipment	11,382	10,316	8,768

Note: We adjusted the calculation base for "Number of Domestic and Overseas Branches" this year. Branches of our subsidiary CMB Wing Lung Bank were incorporated into the scope of disclosure. The data for prior periods was restated accordingly due to the adjustment.

Procurement Practice

We continued to enhance our regulation on our procurement activities, and ensured that our suppliers perform their contractual obligations. We have revised systems such as the *Rules Governing Suppliers and Administrative Procedures on Performance of Centralized Procurement Contracts*. The development of new procurement systems was accelerated and the functions and application of “CMB Cloud Procurement Platform” expanded, which translated into higher efficiency in procurement. In 2019, CMB adhered to the principle of “openness, fairness, impartiality, competition, effectiveness, efficiency and honesty”. Suppliers were selected via both centralized and decentralized procurement processes. Thus far, a total of 15,618 suppliers were included in our supplier database. The Head Office completed 259 centralized procurement projects and selected 311 suppliers.

We helped our suppliers to overcome the challenges that they encountered amid the process of performing their supply contracts. We have had daily communications and regular meetings, and used information systems, special groups and post-procurement assessment to further understand the demands, procurement activities, use and supplies in the Head Office and branches. Additionally, we have acquired full details of our suppliers, and identified risks. Based on these risks, advice was offered to suppliers to help them better perform supply contracts.

As of the end of 2019, the Head Office entered into procurement contracts with 311 suppliers at home and abroad.

Indicators	2017	2018	2019
Suppliers at mainland China	308	271	311
Overseas suppliers	5	0	0
Number of centralized procurement projects	269	334	259
Budget of centralized procurement projects (RMB 100 million)	16.19	57.48	35.38
Average cycle of centralized procurement projects (days)	25	26	27

Indicators	2017	2018	2019
Ratio of centralized procurement projects that received assistance for ensuring fulfillment of obligations (%)	100	100	100
Ratio of suppliers that were inspected (%)	100	100	100
Number of fintech projects	—	287	359
Number of orders placed through the CMB Cloud Procurement Platform	—	64,000	202,396
Budget of fintech projects (RMB 100 million)	—	4.77	9.82
Average cycle of fintech projects(days)	—	12	16

We did not receive any complaint from suppliers in 2019.

Environmental Performance

Materials

Most of our materials consumption derived from the use of paper in our services and workplaces. In view of this, we provided various digital information services, which enabled customers to make enquiries through Internet bank, mobile app and WeChat service accounts.

Paperless operation was further promoted. 178 paperless service items were introduced in our retail banking business, and more self-service and paperless operations were introduced in our liability and payment businesses. The Head Office developed a smart property management system that boosted the work efficiency while reducing paper consumption in offices. Green meetings were enabled by cancelling printing of meeting documents. Instead, an electronic system was employed and documents were read on smart devices. In 2019, we held 5,400 meetings in the Head Office and reduced paper consumption by 2.5 tons.

Indicators	2017	2018	2019
Amount of paper used for new card brochures and envelopes (ten thousand pieces)	1,876	2,030	2,413
Ratio of credit card customers using e-bills (%)	95.94	97.74	99.70
Paper saved by using e-bills (100 million pieces)	11.85	15.48	17.91

Energy

We upheld the concept of “green operation and workplace”. We fully considered environmental sustainability in the process of design and construction of each office building. Additionally, CMB actively renovated its Head Office, R&D center, remote banks and other self-owned properties to make them more energy-efficient and eco-friendly.

To save energy and reduce emissions, and manage risks arising from climate change, various measures were taken to boost the power usage effectiveness (PUE) of datacenters. The air cooling and heat dissipation systems of outdoor air conditioners were transformed into water cooling and heat dissipation systems. This improved efficiency in outdoor heat dissipation and reduced the power consumption of compressors. Natural cooling sources were used in buildings when conditions permitted. Moreover, the cooling time for machines was shortened, which reduced power consumption. We also used variable-frequency and energy-saving air conditioners to improve cooling efficiency, and renovated the cooling passages of computer rooms to improve air distribution efficiency.

Indicator	2017	2018	2019
Average PUE of datacenters	1.74	1.72	1.65
Electricity consumption of datacenters (kilowatt-hour) ¹	23,274,400	30,353,600	33,568,314
Electricity consumption of the Head Office (kilowatt-hour) ²	13,422,238	13,367,140	16,008,120
Electricity saved by the Head	52,156	55,098	-2,640,980

Indicator	2017	2018	2019
Office (kilowatt-hour) ²			
Head Office vehicles gasoline consumption for business (liters)	141,698	125,852	121,944

Note: ¹The total power consumption of our datacenters saw a year-on-year growth. Between September and December 2019, the power supply circle transformation was completed and datacenters had more power supply circles. Power consumption of these power supply circles was added to the total power consumption of datacenters, which translated into a growth in datacenter power consumption.

²The total power consumption of the Head Office recorded a year-on-year growth due to the rising datacenter power consumption.

Water

The bank's water consumption mainly stems from daily water use in the workplace. We have used touchless induction faucets within all facilities, and carried out many water conservation education programs to improve employee awareness. Our water equipment is regularly inspected and maintained to prevent evaporating, dripping or leaking.

Indicators	2017	2018	2019
Head Office water consumption (tons) ^{Note}	103,626	97,998	105,304
Water saved by the Head Office (tons) ^{Note}	18,508	5,628	-7,306

Note: The water consumption of Head Office increased due to the growing number of people working and dining in the Head Office, as well as the expanding green space in the Head Office.

Sewage and Waste

Our sewage and waste were recycled or treated in harmless ways to minimize their environmental impact. The sewage generated by our daily work and services was sent into the municipal sewage pipelines, and we have not violated any rules for sewage discharge.

For waste generated in equipment updates and phasing-out, we recycled synthetic leather, plastic, timber, hardware, etc. and converted them into useful resources.

Equipment package materials have been a major type of waste produced by our datacenters, and our property managers carried out sorting and shipped such materials to recyclers for recycling.

Product and Service

We seized the opportunities in the Internet finance era and used IT technology to develop service channels including online, remote and mobile banking. This greatly reduced customers' travel costs between outlets and queuing time while delivering a great service experience to them.

Indicators	2017	2018	2019
Ratio of transactions that go digital (%)	98.24	98.24	98.25
Number of cities where “Pay with Face” service is available	108	108	108
Number of outlets providing “Pay with Face” self-service equipment	821	1,075	1,268

Environmental Compliance

In 2019, we did not receive any punishment for any environmental violation or any environmental complaints.

Green Procurement

We upheld the principle of green procurement. In the process of centralized procurement, close attention has been paid to the negative environmental impact of products and the environmental performance of suppliers. By calculating total cost of ownership and other indicators, we evaluated the life cycle and energy consumption of procured products and equipment. In addition, we communicated our environmental requirements to suppliers. Suppliers were required to satisfy certain procurement requirements, payment modes and safety management requirements. Moreover, suppliers were required to provide documents certifying that they have made social security contributions for their employees. Through these requirements, we ensure that our suppliers have properly used labor, protected their employee's health and made products in a safe manner.

Social Performance

Employment

We fully complied with laws such as the *Labor Law of People's Republic of China* (《中华人民共和国劳动法》), the *Law for Women Rights and Interests Protection in People's Republic of China*(《中华人民共和国妇女权益保障法》), among others. We further optimized our annuity management by revising the *CMB Rules Governing Enterprise Annuities* (《招商银行企业年金管理办法》). In addition, based on CBIRC's policies and our own conditions, we issued *Rules Governing Deferred Payment of Remunerations in CMB* (《招商银行薪酬延期支付管理办法》) and *Detailed Rules for Deferred Payment of Remunerations in CMB*(《招商银行薪酬延期支付实施细则》), in a bid to build a better remuneration, incentive and constraint mechanism.

Indicator	2017	2018	2019
Employee number (Including contractors) ¹	79,866	82,241	84,683
Number of female workers ²	42,484	44,102	45,443
Number of male workers ²	——	32,962	33,839
Number of employees with employment contracts ²	——	77,064	79,282
Number of contractors	——	5,177	5,401
Number of employees aged below 30 ²	36,869	36,469	35,159
Number of employees aged between 31 and 50 ²	35,389	38,155	41,289
Number of employees aged above 50 ²	1,856	2,440	2,834
Number of new hires ²	9,347	10,366	8,751
Number of employees in mainland China (permanent employees and contractors)	77,599	79,586	81,957
Expatriate employees ²	53	44	39

Indicator	2017	2018	2019
Employees in HK, Macau and Taiwan ²	2,098	2,283	2,416
Employee turnover rate (%) ²	8.18	8.73	7.71
Male employee turnover rate (%) ²	8.93	9.40	8.54
Female employee turnover rate (%) ²	7.62	8.21	7.08
Turnover rate of employees aged below 30 (%) ²	9.98	11.43	10.70
Turnover rate of employees aged between 31 and 50 (%) ²	6.51	6.34	5.39
Turnover rate of employees aged above 50 (%) ²	3.41	3.02	2.04

Note:

¹ We adjusted the calculation base for “Employee numbers (including contractors)” this year. Employees of our subsidiaries, including CMB Wing Lung Bank, CMB Financial Leasing, CMB International Capital, CMB Wealth Management, China Merchants Fund, CIGNA & CMC Life Insurance and Merchants Union Consumer Finance Company Limited, were incorporated into the scope of disclosure. The data for prior periods was restated accordingly due to the adjustment.

² Our calculation method for our permanent employee number was also adjusted this year, and we restated the data in prior periods accordingly.

Labor/Management Relations

CMB fully respected and protected the rights and interests of employees, and promoted the bank's democratic governance by advancing the collective contract system and convening employee representative meetings. The flexible employee benefits system was launched, and our employee satisfaction survey system further optimized. We also launched prenatal inspection benefits for pregnant employees and an online holiday application system for breastfeeding employees.

Occupational Health and Safety

We advocated the philosophy of “happy work and healthy life” among employees. We

provided annual free physical check-ups, and organized health seminars and various cultural and sports activities to advocate a healthy lifestyle and help employees cultivate an optimistic attitude.

To ensure employees' health and safety, we upgraded the insurance products in our flexible employee benefits system. The insurance coverage for critical diseases was expanded. We continued to ensure that our employees have enough holidays and leave time to maintain a work-life balance. In 2019, overall holiday coverage in our Bank reached about 73%, up about 1 percentage point from 2018. Holiday coverage in all institutions of our Bank reached 65%.

Training and Education

We established a training system covering all employees to provide tailor-made training programs on business and product knowledge, ethics and safety, management skills, leadership and other aspects. In 2019, we implemented 11,898 rounds of training projects. Total learning time reached 7.494 million hours, with a per-capita learning time of 98.9 hours.

Indicator	2017	2018	2019
Number of training rounds	9,626	12,016	11,898
Number of employees who accept trainings	72,374	74,559	71,066
Number of employees' participations in trainings (ten thousand)	49.00	59.80	59.40
Number of employees' participations in online study (ten thousand)	579.00	491.00	420.30
Per-capita learning time (hours)	125.00	125.00	98.90
Percentage of male employees participating in training (%)	—	—	94
Percentage of female employees participating in training (%)	—	—	94

Percentage of middle-level managers participating in training (%) ¹	—	—	71
Percentage of grassroots employees participating in training (%)	—	—	94
Average learning time of male employees (hours)	—	—	95.90
Average learning time of female employees (hours)	—	—	101
Average learning time of middle-level managers (hours) ^{Note}	—	—	47.30
Average learning time of grassroots employees (hours)	—	—	99.20

Note:

The percentage of middle-level managers participating in training, as well as their average learning time is not applicable to the time spent for rotation training and meetings of cadres.

Diversity and Equal Opportunity

We placed emphasis on governance structure and employee diversity, and have put in place related policies. According to such policies, the Nomination Committee of the Board of Directors will review the structure, size and composition of the Board of Directors on an annual basis. By the end of 2019, the Bank's Board of Directors had 1 female member, who together with other directors provided professional advices to the Bank.

We are an equal opportunity employer that does not discriminate against any candidate based on their race, sex, marital status, religion or other factors. Our employees are paid based on their jobs and performance. We prohibit any gender discrimination when hiring employees.

Indicator	Male	Female
Employee gender ratio (%) ^{Note}	42.68	57.32
Gender ratio in senior and middle-level managers (%) ^{Note}	79	21

Indicator	2017	2018	2019
Number of ethnic minority employees ^{Note}	—	3,164	3,292

Note:

We disclosed the “employee gender ratio”, the “gender ratio in senior and middle-level managers” and the “number of ethnic minority employees” based on our permanent employee number during this year. In view of such disclosure standards, we revised the “numbers of ethnic minority employees” in prior periods.

Grievance Mechanisms for Labor Practices

We formulated the *Methods for Communication at CMB* (《招商银行沟通管理办法》). We encouraged the Head Office and some branches to collect and respond to employees’ questions through the labor dispute mediation committee, employee mailboxes and other channels. We also encouraged all employees to use the established communication management system. We monitored and assessed employee coverage at branches in some key communication projects that were set out by the *Methods for Communication at CMB* (《员工沟通管理办法》). We further optimized our employee communication channels, and managed employee communication in a more standardized, systematic and regularized manner.

Local Communities

We continued to serve communities and small businesses in 2019. In the year, we opened 12 small-sized community branches, and are now operating 215 small-sized community branches in total. We also continued to facilitate the growth of China’s county economy. We are now operating 96 county sub-branches in total. In addition, we strongly supported the economic growth in China’s central and western regions. We built 26 new outlets in central and western regions, sending the total number of outlets in China’s central and western regions to 691.

Anti-corruption

We strived to create an anti-corruption atmosphere, increase employees' self-discipline and prevent employees from breaking any laws or regulations, thereby promoting the sustainable development of both the bank and society. In addition, we carried out disciplinary inspections and held offenders accountable for their misconduct. A corruption prevention system was constructed via various measures, including daily monitoring, special inspections, complaint handling, disciplinary talks or written enquiries. Additionally, anti-corruption awareness for employees was realized through various educational activities, such as disclosure of typical irregularity cases, meetings for education and warnings, and production of related publicity videos, among others.

In 2019, we organized 85 activities on warning and education with 25,000 employees participating. In 2019, we imposed 659 disciplinary penalties and actions (including 604 disciplinary penalties and 55 disciplinary actions) for violations discovered in inspections, audits, service checks and the process of pursuing accountability for misconduct.

Indicator	2017	2018	2019
Number of pre-appointment integrity talks with managers	2,346	2,410	2,194
Number of managers' briefings on anti-corruption efforts	3,118	3,953	5,310

Anti-competitive Behavior

As a law-abiding and compliant business entity and a member of the China Banking Association, we strictly abided by the *Anti-Unfair Competition Law* (《反不正当竞争法》) and the *China Banking Convention against Unfair Competition* (《中国银行业反不正当竞争公约》). We managed and constrained our practices in accordance with related laws, prevented anti-competitive behavior, and actively protected financial consumers' rights and interests.

Marketing and Labeling

In March 2019, the *CMB Audit Guidelines for Consumer Protection* were launched. Using the guidelines, we audited our internal consumer protection practices, identified related risks, and came up with measures or proposals that address the risks. When presenting and promoting our products and services, customers are truthfully informed of the basic elements, fees and major contract terms of the products and

services. We also systematically reveal the investment targets, sales channels, expected returns and risk ratings of the products and services to prevent any fraud or misleading promotion, and ensure transparency and information accuracy in the process of selling. Investors are also reminded of all risks pertaining to products. By doing this, we help consumers make informed decisions. There has also been innovation in our small business loan products. A rich product portfolio has been built for small businesses, and we provided detailed descriptions of these products.

Indicator	2017	2018	2019
95555 Customer satisfaction (%)	99.68	99.69	98.02
95555 Service satisfaction (%)	99.85	99.87	99.84
Quantity of manual remote banking services (ten thousand) ^{Note}	10,238	7,016	6,774
Quantity of services provided by an online interactive robot (ten thousand) ^{Note}	3,275	7,374	9,943
Quantity of customer complaints handled	85,380	83,863	82,722
Average respond time (second)	2.94	2.38	4.12
Number of customer praises	33,272	31,073	47,423

Note:

We have adjusted the calculation methods for “Quantity of manual remote banking services” and “Quantity of services provided by an online interactive robot” within this year, in order to make the two metrics better reflect the quantity of customers receiving services via different channels. To ensure consistency, the prior years’ data was also restated accordingly.

Market Promotion

We strictly complied with applicable laws and regulations. Employees are required to market products in a compliant manner. Employees are not allowed to attract depositors with overly high interest rates, or disguise wealth management products as deposits. CMB has joined hands with other financial institutions to ensure fair competition and sound financial order in the market.

Customer Privacy

We placed heavy emphasis on customer privacy. We have promoted our data security management system and innovated our methods of identifying risks to protect customer privacy.

Our Outlook

China is on track to finish its 13th five-year plan and realize the “Centennial goal of building a moderately prosperous society in all respects” in 2020. As a bank, CMB has used its quality financial services to help the country prosper. Looking forward, we will continue to contribute to China’s 14th five-year plan and the country’s great cause of fulfilling its second “Centennial goal”. CMB will adhere to the strategic goal of becoming a “Light-operation Bank” and the strategic positioning of “One body with Two Wings”. Focusing on customers and technology, we will steadily advance the digital transformation of our bank and promote new business models and move toward the goal of becoming “the best Chinese commercial bank that drives business through innovation, maintains a leading position in retail banking, and provides characteristic services.”

Technologies will be used to optimize services. In 2020, we will further integrate technologies into our operations. New business models will be explored in the digital era. In addition, fintech shall be leveraged to further innovate our products and services, in order to deliver the best experiences to customers.

Our poverty alleviation efforts will continue and we will duly perform social responsibilities. In 2020, there will be increased support for counties that we are designated to help, and we aim to help Wuding County thoroughly eliminate poverty. Inclusive finance will be vigorously promoted to better serve the economy and support small businesses. Employee health and development will continue to top our agenda, and rich studying resources and broad career development platforms will be provided.

We will be committed to promoting green finance and protecting the environment. Green finance will continue to be prioritized in 2020. More credit support will be rendered to eco-friendly sectors and the renewable energy industry. We will strictly control the lending to overcapacity industries with high energy consumption or pollution. Moreover, we will use innovative technologies to reduce emissions of datacenters. More paperless operations will be introduced into our offices to enable low-carbon operation. CMB will also continue publicizing green concepts and partner with the public to protect environment.

Risks will be kept under control and compliant operation will be ensured. We will strengthen the control of credit risks, AML risks and market risks in 2020. Solid measures will be taken to contain and mitigate risks in key areas. Internal compliance will be further promoted, employees will be prompted to duly perform AML duties, and a strong compliance culture will be built. We will also further enhance risk awareness and regulate employee behavior.

Looking forward, CMB will continue to uphold the principle of “taking root in and giving back to society” and actively respond to stakeholders’ demands. Sustainability will be further integrated into our business strategy. While achieving sustainable growth, we will create more value for the whole economy, society and environment.

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403-3	Workers with high risk for occupational diseases	-
403-4	Health and safety issues in the Official Agreement of the Labor Union	-
GRI 404: Training and Education		
NO.	Content	Page Number
404-1	Average training hours of each employee per year	131-132
404-2	Staff skill improvement program and transition assistance program	113-118, 131-132
404-3	Percentage of employees who regularly receive performance and career development assessments	-
GRI 405: Diversification and Equal Opportunities		
NO.	Content	Page Number
405-1	Diversity of governance institutions and employees	132-133
405-2	Ratio of basic salary and remuneration for men and women	132-133
GRI 406: Anti-discrimination		
NO.	Content	Page Number
406-1	Discrimination incidents and corrective actions taken	130, 132-133
GRI 407: Freedom of Association and Collective Bargaining		
NO.	Content	Page Number
407-1	Operating sites and suppliers that may face obstacles in getting freedom of association and rights of collective bargaining	-
GRI 408: Child Labor		

NO.	Content	Page Number
408-1	Operating sites and suppliers with significant child labor risks	-
GRI 409: Forced or Compulsory Labor		
NO.	Content	Page Number
409-1	Operating sites and suppliers with significant risks of forced or forced labor events	-
GRI 410: Security Practice		
NO.	Content	Page Number
410-1	Security personnel received training on human rights policies or procedures	-
GRI 411: Aboriginal Rights		
NO.	Content	Page Number
411-1	Incidents involving rights violations of indigenous people	-
GRI 412: Human Rights Assessment		
NO.	Content	Page Number
412-1	Operating sites that accept human rights reviews or impact assessments	-
412-2	Employee training on human rights policies or procedures	-
412-3	Important investment agreements and contracts that include human rights provisions or have undergone human rights review	133
GRI 413: Local Community		
NO.	Content	Page Number
413-1	Operating sites with local community involvement, impact assessment and development plans	-
413-2	Operating sites that have actual or potential major negative impact on the local community	-
GRI 414: Supplier Social Assessment		
NO.	Content	Page Number
414-1	New suppliers that are screened using social criteria	-
414-2	The negative impact of supply chain on society and actions taken	-
GRI 415: Public Policy		
NO.	Content	Page Number
415-1	Political contributions	-
GRI 416: Customer Health and Safety		
NO.	Content	Page Number
416-1	Assessment on the impacts of product and service categories on people's health and safety	-
416-2	Violation events that involve health and safety implications of products and services	-
GRI 417: Marketing and Logo		
NO.	Content	Page Number
417-1	Requirements for product and service information and labeling	134-135
417-2	Violations of product design, service information and logo	-
417-3	Violations involving marketing	-
GRI 418: Customer Privacy		

NO.	Content	Page Number
418-1	Complaints relating to infringement of customer privacy and loss of customer data	-
GRI 419: Social and Economic Compliance		
NO.	Content	Page Number
419-1	Violation of laws and regulations in social and economic fields	-

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Level	Main Performance Indicators	Page Number
A. Environment		
Level A1: Emissions		
General disclosure	Policies on emissions of waste gas and greenhouse gas emissions, discharges into water and land, generation of harmful and non-hazardous wastes, and materials about compliance with relevant laws and regulations that have a significant impact on the issuer.	• 88-92, 125-128
A1.1	Types of emissions and related emissions data.	• 125-128
A1.2	Total greenhouse gas emissions (in tons) and (if applicable) density.	• The company has not set up a statistical system for greenhouse gas emissions, and plans to set it up in the future.
A1.3	Total amount of hazardous wastes generated (in tons) and (if applicable) density.	• 127-128
A1.4	Total non-hazardous wastes generated (in tons) and (if applicable) density.	• 127-128
A1.5	Describe the measures to reduce emissions and the results.	• 125-128
A1.6	Describe ways to treat hazardous and non-hazardous wastes, measures to reduce production, and results obtained.	• 127-128
Level A2: Resource Use		
General disclosure	Policies for effective use of resources (including energy, water and other raw materials).	• 127-128
A2.1	Total consumption and density of direct and/or indirect energy (such as electricity, gas or oil) by type.	• 10-11, 126-127
A2.2	Total water consumption and density.	• 10-11, 127
A2.3	Describe energy use efficiency program and results.	• 10-11, 125-128
A2.4	Describe any problems in withdrawing potable water, as well as plans/implementation to improve water use efficiency and the results.	• 127

A2.5	Total amount of packaging materials used for finished products and the amount of per unit of production.	●	The company is a financial service enterprise, this indicator is not applicable.
Level A3: Environment and Natural Resources			
General disclosure	Policies that are formulated to reduce the issuer's policies that have a significant impact on the environment and natural resources.	●	88-92, 125-128
A3.1	Describe the significant impact of business activities on the environment and natural resources and measures taken to manage the impact.	●	88-92, 125-128
B. Society			
Employment and Labor Practices			
Level B1: Employment			
General disclosure	Policies on salary and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other treatment and benefits, and materials on compliance with relevant laws and regulations that have a significant impact on the Issuer.	●	129-133
B1.1	Total number of employees by gender, type of employment, age group and region.	○	129-130
B1.2	Employment loss ratios by gender, age group and region.	○	129-130
Level B2: Health and Safety			
General disclosure	Policies on providing a safe working environment and protecting employees from occupational hazards, and materials; policies on compliance with relevant laws and regulations that have a significant impact on the Issuer.	●	131
B2.1	The number and rate of deaths due to work relationships.	○	The company plans to gradually disclose it in the future.
B2.2	Lost workdays due to work-related injuries.	○	The company plans to gradually disclose it in the future.
B2.3	Describe the occupational health and safety measures adopted, as well as the relevant implementation and inspection methods.	○	131
Level B3: Development and Training			
General disclosure	Policies on improving employees' knowledge and skills in performing job duties. Describe training activities.	●	113-118, 131-132
B3.1	Percentage of employees that received training by gender and category of employees (such as senior management, middle management).	○	131-132
B3.2	Average training hours completed by each employee by gender and employee category.	○	131-132
Level B4: Labor Standards			

General disclosure	Policies on preventing child labor or forced labor and materials on compliance with relevant laws and regulations that have a significant impact on the Issuer.	●	129-130
B4.1	Describe measures to review recruitment practices to avoid child labor and forced labor.	○	129-130
B4.2	Describe the steps taken to eliminate the situation when a violation is found.	○	There is no child labor or compulsory labor in the company.
Operating Practices			
Level B5: Supply Chain Management			
General disclosure	Environmental and social risk policies to manage the supply chain.	●	124-125, 128
B5.1	Number of suppliers in different regions.	○	124-125
B5.2	Describe the practice of hiring suppliers, the number of suppliers to whom the relevant practices are implemented, and the methods of implementing and monitoring relevant practices.	○	124-125, 128
Level B6: Product Liability			
General disclosure	Policies on health and safety, advertising, labeling and privacy issues and remedies for the products and services provided, and materials on compliance with relevant laws and regulations that have a significant impact on the Issuer.	●	72-78, 134-136
B6.1	Percentage of sold or delivered items that must be recovered due to safety and health reasons.	○	The company is a financial service enterprise, this indicator is not applicable.
B6.2	Number of complaints received about products and services, and the methods for handling them.	○	66-72, 134-135
B6.3	Describe practices related to the maintenance and protection of intellectual property.	○	The company protects intellectual property in accordance with Chinese laws.
B6.4	Describe the quality verification process and product recovery procedure.	○	The company is a financial service enterprise, this indicator is not applicable.
B6.5	Describe consumer data protection and privacy policies, and related implementation and monitoring methods.	○	72-78, 136
Level B7: Anti-corruption			
General disclosure	Policies to prevent bribery, extortion, fraud and money laundering, and materials on compliance with relevant laws and regulations that have a significant impact on the Issuer.	●	107-111, 134

B7.1	The number of corruption lawsuits filed against the Issuer or its employees during the reporting period and the results of lawsuits.	○	134
B7.2	Describe preventive measures and whistle-blowing procedures, as well as related implementation and monitoring methods.	○	107-111, 134
Community			
Level B8: Community Investment			
General disclosure	Policies on community participation to understand the needs of the communities in which they operate and to ensure that their business activities take into account interests of the community.	●	24-33, 92-103
B8.1	Focus on the scope of contribution (e.g. education, environmental issues, labor needs, health, culture, sports).	○	24-33, 92-103
B8.2	Resources (e.g. money or time) used for the focus area.	○	11, 24-33, 92-103

Note: ● refers to “explain if it does not follow” ○ refers to “suggested disclosure”.

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- Number of centralized procurement projects
- Average cycle of centralized procurement projects (days)
- Total power consumption in the headquarters (kilowatt-hours)
- Total water consumption in the headquarters (tonnes)
- Rate of transactions that go digital
- Employee number (Including contractors)
- Number of new hires
- Employee turnover rate (%)
- Number of employees who accept trainings
- Number of employees who study online (ten thousand)
- Employee gender ratio (%)
- Gender ratio in senior and middle-level managers (%)
- Number of ethnic minority employees
- 95555 Customer satisfaction (%)
- Online interactive robot (in ten thousand)
- Number of customers downloading CMB app
- Electricity consumption of datacenters (ten thousand kilowatt-hours)
- Average PUE of datacenters
- Balance of green credits (hundred million RMB)
- Number of supported energy-saving and eco-friendly projects
- Loans made to energy-saving and eco-friendly projects (hundred million RMB)
- Full-year points on the "Points for Micro Charity" crowdfunding platform
- Ratio of credit card customers using e-bills (%)



Our work was performed at the Head Office of China Merchants Bank, which includes:

- 1) Interviews with management and personnel in the departments involved in providing information for inclusion in the Social Responsibility Report in relation to the selected key data;



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- 2) Analytical procedures;
- 3) Examination, on a test basis, of documentary evidence relating to the selected key data on which we report;
- 4) Recalculation;
- 5) Other procedures deemed necessary.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and the therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material non-compliance of the selected key data prepared in accordance with the basis of reporting.

Our work was limited to the selected key data as of 31 December 2019 and for the year then ended in the Social Responsibility Report. We have not performed any procedures over other data included in the Social Responsibility Report for 2019, nor have we performed any procedures on other data or data for 2018 and years before. In addition, our work performed was not for the purpose of expressing an opinion on the effectiveness of China Merchants Bank's internal controls.

IV. Conclusion

Based on the limited assurance work which we have performed, nothing has come to our attention that causes us to believe that the selected key data as at 31 December 2019 and for the year the ended has not been prepared, in all material respects, in accordance with the basis of reporting.

V. Our independence, quality control and assurance team

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. We have complied with the quality control requirements of the *International Standard on Quality Control 1*. Our team has required competencies and experience for this assurance engagement.



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VI. Supplementary observations

We have also gained an understanding of China Merchants Bank's application of the *AA1000 Accountability Principles Standard 2008* with respect to stakeholder dialogue by making inquiries and holding interviews with management representing the different functions in China Merchants Bank in respect of China Merchants Bank's application of the Principles of inclusivity, materiality and responsiveness in the preparation of the Social Sustainability Report. Our work was restricted to gaining an understanding of China Merchants Bank's application of the *AA1000 Accountability Principles Standard 2008* and hence we do not express any assurance opinion as to whether China Merchants Bank has adhered to the *AA1000 Accountability Principles Standard 2008*.

We have the following observations:

Inclusiveness

China Merchants Bank identified key stakeholders and understood their needs and concerns. China Merchants Bank also considered stakeholders expectations and their impact while developing corporate strategy, action plan and business policy as well as daily operation. We suggested that China Merchants Bank should further improve corporate social responsibility management system; develop a clear stakeholders engagement process; implement an appropriate, effective, comprehensive and objective stakeholder engagement strategy, plans and methods; and provide various channels for stakeholders to participate in the decision for stakeholders to participate in the decision of China Merchants Bank's long-term sustainability performance improvement.

Materiality

For the information disclosed in the Social Responsibility Report, China Merchants Bank considered factors of stakeholders' needs and concerns, financial performance, industry characteristics, policy requirements and social impact, etc. China Merchants Bank qualitatively and quantitatively disclosed key issues and key performance in the Social Responsibility Report. We suggest that China Merchants Bank may consider to develop materiality determination process, for guiding the management and staff to identify, evaluate, report and prioritize the material sustainability topics which are relevant to the sustainable development of China Merchants Bank.



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Responsiveness

China Merchants Bank developed relevant policies, objectives and action plans in accordance with its business characteristics. China Merchants Bank improved its governance structure, management systems and processes, established various communication channels, strengthened the communication with stakeholders, and responded to the main needs of stakeholders. We suggest that China Merchants Bank should further clarify and improve the responsibility and processes responding to stakeholders, to provide a full and objective response to material sustainability topics, and implement the pre-committed responses timely and appropriately.

Ernst & Young Hua Ming LLP

Ernst & Young Hua Ming LLP

Beijing, China

10 March 2020



Reader Feedback

Dear readers:

Thank you for reading this report. To continuously improve our social responsibility work, increase our social responsibility fulfillment ability, level of management, and optimize the quality of preparing social responsibility reports, we sincerely hope you can take time out of your busy schedule to put forth your valuable opinions and suggestions.

Please make assessments by answering the following questions:

1. Do you think the report provided the information you need to know?	Yes____ Somewhat____ No____
2. Do you think the report has fully reflected the economic, social and environmental performance of China Merchants Bank?	Yes____ Somewhat____ No____
3. Do you think the report can comprehensively respond to the expectations and demands of China Merchants Bank's stakeholders?	Yes____ Somewhat____ No____
4. Do you think the quantitative information disclosure in the report is positive, true and effective?	Yes____ Somewhat____ No____
5. Do you think the writing in the report is well organized, uses common language and easy to understand?	Yes____ Somewhat____ No____
6. Do you think the format design of the report can help you understand relevant information?	Yes____ Somewhat____ No____
7. If you have a more detailed assessment and/or feedback, please write and let us know: _____	

You can give your opinion to us through the following methods:

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Tel.: 0755-83198888

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E-mail: office@cmbchina.com

The English version is the translation of Corporate Social Responsibility Report of China Merchants Bank Co., Ltd. for 2019(Chinese version). Should there be any inconsistencies between Chinese and English versions, the Chinese version shall prevail.