

2018

SPD BANK
Corporate Social
Responsibility Report

Finance Creates Value
for Better Life

2018 SPD BANK Corporate Social Responsibility Report



New Thinking
Heartfelt Service



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Volunteers of SPD Bank visiting the elderly at Guangxi Social Welfare Institute

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FOREWORD

REPORT OVERVIEW

A WORD FROM THE CHAIRMAN

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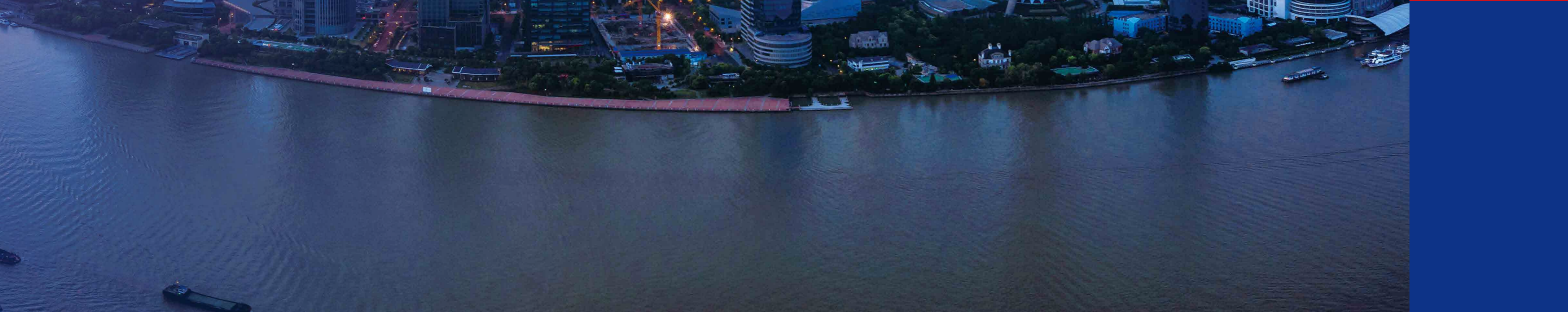
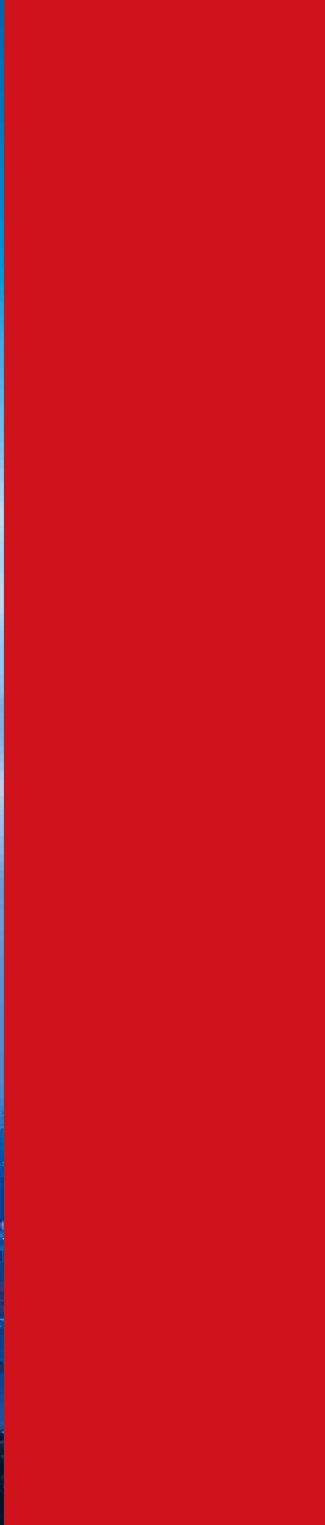
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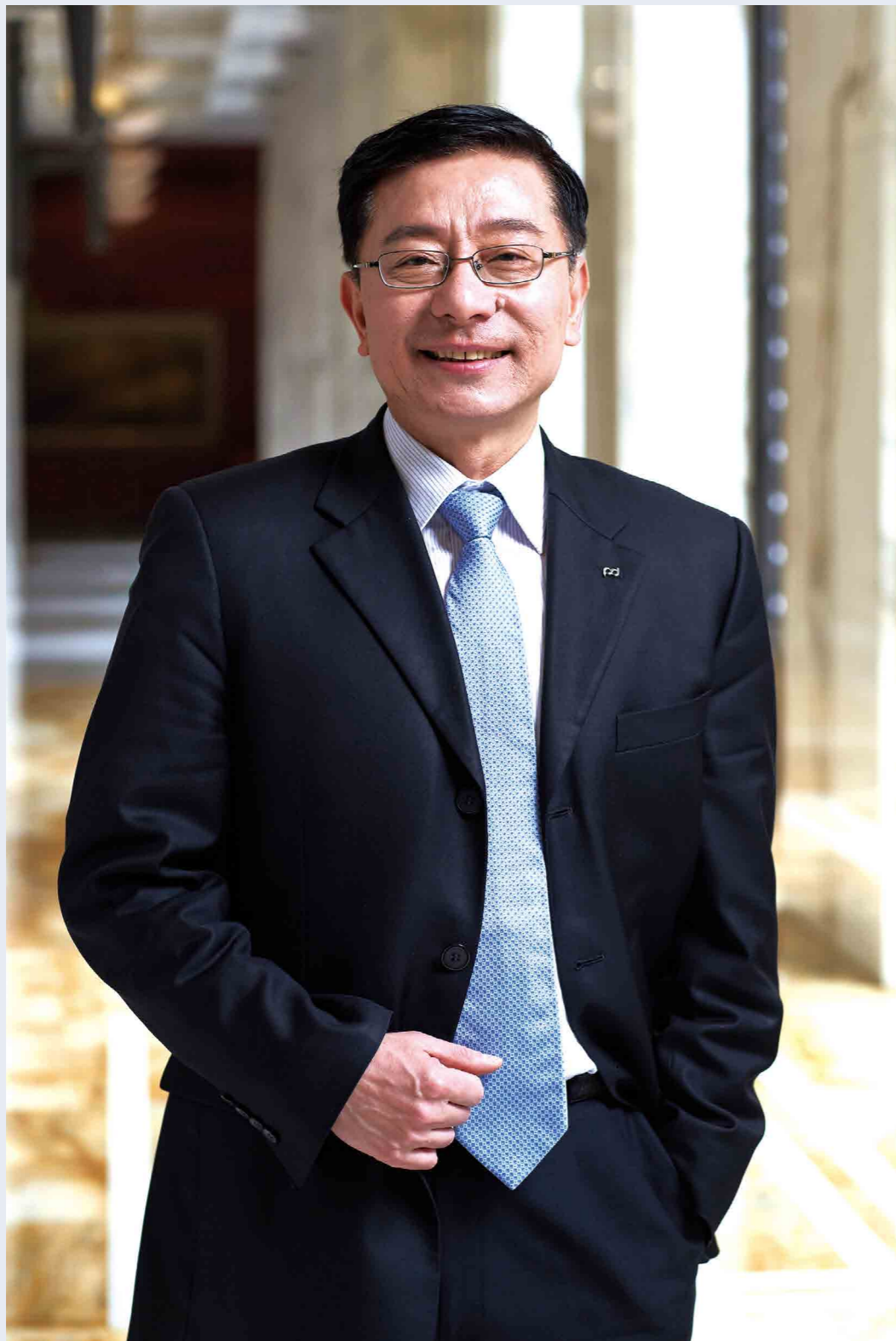




REPORT OVERVIEW

- **Report period** From January 1 - December 31, 2018, with reference to contents and data from previous years as needed
- **Latest release** April, 2018
- **Report cycle** Annual report
- **Publication status** SPD Bank has published CSR report in China's banking industry for 14 consecutive years since its first release in 2006.
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- **Report coverage** The Report mainly focuses on the Shanghai Pudong Development Bank Co., Ltd. (hereinafter referred to as "SPD Bank", "the Company" or "SPDB") and covers the head office, domestic branches, Hong Kong Branch, Singapore Branch and London Branch with some contents related to SPD Rural Banks, Shanghai Trust, SPDB Financial Leasing, AXA SPDB Investment Managers, China International Fund Management, Trullett Prebon SITICO and other legal persons affiliated to SPD Bank.
- **Source of data** Data are obtained from the internal documents, statements and relevant statistics data of the Company.
- **Report attestation** To guarantee the authenticity and reliability of this Report, Pricewaterhouse Coopers Zhong Tian LLP was retained to perform a limited assurance engagement on the selected key data in accordance with the *International Standard on Assurance Engagements 3000: Assurance Engagement Other Than Audits or Reviews of Historical Financial Information* and to issue an independent assurance report.
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A WORD FROM THE CHAIRMAN



In 2018, the world economy was up against many challenges like heightened downside risks and constant escalation of regulatory and compliance requirements. Despite of the austere situation and internal pressure, SPD Bank, focusing on our five-year strategic goal "Committed to customer centricity, driven by science and technology, to build a topnotch digital ecosystem-based bank" and our mission "Finance Creates Value for Better Life", made every endeavor to enhance high-quality development capacity, duly implemented risk reduction measures, improved compliance internal control and risk management capabilities, and laid a solid foundation for digital and intensive transformation. We built up professional management capabilities, gave full play to our role as a commercial bank in maintaining financial stability and promoting development of benign economy, social equilibrium and green ecology, and strived to achieve coordinated and sustainable development of the economy, society and environment.



Improve main business and serve the real economy. SPD Bank took serving the real economy as the starting point and mission for all undertakings. We actively served the major regional development strategies including the coordinated development of Beijing-Tianjin-Hebei region, the integration of Yangtze River Delta and the construction of Guangdong-Hong Kong-Macao Greater Bay Area to help consolidate the foundation of economic development. We actively participated in the "the Belt & Road" initiative, strengthened financial innovations for free trade and cross-border trade, and boosted RMB internationalization, in a bid to promote China's new opening up to the outside world. We further optimized the allocation of resources dynamically, vigorously supported the supply-side structural reform, and actively served the construction of "Four Brands" and "Five Centers" in Shanghai and the first China International Import Expo. We also put into practice our concept of "innovative, coordinated and green development with open and sharing minds", promoted innovative development with digitalization, built core technical power, set up a finance + sci-

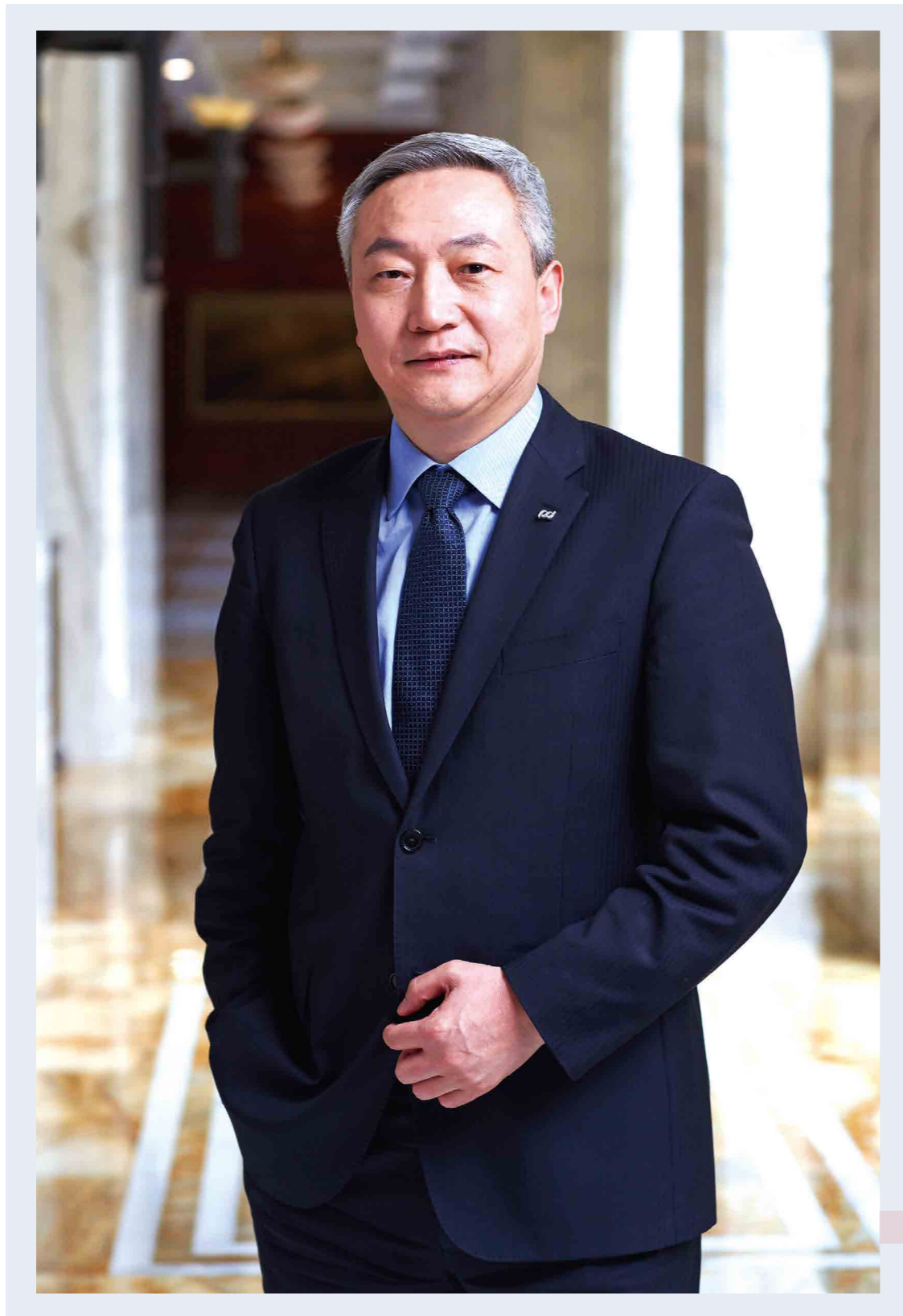
tech community, worked closely with sci-tech leaders, facilitated industrial collaboration, and created a new banking business model.

Stick to people-oriented principle and develop inclusive finance. SPD Bank continuously enhanced its support for vulnerable and disadvantaged sectors including small and micro businesses, private enterprises, precision poverty alleviation and "agricultural, rural and farmer" issues, empowered inclusive finance with science and technology, improved the coverage and availability of financial services; We prioritized clients as the center of our undertakings, strengthened digital development, paid great attention to client privacy and data security, constantly improved the mechanism, consolidated the management foundation, optimized service processes and provided scenario-based services, improved client experience; We further explored innovative modes such as poverty alleviation through public welfare undertakings and sci-tech solutions, further enhanced our poverty alleviation process, and formed a sustainable and targeted financial poverty alleviation path. In addition, we attached importance to personal development of staff, promoted system innovation, created a harmonious and positive atmosphere of collaboration and sharing, advocated professional dedication, innovative and aspiring professional spirit, and encouraged employees to realize their self-values, post values and social values.

Stay true to the mission and maintain sustainable growth. Honesty is the foundation of an enterprise, which is also SPD Bank's solemn commitment to customers, employees, shareholders and the society. It also represents an important cornerstone for creating an outstanding and successful bank. We have always adhered to the principles of legal compliance, sound operation, fair trading, impartial treatment, and disclosure of information, thus gaining the trust of investors, customers, and the society. Under the guidance of the risk concept of "precise forward-looking and prudent practices", we continued to strengthen the construction of risk management system, built a scientific and efficient risk control system, and enhanced our overall risk management capability. We adhered to the laws of the financial industry and promoted the synergetic development of assets and liabilities, on-balance-sheet and off-balance-sheet; adhered to the bottom-line thinking, strengthened compliance management, and promoted the sustainable development of the whole bank's

business, to achieve steady progress. Insisting on innovative thinking, we kept pace with the times, followed the trend and constantly adjusted our development strategies and optimized our development methods.

The year of 2019 marks the 70th anniversary of the founding of New China, and also represents a crucial year for building a well-off society in an all-round way. SPD Bank will continue to lead development with Party building, fully implement Xi Jinping's socialist ideology with Chinese characteristics in the new era, the spirit of the Nineteenth Congress of the CPC, the National Financial Work Conference and the Central Economic Work Conference, strictly adhere to the bottom-line risk, fully implement the strategic plan of "three tough battles" and insist on serving the real economy and the people's livelihood; we will lead a new journey with new concept, uphold the core values of "Sticking to integrity and striving for excellence", accelerate the transformation of development mode and growth momentum, continue to make unremitting efforts to build a well-off society in an all-round way and achieve the first centenary goal, seek to make SPD Bank a trailblazer of high-quality development of financial industry in the new era, and continue to create value for our clients, shareholders, employees and society.



A WORD FROM THE PRESIDENT



In 2018, SPD Bank adhered to the Party's leadership, and insisted on serving the economic and social development as its fundamental purpose. We continued to create value for the country, shareholders, employees, clients and the general public, and promoted the common and sustainable development of stakeholders and ourselves with a corporate culture and business philosophy centered around social responsibility and guided by reasonable value principles, scientific and efficient management institution, comprehensive risk management and compliance internal control system.



In 2018, we realized an operating income of RMB 171.542 billion, paid a total tax of RMB 30.1 billion, and achieved a social contribution value of RMB 9.02 per share (based on weighted average number of shares). Meanwhile, we realized continuous improvement in asset quality and "double reduction" in non-performing loans.

Economic Responsibility: We gave full play to the advantages of multi-platform synergy and continuously enhanced the financial services capability of the "the Belt & Road" construction to help local enterprises "go global", gave full play to the advantages of green finance and actively promoted the development of green economy along the Yangtze River Economic Belt, actively served the supply-side structural reform, vigorously supported the development of strategic emerging industries and advanced manufacturing industries, and promoted the continuous transformation of new and old momentum. We continued to improve the capabilities of financial services in the reform of state-owned enterprises and boost mixed ownership reform of central enterprises, state-owned enterprises and private enterprises. We built a collaborative service system to support the coordinated development of Beijing-Tianjin-Hebei region, the integration of Yangtze River Delta and the construction of Guangdong-Hong Kong-Macao Greater Bay Area. We contributed to the development of free trade zones in Shanghai, Hainan and Guangdong, speeded up the financial innovation of free trade, with the number of free trade accounts exceeding 10,000. We also actively served private and small and micro enterprises, and duly implemented "two increases and two controls",

the number and balance of small and micro loans increased by 23% and 19% respectively, and the financing interest rate dropped by nearly 100 BPs. Actively served all kinds of financial factor markets, and helped Shanghai International Financial Center to enhance its radiation power. By the end of 2018, we served more than 28,000 sci-tech enterprise clients, and the loan balance of sci-tech enterprises had exceeded RMB 140 billion.

Social Responsibility: We continued to optimize the institutionalized construction of client rights and interests protection, deepen the promotion of financial education activities, enrich public financial knowledge, and enhance public awareness of financial risk prevention. We adhered to people-oriented development, helped workers with difficulties in living, strengthened staff training, promoted the post system reform, and created clear career path for employees. In 2018, more than 24,000 face-to-face training programs were held throughout the bank that provided 210,000 person-times of trainings. We offered a living assistance subsidy of RMB 10.97 million and a medical aid subsidy of RMB 6.26 million. We continuously explored innovative practices of branded public welfare projects, and created responsibility-leading advantages in the field of children's health. Since 2012, we have continued to contribute to the "Eyes for the World" public welfare surgery program for children's eye health. By the end of 2018, 659 children with strabismus, congenital cataract, congenital glaucoma and other eye diseases from poor families in Shanghai, Chongqing and Kunming received surgical treatment successfully. In 2017, we launched the "Care-free Plan" children's insurance gift program, and by the end of 2018, more than 290,000 impoverished children in Yunnan province had been provided with medical insurance for diseases, with claim compensation exceeding 590,000 Yuan. In 2016, the Dream-Chasing Fireflies Initiative for free training for 100 pediatric staffs was launched, and by 2018, a total of 100 primary pediatric doctors and nursing personnel from the western region have been funded to complete their studies in well-known Grade-A tertiary hospitals in China. In 2019, the "Thousand-Person Program" will be upgraded and launched. By 2023, 1,000 people will be benefited from the program. At the same time, SPD Bank has thoroughly implemented the spirit of the targeted poverty alleviation strategy of the CPC Central Committee, resolutely fought the tough battle of poverty alleviation, sought well-being for the public and promoted social harmony. By the end of 2018, loan balance for individual tar-

geted poverty alleviation reached RMB 1.685 billion. In 2018, 49 targeted poverty alleviation donation projects were implemented, with a total donation of RMB 10.19 million.

Environmental Responsibility: We constantly adjusted and optimized the standards of environmental and social risk management and control, and enhanced our ability to deal with environmental and social risks. We further improved the green financial system, enriched green financial products, boosted carbon emissions trading, promoted green industry development, and focused on supporting clean energy, green transportation and other fields. By the end of 2018, the balance of green credit had exceeded RMB 210 billion, including RMB 40.301 billion for building energy saving and green building projects and RMB 54.259 billion for green transportation projects. Adhered to green and low-carbon operation, implemented green procurement, and actively responded to climate challenges. Speeded up online business migration and reduced the energy consumption of operation; By the end of 2018, the substitution rate of trading volume via electronic channel reached 98.12%, and the green operation capability was further improved.

In the year of 2019, SPD Bank will strictly implement the decision and deployment of the Party Central Committee and the State Council and the spirit of Central Economic Work Conference, follow the guidance of Party building, promote the central tasks with the Party building, identify the development characteristics of the important strategic opportunity period, capitalize upon the key period when Shanghai strives to build the strategic advantages of the new era, and adhere to the direction of the new five-year strategic objectives and to the principle of "returning to basics, highlighting major business lines, improving professional services and seeking synergetic development". We will focus on digitalization and intensive development strategy, strictly adhere to the bottom line of risk compliance, strive to improve the quality and efficiency of financial services, build a top-notch digital ecological bank, and achieve high-quality and sustainable development with stakeholders.

ABOUT US

Shanghai Pudong Development Bank ("SPD Bank"), a nationwide stockholding commercial bank approved by People's Bank of China on August 28, 1992, was inaugurated on January 9, 1993 and listed in Shanghai Stock Exchange in 1999 (stock code: 600000). Its head office is based in Shanghai. It has a registered capital of 29.352 billion Yuan. Thanks to its good performance and integrity, SPD Bank has become a widely revered and noteworthy listed company in China's security market.

Adhering to the core value of 'sticking to integrity and striving for excellence', SPD Bank is actively exploring financial innovation. It has seen its asset scale continuously widening and its operational strength enhanced. By the end of December, 2018, the Bank had an aggregated asset reaching 6.29 trillion Yuan. To date, SPD Bank has opened 41 first-level branches including approximately 1,700 business outlets both home and abroad. It has over 50,000 staffs and more than 30 invested companies. It has grown into a bank group with comprehensive operation covering eight major businesses, namely commercial bank, overseas investment bank, trust, wealth management, financial lease, money broker, sci-tech bank, and rural banks.

In January, 2019, the British magazine, *The Banker*, released ranking of 'Top 500 Banking Brands'. SPD Bank ranked the 18th place among all, being the 7th place among Chinese banks on the list, with brand value 13.252 billion USD.

SPD Bank is one of the few joint-stock commercial banks with investment grade or above given by three major international rating organizations.

In the new round of development, SPD Bank will fully implement the spirit of the 19th CPC National Congress, the National Financial Work Conference and the Central Economic Work Conference. It will continuously push forward reform and development through the rise and fall of the financial tides. Committed to customer centricity, and driven by science and technology, SPD Bank will build itself into a top-notch digital ecosystem-based bank, and become a vanguard of the financial sector in the new era of high-quality development.



6.29 trillion Yuan

Of total assets

41

First-tier branches at home and abroad

1,700 Nearly

Offices

50,000+

Employees

18th place

Among global banking brands

13.252 billion

Of brand value

DIGITAL INNOVATIONS MAKE A BETTER LIFE

466

Outlets upgraded to 3.0

61.4 %

Y/Y growth in remote smart bank transactions

Up to 88.27 %

Distribution rate of retail self-service channel

Over 90 %

Human service of bank counter can be replaced with i-Counter

In January, 2018, SPD Bank officially set its future five-year strategic goal for development: committed to customer centricity, driven by science and technology, to build a topnotch digital ecosystem-based bank. Digitalization is a major element in its '13th Five-Year' Strategy. Guided by the digital strategies, SPD Bank has been incessantly enhancing its input and reinforcing research, introduction and application of digital technologies. It pulled off planning, implementing and online transfer of the new round of core system and has initially established the digital ecological bank 1.0. in 2017 .

Based upon the new starting point, SPD Bank focused on technology development around its strategic goal to enhance infrastructure, reconstructed its service flow, promoted its business application and promoted the development of digital ecological bank 2.0. It attempted to offer the best services to its clients and ecological partners.

Digital ecological banks shall realize overall digitalization of client-acquisition, product, marketing and risk control, establish a complete online model and refer to consolidated data basis and application of AI technologies to build a whole-process model of online clients-acquisition, product sales and marketing services. It would synchronously raise credit risk identification and prevention and control capacity on trade risks in SPD Bank. It shall reconstruct marketing relations among affiliated groups and set free offline marketing power. Against the setting of digital ecological bank 2.0 in SPD Bank, intensive management shall be attained on such fronts

as product establishment, client acquisition, marketing facilitation and risk strategies in the head office. Marketing competence of front-end branch shall be released as well. Furthermore, through open platforms and Internet connections, ubiquity and availability of retailing banking services at client side shall be implemented and upstream and downstream of supply chain embedded through digital industry solutions at business end.

New smart banking business patterns including API banking, remote smart banking and smart counters are emerging. SPD Bank has adopted digital technologies to build an efficient, available, smart and shared digital ecological platform to offer higher-quality smart financial services, better satisfy clients' demands and contribute to a better life with continuous financial innovations.

By the end of 2018, 466 branches had been installed with 3.0. Smart transformation of service channels had been vigorously promoted with a year-on-year growth of 61.4% in remote smart banking transaction, growth of 88.27% in distributing rate of self-service channels for retailing business and replacement of 90% of manned counter functions by i-Counter.

Our measures in 2018

Build a new ecosystem of financial technology. By optimizing smart products and services and building new ecology for scene-based finance, we improved financial services for clients at the mobile end. By launching API banks, we incorporated banking services to platforms and business procedures of individual partners to realize people being in the center and setting as incision, to remold brand new banking business and service model and to roundly promote upgraded smart building in branches.

Found sci-tech cooperation community. By working with sci-tech companies, we established exchange platform, acceleration platform, investment incubation platform and digital ecological banks. We joined hands with colleges, academic institutes, peer companies and investment companies to establish channels for synergic cooperation. By convening innovation contest of financial science and technology, we supported companies in sci-tech innovation. The Community transformed the cooperative mechanism to promote sharing among members, support financial empowerment, aggregate resources, technologies and innovative competence, get linked to front-edge innovation and crank up sci-tech innovation before eventually realizing win-win.

Build a information and capital secure base. By applying digital technologies, we collated and disposed fragmented data, forged Internet smart risk control around the clock on the weekly basis, realized actual-time inception of high-risk transactions so as to construct safety network on prevention and control of transaction risks from the fountainhead that can run through each and every transaction setting and ensure 'development guaranteed with security and promotion of security with development'.

Our innovation in 2018

Launched the first domestic i-Counter with independent IPR. By integrating such functions as remote smart banking and high-speed ATM functions, we further boosted efficiency of transaction, launched a smart interaction system based on facial recognition, fingerprint and video to improve clients' operational experience and ensure authenticity and security of business transaction.

Launched the first API Bank to build digital ecosystem-based bank. With open, sharing, efficient and accessible API open platform as the carrier, we accelerated product and service innovation by following a client-centered and scenario-based approach to realize crossover financial services. By the end of 2018, we had released 211 API services, launched several business setting solutions, get linked to 84 partner Apps and realized service contactors of API extension banks, and API innovative services and products.

Smart customer services. By introducing 'smart robots', we provided direct access to 9 financial channels for individual and corporate financing including WeChat banking, phone banking, online banking, online portals, offer 7*24 unflinching services to our clients. By introducing AI smart voice navigation services to substitute traditional digital menus, we helped facilitate special clusters and thus boost client services.

Innovation Labs. By forming cross-border strategic cooperation on smart financial innovation with Baidu, Huawei, iFlytek Co., Ltd., China Mobile, Temenos, 360 and other science and technology companies, we worked in joint hands to conduct in-depth and comprehensive innovative cooperation on multiple frontline technologies and financial sec-

tors covering big data, artificial intelligence, Internet of things, cloud computing, network security and so on

Strategic cooperation. We entered into a strategic cooperation agreement with Tencent and leveraged financial technology, innovative financial services and collaborating marketing to launch comprehensive cooperation and to realize a win-win situation through complementation of advantages and innovative cooperation.

Our Measures in 2018

 7x24

Internet intelligent risk control

Our Innovations in 2018

 7x24

Uninterrupted services for our clients

INNOVATIVE POVERTY RELIEF MODEL EMBRACES A BRIGHT FUTURE

30.6881 million Yuan

Donated for poverty alleviation

11 villages

Lifted out of poverty

In 2018, still a tally of around 30 million rural underprivileged people called for poverty riddance. Forever striving for a better life of the people, SPD Bank actively implements the strategic spirit of precise poverty relief by the Party and the Central Government, continuously works on financial poverty relief work mechanism, makes innovation on financial poverty relief model, caters to the geological location, goes for multiple measures to reinforce poverty relief degree, innovatively carries out poverty relief by science and technology and adds impetus to the staunch combat of poverty relief. By the end of 2018, it issued a loan

balance on precise poverty relief with a total amount of 1,685.07 million Yuan, a loan balance for the population already ridding poverty amounting to 3,619.02 million Yuan and a loan balance for unit-based precise poverty relief to the tune of 7,394.05 million Yuan. In 2018, SPD Bank implemented 49 donation programs on precise poverty relief with a total sum of 10.1917 million Yuan.

In 2016-2018, 22 branches and 1 subsidiary of SPD Bank participated in precise poverty relief with an accumulative capital amounting to 30.6881 million Yuan for 11 villages of all 76 ridden of poverty.

Our actions



Dream-Chasing Fireflies Initiative for free training for 1000 pediatric staff

The public welfare program kicked off on July 13, 2016. 'Hundred-Talent Plan', its Phase-One Project (spanning from July 13, 2016 to May 8, 2018) was co-initiated by SPD Bank and Shanghai Children's Health Fund that successfully subsidized 100 grassroots pediatric medical staffs who went through training on further study in Affiliated Hospital in the Capital Pediatrics Research Institute and Shanghai Municipal Children's Hospital. Through crossover cooperation and implementation of innovative social responsibilities, 'Hundred-Talent Plan' prized outstanding medical resources and launched salutary explorations to improve pediatric medical service competence and technical management level in remote areas in west China and to enhance welfare for children there.

On February 20, 2019, Dream-chasing Fireflies Initiatives for Free Training for 1000 Pediatric Staffs, the Phase-Two project, officially

kicked off. Co-initiated by SPD Bank and Ai You Charity Fund, its base for advanced studies cover Shanghai Children's Medical Center affiliated to Medical School of Shanghai Jiaotong University, Xinhua Hospital affiliated to Medical School of Shanghai Jiaotong University, Shanghai Children's Hospital, Huaxi Hospital in Sichuan University and Children's Hospital affiliated to Medical School of Zhejiang University. The program is to subsidize no less than 900 pediatric staffs in west China to pursue further studies in noted Class-three Hospitals at Grade A in China and around 100 pediatric staffs from our cooperative hospitals to head over to international hospitals with advanced pediatric level. It intends to seek for continuous upgrading in children's health career, deepen the public welfare practice and continue to contribute to improving of pediatric medical level at the grassroots in China.

In 2017, the program won 'Reward for Outstanding Public Welfare Program of the Year' by China Banking Association.



Launch of Dream-Chasing Fireflies Initiative for training for 1000 pediatric staffs



Poverty Relief through party-building

Kunming Branch hurried poverty relief assistance in Wenshan City of Yunnan in 2008. It continues to enhance input on poverty relief work to help corresponding villages with industrial development, infrastructure building and basic public welfare service improvement. The four Party branches respectively entered into *Agreement on Helping with Party Building through Bond between Villages and Companies* with General Party Branches in Yalachong village of Dehou town, Nanlin village of Dongshan village, Yakouzhai village of Xinxiang town and Wusechong village of Bozhu town. Through shared and linked building, 'a Hundred Companies Helping a Hundred Villages' and Assistance' Poverty Relief Work, the Party members gave full display to their leading roles, and actively propelled policy publicity and program backup to help local residents stay out of poverty and make a fortune.

In 2018, SPD Bank donated a sum of 3,734,700 Yuan to Wenshan city. The Head Office donated 1.5 million Yuan to carry out bonded assistance in Nanlin village of Dongshan Town, Wenshan city, Wusechong village of Bozhu Town and Lachong village of Dehou Town; Kunming Branch donated 1,484,700 Yuan as fixed spot for 'One-to-one assistance' to help Yakouzhai village, Xinjie town, Wenshan city, a poverty-stricken village, with its guaranteed poverty relief fund, a sum of 700,000 Yuan for industrial backup capital and 50,000 Yuan for poverty relief through education.



On March 9, 2018, the Party committee of Kunming Branch invited Wang Jianfa, assistance secretary of Party Committee Department of Shanghai Textile (Group) Co., Ltd. to launch training on grassroots staffs in charge of Party affairs

'Care for Grassroots' Village-based work

'Care for Grassroots' village-based work targeted at Pihsen Village, Ayagesidai Village and Langan Village. It set up archives of 375 poverty-stricken households involving 1627 hardscrabble population. It featured a wide geological range and complicated conditions. Despite numerous difficulties, the Urumqi branch followed the work model of 'Party committees in branches as the backup, village-based cadres as representative and top leaders taking charge', and made endeavors to figure out and launch methods in precise poverty relief. It was engaged in precise and targeted efforts in line with 'one remedy for one village and one specif-

ic strategy for one household'. With continuous efforts, 102 households totaling a population of 419 from 3 villages had been relieved from poverty by the end of 2018.

'Carefree Plan' Children's Insurance

The program was co-initiated by SPD Bank and China Children and Teenagers' Fund. At the outset of 2017, our Bank donated 2 million Yuan. With PICC P&C as insurance underwriter via bidding platform of Shanghai Insurance Bourse, it delivered an aggregated sum of 6.5 billion Yuan of insurance cover to 99,641 poverty-stricken children aged 1 to 14 from 5 counties and cities in Yunnan who were registered. By taking advantage of the insurance-based amplifying guarantee, it propels regulation, precision and institution of poverty relief work and blazed a new track for financial institutions to undertake their responsibilities of poverty relief.

On occasion of the 10th Bank-wide Voluntary Day in January, 2017, it donated a sum of 750,000 Yuan for the public welfare program entitled 'Carefree Plan-Children's Insurance Gift'. It extended the number of underwriting to 292,525 poor children covering 5 counties (cities) in 2 states namely Wenshan state, Baoshan city, Jianchuan county under Dali, Chuxiogn state, FuYuan county, Zhenxiang county and Qiaoqia county. By the end of 2018, it accumulatively settled 748 cases with a total compensation amount of 592,845.03 Yuan.

'See the World' Public Welfare Surgery on Children's Eye Health

The public welfare program was initiated in 2012. Its Phase-one program (2012-2014) was co-initiated by SPD Bank, Shanghai Children's Health Fund and Shanghai Eye Disease Prevention Center. SPD Bank donated 1.5 million Yuan for Phase One to help out children suffering strabismus from 362 Shanghai-based households to successfully go through corrective procedures so that the children could get their vision soundly fostered and regain health, confidence and smile.

December 26, 2016 marked the kick-off of the Phase-two Program. By giving play to the advantages of SPD Bank, Shanghai Trust officially launched 'Ultimate Virtue 'See the World' Charitable Trust, the first charitable fund after validity of the *Charity Law*. SPD Bank inputs money as consignor and Shanghai Trust serves as consignee. The trust property would regularly make donation to 'public welfare charitable program concerning free surgery for eye-disease children from Shanghai-based poor families' to help hardscrabble families with children beset with eye diseases do surgical operation free of charge so as to enhance their vision and facilitate their physical and mental health. Other than strabismus

children, it also offers operative treatment to such major eye diseases as blepharoptosis, congenital cataract, congenital glaucoma and so forth.

At the same time, the private bank of SPD Bank launched public welfare wealth management plan for clients with high net worth. Investors would allot portion of their proceedings as charity money to be donated as charity in buying 'See the World' Public Welfare Charitable Trust Quota and bring about more public welfare finance.

By the end of 2018, the program had accumulatively helped 659 households with children suffering such eye diseases as strabismus, congenital cataract, congenital glaucoma and so forth.

'Love and Light' Guide Dog Charity Wealth Management Plan

In 2018, the private bank of SPD Bank worked with Dalian Municipal Charity Federation and Dalian-based Training Base for Guide Dogs to issue two-phase "Love and Light" Guide Dog Charity Wealth Management Plan to clients of the private bank. It successfully raised a sum of 1.5 billion Yuan. Clients donated 0.15% of their proceedings from wealth management to Dalian-based Training Base for Guide Dogs. SPD Bank followed the ratio of 1:1 for matching the donation and cultivating guide dogs to be used for the blind people free of charge. The program propelled clients with net worth to be engaged in public welfare program. It also drew widespread attention as well.

Poverty relief through technology advancement

Party Committee in Xi'an Branch was actively implementing the work thinking on poverty relief featuring 'consolidation of groundwork with cultivation and seeking a way out in science and technology industry'. By catering to the local conditions, it initiated the program on cultivation of TCM, and organized set-up of professional cooperatives so that plantation of TCM would follow the model of 'technology + ecology + specialty + quality'. By the end of 2018, yield per mu for astragalus membranaeus would reach 1000 kilograms and a per capita revenue growth of over 12,000 Yuan.

Poverty-relief bond

As principal underwriter, SPD Bank distributed 200 million Yuan of medium term note on poverty relief to Lanzhou Transportation Development and Construction Group. All raised finance was used to Phase-One project of G341 Yongdeng-Zhongchuan Road. As a program under poverty relief planning for swatches of hardscrabble areas on transportation building in Liupanshan, this program carried left to improve production and living conditions of people along the line, propelled resource development and spurred economic and social development in the region.



MANAGEMENT

PARTY BUILDING

CORPORATE GOVERNANCE

RISK AND COMPLIANCE

RESPONSIBILITY MANAGEMENT



Head Office of SPD Bank at No. 12, the Bund

PARTY BUILDING

Working under guidance of party-building

In 2018, Party organizations at all tiers in SPD Bank carefully implemented the spirit of the Party's 19th National Congress. By clustering upon politics building, taking hold of stance, punctuating work priorities and enhancing real effects, it consolidated grassroots groundwork to raise vigor, deepened 'four-responsibility synergy' to cluster concerted efforts, continuously improved quality on Party-building and offered staunch guarantee to high-quality sustainable building.

It assembled concerted efforts for development with Party-building as guidance. It deemed political building as 'soul' and 'basis' of Party-building, incorporated general requirements for Party building to the Company's chapter and adhered to mixing up Party-building to all rounds of company governance. The Group had 50 first-level branch Party committees, innovatively opened 9 Party committees directly under the Head Office and attempted to enhance the head office's guidance competence. It launched the corporate culture concept system and three-year initiatives in SPD Bank to combine enterprise culture with ideology, fully mobilize strength of Party troupes at all tiers, and extensively collect for 382 proposals from its staffs. In repetitive brooding of unified thinking and cohesion of consensus, it launched the new version of *enterprise culture concept system*, compiled *Three-Year Initiative on Enterprise Culture Building*, molded unified enterprise culture under the structure of legal person governance and enhanced staffs' democratic management. By continuously working on 'four-responsibility synergy' mechanism, it incorporated Party-building work to yearly performance appraisal following the ratio of 20%.

Building of grassroots organization

The Party committee of the Head Office was carefully and thoroughly putting into effect deployment on wide investigation by Shanghai Municipal Committee by convening 3 theme investigations and surveys in a bid to actively probe for theme-based new approaches on Party-building. It deemed operational and managerial effects as touchstone and knife grinder to judge the performance of Party-building in each unit and combativeness in each Party organization. By building 50 first-level organizations in the whole bank, and revolving upon stage for competition carrying the theme of 'displaying core effects of Party-committee leaders and propelling high-quality development', it attempted to realize 'dual coverage' of participators in the

Building of cadre teams

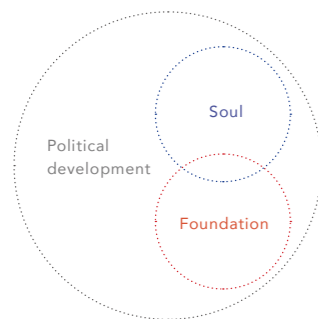
It further clarified standards on selection of cadres marked by 'potent politics, proficient business and outstanding manners'. It launched *Three-Year Initiatives on Cadre Team Building SPD Bank (2019-2021)*. By combining with bank-wide optimization on its organizational structure, it went for potent leading bodies at all levels. Following '789' requirements for young cadres, it recommended an array of outstanding cadres to Party committee of the superior body. It enacted *Management Methods on Selection and Appointment of Cadres of Division Level in the Head Office*, and *Plan on Appointment of Cadres of Division Level after Adjusted Setup of Head Office*, it launched recruitment of cadres at the division level and ensured

whole systems (coverage of all functional departments under the Party committee and coverage of all first-level organizations at SPD Bank). By timely promoting such models as 'co-building via external liaison', 'secretary projects', 'modularized Party-building' and so forth tested out in grassroots Party committees as well as experience on transformation and poverty shedding tried out in branches to SPD Bank as a whole to form a replicable plan, it intends to seek for a valid track to convert advantages of Party-building to operational and managerial Party-building.

successful implementation of organizational framework. It attained two-way service in the head office, intensifies backup cadre building and building of professional sequencing talents and improves competitiveness and combativeness of teams. By aligning with building demands of 'building a first-rated digital ecological banks', it implemented differentiated talent allotment strategy, staunchly propelled post categorization and value appraisal, built up a diversified post sequence and category-based management system and further motivated team vigor.

Party conduct and integrity

By convening bank-wide working sessions on party conduct and integrity, it organized main principals from party committees in each unit under jurisdiction of the Group to enter into *Liability Statement on Integrity-oriented Party Conduct and Clean Governance* with the Party Committee in the Head Office. It was probing into the pattern of setting up linkage between the upstream and the downstream and co-governance with discipline inspection group assigned by party committee in charge of work directly under SPD Bank. It formulated *Specifications on Thorough Implementation of the Spirit of Eight Stipulations by the Central Committee* in SPD Bank and went for concentrated renovation by targeting at 'four-style' issues. The Discipline Inspection Commission of the Head Office opened up a cross-department work mechanism on collaborative case-handling so as to form concerted efforts on case handling and to boost work efficiency.



50

Level I Party Committees across the Group

9

Party Committees directly under the Head Office were innovatively set up

CORPORATE GOVERNANCE

In 2018, SPD Bank saw its marketing competitiveness, social clout and company cohesion further enhanced. It maintained continuous, health and stable development. The BoD SPD Bank would strictly abide by relevant regulations in *Company Law of the People's Republic of China*, *Security Law*, *Company Charters*, *Duty Fulfillment Directives for Board of Directors in Joint-stock Commercial Banks* and *Rules for Affairs Handling in the Board of Directors* as well as the company's governance procedures to professionally and effectively perform obligations, undertake ultimate responsibilities for operation and management, further give display to scientific decision-making and strategic management functions, and continuously reinforce risk management and asset management. Research, deliberation, independent judgment and scientific decisions by centering upon major affairs would guarantee the company's compliance operation and stable development and would propel the company to establish a sound and integrated enterprise culture and value criterion. With diligence and full responsibility, supervisors in SPD Bank was carefully abiding by each supervision requirement to incessantly work on the governance building and was displaying the effect of board of supervisors on supervising SPD Bank's compliance, risk, auditing mechanism building and authenticity of its operational attainments. The board of supervisors went for multiple

means to vigorously prod the supervision work, worked on the supervision effectiveness, and made endeavors to establish a corporate operational system and enterprise governance structure featuring 'having strategies for development, having procedures for decision-making, having supervision for implementation, having rules for operation, having inspection after affairs and having appraisal for results' that proved conducive to speedy and sound development of SPD Bank. Under the guidance of the Board, top brass of the SPD Bank carefully and thoroughly implemented the state macro adjustment and controlled policies and supervision requirements, served the real economy, guarded against financial risks, consolidated work, and made active progress. It grabbed off anticipated effects with each of its business gaining continuous development and operational efficiency making an uptick.

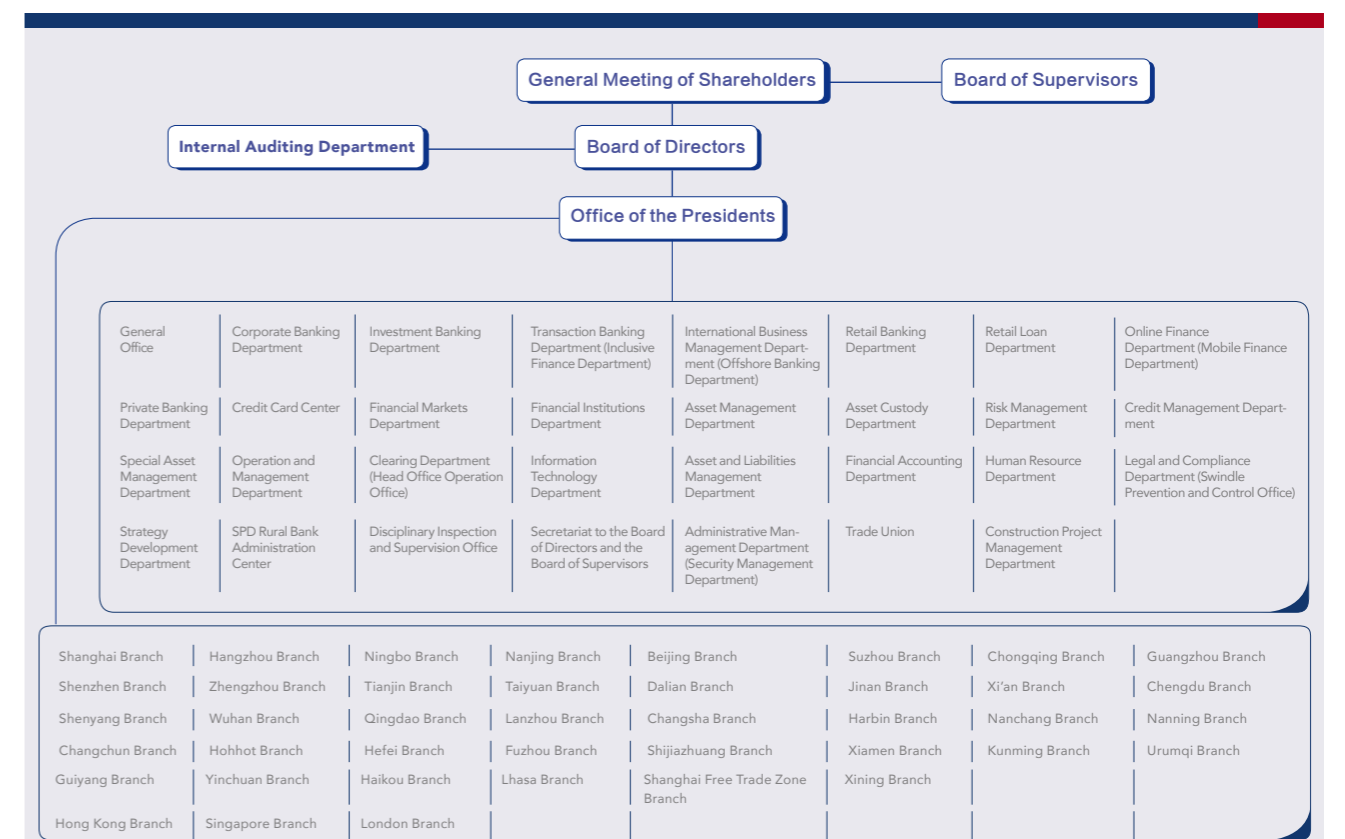
Information exposure. Information exposure on company governance was carried out via regular-interval reporting and tentative announcement. By sticking to sound governance as the basis, perfected auditing as reliance, the Company was making continuous efforts to work on its information exposure mechanism in a bid to make sure that its investors can timely, accurately and equally grab relevant information.

In 2018, SPD Bank completed 4 exposures of

reports at regular intervals to ensure truthfulness, integrity and precision of information exposed in the reports at regular intervals, and open up conditions for investors to roundly get to know the company's financial and operational status. It also boosted transparency of operation and management in the company, actively performed obligations of information exposure in listed companies and ensured timeliness of tentative announcements. The year saw an exposure of 54 tentative exposures. Other than announcement on resolutions in the 'three sessions' of the company, it also helped investors timely get to know the company's major events by making announcements on the company's release of second-level capital bond, procurement of the company's bond by senior managers of the company and so forth. At the same time, it also issued timely announcement on such cases as amendment of the *Company Charter*, alternation of accounting policies, implementation of rights and interests and changes arising in board of directors, board of supervisors and top grass.

On January 6, 2018, SPD Bank exposed bulletin on performance for 2017, marking the 13th consecutive year in exposure of bulletin on performance at the outset of a new year. SPD Bank was rated 'A' grade in Shanghai Stock Exchange (highest rank) for its information exposure.

Organization Chart of Shanghai Pudong Development Bank (SPD Bank)



Latest Progress of Investor Relations Management in 2018

- It intensified communication with small and medium investors. By closely trailing equity price, transaction trends and network consensus, it took initiatives to enhance communication with small and medium investors. It received over 550 phones from small and medium investors throughout the year and responded to over 80 online messages. It largely maintained rights of small and medium investors.

More than **80**
Questions answered in message board

More than **550**
Calls received from small and medium-sized investors over the past year

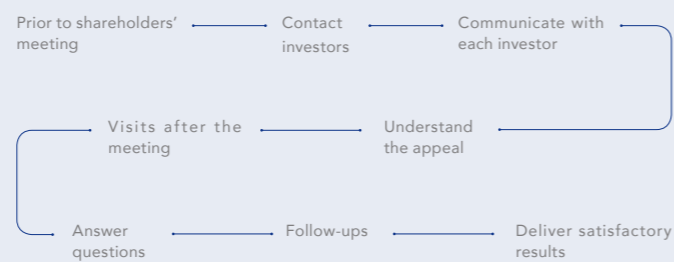
- It received visit of organizational investors and security analysts totaling 310 throughout the year. It attended 18 strategy sessions throughout the world and conducted in-depth communication with 250 investors. By communicating with the market, it illustrated operational highlights of the company. By continuously following analysis report of security analysts, it enhanced interactive exchanges. By gleaning and soliciting for feedback from organizational investors, it precisely got hold of trends drawing eyeball from the market.

310
visits by institutional investors and securities analysts

250
times of in-depth communication with investors

- It extended communication channels with small and medium investors. Before convening of shareholders' plenary session, it made initiatives to contact investors to demand for their appeals. With initiative re-visit after each session, it went for question-answering, maintain follow-up and has grabbed sound effects. By convening 'Online Explanation Session on Performance for 2017, also the 1st Quarter of 2018', it communicated and exchanged with investors to enhance investors' knowledge on the company.

Expand communication channels for small and medium-sized investors



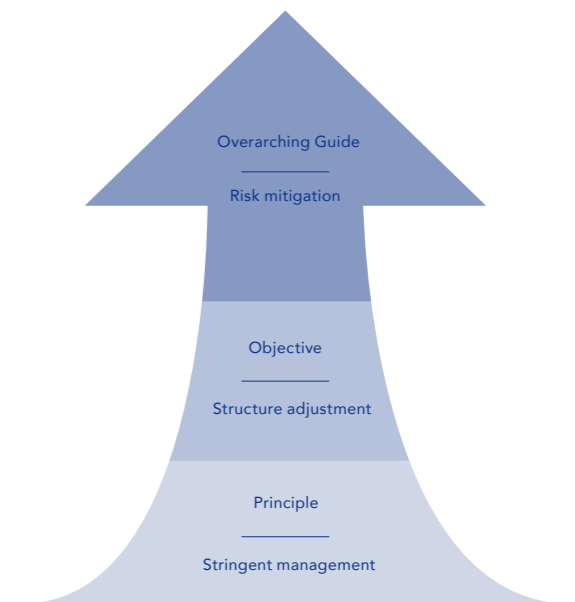
RISK AND COMPLIANCE

In 2018, SPD Bank established a yearly operational main business line featuring 'adjustment of structure, guarantee of incomes, intensification of management and reduction of risks' adapted to its actual conditions in operation and management. The assignment of 'Triumphant 2018' is presented in the bank. With prevalence of 'reduction of risks', it put 'adjustment of structure' as the objective, 'intensification of management' as principle and requested that SPD Bank win over the staunch combat on asset quality so as to make sure that sound development of business is triumphant for risk and auditing and management.

We reinforced building of risk control mechanism, propelled adjustment of risk control mechanism and framework, built risk management department, set up credit extension management department and special asset management department, intensified overall risk management, heightened risk coordination and guidance in the head office, improved intensified, digital and professional management level of risk management and intensified backup of the new round of development objectives by risk control mechanism. We worked on the gauging system of risk management, made use of big data to continuously extend and improve risk identification and gauging capacity of all sorts of businesses, roundly propelled building of Sky Eye, actively molded a full-flow, full-cycle and smart system and incessantly boosted delicacy management of risks.

We adhered to the basic principle of penetrative management and return to the fountainhead, enhanced auditing degree on key sectors, objected to businesses that would touched red line or bottom line, gave compliant backup to innovative businesses that would actively facilitate innovative business for operation and development and intensified service backup. We intensified coverage and pertinence of compliance training, spurred business lines and heightened compliance training. The head office would launch compliance training on all sorts of targets covering newly-recruited staffs, middle-level cadres in both the head office and the branches, backup cadres, Party members, customer managers and risk managers. Training content covers tool cabinet of auditing, classical cases on violation of rules, anti-money-laundering risk prevention, law training and so forth.

We put into practice 'risk-centered' anti-money-laundering management philosophy, enacted the management method on anti-money-laundering sensitive list, amended anti-money-laundering approaches and other rules and mechanisms, worked on anti-money-laundering measures in overseas organizations and the conglomerate, continued to promote building of anti-money-laundering system, carried out training and publicity against money-laundering of all forms, released 12 terms of *Compliance Directives on Anti-money-laundering*, launched over 480 promotion activities against money-laundering and carried out over 590 professional training and exams against money-laundering. Involvement in on-spot interview on anti-money-laundering by FATF helps validly promote alignment of our anti-money-laundering management level to the international rules. It is representative of Chinese banking and financial organization's participation to FATF's on-the-spot interview on anti-money-laundering appraisal in China and offers a specific case and potent argumentation to the appraisal.

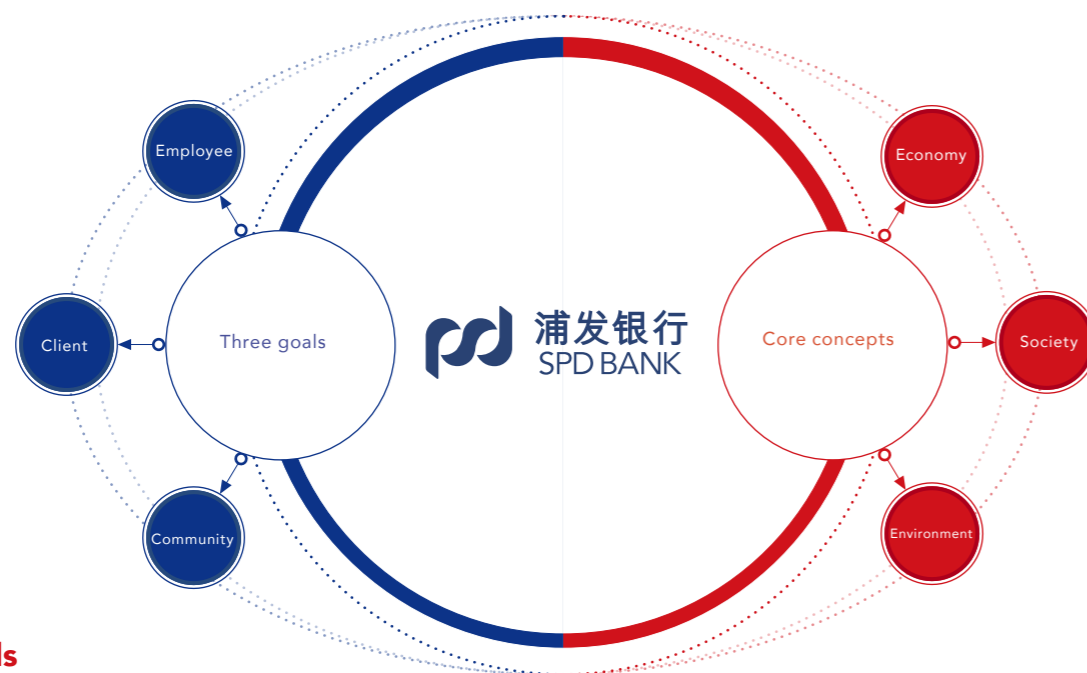


For more information, refer to SPD Bank Annual Report for 2018

RESPONSIBILITY MANAGEMENT

Core idea

Corporate social responsibility of SPD Bank is to hinge on its professional financial advantages to form responsibility competitiveness featuring characteristics of SPD Bank, to take initiatives to undertake its economic, social and environmental responsibilities and to facilitate shared sustainable development of SPD Bank and its stakeholders.



Three goals

SPD Bank has been dedicated to putting into force its corporate social responsibility by relying on its professional financial advantages. It deems corporate social responsibility as an organic constitute of its culture, brand and core competitive edge before forming responsibility competitiveness featuring characteristics of SPD Bank. It is actively enforcing its responsibilities towards the economy, the society and the environment and is dedicated to growing into a respectable listed bank. As regards economic responsibility, it is dedicated to legitimate integrity, continuous operation and creation of more values to shareholders. In terms of social responsibility, it is dedicated to improve welfare of bank staffs, the clients, the community and other stakeholders. As regards environmental responsibility, it is dedicated to actively tackling with and averting environmental risks, continuously making green financial innovation, vigorously building a low-carbon bank and pursuing sustainable and coordinated development.

Stakeholders

Stakeholders	Communication channels	Practice of SPD Bank
Government	Work sessions Information delivery Daily communication and delivery	Serve national major strategies Help with poverty relief Expansion and open-up of services Assistance to ecological civilization building Tax submission based on law Provision of jobs
Supervisory organizations	Work report On-spot check Non-field supervision Discussion in meetings	Work on company governance and engage in integrated operation by law Improve overall risk management competence Reinforce auditing system Reinforce anti-money-laundering
Shareholders	Shareholders' meeting Report and announcement Daily communication	Build a completed corporate governance system Reinforce overall risk management, maintain stable, sound and sustainable development of business and bring about sustainable incomes to shareholders Reinforce information exposure and public relation management, raise transparency and reputation risk management level Compliance operation based on laws
Clients	Forum of clients Satisfaction and investigation on experience	Quicken business and technology innovation and build a complete system of modern financial services Continue to boost qualified service level Create values to clients and seek for growth together with clients
Staffs	Staff representatives meeting Seminar Opinion feedback Visit Direct express of good ideas	Guarantee fair and equal employment rights of staffs and cultivate a team with diversified staffs Work on staff representative meeting mechanism and guarantee their basic rights on institution Intensify staff training, work on appraisal and motivation mechanism and offer a good mechanism for their life career Encourage staffs to contribute to the Bank's development
Environment	Publicity of experts, training, exchange and study in international environmental organizations, visit on clients, provision of green financial services	Reinforce environmental and social risk management Boost green finance and add impetus to development of a green economy Promote green procurement and launch environmental protection Vigorously develop electronic banking and extend the channels of green finance Implement green office and roundly mold a low-carbon bank
Partners	Marketing investigation Governmental policies and bidding procedures Daily exchange Theme meeting	Carry out cooperation following the principle of openness, fairness and just Seek for joint development following the principle of equality, mutual benefit and mutual trust
Community	Social activities Public welfare activities Financial education	Organize social public welfare activities by centering upon such themes as school assistance, poverty relief, education, environmental protection and so on Recommend voluntary activities and encourage participation among staffs Carry out financial education targeting at all sorts of staffs for financial consumption
Media	Release of reports at regular intervals News conference Microblog, WeChat and other communication channels	Timely and initiative information exposure Establish transparent and unhindered communication channels Reinforce media orientation and build a sound and healthy financial consensus atmosphere

For more information, refer to the official website of SPD Bank

PRACTICE

RETURN TO THE ORIGIN AND SUPPORT
THE REAL ECONOMY

SERVE NATIONAL STRATEGIES
IMPROVE SERVICE CAPABILITY
OF INCLUSIVE FINANCE

SUPPORT DEVELOPMENT
OF PRIVATE ENTERPRISES

PROMOTE GREEN FINANCE DRIVEN BY INNOVATION

MANAGEMENT AND POLICIES
GREEN OPERATION

GREEN FINANCE

FOCUS ON MAIN BUSINESS AND CUSTOMER EXPERIENCE

IMPROVE CUSTOMER EXPERIENCE
PROMOTE SERVICE CAPABILITY

PROTECT CUSTOMERS'
RIGHTS AND INTERESTS

IMPROVE SOCIAL WELFARE AND BUILD A
HARMONIOUS SOCIETY

DEVELOPMENT OF EMPLOYEES
PUBLIC WELFARE COURSE

EDUCATION OF FINANCIAL
CONSUMERS

RETURN TO THE ORIGIN AND SUPPORT THE REAL ECONOMY

Serve national strategies

In 2018, SPD Bank focused on key strategic financial demands, intensified coordination between credit policies and regional policies and intended to spur major strategic and regional coordinated development.

Facilitated green economic advancement along the Yangtze River Delta. Through international collaboration and independent innovation, it formed green credit products and service system and applied limited financial resources to sector of energy conservation and environmental protection as a priority. By the end of 2018, its green credit balance in 11 provinces and cities along the Yangtze River Delta totaled over 105.6 billion Yuan. It actively provided services to facilitate development in the Yangtze River Delta, released *Comprehensive Financial Services Plan Concerning Helping Shanghai Launch 'Four Major Brands'*, and *Comprehensive Service Plan on Entity of Financial services in Yangtze River Delta*. With Shanghai as the pivotal point and integration of Yangtze River Delta as the objectives, it showed emphatic support on building of such major projects as mutual connectivity in regional transport, mutual aid and mutual help of energy, green ecological governance, in-depth industrial fusion and so forth. By the end of 2018, it served a tally of 223,000 company clients based in Yangtze River Delta with a loan balance to the tune of over 690 billion Yuan and a green credit balance totaling over 86 billion Yuan.

Deepened 'The Belt & Road' mutual benefit and collaboration. It set up the cross-panel, cross-regional, conglomerate-based and international leadership team for 'One Belt One Road', worked on product system and service plan, and enacted differentiated policies and motivational measures to ensure orderly implementation and promotion of key work. It entered into 'One Belt One Road' strategic MOU with UOB of Singapore in a bid to continuously strengthen mutual benefit and collaboration on RMB internationalization, financial market, trade financing and investment banking. It held 'One Belt One Road' Theme Lectures on Investment Opportunities in ASEAN for companies in the Free Trade Zone and helped companies with follow-up cross-border business by specifying marketing information, state policies, tax and law information to company clients. Furthermore, it reinforced project cooperation on such sectors as release and consignment sales of Panda bond, project financing, and syndicated loan and offered comprehensive financial services to clients from Southeast Asia.

Boosted service level of the free trade zone and actively serviced demands of real economy. SPD Bank actively put into effect financial and reform policies in Shanghai Free Trade Zone, vigorously promoted innovation in the Free Trade Platform and its innovative case knocked into 'Cases on Financial Innovation in Free Trade Zone, Finance Office, Shanghai' for 9 times in a row. On the 5th anniversary after founding of Shanghai Free Trade Zone in 2018, SPD Bank released *Plan on Financial Services in the Free Trade Zone 7.0* to congregate latest attainments on innovation, deepen open-up and innovation of finance in the Free Trade Zone, and upgrade and optimize financial characteristics of its Free trade business to support the real economy.

Enhanced reform impetus for state-owned assets and enterprises. By focusing on such core demands as 'adjustment of structure, improvement of securitization ratio, reduction of leverage, optimization of governance, horizontal aggregation and vertical integration', it presented *Plan on Financial Services in State-owned Capital Investment and Operation Companies*, and *Financial service Plan on Market-based Transformation in Local Governmental Financing Platforms*. It attended acquisition and reorganization in such spigot central enterprises as Baowu Group, COSCO, Poly, Chinese Aluminum Industry and so forth.



First-time underwriting Panda Bond issued by overseas financial institution

In 2018, it successfully assisted BTMU China to release the Panda Bond as principal underwriter. It marked the first time of the Bank's underwritten offering of Panda Bond and was the first time that a Japanese distributor attempted release of Panda bond in the capital market in China. It was

also the first private-placement financial bond in interbank market in China. Release of Panda Bond signified further extension of the international cooperation sector in our Bank that rooted staunch groundwork for follow-up comprehensive servicing of overseas organizations.



'2018 Shanghai-Hong Kong Financial Forum' was grandly held in Hong Kong Exchange. Hong Kong-based branch was in charge of hosting the forum carrying the theme of 'reinforcing in-depth fusion of Shanghai and Hong Kong and extension of innovation of financial science and technology'.

Support development of private enterprises

SPD Bank strictly implemented policy requirements, worked on credit extension policies, adhered to unified ownership credit admittance criterion and followed the supervision requirement to maintain reasonable growth of credit balance in private enterprises. It actively involved in debt-to-equity swap pilot spot for companies with core technologies and market prospects that went through teething troubles so as to bail them out of difficulties and help them stay out of risks of share pledge. Following the principle of marketization and legislation, it chose some outstanding listed private enterprise that went through teething troubles by giving them stage support in a bid to help them out.

Our measures



We reinforced backup degree on financing, establish a set of offline financing product system for small and medium enterprises, formed such financing products as 'trade financing', 'pledge', 'petty sum credit' and the like and leveraged standardized modeling to realize efficient loan review and speedy loan.



By leveraging the innovative model of online supply chain financing under 'Government Purchase e-Loan', we offered unified online supply chain financing services to small and medium private enterprises so that special quota can enter into recycling, financial capital can be extended instantly and synchrony between borrowing and repayment can be attained.



We actively made use of all sorts of innovative instruments to support development of private enterprises including use of credit-risk-mitigation tools to support direct financing of private enterprises and release of CRMW.



We optimized efficiency of opening account, online appointment with account-opening platform and flow on due diligence of corporate users in an effort to drastically boost efficiency of opening account.



We launched 'privileged package for opening account' and carried out cost relief and reduction for private enterprises.



Innovative SPDB ABS+ Model

We implemented the first supply chain ABN in interbank market where a private real estate enterprise carrying AA+ rating served as co-debtor, utilized credit and marketing status of co-debtor to effectively accommodate demand on earlier collection for small and medium-sized upstream enterprises and mitigate difficulty in financing by private small and medium-sized enterprises. Such product helped over a hundred of supplies timely recoup capital.



Support growth of science and technology companies with cooperation between SPD Bank and insurance companies

Its Shenzhen branch works with PICC Shenzhen Branch. By using market-based credit-risk-sharing system, it offered surety insurance to companies via the insurance company so as to validly widen financing tunnels for science and technology small and medium-sized enterprises, brought down financing costs of companies, and added impetus to science and technology enterprises to grasp speedy growth. By the end of 2018, 241 science and technology companies acquired loan tallying 617 million Yuan. It mitigated difficult financing besetting science and technology small and medium-sized enterprises and won Reward for Financial Innovation in Shenzhen for 2017.

241

Sci-tech enterprises receiving loans

617

million Yuan

Of loan amount

Improve service capability of inclusive finance

We focused on our clients' demands, and innovated services for consumption in day-to-day life in a bid to satisfy actual consumption financing demand of various clients in disparate settings. We implemented differentiated credit policies on individual housing loans, supported house-purchasing clients with rigid needs as a priority, actively implemented the spirit of 'accommodating rather than speculating' and strictly reviewed qualification of house-purchase clients. We innovated and upgraded operational model for clients with a house, leveraged O2O model to reinforce initiative operation of clients on a mortgage, combined with life cycle and specific demands to initially grant credit quota and satisfy clients' actual consumption demands to improve their living qualities such as decoration, vehicle purchase and education. By hinging on new technologies for digital risk control and applying 'speedy, simple and convenient' full-process online model, we would target at our clients' pressing needs and offer speedy financing experience featuring 'instant approval and loan'.

In 2018, SPD Bank made endeavors in innovating on such fronts such as anti-fraud, scenario and platform in online consumption loan. With in-depth cooperation with accumulation fund center, tax organs and major Internet consumption platforms, we offered convenient online consumption loan services to an accumulative tally of 100,000 consumers.

To better satisfy clients' latest demands of wealth management, implement latest requirements on supervision and put into practice the concept of inclusive financing, SPD Bank lowered first-time purchase quota of some products as New Client Finance, Daily Gain No.1 and so on from 50,000 Yuan to 10,000 Yuan so that lower threshold for wealth management would allow more clients to access banking financial products.

SPD Bank actively followed the spirit of the Work Conference on Rural Work of the Central Government and promoted financial services in rural areas. It reasonably deployed credit sources, reinforced differentiated performance appraisal, duty fulfillment, liability exemption and other internal incentives, took root on characteristics of operation and management and perform rural financing services in a pertinent way.



Convenience service model project

SPD Bank actively facilitated the promotion of QuickPass as part of a convenience-oriented model project on mobile payment of the People's Bank of China. By launching promotional month for China QuickPass App, Interests Day of Merchant and other marketing activities, it worked on improving acceptance environment for QuickPass and offered convenience

services to various business circles. By the end of 2018, transaction volume via phone-based QuickPass rose by 112% when compared with that the same period the previous year. Transaction volume via QuickPass QR code was 33 times higher than that of the previous year, allowing clients to access secure and convenient payment services.

Intensification of bank-guarantee collaboration

Our Chongqing Branch entered into *Strategic Cooperation Agreement with State Financing Guarantee Fund* with Chongqing Macro and Small Enterprise Financing Guarantee Co., Ltd. It was dedicated to building and improving in joint efforts a new mechanism of banking-guarantee cooperation and risk sharing compensation mechanism through state

financial sharing fund, local financial guarantee organization and SPD Bank so as to guide more financial 'running water' to divert to macro and small enterprises, 'three rural' area and other inclusive sectors and to offer more convenient, efficient and low-cost inclusive financial services to support real economy in Chongqing.

Venture investment fund in homeland

In 2018, our Zhengzhou Branch worked with Henan Agricultural Development Industrial Fund Co., Ltd. in establishing Henan Investment Fund for Homebound Peasant Workers for Business Startup with a total scale of 10 billion Yuan. It would mainly target at companies founded by homebound peasant workers in Henan or companies that would recruit a high proportion of homebound peasant workers.

The fund invested 85 million Yuan to a Henan-based company to mitigate its pattern of

strained working capital and to spur direct employment of over 6,500 homebound peasant workers. At the same time, it would bring about employment opportunities to around 12,000 peasant workers on production, sales, logistics distribution and so forth in both upstream and downstream companies in the industry chain, which helped potently activate rural resources, prod employment of local peasants and increase their incomes.



PROMOTE GREEN FINANCE DRIVEN BY INNOVATION

Management and policies

In 2018, SPD Bank strictly aligned with related policy requirements on energy conservation and emission reduction, and carefully put into force full-flow, full-factor, all-sides and full-coverage environmental and social risk management. It conducted whole-cycle environmental and social risk control on projects in project financing and strictly banned occurrence of environmental risks. At the same time, it constantly adjusted and optimized standards for environmental and social risk control and boosted the Bank's capacity to tackle with environmental and social risks.

It actively supported environmental protection with appropriate tilting on credit resources, considered energy conservation and emission reduction as a major indicator in enterprise appraisal and prudently dealt with companies with high energy consumption, high discharge, resource consumption and output surplus. It was actively shoring upon small and medium enterprises engaged in energy conservation and emission reduction. It granted initial withdrawal of clients that failed to satisfy standards for green credit. It continuously promoted innovation of green financial products, intensified linkage with external organizations, regularly launched training on green credit, deepened development of green finance and supported green and low-carbon economic transformation.

Our measures



We helped with green financial business. Fudian Bank green financial bond worthy of 3.5 billion Yuan with our Kunming Bank as co-lead manager was successfully circulated. It marked the first publically-released green financial bond in nationwide interbank bond market in Yunnan and amended Yunnan's void in the market of green financial bond market. At the same time, it helped Fudian Bank extend the low-cost financial channels. It was of major heft to introduce marketing capital to back up Yunnan's advancement of green financing and to cultivate new impetus of the green industry.



We backed up green transportation program. To cater to the nation's calls on energy consumption, emission reduction and low-carbon travel, SPDB Financial Leasing was actively backing up promotion and application of new-energy buses in different locations. In 2018, SPDB Financial Leasing offered financial services to purchase and use of electric buses in Suzhou, Guangzhou and Sanya. It validly brought down corporate financial costs, spurred development of new-energy automobile manufacturing industry and synchronous promoted low-carbon and green transformation of public transport.



We supported production of low-energy-consumption and new-energy assembly. Our Hohhot Branch was actively supporting highly-efficient production of monocrystalline silicon piece in local leading photovoltaic companies. Its product energy consumption was evidently lower than the quota for the advanced concerning quota for unit product energy consumption at the national level. It was 66.2% the figure required in Standards for Photovoltaic Industry (2018 Version). The branch's financial services validly backed up companies' industrialized projects, formed sound effects of energy conservation and emission reduction and realized energy conservation and emission reduction of standard coal tallying 8330.62 tons and that of carbon dioxide totaling 19,993.49 tons.



We backed up building of clean energy programs. Guangxi Branch was working with China Southern Power Grid Synthetic Energy Guangxi Co., Ltd. in its backup of its clean energy program. Changling Bagasse Co-generation Program was up and running in April, 2018. With bagasse and bark as raw materials for power production, the project was projected to produce power at 160 million kilowatt on the yearly basis and provided an annual power supply at 140 million kilowatt, equated to supplanting of standard coal at about 88,400 tons and reduction of carbon dioxide on the yearly basis at around 162,000 tons.

Green finance

SPD Bank was dedicated to green financial development. It reinforced positive guidance on green business, granted green approval tunnels, special scale and special motivation for green credit. It guided branches to accelerate input of green loan and cultivation of green clients. It actively helped with building of state green finance reform and innovation pilot zone. By the end of 2018, its green credit balance had surpassed 210 billion Yuan. In 2016, it successfully released the initial green financial loan tallying 50 billion to 600 company client that accumulatively amounted to over 65 billion Yuan.

210

billion Yuan

Green credit balance exceeded

600

Nearly

Clients provided with green bonds

50

billion Yuan

Successful issuance of the first green bond in banking industry

65

billion Yuan

Accumulative bonds issued

Green operation

Implementation of energy conservation and environmental protection in daily production. In 2018, SPD Bank Head Office (the Bund Tower) and Eastern Tower attained contact energy management in a joint effort to save 4,093,000 kW/h of power. At the same time, it was an active figure in special competition for energy conservation and emission reduction in key power-use units citywide for 2018 hosted by Shanghai Financing Office and undertaken by the Municipal Development and Reform Commission and the Municipal Statistics Bureau. It put into force commitment on energy conservation and environmental protection in the daily production and operation.

Recommendation of green procurement. SPD Bank actively promoted green purchase, made incessant efforts to optimize its centralized purchase mechanism, advocate green procurement concept and prioritize the purchase of energy-conservation and environmental-protection products. In September, 2018, it purchased small green devices through open tendering and by considering economic and environmental impacts, it implemented green purchase that reflected its social responsibilities.

Disposal and recycling of wastes. In 2018, SPD Bank conducted concentrated registration and unified capturing of entity assets declared wastes in some departments of the Head Office. By sticking to the principle of 'opting for regular outlines for recovery, performing the social responsibility of environmental protection and realizing the goal of energy conservation and low carbon', it delivered wasted electronic and electric appliances to appointed companies for unified recovery and disposal based on characteristics of relevant assets.



'Zero-waste' environmental protection initiative

SPD Bank was actively promoting and recommending resource conservation and environmental protection. It organized voluntary activity during periods for large-scaled sessions and activities and launched green and environmental protection activities and proposals. In the Bank-wide Joy Sports Meet in 2018, it worked with 'Friend of Nature', an environmental organization, and Green Association in Tsinghua University in forming 'Zero Waste' Voluntary Team on Environmental Protection and leveraged WeChat Company Account and Internal Website to carry out publicity. From reduced amount of waste before the event, garbage classification during the event and garbage recovery after the event, it attempted to realize full-course 'Zero waste' project management. Discharge of wastes dipped and positive promotion effects on environmental protection was realized as volunteers helped participants with garbage classification and disposal.

'World Car Free Day', Free Donation on Bus Riding

SPD Bank launched the large-scaled public welfare activity by centering upon hot spots for traveling on the buses on occasion of 'World Car Free Day' on September 22. This activity covered more than 2,000 bus lines and 37,000 buses in seven cities covering Shanghai, Xi'an, Zhengzhou, Hefei, Qingdao, Haikou and Hohhot. After the activity was launched, many clients would engage in reprinting and interaction so that more of their friends and relatives would join traveling by buses. It helped promote low-carbon and environmental protection and rooted for green travelling. By the deadline of the activity, a total tally of 1.3 million people got involved. SPD Bank is to continue to make incessant innovation to building of the smart city and to contribute its share to greenness and ecology.



Poster on bus-riding code by SPD Bank



FOCUS ON MAIN BUSINESS AND CUSTOMER EXPERIENCE

Improve customer experience

SPD Bank always considers clients as top priority by focusing on their demands and emphasizing customer experience. It was incessantly working on its service management system, completing clients guarantee mechanism, promoting digital development, extending service channels, widening service platforms, optimizing service flow and boosting service quality. In the appraisal of 'Best 1,000 Units for Civilized Conduct and Regulations in the Banking Industry for 2018' hosted by China Banking Association, 39 spots under our Bank won the title of 'Best 1000 Branches'.

By the end of 2018, SPD Bank saw a tally of 34.66 million clients for its phone banking services, up by 28.1% year on year. Its customers for online banking services reached 30.24 million, up by 20.1% when compared with that at the beginning of the year. Its phone for customer services had an accumulative call completing rate at 93.67% and 20-second service level throughout the year reached 87.77%. Its satisfaction rate from clients reached 99.55% and its businesses showed a balanced development. In 2018, satisfaction for handling of clients' complaints reached 96.78%.

34.66 million

Mobile banking clients

30.24 million

Individual online banking clients



'One-stop' service

Starting from system development, online credit and loan and account opening, our Hangzhou branch was actively boosting the 'one-stop' financial services. The Branch organized each business panel and department to conduct comprehensive culling of its business flows and sorted out more than 70 optimized business demands for system building. By giving play to the advantages of the Internet, it bonded 'spot loan' with 'fast loan' and opened an online Internet investment and financing platform covering consumption loan, management loan, investment and financing. It developed 'Zhejiang online preservation bank, account-opening system' dominated by the government so that companies can complete preservation for account opening at one stop in the website. It is launching handier and more efficient 'SPD Bank Account Opening 123' Services to clients in a bid to roundly boost customer experience.



Interception of huge-amount fraud remittance at night

In April, 2018, our Shenzhen Branch got a call from the Customer Service Center at the Office Head as a client was suspected to go through telecommunication fraud and thus requested for assisting inception of the sum of money involved. This client put a lot to a ball betting website and remitted 1.1 million Yuan. After transferring accounts, the client suspected that he was swindled. On getting the notification, our Shenzhen Branch instantly initiated the emergency measures and relevant staffs reported to duty within 15 minutes in an effort to help the client successfully intercept the whopping sum.



Channel optimization and innovation

- SPD Bank opened its midair service hall to boost transformation of its branches and channel integration. It completed 'smart video connection' of private banking business via phones, and pulled off the closed-loop flow of private banking clients' placing an order for self-service investment via phone banking, affirmation and confirmation of remote video transaction. It formed and implemented concentrated operation and outbound affirmation plan and extended seven auditing functions of VTM remote video. It realized branch-dispersed operation and gradually moved towards remote concentration, in an effort to boost efficiency in tackling with business and save clients' time.
- It continued to upgrade its smart phone banking, establish digital 'smart customer services' and 'online call' services. It introduced AI smart voice navigation, enriched and innovated online service means of phones and its remote services accessed the era of artificial intelligence. With pilot running of G-smart Investment 3.0, it realized the whole flow of online smart investment services covering smart recommendation before investment, smart tracking in investment and continuous services after investment. By extending services of clients for mobile channels and launching bond at the counter, foreign exchange treasure, it tried to sate customers' various investment demands.
- It continued to get engaged in innovation and optimization of 'e-Peer', a cooperation platform with its peers in No.12 of the Bund. It launched the website version of the peer platform, upgraded online platform 2.0, further optimized user experience, launched Peer Cluster, marketing consultancy to optimize peer advertising and forged an ecological system in the same field.
- It offered online and setting-based financial services to cross-border e-business platforms and small and medium foreign trade enterprises including single windows linked to Shanghai, Fujian and Hangzhou, development of API direct connection system for comprehensive services of foreign trade, linkage to multiple cross-border foreign exchange 3rd-party payment organization and provision of online purchase, payment and settlement services for cross-border e-business enterprise and individual clients.

Synergy and innovation of group members

- Shanghai International Trust Co., Ltd. continued to work with the head office and branches in launching securitization of credit assets and securitization of clients' assets. In 2018, its accumulative distribution scale surpassed 34 billion Yuan. It realized a scale of sales by proxy at around 20 billion Yuan and its family trust scale reached around 530 million Yuan. It drastically boosted the group's comprehensive service competence to cater to customers' demands.
- AXA SPDB Investment Managers Co., Ltd. realized synergic cooperation on public placement business with over 24 branches. The total sum of publically-offered fund was over 60 billion Yuan. It formed substantial partnership on sales by proxy with all its 38 branches.
- China International Fund Management Co., Ltd. offered a mobile management instrument to tens of thousands of sellers in Taobao and Tmall via 'Yu Li Bao', an online banking product. It thus offered a new choice for short-term investment for its clients.
- SPDB Financial Leasing Co., Ltd. leveraged airplane lease to fully support development of national aviation. In 2018, its first cross-border lease of shipping pulled off its delivery procedures in Hong Kong. It would provide financing plans for development of domestic shipping and aviation companies.
- SPDB International Holdings Limited. centered upon cross-border investment and financial demands of key clients in relevant branches to offer qualified one-stop full-flow investment banks services covering 'equity, debt and loan both home and abroad'.

Product and service innovation

- In January, 2018, it made the innovation in launching 'Treasure Cluster' platform aggregating precious metal, commodity, foreign exchange marketing trend, transaction, placement of orders, investment message and community interaction. By centering upon transaction-end clients, the platform would timely get hold of marketing investment opportunities to realize investment in the globe at one key and participation and sharing of perceptions and investment experience on the market.
- In September, 2018, SPD Bank officially launched 'Omni-currency Convenient Remittance'. Apart from nine major currencies, clients can transact international remittance in more currencies via online banks so as to realize remittance to the world and get their demands for international remittance of various types satisfied.
- In October, 2018, SPD Bank launched 'Instant Remittance' which provided smart filling assistance service to help users simplify the existing complicated filling-out procedures for international remittance. Middle-aged and senior clients who are less proficient in English and less familiar with rules for international remittance can perform the function without difficulties.

Protect customers' rights and interests

SPD Bank strictly followed requirements and concept of protecting consumers' consumption rights across all products and services related with individual business covering the whole process from product design, delivery to after-sales services. By implementing the concept of 'prevention first', we performed review of products and services before they were launched to the market, strictly implement requirements on auditing, perform supervision and monitoring and leverage multiple measures such as satisfaction survey, investigation with mysterious guests and special inspection to facilitate supervision and mistake correction in after-sales phase so as to perform valid rectification.

In 2018, our Bank saw an overall satisfaction rate from our retailing clients reaching 89%, among which satisfaction on channel reached 94%, that on remittance/forwarding was 96% and that on deposit/withdrawal, financial managers, online banks, phone banks and 95,528 hotline for customer services all surpassed 90%.

As regards training on protection of consumers' rights, we continued to carry out multi-layered training on laws and regulations concerning protection of interests of our financial consumers. In the bank-wide training for 2018, we set up the theme model on protection of consumers' interests and invited leaders from Bureau on Rights Protection of Financial Consumers of People's Bank of China, and Inter-bank Consumers Rights Protection Department to give lectures. We carried out full-coverage online training on protection of financial consumers' rights so that our staffs can get to know and grasp concepts and requirements related with consumers' rights and get their protection awareness and competence improved. We developed and continued to work on hardware for new staff training and opened theme on protection of consumers' rights in the training course for newly-recruited staffs. We mainly got involved in protection of individual financial information protection rules on compliance sales and so forth. We continued to organize and launch all sorts of special training on protection of consumers' rights such as special training on wealth management and compliance sales, whole-staff information safety training, bank-wide information safety inspector training and so forth so as to consolidate the staffs' learning effects and reinforce their awareness of protection.

As regards protection of consumers' information, our Bank enacted *Management Methods on Protection of Clients' Financial Information in SPD Bank*. It systematically stipulated collection, use and storage of clients' financial information and implement people's financial information protection to the auditing mechanism and several business rules and fuse them to operational management and risk management of products and business. It clarified hierarchical authorization and management mechanism of individual financial information database. By formulating and printing *Contingency Plan on Protection of Individual Financial Information in SPD Bank*, we raised competence in controlling and emergency disposal of urgent matters on individual financial information safety.

Furthermore, our Bank also launched such rules and mechanisms as *Operating Instruction on Data Withdrawal from Information System of SPD Bank*, *Management Methods on Reporting and Information Service Platform in SPD Bank*, *Management Methods on Independent Analysis and Application of Big Data in SPD Bank* and so forth so that we had rules to follow and specifications to be clarified. By incorporating requirements on protection of individual financial information to each work rounds including information services, we roundly and effectively protected safety of individual financial information.

Our Bank roundly amended *Management Methods on Tackling with Complaints from Clients for 95528 Customer Hotlines in SPD Bank*. At the same time, we have launched and printed *Management Rules on Menus of Business from 95528 Customer Service Hotlines in SPD Bank* to specify the disposal flow, actively guarantee legal rights of our financial consumers and perform commitment of our Bank.

We put into force categorization standards for consumers' complaints. Based on requirements on pilot work concerning categorization of financial consumers' complaints by the People's Bank of China, we had been sorting out and delivering customers' complaints since 2018, segmented 'list of complaints' and 'menu of business' before respectively tackling with and running them. We applied information from customer complaints to improve business operation, auditing, risk management and other sectors. By carrying out theme analysis on customers' complaints, we roundly culled out and analyzed complaints from clients via the platform for retailing rights as well as clients' actual experience, feedback suggestions and opinions so as to form analysis report on their complaints. In terms of service management, we roundly sorted out and optimize multiple service management system covering amendment of such stipulations as *Norms on Emergency Disposal and Major Events in Customer Services center*, *Service Quality Management Mechanism*, *Norms on Live Streaming or Disposal from Calls from the Media* and so forth and launching of such new mechanisms as *Management Standards on Internet Direct Sales Services*, *On-spot Management Standards* and so forth.



Promote service capability

Financial factor market was the groundwork for sound development of multilayered capital market and an important carrier to deliver state policies, service substantial companies and configure economic resources. In 2018, our Bank continued to deepen business collaboration with Shanghai Clearing Institute. By collaborating with Shanghai Clearing Institute, it launched swap transaction of derivatives of off-site bulky commodities covering CIOPI. By working with Shanghai Offsite Bulky Commodity Derivatives Association, it carried out education and marketing promotion or investors. By reasonably using financial derivative instruments, it helped all sorts of company client to offset marketing risks and added impetus to brick-and-mortar economic development. It was an active figure in cross-border clearing system building by the Central Bank. As one of the first batch of direct participators in CIPS, it offered proxy connection and clearing services to interbank organizations at home and abroad. It supported NUCC's basic system building and was the first bank with credit extension and was among the first batch of direct connection banks. Clearing of mass-flow capital during special time nodes such as 'Double Single's Day' could thus be successfully completed.

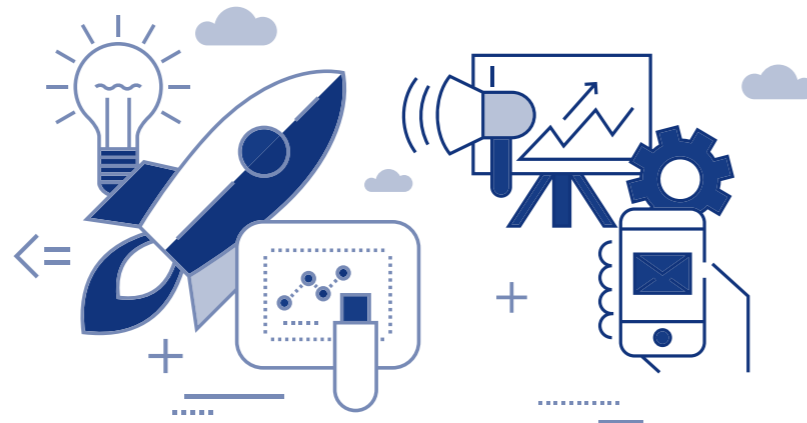
As the strategic partner for the CCDC, it integrated several financial business types in the Group to engage in all-out business collaboration with CCDC. Other than traditional interbank bond market, it actively attended cross-border release of bond, collateral security and appraisal application, introduction of overseas investors and so forth so as to help with open-up and innovation of China's bond market.

As one of the shareholders of UnionPay, SPD Bank is a major marketing participator for the payment clearing sector. Over the years, SPD Bank and UnionPay have been seeking for mutual assistance and joint development, as both parties have been keeping close cooperation on release of banking card, product development, building of acceptance environment, mobile payment promotion, tunnel building, international business linkage and so forth. It would offer efficient and convenient payment and clearing services to company and individual clients.

SPD Bank is one of the first batch of joint-stock commercial banks acquiring the quali-

fication of storing warranty of four major futures exchanges in China. It has been actively involved in the internationalization process of futures market. It has won over the qualification for warehousing warranty of overseas clients in Dalian Commodity Exchange and Zhengzhou commodity Exchange. It thus unshackled the clearing tunnel of overseas investors' involvement to domestic futures market and offered qualified and efficient comprehensive financial services to them. Self-run transaction of gold and silver in SPD Bank ranked atop for comprehensive rating over the years.

Following arrangement and deployment by the People's Bank of China and in order to probe into application of block chain technologies to financial factor market, our Bank participated in digital note development, testing and experiment implementation. In the first quarter of 2018, the test run system for digital note transaction platform was up and running. Our Bank pulled on the first digital note acceptance and discounting business based on block chain technologies. Based on block chain technologies and cryptology arithmetic based on the block chain technologies and with smart contract as the carrier, brand new forms of digital notes have been developed so that reliability of note business could be boosted, privacy and safety of transaction parties can be ensured and transparent information of supervisors can be synchronously attained.



IMPROVE SOCIAL WELFARE AND BUILD A HARMONIOUS SOCIETY

Development of employees

Human resources serve as 'primary resources' to support development in SPD Bank. SPD Bank has been forever deeming growth and development of its staffs as springboard and objective for its human resource work. With the concept of 'caring for people with unerring intuition', it adhered to its philosophy of "care and development" in talents management, created a sound atmosphere for talents recruiting and cultivation, encouraged upright-ness and sense of responsibility, improved its HR management system and mechanism to realize synergy for development of both SPD and talents in pursuit of our common goals.

SPD Bank had been prioritizing its staffs' development and reinforcing building of talent hierarchy. It actively built a distinct career development track for its staffs and encouraged its staffs to realize self-worth, post values and social values. It offered salary featuring marketing competitiveness, timely submitted all sorts of legitimate insurances and established a systematic security system on their health covering employment injury insurance, supplementary medical insurance and supplementary pension insurance (annuity) and so forth. It had established such mechanisms as concerns to the retired staffs, protection of female staffs' rights, assistance of hard-scrabble staffs and staffs suffering serious ailments, tutoring on mental health of staffs and so forth. Through such measures as annual physical check, paid annual leave, recuperation and fitness activities, it attended to guarantee its staffs' physical and mental health and reinforced humanistic care.

SPD Bank had been sticking to the employment principle of fairness and just and would not discriminate against job hunters or its staffs based on their age, gender, marital status, race or nationality. It guaranteed its staffs' labor rights, showed full respect to their religious faith, hewed to the diversified employment concept with people put in the center and at the same time established to complaint submission channels for its staffs. It was dedicated to offering a secured, harmonious and open work environment to our staffs.

SPD Bank was rooting for balance between work and life. It had been sticking to applying systematic, precise and continuous educational training to boost comprehensive competence and professional competence of all cadres in the bank. In 2018, SPD Bank held

over 2,400 face-to-face interviews in 1,500 sessions that targeted 210,000 staffs. Satisfaction rating by participatory staffs reached 9.46 points (full score: 10 points). The Head office held 222 training programs under 141 items covering 13,000 staffs and satisfaction rating by participatory staffs fared 9.4 points. SPD Bank held 154 video training programs under 102 items targeting at 45,000 staffs. By hinging on the digital learning channels, it witnesses a soaring quantity of staffs receiving the training with around 8 million attendees for training throughout the year, two folds that of the previous year. The Bank's shared digital teaching resources surpass 1700 courses.

To comply with the management requirements for conglomeration, SPD Bank established and work on labor union organizations at all tiers and was gradually completing organization and building of the labor union work. In 2018, the Head Office adjusted its organizational framework by opening 8 labor unions within the scope of the original No. One direct labor union. It opened up 9 work unions based on business plates. In July to September, 2018, the Labor Union carried out the 10th competition for business techniques. At the same time, it promoted the new round of high-quality development in SPD Bank by consecutively organizing 'branch transformation and plate linkage' competition for sales at the reception for 2018, appraisal for 'X-Tech' outstanding science and technology innovative results in SPD Bank for 2018 and other contests and innovative activities.

It launched humanistic cares and visit and send comfort to hard-scrabble staffs on traditional Chinese festivals. It paid attention to protection of female staffs' special rights, opened up hut for beloved mothers and offered a hygiene and quite place for female workers during the suckling period. It launched bank-wide appraisal for 'home of staffs'. 50 grassroots labor unions including Shanghai Baoshan Branch and so forth were honored Home for Advanced Staffs in SPD in 2017. Xi'an Branch, Fengxian SPD Bank Rural Banks, West Lake Road Sub-branch of Changchun Branch, Customers Service Center Work Union of the Credit Card Center won the honors as 'Advanced Home for Staffs in the Financial System in Shanghai'.





London Branch's active engagement in team building

London Branch was actively building its featured enterprise culture. By adhering to the concept of 'optimism and simplicity, synergy and sharing', it rooted for a professional and international horizon, reinforced interaction among staffs and forged a sound work atmosphere.



Jin Xugong from China's Embassy in UK attended the 23rd 'London Hong Kong Dragon Boat Festive Day' Charity Activity



Foreign and Chinese staffs are actively participators of Healthy Walking Activity



All Chinese and foreign staffs attend Family Day to Celebrate Christmas and New Year

Training class for 'Far voyage of leading talents'

To cater to demands of 'five centers' of Shanghai city development and build a talents' highland, Shanghai Branch has been carrying out a series of training on 'leading talents' for cadres directly under the Head Office since 2016. In March to October, 2018, it launched the training class for 'voyage of leading talents' targeting at branch cadres directly under the Head Office in Shanghai National Accounting Institute.



Training class for 'voyage of leading talents'



Education of financial consumers

In 2018, SPD Bank formulated *Work Agenda on Popularity of Financial Knowledge for 2018* to guide popularity of financial knowledge throughout the year. It covers popularity of financial knowledge, guardian of 'pocket' activity, 'popularity month on financial knowledge and financial knowledge to tens of thousands of households'. In 2018, 1,613 branches organized 10,889 activities in total with popularity materials amounting to 3.518 million copies being circulated to 17.3 million people.

In 2017 to June, 2018, it continued to carry out popularity and featured activities on financial knowledge among college students. The activity video showed an accumulative propagation volume surpassing 5.5 million Yuan and over 10 million college students benefited from it. It alerted clients who are high at risk to prioritize risks of prevention; the official

WeChat released column on popularity of finance. It helped consumers identify the fraud of online shopping through *More Secured Online Shopping with a Defense War of Pocket* in a bid to guard against risks of online shopping. It helps consumers identify fake currency through *Acute Eyes to Identify Counterfeit Money* in a bid to minimize potential harms and protect consumers' own interests. During the 'Double Singles' Day' in 2018, SPD Bank helped boost consumers' awareness on risk control by forwarding know-how on safe use of bank cards including 'here's a valuable book on safe consumption for the Double Singles' Day for you', 'Guidance on safe use of card for the Double Singles' day-how to set a safe code' and so forth in an effort to improve their awareness of risk control.

3.518 million copies of

Promotional material distributed

5.5 million

Activity video hits exceeded



Popularization of financial knowledge for kids in Hangzhou Branch.



2018 International Day for Financial Consumers' Rights and Interests, March 15 Promotion Activities in Shanghai Branch

Public welfare course

In 2018, SPD Bank continued to launch public welfare and social development course with its donation program covering multiple fronts as comforting of the elder and the young, student grants hardship aid, poverty relief, environment protection and major disaster relief. By forging a long-term mechanism on public welfare programs, it helped enhance heft of public welfare course and spurred more people with a loving heart to join its public welfare team.



Volunteers from Guangzhou Branch carried out voluntary services in Renhe SPD Bank Hope Primary School, Yunan County, Yufu City, and Guilian SPD Bank Hope Primary School. They donated subsidy for schooling and books for extra curriculum reading. They held lectures on 'financial knowledge in schools' to students on the spot.

The 12th Volunteers' Day in SPD Bank

With 'attainment of a rosy life in passing amity' as the theme, the 12th bank-wide voluntary day adopted the means combining the online with the offline and precise poverty assistance with public welfare activity. By launching online public welfare charity bazaar platform, it helped open a track for sales for colored cotton products produced by 'Satellite Factory, a base receiving precise poverty relief by SPD Bank' in Pihsen Village, Kashgar, Xinjiang.

Volunteers in SPD Bank not only actively participated in the activities, they also encouraged their friends and relatives to join them. They contributed to helping out female workers for the colored cotton by donating one Yuan when procuring colored cotton products through the platform. From its commencement on December 22, 2018 to 0:00 a.m., January 4, 2018, it accumulatively gleaned

23,176 participators with vigor values amounting to 296,854 points. Furthermore, SPD Bank also promised to deliver colored cotton products equating to 150,000 vigor value.

On January 5, 2015, SPD Bank Head Office, its 41 domestic and overseas first-grade branches and 3 subsidiaries with around ten thousand SPD Bank volunteers presented to colored cotton products worthy of 150,000 vigor values to city constructors from neighborhood sanitation stations to building sites and from community gerocomium to city charity house. They were engaged in practical deeds to put into force corporate social responsibilities and to deliver its voluntary spirit of 'delight in devotion' to every person around them.



Volunteers from Wuxi Branch in environmental sanitation station in Shenglimen Street



Volunteers from Nanjing Branch in voluntary sanitation of Yangtze River Bridge



Qingdao branch held a series of public welfare activities on 'concerns to autism children' for four consecutive years

Following relevant data, children suffering autism accounted of 1% of the total population of children. To help people get a better understanding of them, Qingdao Branch continued to carry out a series of public welfare activities on 'concerns to autism children' for four consecutive years. It covered interest class for autism children, voluntary charity bazaar, happy color filling and drawing, children's amusement, video watching and so forth. It brought concerns to over 100 autism children and passed down the youthful voluntary spirit of 'dedication, friendship, mutual help and progress'. On April 2, 2018, Qingdao Branch joined hands with Qingdao Women and Children's Hospital, Kaide Square and Transportation Group in jointly holding activities on 'concerns of autism children'. It invited 20 groups of autism children and their parents from the city to attend joyful dancing and manual production. They were invited to Molly Fancy Children's Park to spend time with their children.



Group photo of work staff and autistic children

Beijing branch's 'run for love' opened 'classroom for dreams' in Da'an-shan Primary School

On the International Charity Day on September 5, 2018, Beijing Branch and Shanghai True Love Dream Public Welfare Fund worked in concerted efforts to launch a 2-month-long 'run for love' activity. They together ran for 232900.4 kilometers and donated 116450 Yuan to be invested in building a 'SPD Bank Dream Classroom' in Da'anshan Central Primary School, Fangshan District, Beijing. Other than decoration, layout, hardware and software devices in the classrooms, they also designed a series of textbooks and courses for students' qualified education and launched training on teachers. With joint efforts by both the staffs and the clients, they opened a swathe of broad dreamland to both students and students in the mountainous regions.



Staff in Beijing branch attended 'run for love'



Runners



Volunteers in Hong Kong Branch joined students in carrying out art sharing and displaying in early summer with 'initiator' as the theme



APPENDIX

Key performance indicators for social responsibility

Table 1 Social and Economic Contribution Values (consistent with annual report)

#	Indicator	Unit	2018	2017	2016
1	Total assets	billion Yuan	6,289.6	6,137.2	5,857.3
2	Total loans	billion Yuan	3,549.2	3,194.6	2,762.8
3	Operating incomes	billion Yuan	171.5	168.6	160.8
4	Employee expense	billion Yuan	24.6	23.3	21.4
5	Interest expense	billion Yuan	155.6	138.9	106.7
6	Total tax paid	billion Yuan	30.1	30.6	32.3
7	Total external donation amount	million Yuan	10.19	11.91	12.81
8	Social contribution value per share (based on weighted average number of shares)	Yuan	9.02	8.60	7.62
9	Tier-1 capital adequacy ratio	%	10.79	10.24	9.30
10	Provision coverage	%	154.88	132.44	169.13
11	Non-performing loan ratio	%	1.92	2.14	1.89

Note 1: data statistical scope of Table 1 covers group-wide data

Note 2: data scope of Table 2-22 covers data of parent company (including overseas branches)

Table 2. Statistics for Training and Education on Professional Ethics and Anti-Corruption

#	Indicator	Unit	2018	2017	2016
1	Number of anti-money-laundering trainings	sessions	590	330	18
2	High value transaction report submitted	million	12	10	6
3	Suspicious transaction report submitted	thousand	140	152	54.8

Table 3. Statistics for International Business Development

	2018	2017	2016
Number of overseas institutions	3	3	2
Total assets of overseas institutions (billion USD)	24.61	21.12	18.09
Cross-border RMB settlement balance (billion Yuan)	158.50	172.66	297.95
Cross-border RMB settlement volume (number of transactions)	38,946	31,908	19,788

Note: 'overseas institutions refers to overseas branches, excluding overseas affiliated companies

Table 4. Loan Balance in Eastern China

	2018	2017	2016
Loan balance (billion Yuan)	1,854.02	1,573.40	1,404.67
Number of loan enterprise clients (thousand)	16.3	16.9	20.7

Note 1: Eastern China covers ten provinces, municipalities and autonomous regions including Beijing, Tianjin, Hebei, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong and Hainan.

Note 2: The statistical scope of regional loans is based on regional projects for which loans were issued.

Table 5. Loan balance in Western China

	2018	2017	2016
Loan balance (billion Yuan)	465.26	451.97	414.12
Number of loan enterprise clients (thousand)	3.6	4.2	5.3

Note 1: Western China covers twelve provinces, municipalities and autonomous regions including Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Tibet, Xinjiang and Inner Mongolia.

Note 2: The statistical scope of regional loans is based on regional projects for which loans were issued.

Table 6. Loan balance in Central China

	2018	2017	2016
Loan balance (billion Yuan)	448.01	400.82	379.80
Number of loan enterprise clients (thousand)	4.2	4.6	6.1

Note 1: Central China covers six provinces including Shanxi, Anhui, Jiangxi, Henan, Hunan and Hubei.

Note 2: The statistical scope of regional loans is based on regional projects for which loans were issued.

Table 7. Loan Balance in Northeastern China

	2018	2017	2016
Loan balance (billion Yuan)	180.1	161.1	165.98
Number of loan enterprise clients (thousand)	1.6	1.5	1.9

Note 1: Northeastern China covers three provinces including Heilongjiang, Jilin and Liaoning.

Note 2: The statistical scope of regional loans is based on regional projects for which loans were issued.



Table 8. Statistics for Service of Micro and Small Enterprises

#	Indicator	Unit	2018	2017	2016
1	Loan balance of micro, small and medium-sized enterprises	billion Yuan	1,337.49	1,300.23	1,134.04
2	Number of financial service institutions for small enterprises	no.	37	37	36

Chart 9 Statistics for Service of "Three Rural Issues"

#	Indicator	Unit	2018	2017	2016
1	Total loan balance related to agriculture	billion Yuan	352.64	378.82	379.51
2	Ratio of agriculture-related loan in total loan balance	%	10.15	12.13	14.10

Note: "Three rural issues" refers to agriculture, rural area and farmers.

Table 10. Statistics for Green credit (billion Yuan)

#	Indicator	2018	2017	2016
1	1. Green agricultural development projects	10.54	9.35	4.03
2	2. Green forestry development projects	4.90	1.64	2.85
3	3. Industrial energy conservation and water-saving environmental protection projects	20.79	16.07	21.501
4	4. Natural protection, ecological restoration and disaster control projects	14.44	11.73	9.15
5	5. Resources recycling projects	11.04	9.75	8.79
6	6. Waste disposal and pollution prevention and control projects	14.64	10.77	8.14
7	7. Renewable energy and clean energy projects	22.58	17.90	17.85
8	7.1 Solar energy projects	5.68	3.67	2.83
9	7.2 Wind power projects	2.93	3.23	3.41
10	7.3 Biomass energy projects	0.46	0.81	0.44
11	7.4 Hydroelectric generation projects	4.70	5.76	5.121
12	7.5 Program on other renewable energy sources and clean energy	8.37	4.26	5.84
13	7.6 Smart power grid program	0.43	0.19	0.2
14	8. Rural and urban water projects	15.66	15.07	9.50
15	8.1 Rural drinking water safety projects	1.28	0.98	0.55
16	8.2 Small farmland water conservancy facility projects	1.70	1.31	1.431
17	8.3 Urban water-saving projects	12.69	12.78	7.52
18	9. Architectural energy conservation and green building projects	40.30	33.43	33.95
19	9.1 Green conversion projects of existing buildings	7.80	8.08	9.00
20	9.2 Development, construction, operation and maintenance of green buildings	32.50	25.35	24.95
21	10. Green transportation projects	54.26	46.29	47.37
22	10.1 Railway transportation projects	13.22	6.09	8.49
23	10.2 Waterway regulation and ship procurement	3.74	5.29	5.07
24	10.3 Urban public transport projects	25.57	24.67	22.07
25	10.3.1 Urban public bus and passenger transport projects	4.25	2.75	3.28
26	10.3.2 Urban rail transit projects	21.32	21.93	18.80



27	10.4 Transportation and environmental protection projects	11.73	10.24	11.74
28	11. Energy-saving and environmental protection services	8.36	9.37	10.69
29	11.1 Energy-saving services	2.11	1.97	3.24
30	11.2 Environmental protection services	3.65	4.48	4.54
31	11.3 Water-saving services	2.28	2.70	2.76
32	11.4 Recycling economy services (recycling of resources)	0.32	0.23	0.14
33	12. Total	217.52	181.37	173.81
34	13. Environmental assessment of loan projects	100%	100%	100%

Note: green credit balance: Submission basis is Guide on Green Finance of CBRC.

Table 11. Statistics for Stock of and Withdrawal from Industries with High Energy Consumption and High Pollution (billion Yuan)

Industries with high energy consumption and high pollution	Stock at the end of 2016	Stock at the end of 2017	Stock at the end of 2018	Stock withdrawal of 2018
Nonmetallic mineral products industry (cement, etc.)	8.92	9.15	8.52	4.75
Ferrous metal smelting and rolling industry (steel, etc.)	24.44	23.25	21.71	10.42
Chemical raw materials and chemical manufacturing industry	34.68	37.02	32.43	16.59
Non-ferrous metal smelting and rolling industry (aluminum industry, etc.)	15.38	13.56	19.35	4.56
Total	83.42	82.98	82.01	36.31



Table 12. Statistics for Loans in Industries with Excess Capacity

Industry	Item	2018	2017	2016
Steel	Loan balance (million Yuan)	21,711.43	23,245.73	24,437.07
	Proportion in total loan balance (%)	0.62	0.74	0.91
Cement	Loan balance (million Yuan)	8,517.48	9,153.05	8,922.89
	Proportion in total loan balance (%)	0.25	0.29	0.33
Plate glass	Loan balance (million Yuan)	104	76.1	217
	Proportion in total loan balance (%)	0.00	0.00	0.01
Coal chemical calcium carbide	Loan balance (million Yuan)	2,549	2,935.76	4,773.96
	Proportion in total loan balance (%)	0.07	0.09	0.18
Shipping	Loan balance (million Yuan)	735.57	1,552.33	3,701.94
	Proportion in total loan balance (%)	0.02	0.05	0.14
Total	Loan balance (million Yuan)	33,617.48	36,962.97	42,052.87
	Proportion in total loan balance (%)	0.97	1.18	1.56



Table 13. Statistics for Energy Consumption

Year	Office consumption of water (thousand tons)	Office consumption of power (thousand kwh)	Company vehicle consumption of gasoline (thousand liters)	Number of copy papers (packages)	Video meetings (sessions)
2018	147.7	42,942.5	50.7	9,281	1,190
2017	160.4	43,514.1	72.1	8,235	1,197
2016	147.9	41,385.1	83.6	9,229	1,149

Table 14. Proportion of Electronic Bill of Credit Card

Year	Total number of bills	Electronic bills	Proportion of electronic bills (%)
2018	234,020,994	221,608,888	94.70
2017	168,976,380	149,983,279	88.76
2016	100,556,464	89,555,586	89.06

Table 15. Complaint regarding Credit Cards and Feedback Satisfaction

Year	Complaints %	Satisfaction %
2018	0.07	99.15
2017	0.10	93.03
2016	0.16	92.47

Table 16. Construction of Service Channels

Indicator	2018	2017	2016
Business outlets	1,693	1,799	1,843
New business outlets	20	-44	198
Transformed business outlets	407	66	62
ATM, foreign currency exchange machine, VTM and other self-service facilities	9,971	10,640	9,898
Outlet serving 'old revolutionary, border areas and areas inhabited by minority nationalities'	5	6	6
Rural business outlets (including community banks)	179 (59)	189 (64)	191 (66)
Community financial service outlets (community sub-branch, micro and small business sub-branches)	585	672	726

Table 17. Business of Electronic Banking (2018)

Service category	Number of transactions (billion)	Environmental protection benefits (rough equivalence)		
		Trees planted (thousand)	Carbon dioxide reduced (ton)	Reduction of paper used (ton)
Online banking	0.5 (personal banking)			
Mobile banking	1.31 (personal banking)	429.7	6,018.87	24,225.77

Note : statistical scope covers individual and corporate clients

Indicator	Unit	2018	2017	2016
Substitution rate of transaction volumes via electronic channels	%	98.12	95.87	92.49

Table 18. Statistics for Feedback from Clients via Customer Service Hotline

Indicator	2018	2017	2016
Accumulative number of staffs in customer service center (number of people)	690	711	680
Timely handling rate of complaints from customers(%)	99.94	99.92	99.88

Table 19. Donation via online donation platform by SPD Bank Clients

Year	Number of donations	Total amount (thousand Yuan)
2018	2,044	23.4
2017	6,026	56.1
2016	5,901	119.7



Table 20. Basic Information of Staffs

#	Indicator	2018	2017	2016
1	Total number of staffs	53,019	52,319	51,167
2	Signing rate of labor contract	100%	100%	100%
3	Coverage rate of social insurance	100%	100%	100%
4	Number of new staffs	2,912	4,209	3,926
5	Number of female staffs	27,924	27,474	26,791
6	Ratio between male and female staffs	0.9:1	0.9:1	0.91:1
7	Ratio of female managers (direct management)	22%	23%	23%
8	Minority	1,682	1,942	1,567
9	Bachelor's degree and above	41,916	41,895	41,236
10	Junior college and above	11,103	10,424	9,931
11	Overseas staffs	300	257	204
12	Coverage of physical check	100%	100%	100%
13	Employee turnover rate	7.5%	6.9%	5.6%
14	Satisfaction of staffs	>80%	>80%	>80%
15	Average days of paid leaves per staff	Based on national regulations	Based on national regulations	Based on national regulations

Table 21. Training of Staffs

Year	Number of training programs (sessions)	Person-times trained	Expenditure (thousand Yuan)	Expenditure per person (Yuan)	Training days per person (days)
2018	1,583	7,950,000	102,230	1,929.00	39
2017	1,381	2,900,000	112,000	2,154.00	30
2016	1,240	1,210,000	98,650	1,928.38	20

Table 22. Guarantee of Staffs' Rights and Interests

#	Indicator	Unit	2018	2017	2016
1	Coverage of trade union	%	100	100	100
2	Coverage of staff representative meeting	%	98	98	97
3	Subsidy for disasters	thousand Yuan	22.1	79	390
4	Subsidy for medical assistance	million Yuan	6.26	4.41	2.30
5	Subsidy for livelihood support	million Yuan	10.97	11.49	10.05



INDEPENDENT AUTHENTICATION REPORT

2019/SH-0152
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English Translation for Reference Only

Independent practitioner's assurance report
To the Board of Directors of Shanghai Pudong Development Bank Co., Ltd.

We have been engaged to perform a limited assurance engagement on the selected 2018 key data as defined below in the 2018 Corporate Social Responsibility Report ("CSR report") of Shanghai Pudong Development Bank Co., Ltd. (the "Bank").

Selected key data

The selected key data in the Bank's 2018 CSR Report that is covered by this report is as follows:

- Loan balance of medium, small and micro enterprises
- Timely handling rate of customer complaints
- Satisfaction rate for treatment of customer complaints
- Total expenditure on employee training
- External donations
- Green credit balance
- Exit of high-energy consuming and high-pollution industry
- Electronic Transaction ratio
- Environmental assessment of loan projects
- Number of new outlets
- Use of video conferencing
- Social contribution value per share
- Office water consumption
- Office power consumption
- Quantity of paper purchased

Our assurance was with respect to the year ended 31 December 2018 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2018 CSR Report.

Criteria

The criteria used by the Bank to prepare the selected key data in the 2018 CSR report are set out in the definitions of the key data (the "basis of reporting") following this assurance report.

The Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation of the selected key data in the 2018 CSR report in accordance with the basis of reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected key data in the 2018 CSR report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

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

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

Practitioner's Responsibilities

It is our responsibility to express a conclusion on the selected key data in the 2018 CSR report based on our work.

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Bank's 2018 selected key data in the 2018 CSR report has been prepared, in all material respects, in accordance with the basis of reporting. Our work involves assessing the risks of material misstatement of the selected key data in the 2018 CSR report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk. Within the scope of our work, we have performed the following procedures in the Headquarters of the Bank, and we have not conducted work on other locations:

- 1) Interviews with relevant departments of the Bank involved in providing information for the selected key data within the CSR Report; and
- 2) Analytical procedures;
- 3) Examination, on a test basis, of documentary evidence relating to the selected key data on which we report;
- 4) Recalculation; and
- 5) Other procedures deemed necessary

Inherent Limitation

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

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the 2018 selected key data in the 2018 CSR report is not prepared, in all material respects, in accordance with the basis of reporting.

Restriction on Use

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

PricewaterhouseCoopers Zhong Tian LLP

Shanghai, China

March 22, 2019

PREPARATION BASIS OF KEY DATA

Balance of loans for medium, small and micro enterprises (in billion Yuan): Loan balance of medium, small and micro enterprises is the loan balance based on statistic scope specified by the regulatory authority. Loan balance of medium, small and micro enterprises includes loan balance of medium-sized enterprises, loan balance of small enterprises and loan balance of micro enterprises. The classification criterion for medium, small and micro enterprises is in line with *The Notice on Issuance of Classification Criterion for Medium and Small Enterprises* (GXBLQY [2011] No.300) issued by MIIT, NBS, NDRC and Ministry of Finance.

Timely handling rate for customer complaints (%): refers to ratio of complaints handled by SPD Bank within a specified time.

Satisfaction ratio of customer complaints handling result (%): Refers to the proportion of total number of customer feedback for complaint handling result excluding unsatisfying ones in the total number of complaints handled effectively throughout the whole bank, i.e. 1- number of unsatisfying complaints handled/ total number of complaints handled effectively throughout the bank.

Staff training expenditure (thousand Yuan): refers to expenditure of internal training programs and online training programs of SPD Bank.

External donation amount (thousand Yuan): refers to the amount of donation for public welfare and social development undertakings, such as education support, poverty alleviation, environmental protection and major disasters in the name of SPD Bank, based on relevant provisions in *Law of the People's Republic of China on Donations of Public Welfare*. Such donations only cover the administrative appropriations used by SPD Bank for donations, but do not include external donations from employees of other sources.

Green credit balance (billion Yuan): refers to loan balance of 27 items covered in Notification on Submission of Statistics of Green Credit by the General Office of CBRC (Office of CBRC [2013] No.185) covering green forestry, green forestry, industrial energy conservation, water saving, environmental protection, recycling of resources, architectural energy conservation and green building, green transportation, energy conservation and environmental protection and overseas projects that adopt international conventions or international standards.

Year-end stock withdrawal from industries with high energy consumption and pollution (billion Yuan): refers to withdrawal of loan for corresponding stock at the year's end of 2017 by clients at the year's end of 2016 in four sectors, namely nonmetal mining product, smelting and rolling of ferrous industry, chemical raw materials and chemical products manufacturing industry as well as nonferrous metal smelting and rolling.

Substitution rate of transaction volume via electronic channels (%):Refers to the proportion of the successful trading volume from digital channel other than counter trading (including counter, personal mobile banking, personal online banking, corporate mobile banking, corporate online banking, self-service banking, telephone banking and POS machine) in the total number of trading volume in the whole year, based on the provisions of CBRC about trading success rate in the system as specified in *the Notice of CBRC General Office on Issuance of the Implementation Scheme of Commercial Bank Information Technology Risk Dynamic Monitoring Indicators (Trial) and the Pilot Program* (YJBF [2015] 121) and the T-Q-1 Provisions on Filling in E-bank Statistical Table in the *Guide for Filling Off-site Supervision Statement on Information Technology of Banking Institutions* (2014 version). The volume does not include the volume of transactions conducted by other banks, because such records are kept in systems of other banks.

Environmental assessment rate of loan projects (%):refers to ratio of items of administrative permission related to environmental assessment completed by green credit loan projects according to laws and regulations concerning environmental assessment on construction projects such as *Law on Appraisal of Environmental Impact, Regulations on Hierarchical Examination of Files Concerning Appraisal of Environmental Impact for Building Programs* (No.5 Directives in the Ministry of Environmental Protection), *List of Categorized Management on Appraisal of Environmental Impact of Building Projects* (No.2 Directives in the Ministry of Environmental Protection).

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READERS' FEEDBACK

Thank you for reading Corporate Social Responsibility Report 2018 of SPD Bank. As the first commercial bank to release its corporate social responsibility report in the domestic banking industry, it marks the 13th consecutive year to release the report of SPD Bank.

SPD Bank would like to invite you to provide your valuable opinions and proposals on the report to provide valuable information to you and other stakeholders in a better way and to promote supervision on social responsibility and improve competence for performing social responsibilities. You can fill out the feedback table below and send it back to SPD Bank via one of the following means:

Fax:

Email:

Mail:

1. Your overall evaluation on the corporate social responsibility report of SPD Bank:

Very good Good Average Bad Very bad

2. Your overall evaluation on our performance of economic, social and environmental responsibilities:

Economic: Very good Good Average Bad Very bad

Social: Very good Good Average Bad Very bad

Environmental: Very good Good Average Bad Very bad

3. Do you think that this report can reflect impacts of the practice of social responsibilities on the economy, the society and the environment?

Absolutely: Very well Average Inadequately No

4. What's your idea about precision, accuracy and completeness of information, data and index exposed by the report?

Precision: Very good Good Average Bad Very bad

Accuracy: Very good Good Average Bad Very bad

Completeness: Very good Good Average Bad Very bad

5. Do you think arrangement and format of the report are reader-friendly?

Yes Average No

6. Other ideas and suggestions about the report and about our corporate social responsibility:

