

2019

BANK OF QINGDAO CO., LTD.

CORPORATE SOCIAL RESPONSIBILITY REPORT



BANK OF QINGDAO CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(H Shares Stock Code: 3866)

(Preference Shares Stock Code: 4611)

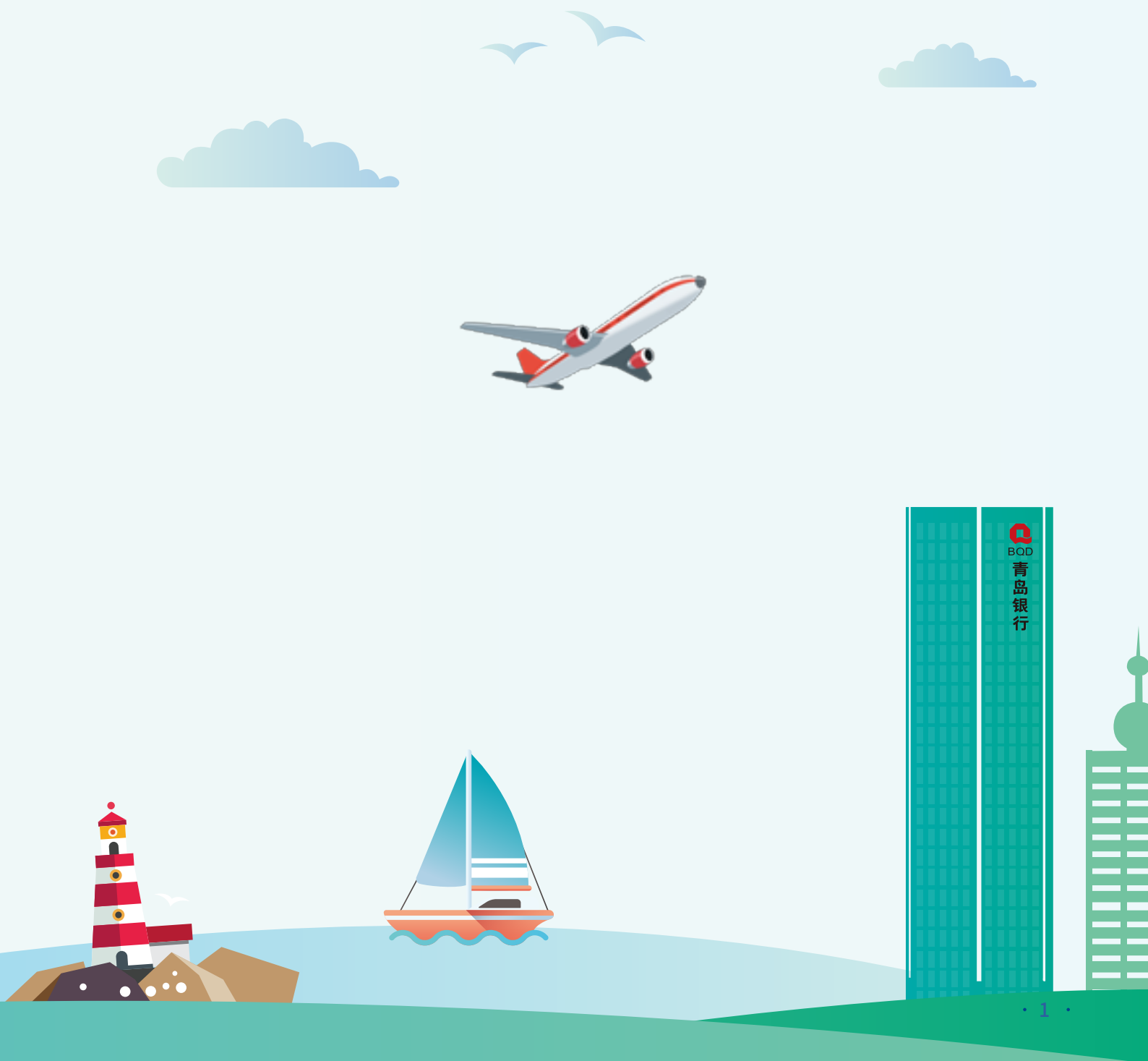
(A Shares Stock Code: 002948)

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Innovative Finance Brilliant Banking



BQD
青岛银行

About This Report

This report describes the efforts and achievements of Bank of Qingdao Co., Ltd. (hereinafter referred to as “Bank of Qingdao”, “the Bank”, “we”) in economic, social and environmental areas in 2019 and shows Bank of Qingdao’s assumption of social responsibility and commitment to sustainable development.

▲ Reporting period

The reporting period is from 1 January 2019 to 31 December 2019, with the exception of some matters beyond this period.

▲ Reporting cycle

This report is prepared annually.

▲ Reporting scope

This report focuses on Bank of Qingdao Co., Ltd. as its main reporting entity, covering its head office, branches, subbranches and affiliates, unless otherwise specified.

▲ Basis of preparation

This report is prepared based on the requirements of the Shenzhen Stock Exchange’s Guidelines for Standardized Operation of Companies Listed on the Small and Medium-sized Enterprise Board and the disclosure recommendations of The Stock Exchange of Hong Kong Limited’s Guidelines for Environmental, Social and Governance Reporting, with reference to:

The Sustainability Reporting Guidelines of the Global Reporting Initiative (G4.0)

Opinions of the General Office of the Former China Banking Regulatory Commission (“the Former CBRC”) on Strengthening the Social Responsibility of Banking Financial Institutions

Guidelines of the Shanghai Stock Exchange on Environmental Information Disclosure of Listed Companies

Guidelines of the China Banking Association on the Corporate Social Responsibility of Banking Institutions of China

▲ Explanation of information

Financial information in this report is based on 2019 financial statements and audited by KPMG Huazhen LLP. Should there be any conflict between the financial data herein and the 2019 annual report of the Bank, the 2019 annual report shall prevail. Other information is sourced from statistical data of the Bank’s internal systems, affiliates, and branches. Cases cited are real cases in the Bank’s operations. Unless otherwise stated, Renminbi is the functional currency throughout the report.

▲ Assurance approach of the report

The Board of Directors of the Bank and all directors undertake that the information in this report contains no false record, misleading statement or material omission, and assume individual and joint liabilities to the authenticity, accuracy and completeness of the information in this report.

KPMG Huazhen LLP was appointed to perform independent limited assurance on the report in accordance with the International Standards on Assurance Engagements (ISAE)3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information and issued an assurance report.



▲ Issuance form

This report is issued in the form of printed version and published on the website of the Bank at <http://www.qdccb.com>.

This report is prepared in simplified Chinese, with versions of English and traditional Chinese available. If there is any conflict, the simplified Chinese version will prevail.

▲ Preparer of the report

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Chairman's Statement



The year 2019 is truly a remarkable and impressive year for China: we celebrate the 70th anniversary of the founding of the People's Republic of China, which demonstrates the confidence and strength of a great nation; successive significant achievements become known to the whole world, with frequent international economic and cultural exchanges; China's scientific and technological and economic strength makes us stand out from the rest of the world. While the year 2019 for Bank of Qingdao, is a year full of struggle and passion. Our A shares have been successfully listed, becoming the second "A + H" listed city commercial bank in China. We are right on the pursuit of "Innovative Finance and Brilliant Banking", continuously practicing our goal of steady and sustainable development, striving to create more value for the society and help the high-quality economic development.

郭少强

Chairman of Bank of Qingdao
Co., Ltd.

In 2019, we remain true to our original aspiration and continue to be practitioners of boosting local economic development. We continue to focus on the supply side structural reform in our country, the new and old kinetic energy conversion in Shandong Province, and Qingdao City's "15 Economic Goals", and increase financial support for the real economy. We make overall plans for major national strategic financial services such as the pilot free trade zone and China-SCO Demonstration Zone; we also implement innovative services such as the first supply chain financial services for the Belt and Road European-Asian block trains in Shandong Province, and China-Singapore currency swap: SGD financing business. We actively support the construction of major projects and the development of characteristic advanced industries in Shandong Province and Qingdao City, and continue to increase support for new areas of consumption, such as education, medical care and health. In the meantime, we practice the concept of inclusive finance, continue to develop innovative products and service models to serve private enterprises and small and micro enterprises. The Bank readjusts its financial service focus, sets up agricultural service stations, and assists in rural revitalisation and beautiful countryside construction.

In 2019, we take the lead in environmental protection and continue to be the builders of green homes; we continue to improve the long-term development mechanism of green credit, and guide the investments in new generation information technology, high-end equipment, new energy, energy conservation and environmental protection and other strategic emerging industries. At the end of the reporting period, the balance of green credit loans of the Bank was RMB11.587 billion, representing a year-on-year increase of RMB2.102 billion or 22.16%. We also proactively promotes green services, tries to promote "Intelligent Outlets" under the intelligent PAD(Personal Access Device) service mode, build a new generation of mobile banking, which realises the interconnection between and integration of online and offline channels, and provides intelligent, convenient and comfortable financial services to our clients. Meanwhile, the Bank's online contribution to Qingdao's enterprise housing fund has become the only bank in Qingdao that supports this function. Furthermore, the Bank organises green public welfare activities such as garbage collection, environmental walkathon, afforestation, etc. to support the green environmental protection cause with practical actions.

In 2019, we care about the people's livelihood and continue to be volunteers for social welfare. We continues to increase its financial poverty alleviation efforts, proactively participates in the construction of four support projects in Weihai and contributes to projects such as the deep poverty alleviation efforts in Guizhou province and the "Recovery Action for Those Stricken with Cardiac Disease and Hearing Loss". We continue to support the development of education undertakings, and for several years, we donate scholarships to Shandong University, Shandong University of Science and Technology, Ocean University of China, etc. Guided by the "Qingcheng" consumer protection brand, we carry out extensive financial knowledge publicity and education activities; proactively upgrade our service value, continue to implement the new model of respecting the elderly and sincerely serve the elderly customers; set up a caring area in the business lobby to actively care for the sanitation workers, express delivery personnel, etc. We practice the culture of caring, continue to implement the "Eagle Plan" for the training of reserve talents, in order to provide a good platform for the growth of employees. The Bank extensively carries out youth volunteer activities, and continuously engages in social public welfare activities. Public welfare donations of the Group totalled more than RMB8 million in 2019.

The year 2020 is destined to be extraordinary. In the people's war against the outbreak of coronavirus at the beginning of the year, we have witnessed the sense of social responsibility and mission from the fearless heroes in harm's way, as well as the cohesion and centripetal force of the whole nation's people to help each other. We believe that under the strong leadership of the Party and the government, the people shall be able to unite as one and overcome all difficulties and hardships, to win the prevention and control fight against the coronavirus (COVID-19) and make greater efforts to achieve the economic and social development goals for the coming year. We will also continue to adhere to the target of finance serving for the real economy, proactively integrate into national development and local economic construction, and make new contributions to the coordinated and orderly development of economy, environment and society.



More than **8** million
Public welfare donations in 2019

Company Overview

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Company Profile

The Bank was founded in November 1996, headquartered in Qingdao, Shandong Province. It was formerly known as Qingdao Urban Cooperative Bank and Qingdao Commercial Bank. After years of accumulation, the Bank continue to improve its governance, risk control and IT capabilities and other areas, and has developed unique strengths - Good Governance, Warm Services, Strong Risk Control, and Advanced Technology. In December 2015, H shares of the Bank was listed on The Stock Exchange of Hong Kong Limited; in January 2019, A shares of the Bank was listed on the Shenzhen Stock Exchange. It became the first A-share listed bank across the Shandong province and the 11th "A + H" listed bank in China. This is an important milestone in the development history of Bank of Qingdao. The Bank has not only successfully opened up domestic and offshore financing channels, continuously improving the capital adequacy level and diversifying capital structure, but also comprehensively improved its social reputation and brand image.

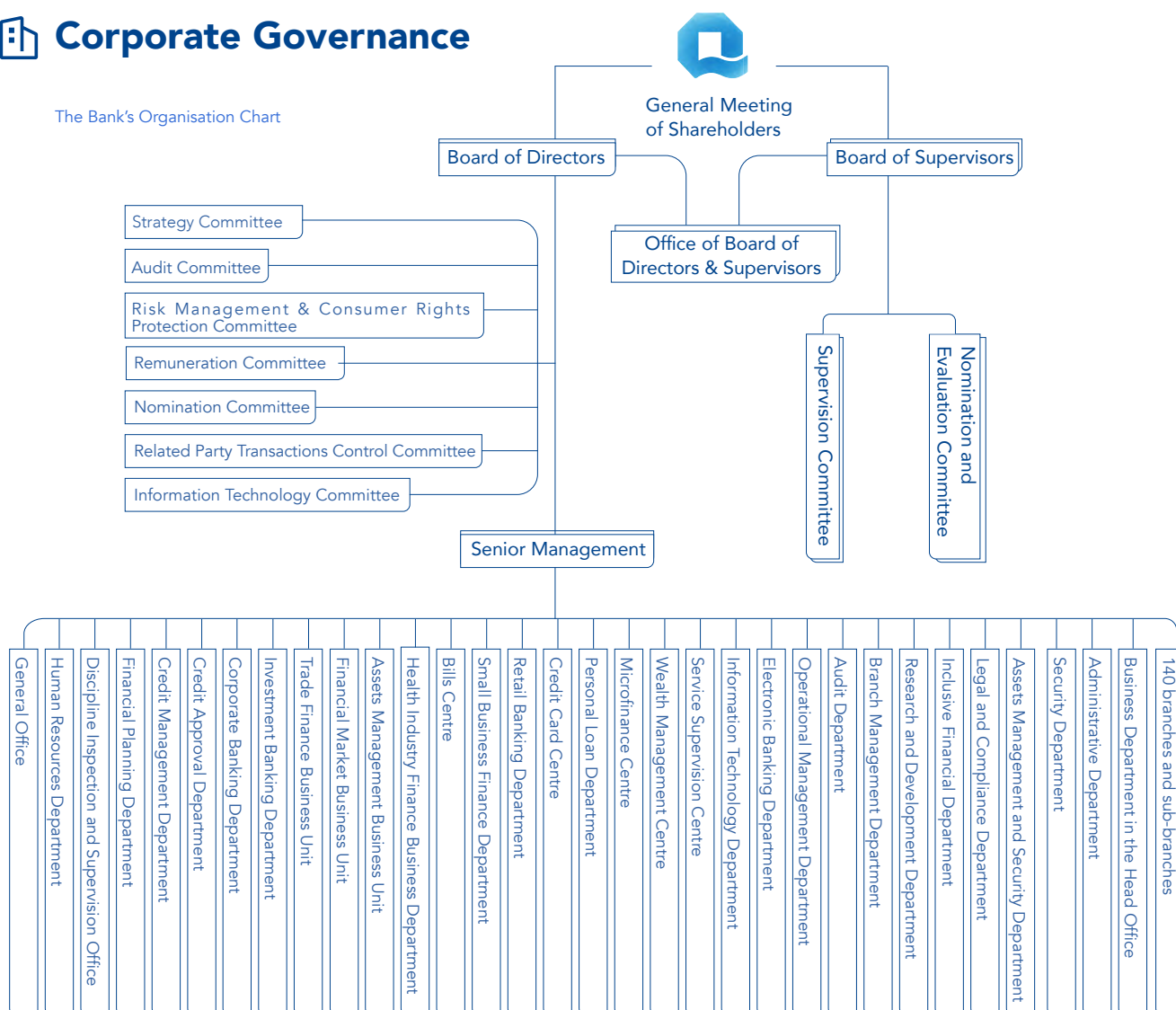
The Bank mainly provides services and products such as corporate and personal deposits, loans, payment and settlement services to clients, and develops three major business segments: retail banking, corporate banking and financial markets, so as to form a more solid customer base and shape a new financial business model character-

ised by distinctive features and high-quality development. Based in Qingdao, the Bank provides services across Shandong Province. At the end of the reporting period, it had 14 branches in major cities of Shandong Province such as Jinan, Yantai and Weihai, with a total of 141 branches, and the Bank also established the Scien-tech Sub-branch and Cultural and Innovative Sub-branch, etc. In February 2017, the Bank set up BQD Financial Leasing Co., Ltd.. At the end of the reporting period, the Bank had more than 4,000 employees.

The Bank is in a critical period featured by economic "new normality", strict industry supervision and reshaping of traditional banking business development through financial technology. At the end of the reporting period, the Bank tops the list of operating indicators across the banking industry in Shandong Province. At the end of the reporting period, the Group's total assets and total liabilities amounted to RMB373.622 billion and RMB343.144 billion respectively, with capital adequacy ratio of 14.76%, non-performing loan ratio of 1.65%, representing a year-on-year decrease of 0.03%. During the reporting period, the Group's accumulated net profit reached RMB2.336 billion, representing an increase of 14.30% from a year earlier.

Corporate Governance

The Bank's Organisation Chart



In accordance with domestic and foreign regulations, the Bank has established a corporate governance structure consisting of the general meeting of shareholders, the Board of Directors, the Board of Supervisors and the senior management. It has formulated a sound corporate governance system focusing on the Articles of Association of Bank of Qingdao Co., Ltd., supplemented by the rules of procedure for the general meeting of shareholders, the Board of Directors and the Board of Supervisors and other specific corporate governance systems, which clarifies the authorities and responsibilities of the general meeting of shareholders, the Board of Directors, the Board of Supervisors and the senior management, forming a corporate governance and operation system in which each of them perform corresponding responsibilities and balance each other.

The Bank aims at building a regulated, market-oriented, and unique corporate governance. In accordance with the industrial regulation requirements and capital market regulation requirements, it continuously improves its corporate governance mechanism, constantly enhances the efficiency of corporate governance, so as to achieve sustained and stable business growth via high-quality corporate governance.

During the reporting period, the Bank strengthened the Party's leadership, integrated it into all aspects of corporate governance, and put the discussion of the Party committee as a preposition procedure for major issues. The Bank smoothly completed the re-election of the Board of Directors and Supervisors and continuously optimized the diversified Board of Directors. Pursuant to the Provisional Measures on Administration of Equities of Commercial Banks, the Bank revised its Articles of Association to further standardize equity management.




The Board of Directors formulated new strategic plans to promote the A-share listing and improve the performance management system for executive compensation, and strengthen the consolidated management, etc. the Board of Directors fully played its strategic leadership and core decision-making function. The Bank strengthened the professional discussion functions of special committees, continuously improved the decision-making level and operation efficiency of the Board of Directors. The Board of Supervisors improved its supervision over the Board of Directors and the senior management and its members, and conducted in-depth financial, risk and internal control supervision to fully play its supervisory role.

The general meeting of shareholders is power organ of the Bank. In 2019, it held 2 general meetings of shareholders to review and approve 10 proposals and hear 3 reports.

The Board of Directors serves as the Bank's decision-making body responsible for and reporting to the general meeting of shareholders. As at the end of 2019, the Board of Directors had 15 members, including 6 non-executive directors, 4 executive directors, and 5 independent non-executive directors. In 2019, the Board of Directors held a total of 18 meetings to review and approve 49 proposals and to review or hear 60 reports.

The Board of Supervisors serves as the Bank's supervision body responsible for the general meeting of shareholders. As at the end of 2019, the Board of Supervisors had 6 members, including 1 shareholder supervisor, 3 employee supervisors, and 2 external supervisors. In 2019, the Board of Supervisors held a total of 9 meetings to review and approve 20 proposals and to review or hear 58 reports.

Key KPIs

Type of KPI	Name of KPI	Unit	2019	2018
 Economic KPIs	Operating income ¹	RMB100 million	96.16	73.72
	Net profit	RMB100 million	23.36	20.43
	Basic earnings per share ²	RMB	0.39	0.37
	Total assets	RMB100 million	3,736.22	3,176.59
	Total loans ³	RMB100 million	1,727.95	1,263.87
	Total deposits ³	RMB100 million	2,127.91	1,756.76
	Return on average total assets	%	0.68	0.66
	Return on weighted average net assets ²	%	8.27	8.36
	Non-performing loan ratio	%	1.65	1.68
	Provision coverage ratio	%	155.09	168.04
	Capital adequacy ratio	%	14.76	15.68
 Social KPIs	Total taxes paid	RMB100 million	12.73	12.20
	Charity donation	RMB10 thousand	896.80	527.50
	Social contribution per share ⁴	RMB	2.75	2.83
	Total number of employees ⁵	Person	4,058	3,781
	Proportion of female employees ⁵	%	55.10	54.24
 Environmental KPIs	Balance of green credit	RMB100 million	115.87	94.85
	Balance of loans to high-pollution, high-energy-consumption or overcapacity industries	RMB100 million	27.33	27.23
	E-banking replacement ratio	%	95.82	96.72
	Head office power consumption	KWHS	360	374
	Head office water consumption	Ton	19,436	23,180
	Head office paper consumption	1 million sheets	1.03	1.19
	Head office oil consumption	Litre	49,487	62,736

1 The indicators are calculated based on the requirements of Accounting Standards for Business Enterprises.

2 Basic earnings per share and return on weighted average net assets are calculated based on the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share. The dividends on preferred shares for the period was deducted from “Net profit attributable to shareholders of the parent company”; the effects of preferred shares were deducted from “Weighted average net assets”. In 2019, the return on weighted average net assets was 8.27%, down by 0.09 percentage point from the previous year. It was mainly due to the fact that the Bank completed the initial public offering of 451 million A shares in January 2019, raising a net amount RMB1.963 billion. This period sees a significant increase in weighted average net assets.

3 Accrued interest is excluded from the total loan and total deposit.

4 Social contribution per share = (Total paid taxes + Wages paid to employees + Interests paid to creditors + Total amount of donation - Other social costs incurred due to factors such as environmental pollution) ÷ Total number of capital shares + Basic earnings per share.

5 The indicators include data of the Bank but exclude the data of its affiliates.

Honours and Awards

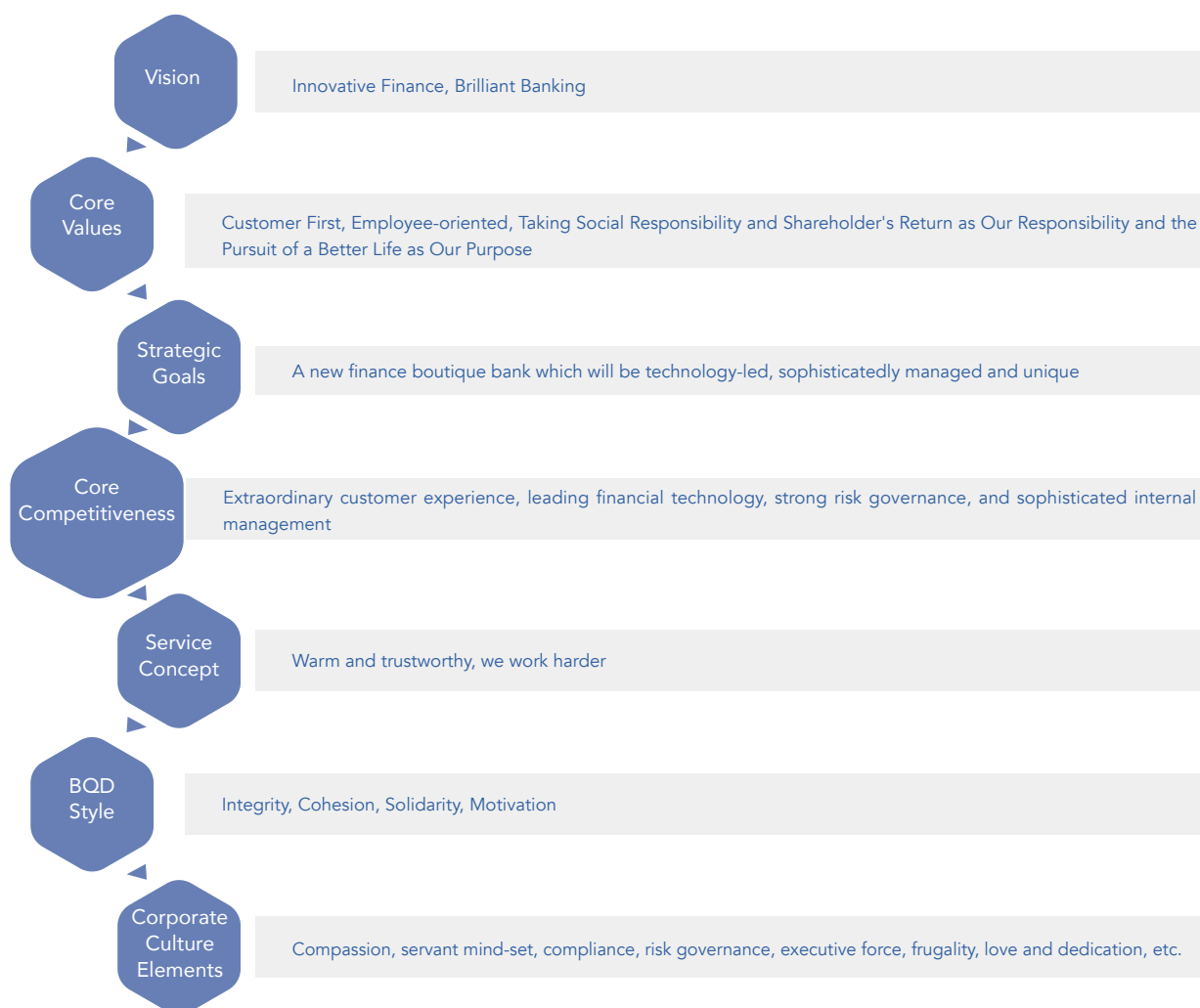
Issuer	Name of Award	Time
The Banking Industry Wealth Management Registration and Custodian Centre	The Excellent Organisation Award for the Registration and Direct Connection Work for Finance Management Investors in the Banking Industry, The Excellent City Commercial Bank in respect of the Banking Industry Wealth Management Information Registration in 2018	February 2019
China Banking Association	Listed as the eighth commercial bank in the system evaluation of commercial banks' steady development capability-Gyroscope	February 2019
General benefit standards	In the annual ranking list of 497 banks' financial capability (2018), the Bank won the 7th place in respect of urban commercial banks' comprehensive financial capability. All evaluation indexes ranked first among the city commercial banks across the Shandong province	March 2019
Organisation Committee of China Supply Chain Finance Annual Conference	"Best Supply Chain Finance Innovation Bank" of the 3rd China Supply Chain Finance Industry Model Award	March 2019
China Securities Journal	Ranked the 6th in terms of net worth financial management capability of city commercial banks in China	April 2019
Qingdao Bureau of China Banking Regulatory Commission	A-level Organisation in terms of Case Prevention Rating within the Banking Industry for the year 2018 in Qingdao City	April 2019
A UK magazine - The Banker, Institute of Finance and Banking of Chinese Academy of Social Sciences, Central University of Finance and Economics	Top Ten Private Enterprises with the Financial Service Innovation Award	May 2019
World Brand Laboratory	"Top 500 Most Valuable Brands in China", selected for the third consecutive year	June 2019
The Banker, a UK magazine	Ranked No. 298 among the top 1000 Global Banks	July 2019
Trade Finance magazine, China Trade Finance Network, China Supply Chain Finance Network	Best Small and Micro Financial Products Innovation Award	July 2019
China Banking Association	Shinan Sub-branch awarded as Top 100 Social Responsibility Evaluation and Special Contribution Outlets across China's Banking Industry in 2018	July 2019
The People's Bank of China	Excellent Organisation in terms of the Work regarding Enterprise Credit System Data Quality in 2018	July 2019
World Brand Laboratory	"Top 500 Most Valuable Brands in China", selected for the third consecutive year	August 2019
Organisation Department of Party Committee of Shandong Province, Propaganda Department of Party Committee of Shandong Province, United Front Work Department of Party Committee of Shandong Province, etc.	"The Excellent Enterprise in Shandong Province"	August 2019
Hong Kong-Mainland International Investment Society	"Best Investor Relations Award" in "Chinese Enterprise Elite Award Ceremony in 2019"	September 2019
China Enterprise Confederation, China Enterprise Directors Association	Top 500 Chinese Service Industry Enterprises in 2019	September 2019
China Financial Publishing House	Special Case Award of "Mobile Phone Number Payment" in the Chinese financial brand annual conference and Chinese Financial Annual Brand Case Competition	November 2019
China Securities Journal	2018 Golden Bull Wealth Management Bank Award, Annual Golden Bull Wealth Management Product Award	November 2019
Financial Times, The Local Final BBS, China Academy of Regional Finance	Top 10 Competitive Chinese Banks of Regional Finance in 2018	November 2019
Qingdao Municipal Bureau of Finance	Performance evaluation results of local financial enterprises in 2018: Excellence (AA)	November 2019
Sina Finance	"Best corporate Governance Responsibility Award" in the first ESG "Golden Responsibility Award" of Chinese Enterprises	November 2019
The Asian Banker	Chinese Commercial Banks' Outstanding Annual Financial Products	December 2019
China Banking Association	Won the "Outstanding Contribution Award" in the Commendation of the Second Urban Commercial Bank Working Committee	December 2019
Jinan Branch of The People's Bank of China and Shandong Provincial Payment & Clearing Association	Won the first prize among the promotion cases of "Mobile Phone Number Payment" function application in Shandong Province	December 2019
Financial Times	Awarded "Top Ten City Commercial Banks in 2019" and "Best Brand Building Small and Medium Banks"	December 2019
Shandong Province New and Old Kinetic Energy Conversion Comprehensive Pilot Zone Construction Office	Rated as Top Ten Industrial Cluster Leader and ranked first in the listing of Modern Financial Service Industry Enterprises	December 2019
World Brand Laboratory	Received the "Five-Star Diamond Award" for the fourth consecutive year, a top global award in the service industry	December 2019
Electronic Finance Magazine	"Construction of Light Weight Smart Outlets" won the "Outstanding Contribution Award in respect of FinTech Channel Innovation in 2019"	December 2019
China Foreign Exchange Trade System	Core Dealer in Interbank Local Currency Market, Excellent Dealer in Currency Market and Single Award for Trading Mechanism Innovation (X-Repo) in 2019	December 2019
China Central Depository & Clearing Co., Ltd.	The Best Improved Organisation of Bank Underwriters (Local Bond), Top 100 Clearing Banks - Excellent Dealer, Improved Organisation in terms of Debt Business	December 2019

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Social Responsibility Philosophy



Responsibility Governance System

Social Responsibility Management Structure

Guided by the Board of Directors and led by the senior management, the General Office at the head office is responsible for organizing and implementing social responsibility work, which is carried out by various departments at the head office and branches through coordination and collaboration in accordance with Measures for the Regulation of Bank of Qingdao Co., Ltd. on Annual CSR Report Preparation and Disclosure (Trial). The Bank insists on a development concept that gives equal emphasis on social and economic responsibilities, and is committed to delivering its CSR concepts and principles in various undertakings such as formulating credit policies, selecting customer bases and designing financial products.



Communication with Stakeholders

Communication with Stakeholders

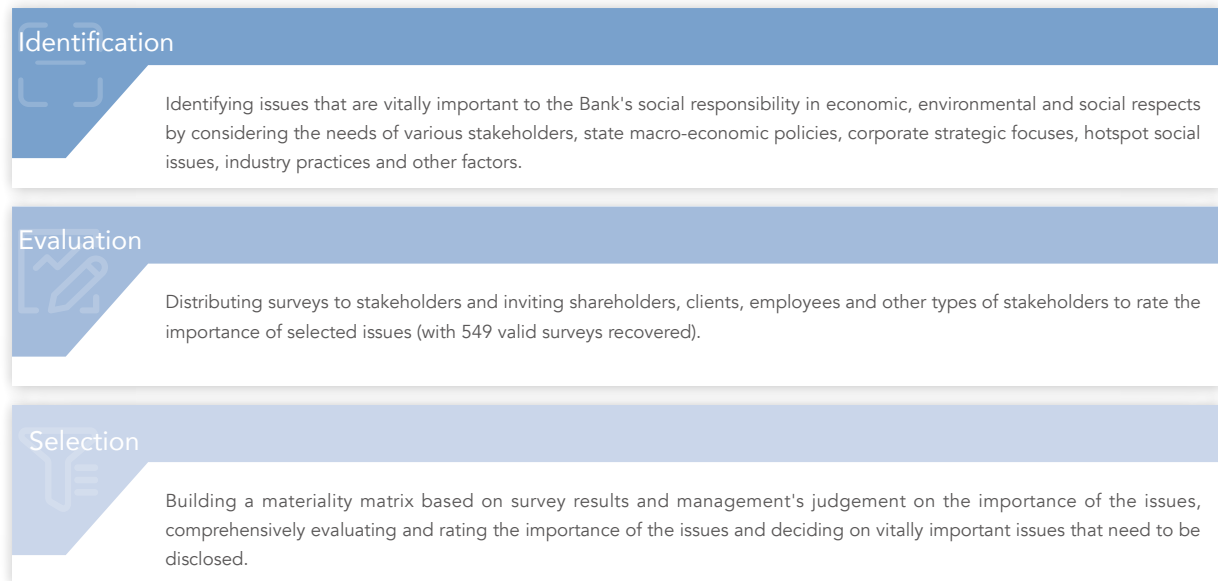
In order to understand the expectations and requirements of stakeholders, the Bank has built various communication channels that are embedded into its daily operations, and forged a communication mechanism to enhance regular communication with stakeholders through means such as meetings, reports and seminars. In doing so, the Bank aims to improve its capabilities and adequacy of social responsibility governance.

Stakeholders	Expectations and requirements	Means of communication	Responses and measures
Government	<ul style="list-style-type: none"> ·Support real economy ·Implement macro-economic policies ·Promote local economic development ·Expand financial inclusion services 	<ul style="list-style-type: none"> ·Policy documents and guidelines ·Working meetings ·Information distribution ·Specific topic reports 	<ul style="list-style-type: none"> ·Drive supply-side structural reform and implement the "cutting overcapacity, destocking, deleveraging, reducing corporate costs and shoring up weak spots" policy ·Support for construction of key projects ·Vigorously develop inclusive finance ·Explore the development of Internet finance ·Developing new ways of serving small- and micro-sized enterprises ·Improve business environment
Regulators	<ul style="list-style-type: none"> ·Comply with regulatory requirements ·Maintain financial stability ·Take up social responsibility 	<ul style="list-style-type: none"> ·Regulatory policies ·Inspection and regulation ·Work reporting 	<ul style="list-style-type: none"> ·Strengthen internal control ·Improve the party conduct and moral integrity ·Engage in poverty alleviation efforts
Shareholders	<ul style="list-style-type: none"> ·Ensure sustainable business operation ·Improve profitability ·Improve returns on equity ·Increase corporate value 	<ul style="list-style-type: none"> ·General meetings of shareholders ·Information disclosure ·Performance roadshows ·Research on and exchanges with investors 	<ul style="list-style-type: none"> ·Improve the corporate governance structure ·Make corporate development plans ·Disclose information in a timely manner ·Enhance management of investor relations
Clients	<ul style="list-style-type: none"> ·Improve service quality and efficiency ·Provide a richer selection of financial products ·Ensure information and fund security ·Expand service channels 	<ul style="list-style-type: none"> ·Marketing activities ·Customer hotline ·Surveys ·WeChat, online banking and other digital platforms 	<ul style="list-style-type: none"> ·Improve client experience ·Innovate financial products ·Promote consumer finance ·Protect consumer rights and interests ·Increase service outlets ·Popularize financial knowledge
Employees	<ul style="list-style-type: none"> ·Improve employees' benefits ·Protect the rights and interests of employees ·Provide professional training and career development opportunities ·Enrich free-time activities 	<ul style="list-style-type: none"> ·Trade union ·General meetings of employee representatives ·Seminars ·Feedback ·Discussions and visits 	<ul style="list-style-type: none"> ·Improve the compensation and welfare system ·Collect employees' suggestions from various channels ·Improve the training system ·Set up the Staff House ·Help employees in difficult situations
Supplies	<ul style="list-style-type: none"> ·Fair procurement ·Cooperation for win-win outcomes 	<ul style="list-style-type: none"> ·Negotiation ·Conclusion of contracts and agreements ·Tendering and bidding 	<ul style="list-style-type: none"> ·Build a procurement management system ·Enhance business cooperation
Partners	<ul style="list-style-type: none"> ·Mutually beneficial cooperation ·Communication and exchanges of ideas 	<ul style="list-style-type: none"> ·Meetings ·Joint projects 	<ul style="list-style-type: none"> ·Deepen bank-customs cooperation ·Enhance interbank exchanges and cooperation
Communities	<ul style="list-style-type: none"> ·Care for disadvantaged groups ·Organise public service activities 	<ul style="list-style-type: none"> ·Visits ·Seminars 	<ul style="list-style-type: none"> ·Financial aid to students ·Volunteer activities
Environment	<ul style="list-style-type: none"> ·Low-carbon and environmentally friendly operations ·Sustainable development 	<ul style="list-style-type: none"> ·Energy conservation and emission reduction policies ·Green public service activities 	<ul style="list-style-type: none"> ·Green credit ·Green operation ·Green public service

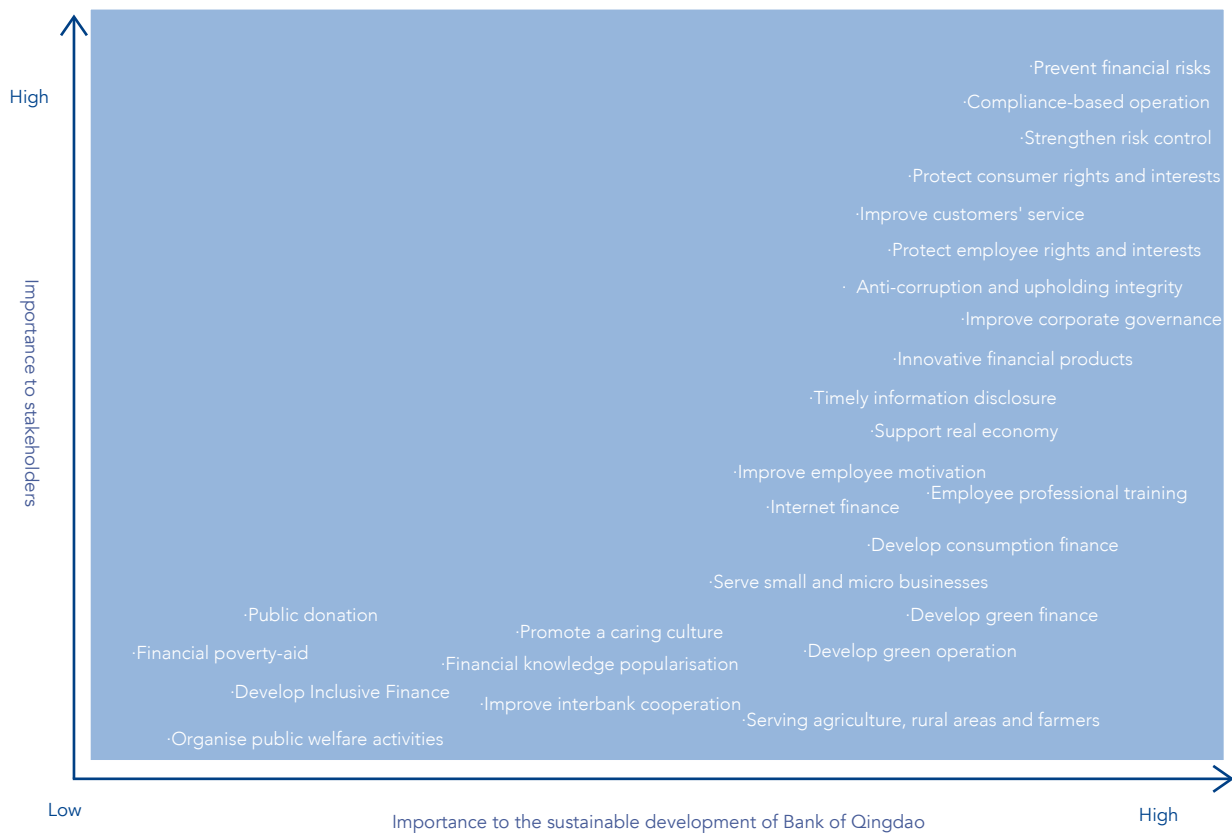
Analysis of Material Issues

Analysis of Material Issues

The Bank selects relevant issues on the basis of the needs of various stakeholders as well as state macro-economic policies, corporate strategic focuses, hotspot social issues and other factors. It performs a materiality test based on stakeholder surveys and determines material issues that need to be disclosed in the report.



Materiality Matrix



03 Responsibility Topics

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2019

Responsibility Topic One

Education on the theme of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind"

From June to September 2019, the Bank carried out the education on the theme of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind", taking overall consideration of the four key measures: learning and education, investigation and research, issues inspection, rectification and implementation, involving more than 1,500 party members in the study of transforming Xi Jinping's new socialist thoughts with Chinese characteristics into practical actions, including Bank of Qingdao's transformation and development and the Party's construction, thereby forming a lively situation in which the superior leads the inferior, and when the higher level acts, the lower level follows.

Action on purpose and promote as planned

The Bank establishes the Work Promotion Plan for the Education on the Theme of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind" by Party Committee of the Bank of Qingdao, to clarify the direction of the thematic education work, promote the four principles of "All Through The Beginning To The End" simultaneously, carry out the work orderly according to the schedule, and ensure that the actual implementation goes on steadily without slacking.

Set up special columns and prepare briefing

The Bank has set up an education column in the office system with the theme of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind", which is divided into four topics: "Key Spirits", "Work Deployment", "Work Updates" and "Learning Materials", with the Party affairs information updated dynamically on a real-time basis. We have prepared the Key Work Tips regarding Party Building", made 38 issues of briefing during theme education, timely released party building requirements, latest party affairs trends, good practices among grass-roots units, forming a good atmosphere of learning from and competing with each other and encouraging Party members and cadres to take on their responsibilities and remain result-oriented.

Compile relevant key materials for learning purpose across the Bank

The Bank summarises General Secretary Xi Jinping's important speech and important exposition on financial field and compiles into the Compilation of General Secretary Xi Jinping's Important Speech and Important Exposition on Financial Work, which has been released to all party members for studying purpose.

Propaganda and guidance

The Bank has planned and made a promo: "Remain True to Our Original Aspiration and Undertake the Mission, Promote the Further Improvement of the Bank", which fully displays a typical scenario in which the Bank's Party committee implements the general requirements of "Remain True To Our Original Aspiration and Undertake The Mission, Find The Gap and Focus On The Implementation", establishes a correct view of political achievements, does the practical work, changes working style, and concentrates on learning, understanding and practice.

Promote the construction of outlets in rural areas to support agriculture and farmers

In accordance with Qingdao City's "Break Through Economic Goals in Pingdu and Laixi", with respect to the problems of few rural financial outlets, lack of financial services and insufficient financial knowledge of farmers, starting from providing farmers with high-quality, convenient and efficient financial services, the Bank comprehensively implements policies to promote the construction of outlets in rural areas to support agriculture and farmers, expand rural service channels, formulate detailed rules and measures for the management of withdrawal business involving agricultural support, and promote sound and steady development of agricultural related businesses. During the theme education process, multiple contracts were entered into in respect of "Bank of Qingdao's Inclusive Finance Comprehensive Service Stations".

Establish "BQD's eHome to Connect Rural Villages" as a pilot project

The Bank proactively explores the in-depth integration of Party building and its businesses, establishes "BQD's eHome to Connect Rural Villages (青銀助農村村通黨群e家)" in Laixi as a pilot project, cooperates with relevant departments directly under Qingdao city's local government and software development enterprises, starting from the existing convenient service terminals, to integrate government services, administrative licensing, social security query, banking business and other functions together, increase personalised businesses and financial service functions, so as to solve "The Last Obstacle" to serve the masses.

Select and set up examples to increase cohesion

The Bank holds activities to mark the anniversary of Communist Party of China, education on the theme of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind", commendation of "Excellent Party Workers, Excellent Communist Party Members and Advanced Grassroots Party Organisations" and the name awarding ceremony for party construction brand "Qingyinrongwanjia", including seven featured brands at the grass-roots level, such as Location-based Client Attraction Strategy, Voice of Cultural and Innovative Dream (文創夢之聲), Wenjie's "Three Times Three" (文傑“三乘三”) working method, Yuenong eHome (悅農E家), etc. all of which have fully reflected the "two-wheel driven" of both party construction work and business development, mutually improved, propelled and promoted.

Case

Establishment of Party Construction Brands featured with "Qingyinrongwanjia"

2019 marked the sixth year of the establishment of Party Construction Brands featured with "Qingyinrongwanjia". In the past years, the Party construction culture was demonstrated in our business expansion of all level and served as a good benchmark for the healthy development of all our business. In 2019, the number of featured brands filed amounted to 87, which hit a record high and among which, 7 brands claimed the title of "Qingyinrongwanjia" Party Construction Brand for the year 2019.



87

2019 the number of featured brands filed amounted to

Party Construction Brands: Location-based Client Attraction Strategy

Jimo Sub-branch has updated its management ideas, proactively contacts the investment attraction and promotion department, provides a package of financial services for the enterprises, thereby winning the trust of clients and effectively expanded its client base. After exploration, Jimo Sub-branch gradually summarises its client acquisition model in line with regional development: Location-based Client Attraction Strategy.



Party Construction Brands: Voice of Cultural and Innovative Dream

Cultural and Innovative Sub-branch uses the Voice of Cultural and Innovative Dream broadcast platform to build a sharing platform for internal and external communication, to show the youth spirit of vitality, creativity, passion and positiveness, and the professional and warm quality of Cultural and Innovative Sub-branch employees. This platform promotes the positive energy of the youth and strives for the achievement of both material progress and cultural progress.



Party Construction Brands: Wenjie's "Three Times Three" working method

Zibo Branch, starting from solving the problem of "difficult, costly and urgent financing" for small and micro clients, establishes the "Three Times Three" working method based on the former service for the people's livelihood and development of mortgage loan. This is an innovative working mode to improve the service efficiency and quality, making the personal loan business of Bank of Qingdao the characteristic brand of Zibo financial industry.



Party Construction Brands: Yuenong e Home

The homonym of "Yuenong(悦农)" and "Yuenong(越浓)" expresses the determination of Jiaozhou Sub-branch to take root locally and serve the town, agriculture, rural areas and farmers, small and micro enterprises in combination with local economic characteristics. "eHome" means "one family" and "home of sci-tech". Jiaozhou Sub-branch, based on its rich and diversified products, ubiquitous channels and meticulous services, integrates information technology means and offers Jiaozhou people pleasant financial service experience.



2020 Responsibility Topic Two

*Take the initiative
to response &
overcome difficulties
together*

Take the Initiative to Fight against the Prevention and Control of the Outbreak of Coronavirus and Help Enterprises to Resume Work and Production

During the Spring Festival of 2020, the novel coronavirus is impacting thousands of households. In the people's war against the outbreak of coronavirus, the Bank resolutely implements the requirements of the Party Central Committee, the State Council, provincial and municipal governments and regulatory authorities, cooperate with our people to overcome difficulties, go all out to fight the outbreak and help the enterprises return to work and production.

Speedy mobilisation and deployment

Upon the occurrence of the coronavirus, the Bank made immediate response and work deployment. On 24 January (New Year's Eve), the Bank established an emergency leadership team against the control and prevention of novel coronavirus, which successively issued the Emergency Notice on Prevention and Control of the Outbreak of Novel Coronavirus, the Announcement of Bank of Qingdao on Prevention and Control of the Outbreak of Novel Coronavirus, Notice

on Doing a Good Job in Financial Services during the Prevention and Control of Novel Coronavirus, Notice regarding Overall Consideration of Business and Epidemic Prevention, Bank of Qingdao's Manual of Prevention and Control against the Novel Coronavirus, to specifically deploy our financial service, business operations, information management, security management and other work measures, in order to build consensus, prevent and control the outbreak together.

Strong support for enterprises

The Bank set up a green channel leading team for credit and payment, successively issued 12 measures regarding the financial support for the prevention and control against the coronavirus and 10 measures for helping enterprises to resume work and production. We also proactively responded to the measures for supporting the development of small and medium-sized enterprises: "Qingdao 18 Measures" and "Spring Breeze Action", etc.; the Bank opened a green channel for credit approval, arranged special credit lines and formulated special service plans to meet the enterprises' financial

needs, giving priority to corporate financing related to the fight against the coronavirus. On 29 January (The fifth day of Lunar New Year), the Bank granted RMB10 million loan relating to the fight against the coronavirus, the first such loan in Qingdao. By the end of February, we have granted more than RMB2 billion of loans to enterprises involved in the fight against the coronavirus, distressed enterprises and other enterprises for resumption of production, and initially issued RMB200 million of interbank deposit receipts.

Case

Granting of Qingdao's first loan relating to the fight against the coronavirus: RMB10 million

On the evening of January 28 (The fourth day of Lunar New Year), after learning the fact that Safmax (Qingdao) Protective Co., Ltd, a producer of epidemic prevention materials, was in urgent need of working capital, Bank of Qingdao specifically handled such special case, in just a few hours, completed the approval process before issuing RMB10 million emergency loan for this company at 10:00 a.m. on 29 January, for the purpose of fully supporting it to expand the production of outbreak prevention materials such as masks and protective clothing. It is unsecured and unguaranteed loan, with the minimum loan interest rate ever provided by the Bank to corporate customers.

Case

Granting of RMB150 million loan on the first day of resumption of work and production in Qingdao

An industrial company in Qingdao, also a state-owned enterprise engaged in municipal engineering, has participated in the construction and daily maintenance of many key projects in Qingdao. It needed to purchase large quantities of engineering materials, such as concrete, sandstone, asphalt, etc., because it undertook the construction of many municipal roads before the Spring Festival. After finding out the relevant situation, the Bank delivered door-to-door services to the company, completed the loan approval procedure as soon as possible, and issued RMB150 million loan on Qingdao's first day of resumption of work (10 February), helping it to resume production with practical actions, which made us well recognised by customers.

Charitable contribution

On 30 January, the Bank donated RMB1 million to Qingdao Charity Federation through Qingyin Charitable Foundation to help fight the coronavirus, the first such contribution in Qingdao. On 14 February, Bank of Qingdao donated RMB1 million respectively to Qingdao Municipal Hospital and the Affiliated Hospital of Qingdao University to set up the Fund Caring for Medical Workers Going to Aid Hubei Province, to subsidise those first-line medical workers and show respect for those heroes in harm's way, thereby helping the fight against the coronavirus.



Meanwhile, all branches and sub-branches of the Bank have taken appropriate actions: donating 84 disinfectant, convenient antibacterial hand sanitiser, heat preservation cups, convenient foods and other living and disinfection materials for the community; proactively carrying out voluntary outbreak prevention activities to help the community, and assisting in personnel registration and

temperature measurement; donating medical protective clothing and other relevant materials and portable foods such as chocolate, beef jerky, etc. for the medical team going to Hubei Province; donating sterilised alcohol, disposable masks and other materials for the government service departments.



Considerate financial service

During the outbreak prevention and control period, Bank of Qingdao reasonably arranged business hours at its outlets, provided thermometer, disinfectant, hand sanitiser and carpet for all outlets, disinfected the hall door handle, waiting chair, cash counter and self-service equipment, etc.; measured and recorded the body temperature for each customer in the hall, told the customer to wear masks for protection, offered the customer with hand sanitiser for free; performed shunting or limitation on the number of customers in the hall, and guided the customers to protect each other by keeping a safe distance; increased the counter service personnel and shortened the waiting time of customers; strictly implemented the two lines of process for income and expenditure: strictly stored the received cash in the warehouse, and for the cash to be paid out, using the original sealed vouchers or keeping the disinfected cash for seven days before being reused again, so as to provide customers with more convenient and safe on-site financial services.

In the meantime, the Bank's non-stop online service ensured the stable operation of online channels such as online banking, mobile

banking and WeChat banking, and timely and effective response of customer service hotline. The Bank launched a series of publicity activities with the theme of "Easy to Be Served While Remaining within Doors", to guide customers to handle business through online banking and mobile banking. The Bank organised and issued some online credit products and advocated cross-border business customers to handle cross-border financial business through online service, mail service, up-front processing and other methods.

During the outbreak period, a green business channel was opened up and no handling fee was charged for all enterprises, institutions and individuals making donations or remitting special funds for the outbreak prevention to the special account of affected areas in Hubei Province through Bank of Qingdao's service outlets and online channels. Several branches handled the remittance business for customers and paid for the purchase of outbreak prevention medical supplies or made some donations.



- During the Spring Festival, all business outlets of the Bank were open for business



- During the Spring Festival, all business outlets implemented the policy of customer temperature measurement and information registration



- During the Spring Festival, 96588 customer service centre provided 24-hour online service



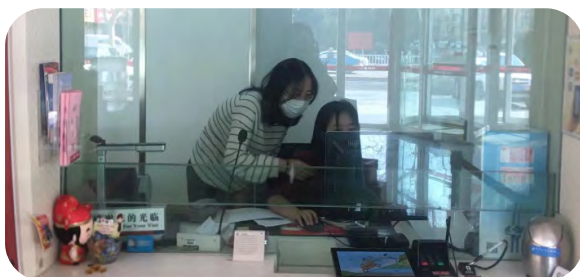
- From 27 to 28 January (the third to the fourth day of Lunar New Year), Nanjing Road Sub-branch performed remittance transaction for a customer for two consecutive days



- On 31 January (the seventh day of Lunar New Year), Jiaozhou Sub-branch handled donation business for customers



- On 1 February (the eighth day of Lunar New Year), Nanjing Road Second Sub-branch performed remittance transaction for a customer



- On 1 February (the eighth day of Lunar New Year), Weihai Branch performed remittance transaction for a customer



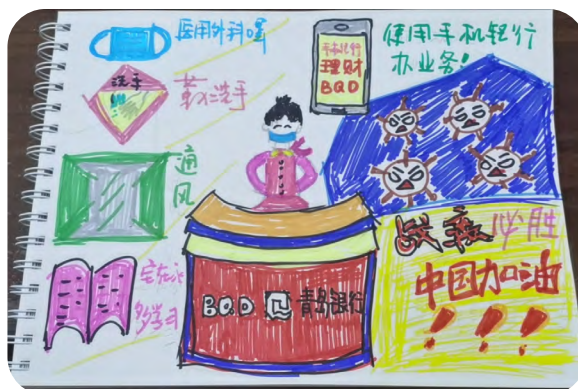
- During the Spring Festival, Pingdu Sub-branch provided on-site financial services for a Medical company in Qingdao which produces medical masks and other anti-epidemic materials

Deep caring for employees

The Bank insists on putting the employees' life safety and physical health first and makes every effort to have materials guarantee for outbreak prevention, ensure safety prevention and control, safety publicity and guidance in its outlets, so that all employees could work at ease; we go all out to do customer service, and make contributions to win the fight against the outbreak.

During the Spring Festival, Bank of Qingdao coordinated with several sources to purchase in advance the outbreak prevention materials such as disinfectants, hand sanitisers, masks and disposable gloves for its employees and distributed them in a timely manner; formulated the meal supply plan specifically for the outbreak prevention and control period to avoid eating in groups and cross infection; arranged

special personnel to spray and disinfect all office areas and public areas continuously; controlled the elevators' activation and operation frequency, placed none-wash disinfectant, disinfectant wipes in the elevator car, wiped and sprayed the elevator car, buttons with alcohol and 84 disinfectant; allocated special garbage cans for waste masks in the business outlets and office areas, so as to facilitate customers and employees to discard the used masks; carried out air conditioning operation management and disinfection; released announcements such as People's War against the Outbreak of Novel Coronavirus Starts from You and Me, Guidelines on Protection against the Coronavirus before Returning to Work; reminded the Bank's employees to carry out effective security protection while on duty, out of office and at home.



- Paintings by the employee's children that support the prevention and control of the coronavirus

04 Support for Real Economy

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16.067 billion

In 2019, the Bank obtained
newly increased fund of



4.5 million

rural contracted land
management right in 2019,
totalling



200 million

it provides credit to equipment
manufacturing enterprises





Implementation of Macro-economic Policies

Based on the principles of deepening supply-side structural reform and managing risks, in line with the new and old kinetic energy conversion, the Bank adheres to the principle of "Differentiated Treatment, Classified Implementation of Policies, Simultaneous Support and Control", and adopts a multi-level, differentiated and personalised approach to realise the effective allocation of limited credit resources. On the one hand, the Bank strictly controls the total exposure of industries with excess capacity, strictly implements various environmental protection policies issued by the national and local governments, adopts vigorous access requirements for industries with high pollution, high energy consumption and excess capacity; sticks to the operation principle of matching risk and income, accelerates the restructuring of troubled enterprises, speeds up the clearance of "zombie enterprises", proactively prevents and appropriately disposes of the credit risk of key areas, key industries

and key organisations, so that the bottom line of no systemic financial risk shall be firmly defended. On the other hand, the Bank directs the investment funds to strategic emerging industries such as new generation information technology, high-end equipment, new energy, energy conservation and environmental protection, etc., and focus on key industries; the Bank cooperates with major projects, including ports, new airports, subways, housing projects, water conservancy, education, medical and health care, major municipal facilities construction and urban-rural reconstruction, and projects involving agriculture, rural villages and farmers, focuses on the layout and industrial chain of marine economic industries; the Bank also supports leading enterprises in the field of marine economy, and expands the Bank's high-quality blue credit assets scale in conjunction with the government's policy of building a blue industrial cluster.



Guard against Financial Risks

During the reporting period, the Bank resolutely implements the central government's decision-making and deployment with respect to financial risk prevention and control, sticks to the bottom line of risk, continues to carry out rectification activities, always be impartial and compliant, and firmly improves own risk management capability. In terms of credit risk management, guided by the national supply-side structural reform and the new and old kinetic energy conversion, the Bank implements differentiated credit policies, optimises the credit structure, and increases credit support for private economy, inclusive finance, green finance, scienc-tech finance and other real economic fields. The Bank pays close attention to asset quality, exerts all efforts

to manage overdue and non-performing loans, speeds up the clearing of non-performing loans, and consolidates the foundation of asset quality; implements accurate management and establishes post credit supervision mechanism; increase risk management and control in key areas; strengthens the management of offsite branches; improves the credit risk management and control ability of branches through supervision, assessment and evaluation; promotes the reform of risk management system, continuously optimises the centralised approval process of corporate credit business, carries out the centralised collection and disposal mode in a market-oriented and specialised manner, and improves the collection of non-performing assets.



Support for the Development of Local Economy

The Bank always sticks to the principle of the finance servicing the development of local economy, continues to focus on the supply side structural reform in our country, the new and old kinetic energy conversion in Shandong Province, and Qingdao City's "15 Economic Goals", increases support for infrastructure, livelihood projects, small and medium-sized enterprises, and private enterprises; increases financial support for new consumption areas such as education, medical care and health, and makes overall plans for major national strategic financial services, including the pilot free trade zone, the Trade Cooperation Demonstration Zone of China-Shanghai Cooperation Organisation, the civil military integration and innovation demonstration zone, and rural revitalization, thereby providing a

strong support for the economic transformation and upgrading of Shandong Province. The Bank also strengthens the professional operation of asset management businesses, giving financial support through the release of bonds in key industries such as neighbourhood services and infrastructure construction. The Bank effectively satisfies the enterprises' financing needs, offers comprehensive financial service solutions, including direct financing tools for wealth management, structured financing, directional private placements and large-scale stock transactions, so as to effectively alleviate corporate financing difficulties, stimulate economic development momentum, and promote economic quality and efficiency.

Support the Belt and Road International Cooperation Platform Support the establishment of China (Shandong) Pilot Free Trade Zone

On 26 August, the State Council issued the General Plan for China (Shandong) Pilot Free Trade Zone, this Pilot Free Trade Zone covers Jinan, Qingdao and Yantai.

In order to comprehensively serve the establishment of Shandong Pilot Free Trade Zone, the Bank formulated the Bank of Qingdao's Comprehensive Financial Service Plan for Shandong Pilot Free Trade Zone, comprehensively launched the relevant financial services, and respectively handled cross-border financial services for clients in these three cities of the Pilot Free Trade Zone. On 4 September, the Pilot Free Trade Zone Sub-branch of the Bank was approved by the Bank of Qingdao Bureau of the CBIRC, becoming one of the first approved Free Trade Zone franchised organisations in Shandong Province, providing full process and multi-dimensional comprehensive financial solutions for various enterprises in the Pilot Free Trade Zone.





China-Singapore currency swap: SGD financing business

On 6 September, the Bank successfully granted a three-month loan of SGD2.99 million (equivalent to RMB15 million) to an international trading company in Qingdao Free Trade Zone to pay for the importation from Singapore. This is the first China-Singapore currency swap: SGD financing business in Qingdao of China (Shandong) Pilot Free Trade Zone.

Thanks to China-Singapore Currency Swap Agreement, Chinese enterprises can directly obtain cost-effective SGD loans from the Central Bank of Singapore through the People's Bank of China. Compared with the traditional loans, this has significantly reduced clients' financing costs and expanded the financing channels of enterprises, so it is another outstanding achievement in terms of easing the financing difficulties of foreign trade enterprises.



Support the construction of Local Economic and Trade Cooperation Demonstration Zone of China-Shanghai Cooperation Organisation

In October 2019, the State Council approved the General Plan for Local Economic and Trade Cooperation Demonstration Zone of China-Shanghai Cooperation Organisation, the construction of which is aimed to establish the Belt and Road International Cooperation Platform, and expand the cooperation in respect of international logistics, modern trade, two-way investment cooperation, business

and cultural exchanges, etc. improve the role of Qingdao in the construction of the economic corridor along new Eurasian Continental Bridge of the Belt and Road and also the maritime cooperation, strengthen the interconnection with SCO countries and promote the opening-up pattern of East-West mutual aid and mutual interaction of land and sea transportation at home and abroad.



Online supply chain financial services for the Belt and Road European-Asian block trains in Shandong Province

In August and November 2019, the Bank successfully initiated the supply chain financial services for the Belt and Road European-Asian block train, the first of its kind in Shandong Province and the Trade Cooperation Demonstration Zone of China-Shanghai Cooperation Organisation.

Taking the operating company of "Qilu" European-Asian block train as the core enterprise, the Bank has customised special financing products and operation procedures for the commodity supply

organisations based on respective annual contribution in terms of delivery volume, total freight payable, and the distribution of financial freight subsidies, providing convenient and efficient online supply chain financial services. Online supply chain financial services for the Belt and Road European-Asian block trains provided by the Bank is a type of new financial service, aimed to support the government in building the Belt and Road International Cooperation Platform, and promote the opening-up pattern of East-West mutual aid and mutual interaction of land and sea transportation at home and abroad.

The Bank signed the Strategic Memorandum of Understanding with Hana Bank and Mizuho

On 3 and 6 December, at the "Promotion Meeting of Deepening the Opening-up and Cooperation between Shandong (China) and South Korea" and "Promotion Meeting of Deepening the Opening-up and Cooperation between Shandong (China) and Japan", the Bank signed the Strategic Memorandum of Understanding with Hana Bank and Mizuho respectively, to cooperate in respect of modern characteristic marine industry, regional economic cooperation between China,

Japan and South Korea, international trade in new formats and new modes, medical and pharmaceutical industry, shipping logistics, advanced manufacturing and other aspects to provide Chinese, Japanese and Korean enterprises with online and offline integration, full range of local currency and foreign currency, multi-level cross-border financial services of commercial banks and investment banks.

Support for construction of key infrastructure projects

The Bank carried out comprehensive cooperation in respect of key project construction, advantageous industry development, livelihood finance, and other areas to fully support the economic development of Shandong Province.

Develop people's well-being finance

In 2019, the Bank subdivides people's well-being finance business into sectors such as medical finance, education finance, green finance, etc. and adopts the way to drive targeted business from the perspective of different sectors. In terms of basic people's livelihood, the Bank is deeply involved in social security, housing

fund, publishing house, scientific research institutes, colleges and universities, streets and villages, social organisations, medical and health care; broadens the scope of cooperation in thermal power, water, gas, public transportation, medical care, pension, education, etc., so that more customers can enjoy convenient services.



Comprehensive strategic cooperation agreement entered into with a big leading enterprise

In 2019, the Bank held a signing ceremony for comprehensive strategic cooperation with a company. The company is subordinate to another enterprise approved by the State Council. It is a large-scale leading backbone enterprise for the development of circular economy and advocacy of resource recycling across the nation, with an annual recovery capacity of more than 10 million tons.

The signing of this comprehensive strategic cooperation agreement opened a new chapter in the cooperation between banks and enterprises. The two sides will take the opportunity of Shandong Province to comprehensively carry out the major project of transforming old and new kinetic energy, deepen exchanges and cooperation in green finance, circular economy and other aspects, boost the high-quality, high-efficiency and green development of Shandong Province's economy and finance, and finally realise the win-win and common development of banks and enterprises.



Support online contribution to enterprise housing fund

On 25 October 2019, Qingdao housing fund was included in the management of the Ministry of Housing and Urban-Rural Development, the platform of online contribution to enterprise housing fund in Qingdao went online and the Bank became one of the organisations to support this function in Qingdao, with the contract entered into on the same day. The relevant enterprise could make contributions through this one-stop online platform,

without going through any procedures over the online business hall of city housing fund management centre, which has improved the convenience of handling relevant business, further deepening the reform of the government's reform of "Simplified Administration and Decentralisation, Innovative Supervision and Efficient Service" and continuing to promote the construction of an efficient Qingdao.

Further explore IPO financing business

In accordance with the guidelines of "Develop Customers in the Manner of Investment Banking and Create New Growth Points of the Bank's Business", the Bank has prepared the channel foundation and customer base for its sustainable development from three aspects: listing finance, private equity fund custody and M&A loans.

In 2019, the Bank makes full use of its efficiency advantages as a regional locally incorporated bank, predicts and seizes the business opportunities such as mixed reform of state-owned enterprises, integration of state-owned platforms, merger and acquisition of listed companies, and develops the M&A loan business as one with competitive advantages in the industry. In 2019, the Bank had newly added RMB4.04 billion of M&A loans, 56 times the size of that in 2018.

The Bank mainly cooperates with government platforms at all levels, government guided funds and domestic famous investment

institutions in terms of private equity funds custody business, and also establishes strategic cooperation relationship with parent funds at Qingdao municipal level and Shandong provincial level. In 2019, the Bank obtained newly increased fund of RMB16.067 billion, exceeding the sum of the first seven years since the initiation of private equity funds custody business, 7.5 times of that in 2018.

Guided by the "Qingyintou • You + (青銀投•優+)" Investing Bank Brand and based on the platform of "Equity and Debt Financing" roadshow competition, the Bank builds a "Science Innovation Roadshow Loan" financial product based on the roadshow scenario, follows up and provides credit support for technology-based and innovation-based participating enterprises.

Support transformation and upgrading of traditional enterprises

The Bank proactively followed the national "Innovation-driven Development" strategy, combined with the new and old kinetic energy conversion ideas, proactively adjusted our credit policy, carried out comprehensive docking of specific projects, and created innovative financing methods to provide target clients integrated financial solutions featuring One-point Intervention, Interactive Marketing and Comprehensive Solution, and effective financial support for the transformation and upgrading of traditional enterprises

Case

Support the upgrading and transformation of enterprises

The Bank supports the upgrading and transformation of equipment enterprises in the military-civilian integration area of Qingdao's west coast and provides RMB470 million credit to support the M&A business of enterprises in this area, brings the stock assets into active use and revives their incremental value. Furthermore, it provides RMB200 million credit to equipment manufacturing enterprises in this area to support the transformation and upgrading of production equipment, and effectively improve their production capacity.

Serving agriculture, rural areas and farmers

The Bank proactively responds to the national strategy of "Rural Revitalisation", readjusts its financial service focus, sets up agricultural service stations. In the meantime, we also proactively carry out joint party building activities, and build the eHome party building brand of party-masses, and resolutely implement General Secretary Xi Jinping's important instructions to deepen the "Experiences of Laixi", so as to assist the "Rural Revitalisation Targets" and focus on the construction of beautiful countryside.

Establish a long-term mechanism to help and revitalise agriculture

The Bank establishes a green approval channel to speed up the approval of agricultural aid loans, especially individual operating agricultural aid loans, and proactively promotes the development of agricultural aid businesses on the premise of strict adherence to risks. For the operating farmers' loan business of Laixi Sub-branch's outlets, the Bank designates special personnel to be responsible for the approval procedure. From September to the end of the reporting period, 26 loans amounting to RMB4.64 million were approved.

The Bank attempts to enrich and improve the types of agricultural loan products, in addition to the original loan products of "Aquaculture Bao (养殖宝)", "Planting Bao (种植宝)" and "Mortgage Loan of Individual Rural Land Contractual Management Right", the Bank created a new product named "Farmers To-be-rich Loan", which has been in the stage of soliciting opinions.

Pilot project of inclusive finance comprehensive service stations

The pilot project of inclusive finance service station kicked off in April 2019, focusing on "offering financial services to the countryside", the Bank selected natural villages to build "Bank of Qingdao's inclusive finance comprehensive service stations" and provided convenient

financial services for villagers such as cash remittance, transfer remittance, balance inquiry, payment for water and power utilities, microfinance, etc.

Case

Site office of business outlets for agricultural aid

On 26 September 2019, Chairman Guo Shaoquan led a team to visit the business outlets for agricultural aid at Longwanzhuang village and Jiangjiaxu village of Laixi City and exchanged with the farmers on site to help them out. He said on the spot: "The original intention of this project is to serve the people, while helping them solve practical difficulties, and in the future, the agricultural aid loans will not only be convenient, but also efficient!" During the site visit, Guo Shaoquan arranged the sub-branch to work on site on the afternoon of 27 September, respectively processed the loan of RMB200,000 to a grape grower and RMB100,000 to a pig farmer.



Promote the business of mortgage loans for rural contracted land management right

The Bank's pilot branch, Pingdu Sub-branch, released three loans for rural contracted land management right in 2019, totalling RMB4.5 million.



Develop inclusive finance and unique finance service

The Bank proactively responded to the decisions and arrangements of the Chinese Communist Party Central Committee and the State Council on financial support for the development of small and micro-sized enterprises and deepening of inclusive finance, exercised the concept of inclusive finance, deeply implemented the work relating to "Mutual Benefit" of small and micro-sized enterprises, fully participated in the banks and enterprises docking activities; and the Bank also created "Housekeeping Style" inclusive finance services to provide comprehensive financial services such as settlement and cash management, e-banking, and financing for small, medium, and micro-sized enterprises and private enterprises.

Improve the business environment

A special action team for managing the business environment has been set up. The Bank also opened green financing channels for small and micro-sized enterprises, issued the "Guidelines for Loan Application", established a one-time notification mechanism for credit approval and a time-limited completion system to reduce the amount of application materials and decrease the number of errands run by enterprises.

With the release of "Real Estate Remote Registration" service, six mortgage registration sub-centres have been set up in Qingdao to carry out real estate mortgage registration and information inquiry for clients through the "Real Estate Registration Remote Application and Remote Inquiry Information System"; 15 measures of 3 aspects regarding "Widening, Simplifying and Optimising the Service" are introduced to optimise the approval process.



Successfully issued the first electronic certificate of real estate in Qingdao

As the first batch of pilot banks for "remote processing of real estate matters" business in Qingdao, on 13 December, the Bank successfully issued the first electronic certificate of real estate in Qingdao based on the Internet and the real estate mortgage registration platform. At the bank end, we set up a real estate registration counter to handle remote registration of real estate

collateral, information inquiry and tax payment through new technologies such as face recognition, electronic certification, Internet plus, which makes it unnecessary to head for the Bank, real estate registration centre or tax department one after another. This is truly "one-stop" service, further improving the service experience.

Develop unique finance

Port finance

In 2019, the Bank focuses on Qingdao's local blue ocean economy and constantly improves the business related to financial services for ocean economic development.

The Bank deepens the strategic cooperation with the port group, constantly optimises the business cooperation mode with Shandong Port Group by improving credit support to its business in Qingdao port, Weihai port and Rizhao port through innovative products such as bond financing plan.

Following the development layout and operation characteristics of the port, relying on the Port Sub-branch, the Bank has designed and developed a series of featured products such as the "Qingdao Port Online Business Hall" and Qingdao port all-purpose card, it also established the payment mode of Qingdao port logistics terminal yards industry, the personalised cash management system of Qingdao port, to provide multiple financing methods such as project loans and comprehensive credit extension and trade finance services for the port, upstream and downstream terminals, logistics, stations, import and export enterprises. A total of 63 issues of "Port Staff Exclusive Wealth Management Products" have been released for years, continuously improving the service mode and service ability.

Metro finance

The Bank signed a framework cooperation agreement in respect of financial IC card payment business with Qingdao Metro, launching a joint metro card, making a breakthrough in the field of payment and settlement, taking the lead in related technologies in the national financial system. Up until now, the Bank has successfully issued more than one million cards.

With the establishment of Metro Tower Sub-branch and Wusi Square Community Sub-branch, a specialised metro service team has been set up to further deepen the business around its industrial chain, while extending horizontally as well; cooperate with Qingdao Metro

Financial Holdings Limited and other sectors of metro resource development. On the other hand, the Bank gradually extends to the upstream of the metro Industrial chain and realises the cash closed-loop settlement between the metro and its suppliers through the flash-for-cash supply chain platform; meanwhile, based on the metro's accounts receivable, it provides financing services for its upstream suppliers to solve the financing problems of small and medium-sized enterprises. Furthermore, the Bank has formulated a door-to-door collection plan to deal with the cash check and collection for subway stations.

Culture finance

The Bank established a professional service team for cultural and innovative industry through the Cultural and Innovative Sub-branch, starting from Qingdao Cultural and Creative Industry Association, key cultural industry parks, enterprises, etc. proactively contacted and visited these organisations, to understand the financing needs of various types and levels of cultural and creative enterprises and parks. The Bank has established close relationship with various associations and proactively followed the latest trends of cultural and creative industries. Currently, the Cultural and Innovative Sub-branch has become the vice-chairman member of Qingdao Cultural

and Creative Industry Association, Qingdao Tourism Association, Qingdao Art Performance Association and Qingdao Acting Association. We have learned the rules of cultural and creative industry, developed and become known to cultural and creative clients. Besides, we have customised financial services based on the characteristics of different cultural enterprises, launched five series of featured products of "cultural and creative finance", effectively opened up the cultural and financial service chain, and truly benefited the majority of cultural and creative SMEs.



Signed the strategic cooperation agreement with Qingdao Municipal Bureau of Culture and Tourism and Dongqing Fairytale (China) Co., Ltd.

On 8 August, the Bank signed the strategic cooperation agreement with Qingdao Municipal Bureau of Culture and Tourism and Dongqing Fairytale (China) Co., Ltd. respectively to deepen cultural and financial cooperation, jointly explore new models and paths of cultural and creative finance, improve the cooperation in the fields of media convergence, cultural and creative industry, film and television industry, cultural trade, characteristic parks (town) construction, etc. thereby jointly building a city featured strong

cultural and creative industry. Furthermore, the Bank has brought new vitality to Qingdao's fashion industry, cultural, tourism and modern service industry, playing a good demonstration effect for Hong Kong and Macao enterprises to invest in and establish headquarters base in Qingdao. Through the joint efforts of the government, bank and enterprises, we help the construction of Qingdao as an international fashion city.

Technology finance

In 2019, Bank of Qingdao continues to explore the development of technology finance, especially the Scien-tech Sub-branch excels in further promoting the capital support for the customers of mature products. By the end of the reporting period, the Bank helped 639 scien-tech enterprises, with a total credit line of RMB3.45 billion and a total loan of RMB2.46 billion. Currently, there are 205 clients with

balance of RMB1.9 billion and financing balance of RMB1.03 billion. Among the credit customers, high-tech enterprises account for about 67%; other enterprises mainly represent high-tech enterprises with proprietary technology, new materials and high-end manufacturing industry accounts for 65%.



High-tech loans business

An electronic company in Qingdao is mainly engaged in security engineering, intelligent building, weak current engineering, computer network, intelligent lighting and other intelligent engineering design and construction. With 11 self-owned software copyrights, it obtained the certificate of high-tech enterprise in November 2018, which meets the Bank's access conditions of high-tech enterprise, therefore, the Bank offered high-tech enterprise loan to this company, with a subsidy amount of RMB300,000 and a credit amount of RMB600,000, providing support for its development.

The Bank provided high-tech loans financing support to newly identified Qingdao high-tech enterprises in 2018, enabling them to obtain certain amount of working capital in advance, with a total of 15 loans, amounting to credit line of RMB6.62 million.

Follow the hygiene and health industry with interest

Under our country's strategic guidance of "Healthy China 2030", in September 2019, the Bank established the Hygiene and Health Industry Finance Business Department to specialise in the research of the massive health trend and market segments and R&D of special financial products, to create a high-level combination sample of massive health industry and finance.

The Bank continued to focus on credit investment and service support in the field of people's livelihood. In respect of medical

treatment, pension and other areas related to people's livelihood, the Bank has assisted many hospitals to realise the construction of intelligent and convenient information system, greatly improving people's medical experience. Furthermore, we interviewed and researched many elderly care institutions in the province, accelerated the launch of special financial products while taking into account actual needs, to drive the rapid and healthy development of the pension industry.



Exploring Ways to Promote Internet Finance

The Bank implements the strategy of technological innovation, proactively explores the deep integration of "Finance + Technology + Scenario", continues to build the regional ecological finance system to provide unique and differentiated financial services for the real economy.

Revolutionary upgrading of mobile banking

In April 2019, the Bank officially released the mobile banking version 4.0 based on Alibaba mPaas platform, which has made revolutionary upgrading of the mobile banking's basic structure, providing strong platform support for mobile banking in subsequent

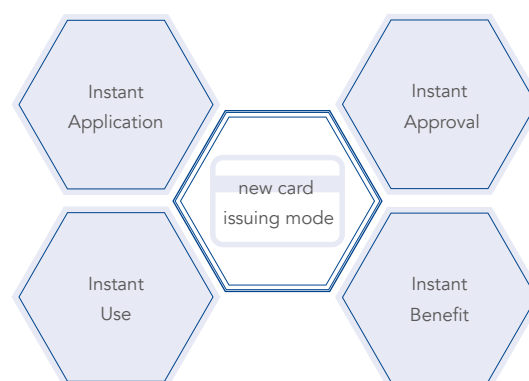
agile development, big data analysis based on customer behaviour, realisation of closed-loop marketing, grafting of Alibaba user scenarios, and laying a foundation for implementing online digital precision marketing for mobile banking.

	2019	2018	Increase /decrease
Number of personal internet banking clients	732,933	723,500	1.30%
Transaction volume of personal internet banking clients (10,000)	7,912.81	12,963.08	-38.96%
Transaction amount of personal internet banking (RMB100 million)	3,554.52	5,935.40	-40.11%
Number of mobile banking clients	2,356,220	1,564,200	50.63%
Annual transaction volume of mobile banking (10,000)	6,938.30	6,081.28	14.09%
Transaction amount of mobile banking (RMB100 million)	3,960.44	3,280.71	20.72%
Cumulative number of WeChat banking clients	149,959	96,660	55.14%

Establish a brand-new credit card business development model: Internet + Finance

The Bank attempts to establish brand-new and full business processes covering humanistic credit card application and intelligent approval. The Bank's new card issuing mode of "Instant Application, Instant Approval, Instant Use and Instant Benefit" offers one-stop service, from client acquisition, card application, approval, activation and consumption, builds a closed-loop business model from scenario consumption driving scenario client acquisition, and from scenario clients acquisition to scenario instant consumption, which brings users a completely different card using experience.

In view of the long waiting line for card activation in 2019, the Bank launched the function of offsite PAD activation timely. Customers only need to make an appointment through the invitation link sent by SMS and select the activation time and location for door-to-door service, and the Bank staff shall offer onsite service at the indicated location, which has won wide praise from our customers.



Provide online financial services

The Bank focuses on serving inclusive finance and small and micro enterprises, proactively promotes credit management mode and product innovation by relying on internet finance mode, FinTech and big data risk control system, develops two business segments: supply chain finance and internet finance. The Bank has launched a number

of innovative credit products, including "Chain E-lending" business, "Benefit E-lending" business and "Benefit E-lending" business to explore a new development path of "Finance + technology + scenario".

Loans for FMCG enterprises — "Chain E-lending" business

Partners of "Chain E-Lending" business include Coca Cola, Tsingtao beer, Luhua, Pehchaolin, Shineway, etc. under the premise of controllable risk, "Chain E-Lending" business relieves the complicated processes required for operational credit business of traditional banking and strict requirements of mortgage, guarantee. The signing process becomes more convenient and efficient, with the availability of loans improved, and the financing difficulties of dealer enterprises effectively solved. As at the end of the reporting period, the loan balance was RMB340 million.

Online operating loans — "Benefit E-lending" business

This business is for small and micro business owners and individual businesses, it introduces Ping An Property and Casualty Insurance to provide guarantee insurance for loans, thereby preventing business risks, while opening up a new mode of bancassurance cooperation, so as to effectively meet the financing needs of small and micro business operators and individual businesses. As at the end of the reporting period, the loan balance was RMB3.589 billion.

Online microfinance product — "Card E-lending" business

The "Card E-lending" business is mainly targeted at urban white-collar workers or individual operators aged 22-45 years old. It uses Internet technology and FinTech to provide inclusive finance service and effectively promote consumption upgrading. As at the end of the reporting period, the loan balance was RMB6.665 billion.



05 Protecting Ecosystems and the Environment

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11.587 billion
the balance of green credit loans
of the Bank was



8 billion
the Bank issued two green financial
bonds, raising a total of



47 times
"Weekly Inspection Practice"
in 2019



0.325 ton
the vehicles of the head office generated
a total of nitrogen oxide in 2019



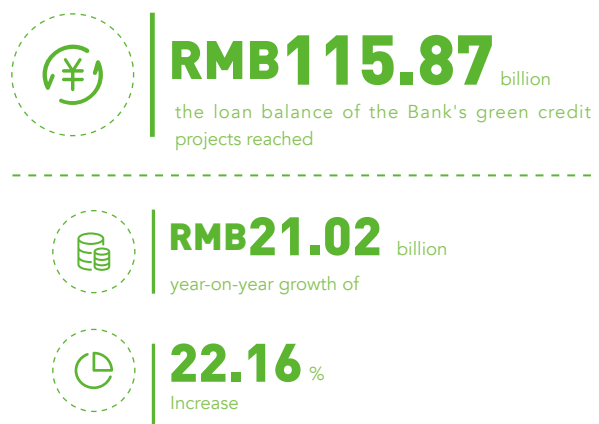
Developing Green Finance

The Bank is always committed to integrating the concept of green credit into industrial policies, improving the green credit system, strictly controlling the credit for the industries featuring high pollution, high consumption or overcapacity and striving to achieve the "three-in-one" sustainable economic, social and environmental development. The Bank has formulated the Green Credit Policies of Bank of Qingdao, to promote our operations by adhering to the philosophy of green development, and proactively strengthen green financial services. It is specified in these policies that the Bank's Board of Directors shall be responsible for determining strategies of promoting the Bank's green credit business, instructing the senior management to set overall objectives for the green credit

business, and performing the relevant supervision and assessment. The operating objectives and management strategies for the Bank's green credit business are incorporated in these policies as well. Furthermore, we have established a Special Leadership Team responsible for carrying out and moving forward the Bank's green credit business. Led by a bank president in charge of the relevant matters, the Team also involves representatives from the relevant departments.

Implementing the green credit policy

The Bank followed closely China's industrial policies, monetary policies, and environment protection policies, and enforced implementation of the green credit policy to drive green credit offering. In addition, it decreased the loans for the industries featuring high energy consumption, high emission, resources-driven and overcapacity. The Bank's green credit mainly flew to rural and urban water conservancy projects, garbage disposal and pollution prevention and control projects, green transportation projects, building energy conservation and green building projects, resources recycling projects, nature conservation, ecological restoration and disaster prevention and control projects. At the end of the reporting period, the loan balance of the Bank's green credit projects reached RMB11.587 billion, representing a year-on-year growth of RMB2.102 billion or 22.16%.



Enhance the management of raising funds from green financial bonds

In March and November 2016, as one of the first batch of pilot commercial banks, the Bank issued two green financial bonds, raising a total of RMB8 billion. At the end of the reporting period, the balance of green financial bonds amounted to RMB1.5 billion. In order to promote the management of funds raised from green financial bonds and ensure the synchronisation of issuance and use of green financial bonds, the Bank formulated the Internal Measures for the Management of Funds Raised through Green Financial Bonds of Bank of Qingdao, clarifying the responsibilities and authorities of business departments, the management requirements of green

projects evaluation and selection, as well as requirements for fund management, third-party certification and information disclosure for the duration of the bonds, so as to ensure that the funds raised from green financial bonds have clear accounts and calculable cost and benefit, the green financial bonds shall be managed clearly, and also ensure that funds raised from green financial bonds shall be earmarked for green industry projects.

Support energy saving and environmental protection industry and eliminate outdated industrial capacity

The Bank earnestly fulfil its social responsibilities in shifting the growth model and replacing old growth drivers with new ones. While continuously decreasing the total credit extension for the industries featuring high energy consumption and overcapacity such as coal,

steel and coking, the Bank proactively provided credit support for industrial upgrading and technological innovation of leading enterprises in traditional industries.

Case

Offering credit to a chemical and water treatment provider

One of the Bank's credit customers mainly provides water treatment solutions and chemicals to power plants. Experienced in R&D and sales for years, the company has become a leader among its peers with fruitful R&D achievements and seized a high market share in its operating area. Nowadays, the company has secured multiple national patents and its chemicals and water treatment equipment

have been advanced domestically. As its major cooperative financial institution, the Bank offered RMB18 million credit loan to the company, to support the environmental protection industry.

Promote Green Operation

Advocating a culture of thrift

The Bank proactively promoted a culture of thrift, in which we not only saved physical materials such as every piece of paper, every drop of water, and every unit of electricity, but also placed focus on the intangible aspects, such as, optimisation and reform of the Banking process and administration to improve efficiency.

Since 2010, we had conducted the “Weekly Inspection Practice” 473 times in total, including 47 times in 2019, to improve various aspects including site management, security, sanitation, service facilities, and business optimisation.

The Bank advocated not to take elevators when moving within five floors, not to turn on lights when it was bright enough, and not to turn on air-conditioners in a comfortable temperature. It encouraged the staff to turn off all the switches before leaving the office, established a mechanism of recollecting the leftover water in the break room and reusing cleaning water to effectively save water.

Driving green operational management

Pilot implementation of “smart outlets”

In May 2019, the Bank launched pilot implementation of “smart outlets”. Through the connection and interaction of products, services, processes, and equipment, we offer customers with “smart, convenient, and comfortable” one-stop financial services. Under the service mode of ‘smart PAD’, tellers can assist multiple clients at the same time, thus effectively distributing traffic and easing the pressure of counter operation. The outlets’ counter-based service mode was transformed to a more proactive one, in which tellers move from the counters, interact with their clients and respond to their consultations. This provides service in a more humane manner.

Implementation of reconciliation between the Bank and the enterprises

The signing rate of electronic reconciliation across the Bank reached 97.65%. Throughout the year of 2019, 330,000 copies of paper statements were saved, and the mailing costs of paper statements preparation reduced by RMB3,000,000.

Optimisation of centralised service centre

The service centre always aims at proactively collecting counter business, reducing the workload of branches and sub-branches, improving service efficiency and lowering business risks. In 2019, the centre has collected cheque withholding and payment, bill submission to China National Clearing Centre for inter-bank clearing in the same city, remittance and centralised authorisation. In addition, the centre has officially launched electronic account opening for corporate clients and initiated authorisation at weekends (unmanned) and at nights.

Digitalised and mobilised online personal loans

On 12 September, the personal loan business was successfully equipped with automated survey report generation and contract printing. This progress has effectively simplified the operational work of customer managers and improved mortgage business efficiency.

Reusing wastes

The Bank paid much attention to negative impacts of electronic devices on the environment. We were very concerned about the environment protection indicators during device and supplier selection and appointed a professional company for the second-use and harmless treatment of the waste electronic devices. The components meeting the re-use criteria were reused as spare products or parts to extend the lifecycle of such electronic devices, and to reduce the adverse effects that the electronic devices could have on the environment.

During office hours, we never produced any obviously hazardous waste and entrusted qualified professional agencies to deal with any hazardous waste in office in a normative manner.

The Bank mainly provides clients with financial services, so we did not use any obvious packing materials during the operation.

Electronic device discarded by Bank of Qingdao in 2019

Item	2019 (pieces)	2018 (pieces)
Computer for business purpose	374	286
Monitor	6	3
Printer	23	51
ATM	12	13
Self-service terminal	1	1

Note: The preceding data covers the devices confirmed by the head office as devices with residual values and disposed of by the head office.

Saving energies

Energy consumption by Bank of Qingdao in 2019

Category	Unit	2019	2018
Head office power consumption	10,000 kWhs	347	374
Head office water consumption	Ton	19,436	23,180
Head office paper consumption	1 million sheets	1.03	1.19
Head office oil consumption	Litre	49,487	62,736
Head office natural gas consumption	Cubic metre	28,205	32,013
Head office greenhouse gas emission	Ton carbon dioxide equivalent	4,389.7	4,657.55
——Direct greenhouse gas emission*	Ton carbon dioxide equivalent	111.67	140.76
——Indirect greenhouse gas emission**	Ton carbon dioxide equivalent	4,278.03	4,516.79

*Including greenhouse gas emission resulting from natural gas consumption and oil consumption

**Including greenhouse gas emission resulting from power consumption and municipal heating supply

The Bank drastically improved its utilisation of vehicles by exerting a centralised management and unified arrangement policy. In addition, we strengthened one management of the gasoline usage, implemented “one gas card for one vehicle”, and special-purpose car only for special purposes, and set limits one gasoline quality, the

amount to be used and gas station according to different vehicles. We improved vehicle fuel management with special checks on those highly gas-consuming vehicles. In 2019, the vehicles of the head office generated a total of 0.325 ton of nitrogen oxide, 0.0007 ton of sulphur dioxide and 0.031 ton of particulate matters.

Managing procurement

In 2019, Bank of Qingdao continued to improve the centralised procurement system and procurement procedures. It formulated the Measures for the Administration for Collective Procurement of Bank of Qingdao and the Application Procedures for Collective Procurement of Bank of Qingdao. Additionally, the Bank implemented the supplier selection assessment, established the supplier post-evaluation mechanism for engineering procurement

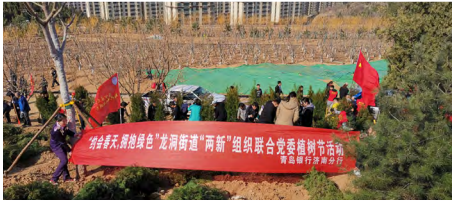
projects, and strengthened the normalisation and standardisation of procurement management. In respect of supplier inspection and project evaluation, emphasis for supplier and product evaluation is laid on environmental protection, labour contract signing and social insurance contribution. We refuse suppliers and products featuring high pollution and energy consumption, and guide suppliers to fulfil mandatory social responsibilities.


The number of suppliers divided by region

Country	Number of suppliers
Yangtze River Delta region	98
Pearl River Delta region	38
Bohai Rim region	723
Central China	9
Northeast China	6
West China	6
Other regions	3


Fulfilling the Green Corporate Social Responsibility

The Bank proactively organised CSR activities including garbage pick-up, cycling, and tree planting.




 Jinan Branch organised a tree planting with a theme of "Meet in Spring and Embrace the Green"



 Dongying Branch joined the voluntary tree planting held by the Municipal Communist Youth League in the shelter forest of northern town area




 Yantai Development Area Technology Sub-branch participated in voluntary tree planting




 Laiwu Branch held a hiking




 Weihai Branch took part in the tree planting in botanic garden




 Donghai Xi Road First Sub-branch held an employee orienteering contest



 Qingdao West Coast New Area Branch held a walkathon with a theme of "Work Hard and Live a Happy Life"



 Guantao Road Sub-branch held garbage pick-up in Xiaogang Neighbourhood and at the seaside



 Shibei Sub-branch held tree planting, walkathon and garbage pick-up in Qingdao World Horticultural Exposition Park



06 Giving Back to Society

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107

self-service banks



450

self-service facilities



75

ATMs



257

cash recycling systems



Enhancing Customer Service

"Warm and trustworthy, we work harder" is the Bank's service concept. In 2019, the Bank continues to be awarded with "China's 500 Most Valuable Brands", "Asia's 500 Most Influential Brands" and "Five Star Dimond Award". In December 2019, the Head Office, Jinan Innovation Zone Sub-branch, Jimo Sub-branch, Zhengyang Road Sub-branch, Zibo Linzi District Sub-branch, Jinan Jiangshuiquan Road Sub-branch and Technology Sub-branch was awarded the title of "Star-rated Outlet with Civilised and Standardised Services in China's Banking Sector 2019" by the China Banking Association.

Enhancing service quality

Daily training system

In 2019, our training system included a training program aiming to improve department of lobby managers, a series of themed courses on "Qingyin Le Xue Tang", training courses on the improvement of service skills for customer managers, training courses on communication with corporate clients and fostering training focused on value creation for all-powerful lobby staff and construction of a team consists of outstanding internal service trainers.

Improving outlets' facilities

We implemented positioning management for all the service facilities at each outlet. In addition, according to customers' need for better lobby service experience, we had new user-friendly service facilities added at each outlet and carried out lobby-decoration projects to enrich festive atmosphere, for creating warm and valuable lobby service experience for customers.

In 2019, the Bank conducted Visit for Lobby Environment Monitoring throughout the Bank on a quarterly basis and consequently, the optimisation and rectification ratio of lobby service facilities were

uplifted to 92%. In the meantime, by preparing for the Authentication of Two Chinese National Standards for Banking Outlets, we clarified and understood the national standards and requirements for relevant financial services. In combination with our current service standard and relevant requirements, we established procedures and a mechanism for the authentication, in which we integrate national standards (including the Basic Requirements of Banking Outlet Service and the Evaluation Criteria for Banking Outlet Service) into on-site and off-site investigation and prepare for the authentication by steps.

User-friendly service for special groups

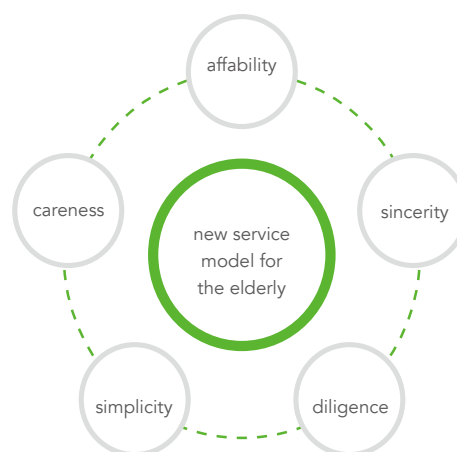
We had more user-friendly facilities in place for special groups at each outlet to show our care for special groups. We had in the business lobby a children's area, baby chairs, wheelchairs, seats specially made and reserved for those in need, and a braille card. In addition, we posted a warm notice indicating a service number for special customers to call for help outdoors, and had safety handrails installed in the bathroom and notebook keeping a record of donations.

We expanded our over-the-counter service delivery to household, nursing houses and hospitals and other places by establishing a mobile service team to carry out diversified and humanised door-to-door financial services for special groups. Consequently, special groups can enjoy timely, convenient and quality financial services with dignity and secured financial interest without going outdoors.

We had caring area in business lobby at each outlet for social workers like sanitation workers and couriers to shelter them from heat in summer and cold in winter.

The Bank launched a new service model for the elderly, which was featured with affability, sincerity, diligence, simplicity and careness. To

improve customers' service experience, we promoted the principles, measures and green channel for serving the elderly throughout the Bank and insisted on our original service intention of assisting, offering and caring.



Implementing a service delivery review and a monitoring mechanism by secret inspectors

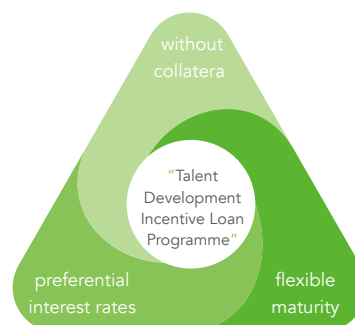
In 2019, we conducted service delivery review meetings on a regular basis and developed a guideline for monitoring lobby managers' service delivery by customer indicates and a five-step integrated service for wealth managers. In addition, we also put in place a monitoring mechanism through which secret inspectors were appointed to make unannounced visits and check up on the lobby

service delivery by lobby managers and wealth managers. For key issues and recurring issues, we perfected our service monitoring outline and formulated a video compilation of service standard for our staff. In particular, we took targeted measures to tackle those stubborn problems in our lobby service delivery.

Innovate financial products and services

Initiating Talent Development Incentive Loan Programme

"Talent Development Incentive Loan Programme" is targeted at the high-level personnel in Qingdao and their companies in which they have worked at for a long time. The loan is designed for the personnel and their organisations to promote the commercial application of their technological achievements and innovation and entrepreneurship without collateral and with preferential interest rates and flexible maturity. As one of the first batch of cooperative banks to provide talent development incentive loans, we took multiple measures simultaneously to speed up the programme. On 19 November, the first loan from the programme was launched in Technology Sub-branch. By far, altogether two loans amounting to RMB950,000 have been issued within the programme.



Issuing multiple innovative retail wealth management products

We issued "Tian Tian Kai Xin" net value wealth management product. In addition, we, for the first time, launched a series of client-oriented product named "Cai Yuan Gun Gun", in which we provide a 30-day product and a 14-day product to meet the diversified investment demands of our clients.

"Italian Summer" Teenage football summer camp 2019 sponsored by the Bank

"Italian Summer" Teenage football summer camp was launched on 15 July. The camp aims to express the spirit of football, kindle the future of football development and further uphold the development of sports industry. It is the seventh time that the large-scale teenage football camp had been consecutively held with the exclusive sponsorship of the Bank.

In particular, the camp invited professional football coaches from Italy to provide the participants with direct interaction with Italy's leading football philosophy and instructions. By now, approximately 1,400 teenage trainees from Shandong had participated in the summer football camp and experienced original Italian football training.



Protecting consumers' rights and interests

Popularising financial knowledge

In 2019, led by "Qingcheng" consumer protection brand, the Bank continued to spread financial knowledge via an upgraded education system featured with "new media, small class, seasoned lecturers, caring assistance and warm service" to fulfil its social responsibility. We carried out different activities and initiatives such as "3.15 Financial Consumer Rights Day" initiative, special tours to popularise financial knowledge, and campaigns to make financial knowledge reach every household, and every rural community. We continuously propelled the systematisation and standardisation of promoting and teaching systems to create a new area where financial consumers' rights and interests are well safeguarded.

In 2019, the Bank was awarded the Grade A organisation for consumer rights protection among banking financial institutions in the Qingdao jurisdiction of the Qingdao Banking and Insurance Regulatory Bureau. For six consecutive years, we had been awarded "Leading Organisation in Qingdao's Banking Industry for Bringing Financial Knowledge into Thousands of Families". In addition, the Bank was awarded by the Qingdao Association of Consumer Financial Rights and Interests Protection as Outstanding Organisation in the "Case Competition for Consumer Financial Rights and Interests Protection 2019".



Improving customer complaints mechanism

We established a complaint addressing system with positions set up in head office, branches and sub-branches, clarified duties for each position in addressing complaints, detailed the complaint management process and specified responsibilities assumed by the target of each complaint. We also combined the links of complaint acceptance, complaint addressing, reason analysis, issue detection, responsibility accreditation and evaluation on timeliness and efficiency, and then based on the issues analysis and accreditation results, we took unified action to resolve problems and difficulties encountered by our customers in time and with efficiency

for protecting their rights and interests, thus providing satisfying customer service.

Other measures taken by us included enhancing complaint analysis, organizing consumers' rights and interests safeguarding team on a quarter basis, conducting complaint analysing meeting, establishing complaint accountability and improvement mechanism, conducting vertical and horizontal analysis and carrying out the rectification solutions and measures to efficiently improve our product designs and customers' service experience. In 2019, complaint, problems and difficulties from all channels had all been resolved.

Launching campaigns on combating false money

Our campaigns were carried out in communities, schools, companies, and stations, and focused on community residents, middle-aged and elderly people, accounting personnel working at corporates, individual industrial and commercial households, and students at school. We organised the 2019 online anti-counterfeiting currency knowledge quiz on new edition of Renminbi bills and cash usage questionnaire. We also held the "Luquanbei" currency

knowledge prize quiz, and organised awareness day for combating and preventing economic crimes on 15 May, as well as launching campaigns to raise public awareness of anti-telecom fraud, anti-illegal fundraising activities, anti-counterfeiting features of the fifth edition of Renminbi (2019 new version), serial number recognition knowledge, standards on Renminbi having difficulty in circulation and standards on exchanging damaged Renminbi.

Continuing to optimise account opening

On 28 April, the Bank managed to cancel the licensing of corporate accounts. By means of a comprehensive service window system, corporate clients can register and open accounts at the same time or cancel their accounts. Additionally, the Bank released electronic account opening for corporate clients and encouraged on-line

account opening with the goal of providing “all-at-once” convenient and efficient service to our clients. By far, the centre reviews the on-line applications for account opening from about 150 clients every day.

Advancing construction of cash service demonstration area

To vigorously respond to the call of the People’s Bank of China and implement inclusive finance policies to meet the diversified demands on cash service, the Bank strived to boost the development of “cash service demonstration area” among its branches in 2019. We set

three outlets in West Coast New Area (i.e. Wuyishan Road Sub-branch, Development Zone Sub-branch and Jinggangshan Road Sub-branch) as demonstration outlets of cash service. Since the beginning this year, the outlets have gradually started the initiative.



Broadening service channels

Setting up new outlets

Name of indicator	Unit	2019	2018	2017
Business outlets	Pieces	141	134	128
Business outlets newly set up during the year	Pieces	9	9	17
Business outlets set up in rural areas (inclusive of community banks)	Pieces	1	4	4
Community sub-branches, small-and micro- sub-branches	Pieces	16	16	17

Community sub-branches, small-and micro- sub-branches

As of the end of 2019, we had set up 15 community sub-branches and 1 small- and micro- sub-branch.



Self-service facilities

We had 107 self-service banks, 450 self-service facilities (including 75 ATMs, 257 cash recycling systems and 118 self-service terminals), through which cash withdrawal, deposits, money-transfer, account check and utility bill payment services were available to the public.



Operating in Compliance with the Laws and Regulations

We have always followed the principle of operating in compliance with the laws and regulations. According to the requirements of the Guidelines on Compliance Risk Management in Commercial Banks, we developed the Compliance Risk Administrative Provisions of Bank of Qingdao for the purpose of strengthening the foundation for our internal control and compliance management and optimizing our overall management system. We guard against the compliance risks by building a three-line defence, which involves business department, compliance department and audit department. Led by the philosophy of "proactive compliance", we perform further compliance culture construction and the establishment of compliance culture systems, including the compliance management ecological environment system, organisation system, institutional management system, self-discipline and supervision system, credit score system, scientific and technological innovation system, examination and evaluation system, and rules and laws construction system and other eight compliance culture systems with complementary functions and internal coordination.



Internal control and compliance management



Inspection mechanism

We established a sound mechanism for internal compliance monitoring, including "Weekly Inspection Practice", "Behaviours Check for Compliance Risk", and "Operation Check for Compliance Risk". On a quarterly basis, we hold internal control review meetings, and launched virtual sub-branches to perform an audit. We also combined key area inspections with routine management and other internal control measures. Compliance inspections were conducted in 2019 with the focus on addressing banking market disorders. The overall self-inspection and self-correction activities efficiently improved our internal control management.



Reporting system

We have established a reporting system for non-compliance and illegal acts. In 2019, we conducted approval and review procedures on the 2018 Self-assessment Report on Internal Control of Bank of Qingdao, the 2018 Compliance Risk Management Report of Bank of Qingdao, the 2018 Operational Risk Management Report of Bank of Qingdao, and the 2018 Anti-Money Laundering Risk Management Report of Bank of Qingdao.

As for the internal audit, our Audit Department, which is directly managed by Chairman of the Board, is responsible for the regular submission of internal audit report to the Board of Directors and Board of Supervisor via Office of Board of Directors & Supervisors and the filing of audit report to relevant authorities as required by regulations. We have established a framework of reporting paths and systems for the independently performance of audit supervision and regular report of audit findings.



System construction

It has always been our goal to put in place a well-developed system that's easy to be implemented. In 2019, we continued to carry out the system construction work and propelled the normalisation of system evaluation, the normalisation of supervision on system implementation and the normalisation of system compliance approval. Meanwhile, we rectified the deficiencies and weakness in systems and internal controls. With the efforts, we strive to optimise the streamlined and efficient management system featuring good customer experience, smooth working process and 100% risk coverage rate.



Supervision over internal audit

In 2019, in strict accordance with the compliance requirements on operation, the Bank focused on the optimisation and innovation of management philosophy. Additionally, the Bank enhanced its mode of auditing management and sought a transformation from business-oriented audit to management-oriented audit. What's more, the Bank broadened the scope of its audit projects, continued to improve the audit system, and made the off-site audits more supportive to data screening and pre-audit analysis. By adjusting the implementation mode of general audit programmes, the Bank expanded its audit coverage and improved the quality and effectiveness of audit inspections. The Bank perfected its audit rectification mechanism, advanced its internal control reviewing mode and developed the application effectiveness of audit results.

Efforts to combat money laundering

The Bank insisted on the risk-based working principle and developed a comprehensive internal control system for anti-money laundering featured with our own characteristics in accordance with the Anti-Money Laundering Law of the People's Republic of China, the Provisions on Anti-money Laundering through Financial Institutions (Order of People's Bank of China [2006] No. 1), the Administrative Measures on the Reporting of Large-amount Transactions and Suspicious Transactions by Financial Institutions (Order of People's Bank of China [2016] No. 3) and other laws and regulations. In 2019, based on the Instructions of the People's Bank of China on the Notice on Issuing Guidelines for the Money Laundering and Terrorism Financing Risks Management for Legal Financial Institutions (Trial), as well as its fundamental purpose to implement anti-money laundering and anti-terrorist financing in a comprehensive, matched, autonomous and effective manner, the Bank formulated the Risks Management System of Bank of Qingdao on Money Laundering and Terrorism Financing. The system enriches the role and responsibilities within the Bank at all levels and provide more effective management strategies and processes to address money laundering. It also specifies the direction of evaluation on money laundering and terrorist financing risks both inside and outside the Bank to establish a clearer and more effective money laundering risk management structure.

Systematic organisation for investigation and reviewing. Starting from the sufficiency, effectiveness and applicability of anti-money laundering requirements, we implemented an integral investigation over the Bank's current products, business management systems and process specifications. Aiming at client entry, identification, fund review, risk control measures and other important factors, we reviewed our assessments and formulated a rectification list, confirmed the rectification period, and firmly brought the goal of anti-money laundering into part of our business development.

Increasing efforts in study and judgement on anti-money laundering risks. In 2019, we increased our efforts in the study and judgement on anti-money laundering risks. By closely following the instructions of the People's Bank of China and learning from our peers, we re-designed and quantified the indicators for anti-money laundering risk assessment of our products and business. In combination with the types and characteristics of the Bank's business, elements including customer groups, identity information, agency, transaction channels,

cash relevance, institutional scope and transaction records are covered for qualitative and quantitative evaluation, so as to identify the money laundering risk of business products in a more careful and effective manner.

We enhanced our staff's awareness in anti-money laundering performances and deepened their understanding of prevention and control on money laundering risks by multi-pronged methods like internal special audits, risk inspections in striking social cases and improvement of prevention measures against risks, to ensure the synergistic effect between the business operation and money laundering risk management through cooperation in system, product and implementation.

We also aim to strengthen our employee's awareness of anti-money laundering. For the anti-money laundering business personnel, we focused on providing practical guidance combined with risk warnings; besides, we helped them specify features of business exceptions and strengthened their ability to detect such exceptions; we also prepared system manuals with graphics and text presentations and highlighted key points for the relevant personnel so that it would be user-friendly and practical. Throughout the year, we provided eight training sessions on practical guidance and interpretation of laws and regulations. By means of examinations, we managed to improve our memory and our understanding on anti-money laundering and strengthen our awareness over anti-money laundering risks.

We took much efforts in raising the public's awareness of anti-money laundering. The Bank adhered to publicising of the Opinions of the General Office of the State Council on Improving the Regulatory Systems and Mechanisms of Combating Money Laundering, Financing of Terrorism, and Tax Evasion to the public. Targeting schools and campuses, manufacturing sites and communities, the Bank adopted multiple channels (e.g. Lobbies, automated machines and new media) to deliver messages related to money laundering. Based on true stories, we managed to directly point out the considerable harm of money laundering to the public and their families, arouse wide social awareness, effectively improve the public's vigilance towards money laundering, and further enhance the cohesion and centripetal force of the whole society to prevent money laundering risk.

Strengthen the protection of intellectual property rights

We have always attached great importance to the protection of intellectual property rights and have formulated the Administrative Measures for Intellectual Property Rights in accordance with national laws and regulations, including the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Copyright Law of the People's Republic of China. We have strictly regulated the management of intellectual property rights and improved the intellectual property protection system. Meanwhile, we are also committed to creating distinctive brands, and giving full play to the role of intellectual property rights in supporting financial innovation and business development. As of the end of 2019, we had the exclusive rights to use a total of 184 registered trademarks in China, covering a wide range of financial services.

In making continuous improvement to the existing trademark system, we, based on the platform of Qingyin Charitable Foundation, applied for the registration of "Qingyin Love Fund" series of trademarks to create a charity trademark series. In doing so, we wish to continuously enhance our soft power and highlight our commitment to supporting charity programmes. While expanding the scope that our efforts to protect intellectual property rights cover, we fully recognise the legal rights of any third party. We have made it a key principle to protect intellectual property rights through the while operation and management process so as to guard us against risks of intellectual property infringement. There was no major intellectual property infringement during the year.



Standardising code of ethics

We formulated the Code of Ethics for Staff, the List of Banned Behaviours for Staff, the Measures on Dynamic Administration of Staff's Abnormalities, the Measures on Addressing Staff's Irregularities, the Measures on Integral Administration of Staff's irregularities and the Measures for Administration of Staff's Non-Compliances Reporting and other measures. In 2019, we revised the Administrative Measures for Service Specialists of Head Office, in which we clarified the service complaint and feedback mechanism of the head office. On a quarterly basis, we also evaluate, review and provide guiding opinions to those less performing. In addition, we organised our staff to learn about irregularities and sign a Letter of Commitment against Irregularities, conducted daily supervision and special inspections on staff's behaviours and adopted other measures to enhance staff's compliance and self-discipline awareness.

We standardised the code of conduct and disciplines for our staff and issued the Notice on Provisions for Strict Implementation of Self-Discipline and Compliance with Integrity on Gregorian New Year's Day and Chinese Lunar New Year Holiday and the Notice on Provisions for Strict Implementation of Self-Discipline and Compliance with Integrity on Moon Cake Day and National Day. Meanwhile, we organised Party Members and Officials to visit the education centre for integrity and against corruption education of Qingdao, organised outstanding Party Members and Officials to participate in special training class for faith education. In addition, we organised management personnel (above assistant level) to watch 7 educational films; we also organised the Bank's discipline inspection and supervision personnel in three batches to participate in the training on the comprehensive business of national corporate discipline inspection and supervision for over ten courses. Additionally, we also conducted education activities like "Weekly Case Sharing" for integrity and against corruption on internal website.

Improving Party conduct and building a clean administration

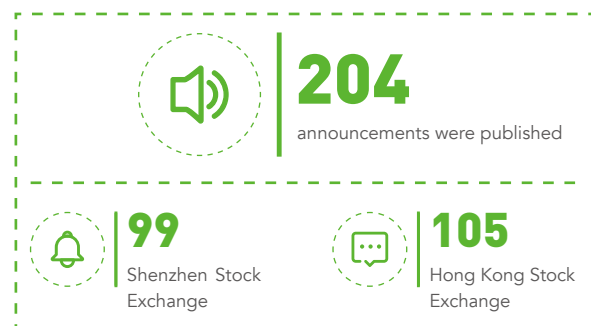
To further develop Party conduct and moral integrity from a more comprehensive and in-depth perspective, the Bank, in combination with its actual situation and the goal to strengthen the system to combat corruption, issued the List of supervision responsibilities of the Party Discipline Inspection Commission (2019), Notice of the Party Discipline Inspection Commission of the Bank of Qingdao on Deepening the Application of "the First Form" of Supervision and Discipline Enforcement (Trial). Under the guidelines, we aim to identify any non-compliance issues in the Party members and officials at an early stage and provide instructive warnings. In addition, we organised the Secretary of the Party committee, the members of the team and the heads of all units to sign the Letter of Responsibility for Overall and Strict Administration of the Party to further clarify the relevant contents and objectives of the to achieve the main

responsibilities of comprehensive and strict governance of the party. Furthermore, we persistently promoted the implementation of the "two responsibilities", further specified the responsibility list of the "two responsibilities" and ensure that the "two responsibilities" is concrete and quantifiable. Last but not least, we strived to perform examinations to carry out a comprehensive self-examination within the Bank in view of the "Formalism, bureaucracy, hedonism, and extravagance" and the issues of violating disciplines and laws, and improve the management, the system and the tendentiousness of the youth, so as to ensure that the management personnel can examine their behaviours and correct inappropriate ones at the same time. In 2019, the Bank got involved in no corruption cases, including bribery and extortion.

Disclosing information in a timely manner

In strict accordance with the appropriate laws and regulations, the Bank issued all kinds of periodic reports and interim announcements, to ensure that information disclosure is authentic, accurate, complete, timely and standardised, and to protect the legitimate rights and interests of shareholders. During the reporting period, 204 announcements were published on the websites of Shenzhen Stock Exchange, Hong Kong Stock Exchange (HKEX news) and the Bank, including 99 on Shenzhen Stock Exchange and 105 on Hong Kong Stock Exchange.

The bank has set up an investor-relation column on its official website, published its email address and contact information. We carefully responded to the consultation and inquiry from shareholders and ensured that shareholders have equal access to information.





Safeguarding Employees' Rights and Interests

Classification		As at 31 December 2019	
		Total number of people (person)	Percentage
By gender	Male employees	1,822	44.90%
	Female employees	2,236	55.10%
By employment type	Contract employees	4,058	100.00%
	Dispatched employees	-	-
	Temporary employees	-	-
By age group	Under 30	1,438	35.44%
	30 (inclusive) to 40	1,681	41.42%
	40 (inclusive) to 50	726	17.89%
	Over 50 (inclusive)	213	5.25%
By geographical region	Employees from Shandong Province	4,058	100.00%
	Employees not from Shandong Province	-	-
By education background	Junior college graduates	478	11.78%
	Bachelors	2,875	70.85%
	Masters	693	17.08%
	PhDs	12	0.29%
New employees		452	11.14%
Disabled employees		2	0.05%
Employees of minority		44	1.09%

*Numbers above excluded data from affiliates of the Bank.

The Bank provides security and other outsourcing jobs to actively fulfill social responsibilities. In accordance with relevant national dispatch employment requirements, we further enhanced our management of dispatched employment. We have developed a specific project to lower the percentage of dispatched employees by turning some of them into formal staff as well as retaining and dismissing some of them. Employment for each position complied with the Labour Laws of the People's Republic of China and the relevant provisions of the labour contracts. During 2019, we did not employ any child labour or have employees who were injured or dead due to work during our daily operation.

Classification		Total number of turnover	Turnover rate (%) ¹
By gender	Male employees	99	2.33%
	Female employees	98	2.30%
By age group	Under 30	76	1.79%
	30 (inclusive) to 40	78	1.83%
	40 (inclusive) to 50	9	0.21%
	Over 50 (inclusive)	34	0.80%
By geographical region	Employees from Shandong Province	197	4.63%
	Employees not from Shandong Province	-	-

Numbers above excluded data from affiliates of the Bank.

¹ turnover rate = number of people left / (total number of employees + total number of people left)

We fully safeguarded employees' rights to work and rest according to the laws, and clearly stipulated the working hours, rest time and leaves, labour protection and working conditions in the contracts. We did not impose any mandatory (overtime) situation. We complied with the relevant laws and regulations on employees' health and safety, and on environment.

We signed a labour contract with every employee according to the Labour Law and the relevant provisions of the contract. In terms of the labour management, we had developed the regulations and relevant

implementation guidelines for internal use, including the Attendance and Holiday Management System and the Measures for the Administration of Employment Termination. With such regulations, we safeguard employees' labour rights in accordance with the law. We pay basic social security insurance for the employees, including basic pension, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and have in place such welfare systems as housing fund, corporate annuity and supplementary medical insurance, to ensure better pension and medical security for the staff.

Promotion

To further implement the 532 Reserve Talents Cultivation Project, we organised and implemented the "Chuying Project" throughout the Bank in 2019 and more than 240 people participated in the selection of reserve talents for mid-level management and managers in operation, corporate, retail and other business lines. Among them, 18 and 58 people were recognised as reserve talents for mid-level

management and managers respectively, after surviving the whole screening process composed of application, qualification approval, written examination, interview and democratic review. Those talents enlarged our talent pool for operation and management professionals.

Safeguarding rights and interests

We proactively safeguarded employees' social insurance and housing fund, leave rights, incentive plans and other compensation benefits and built staff canteens, reading rooms, shower rooms, activity room etc., to provide a clean and warm working and service environment.

As for democratic management, we hold the Labour Union member (employee) representative conference once a year at the Head Office level, and twice at both the branch and sub-branch levels and reporting to the Labour Union of the Head Office in accordance with the Trade Union Law, the Regulations on the Work of Trade Unions of Enterprises and the Regulations of Shandong Province on the Labour

Union Member (Employee) Representative Conference and other laws and regulations. On 29 March 2019, we convened the second session of the fifth Labour Union member (employee) representative conference with a total of 230 formal representatives attending the meeting. Six resolutions were approved at the meeting, including the Resolution on the 2018 Labour Union Committee's Work Paper, Resolution on the 2018 Labour Union's Financial Work Paper, Resolution on the Labour Union Funds Audit Report, Resolution on the Corporate Annuity Plan (Revised), Resolution on the Management System over Attendance (Revised) and Leaves and the Resolution on Addressing Irregularities of Staff (Revised).

Caring for employees' physical and mental health

Health examination

Every year, we organize our staff to receive a health examination at a first-class hospital at grade 3 (the highest level in the three grade and six-level classification system for hospitals in China). We also organize female employees to receive an extra health examination to provide timely care for them and to safeguard their health.

Health knowledge lectures

Health workshops were held in the Bank's Jinan Branch, Shinan Sub-branch, Shibe Sub-branch, Yantai Branch and Jiaozhou Sub-branch, so as to provide health-related knowledge to the employees. Also, the head office actively rendered physical and mental healthcare services for its employees and issued EAP mental health service cards for more than 200 employees.

Providing financial aid to employees in need

On New Year's Day and the Spring Festival of 2019, we conducted caring activities like visiting and comforting retired workers, outstanding workers and employees in financial difficulty by the Bank's leadership to give a full play to the Labour Union's role as a strong bond connecting the leadership and the employees. We tried all possible methods to resolve our staff's actual difficulties, such as making mutual benefit insurance compensation for staff suffering from serious disease or was hospitalised during the year to relieve their financial stress and encouraging eligible branch labour unions to participate in local mutual insurance for employees to expand the insurance coverage and employees' benefits.

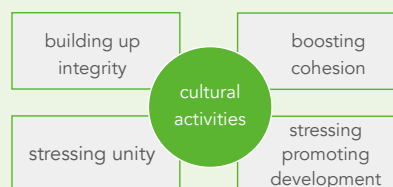
During 2019, we contributed RMB142,600 to the mutual medical insurance scheme, and the claim cases we handled in the year reached 172 person-times, with compensation payments exceeding RMB160,000. In addition, we have also visited employees and their families in financial difficulty, and during the New Year's Day and the Spring Festival of 2019, we distributed a total of RMB89,000 as relief payments to employees who were sick or in financial difficulty for 18 times.

Public holiday benefits

To celebrate each Labour Day, we visit the recipients of the Bank's Role Model Worker Award and the Outstanding Worker Award. We also carry out a special initiative for safeguarding female employees' interests to celebrate International Women's Day each year. To mark the Anniversary of the Bank, we organize employees that perform well to concerts or other activities that benefits their health.

More free time activities available for employees

The Bank encouraged its employees to participate in cultural activities and actively organised recreational and sports activities that are popular with employees. We took the activities as an critical platform for "building up integrity, boosting cohesion, stressing unity and promoting development", to boost the morale of the majority of employees.



Cultural activities

We held diversified evening parties to celebrate important festivals like New Year's Day, the Spring Festival and the Moon Cake Day, which were aimed to enrich our staff's idle cultural life. The General Labour Union carried out multiple activities with various subjects, such as culture lectures, speech contests, reading contests,

photography and calligraphy exhibitions, cultural performances and concerts organised and conducted by the staff. On 16 November 2019, the Bank's employee chorus gave a themed performance. (Multiple photos)



Hobby clubs

We proactively advocated and conducted popular cultural and sports activities and taken these activities as important platforms to establish and enhance righteousness, cohesion and consociation in staff and propel our business development. These activities helped refresh our staff so that they could commit themselves to daily work. During recent years, the Labour Union of Bank of Qingdao established all kinds of hobby clubs to meet our staff's various cultural demands and enrich their idle cultural sports, such as "Ping-Pong Club", "Football Club", "Badminton Club", "Basketball Club", "Mountaineering Club", "Photographing Club", "Choir", "Military Band", "Drum Band", "Yoga Club", "Bicycling Club", "Sail boating Club", "Fishing Club", "Taiji Club", etc. We also constructed cultural galleries, bookstores and fitness facilities for our staff. In August 2019, the Taiji Club won the third prize and 'Outstanding Organiser' in the Taiji Competition of the 39th Qingdao Employee Sports Meeting.



Employees' sports meetings

On 15 June 2019, Qingdao Employee Sports Meeting was held. Altogether 50 teams, including over 1,500 employees took part in 57 competitions under eight categories.



Staff House

To provide our staff with more recreational options after work, the Labour Union of the Bank has established the Staff House and made improvement to it on a ongoing basis. Within the Staff House, there is a yoga room, work-out room, reading room, nursery room, an exhibit area for showcasing employees' calligraphy work and paintings, Ping-Pong table, and billiard tables. There were also women's changing room and men's changing room, showers stalls, toilets and self-

service drink machine. We have developed a complete management measures for the staff house. The staff house not only opens to the staff on a daily basis, but also becomes the venue for various activities organised by the Labour Union, including lantern riddle guessing on Lantern Festival, Activities for celebrating International Women's Day, and work-out sessions for the staff.

Employee Skill Competition

In 2019, the Bank held the second "Craftman of the Bank of Qingdao" Employee Skill Competition. Across the Bank, 48 teams including 696 person-time participated in the contest. Throughout the competition, a number of new business performers have been explored and cultivated and many excellent brands have been produced, and the team of excellent employees has been growing, significantly contributing to the continuous improvement of the service level of the whole Bank.



Setting up a learning system

The research department

Based on the Postdoctoral programme, we enhanced our research on macroeconomics, industry and policies, and offered opinions and suggestions for the development of the Bank's business to effectively improve the value of research results in terms of reference. In 2019, the Bank carried out research on community banks, rural finance and health finance, as well as research on special topics such as the coordinated development of commercial banks and venture capital, financial support for the development of Shandong Free Trade Zone, etc., which provided relevant suggestions for the Bank's industry credit and related business development and improved the credibility of the research. In 2019, the Bank published 40 internal research weekly papers, and more than 10 articles were published in well-

known industry journals, including Journal of Financial Development Research, the Banker and Hainan Finance.

The Bank actively participated in external topic research. In 2018, it won the Outstanding Award for Key Research Topic from Shandong Monetary Society, the third prize for Key Research Topic of Qingdao Monetary Society, Financial Innovation Award of Qingdao, the Outstanding Award for Key Decision-making Consulting Research Topic of Qingdao Jinjialing Financial District, and the Outstanding Organizer Award of China Post-Doctoral Innovation and Entrepreneurship Competition.

Case

Prepared the sub-camp of "Global Doctors' Training Camp"

On 20 August, the event themed as Qingdao's first "Global Doctors' Training Camp" and the sixth "Trip to Qingdao of 1,000 doctors from 100 universities" was launched. As a co-organiser of the event, the Bank prepared itself as the sub-camp of the training camp, which further improved the Bank's popularity and influence, and provided more powerful intellectual support for the Bank to attract talents in all aspects, assistance in upgrading plans and strategic transformation.



Youth Forum

In 2019, the Bank held the sixth youth forum with the theme of "Restart". Since the registration in December 2018, 83 papers have been submitted with nearly 100 participants. Altogether 20 award-winning papers have been compiled into a collection of excellent papers. During the forum, awards were given to the participants with outstanding research results and papers in 2018. Theme salons were delivered, and innovation projects were displayed, and comments were made by guests.

The youth forum has been held for six consecutive years. It continues enriching and innovating the original mode of "research paper + themed salon". By including expert lectures, the forum managed to boost its academic and professional nature and in combination with the innovation competition for new employees, it has introduced innovation project exhibition. It attracted more than 700 young employees to participate, with 63 young employees to participate in the forum salon, with 8 employees creating 5 innovation projects shown on the forum in the past six years. With regards to research results, altogether more than 400 papers were collected in six years, 69 of which won the first, second and third prizes respectively, and 70 of which were included in the collection of outstanding papers of the youth forum. The research covers macro-economy, industry, policy, business and so on. A considerable number of the research won provincial and municipal awards.



Professional training and career development

We have always attached great importance to conducting professional trainings for our staff. We have continuously improved the training system by optimizing training programmes and expanding training subjects in light of our overall development plan. In order to further enhance the knowledge and professional skills of our staff in general, we continued to promote the trainings for middle and senior management, professionals and new employees in 2019.

Enhancing professional skills trainings across business lines

Pursuant to the Bank's business development goals and personnel business improvement, the Bank delivered training courses for its client managers, training projects for its retail service lines, training programmes for operation of customer service system, audit business training course and elite wealth management manager training camp, etc.



Launching "Qing Yin Le Xue Tang" management platform

In August 2019, the Bank officially launched its mobile on-line platform named "Qing Yin Le Xue Tang", which could provide on-line study, examination, study programme management and training programme management for its users. The launch of the platform assists the employees in preparing for training and exams by means of effective access to study materials anywhere and anytime.

Supporting Charity and Poverty Alleviation Programs

As a member of the community, we have made it our principle to proactively perform our corporate social responsibility. In order to achieve a harmonious relationship with the society, we have proactively taken measures to perform our corporate social responsibility, engage our people in charity programs, carry out target poverty alleviation programs and support vulnerable groups in recent years.

Targeted poverty alleviation

During the year, the Bank made tremendous contribution to Qingyin Charitable Foundation by undertaking poverty alleviation programs through financial services and targeted poverty alleviation and other welfare activities.

Project name	Amount (RMB 10,000)	Purpose
Project "Bringing light, sound and health again"	115	Performing surgery for children with congenital heart disease, deaf children and the elderly with cataract in Qingdao and Anshun City, Guizhou Province and Longnan City, Gansu Province and Heze City, Shandong Province
Extensive poverty alleviation project for Daying Village, Daying Town, Ziyun Miao Buyi Autonomous County, Anshun City, Guizhou Province	100	Supporting poverty alleviation projects undertaken by the government
Photovoltaic construction project of Shijia Village, Yazhi Town, Rushan City	3	For photovoltaic construction project
Assistance project of Shanmajia Village, Rongcheng City	3	For road maintenance, water supply transformation, environmental improvement, etc.
Shuangshi Village, Songcun Town, Wendeng District, Weihai City	5	Renovating the village council's office
Assistance project of Longshanqian Village, Dongshan Community, Rongcheng City	3	Comprehensive management, integrity construction, civil construction, etc.

Charity assistance

In 2019, the Bank continued to deliver various charity events to help those in need.




Dongying Guangrao Sub-branch and Dongying District Sub-branch organise blood donation




 Jinan Shungeng Sub-branch donates supplies to Changqing Xin Zhi Hang Hope School




 Qingdao Shibei Sub-branch's staff takes part in parenting activities in Qingdao Disabled Person's Training Centre




 Qingdao Shibei Sub-branch organises voluntary community events to care for the elderly




 Dongying Lijin Sub-branch takes part in "One Day Donation with Kindness" held in the town




 Guantao Road Sub-branch takes part in the new year's party held by the autistic children's rehabilitation institution and donates supplies



 Zibo Branch organises voluntary events with a theme of "Warm Each Other to Welcome the New Year" for poverty-stricken students



 Zibo Branch organises voluntary events with a theme of "Thanks for your Warmth" for couriers

Supporting the development of scientific, educational, cultural and sanitary career

Setting up scholarships

We continued our contribution to the “Qingyin Scholarships” in nine universities, including Shandong University, Ocean University of China, Shandong University of Science and Technology and Qingdao University.

Name of university	Amount (RMB 10,000)
Ocean University of China	350
Shandong University	50
Qingdao University	50
Shandong University of Science and Technology	50
Shandong Technology and Business University	30
Qingdao University of Science and Technology	30
Qingdao University of Technology	30
Shandong Agricultural University	30
Qingdao Agricultural University	30

Sponsoring sports meeting

On 27 October, the 2019 Mount Tai International Marathon, held by Chinese Athletic Association, Shandong Sports Bureau and Tai'an Municipal People's government and sponsored by the Bank of Qingdao, was successfully held.

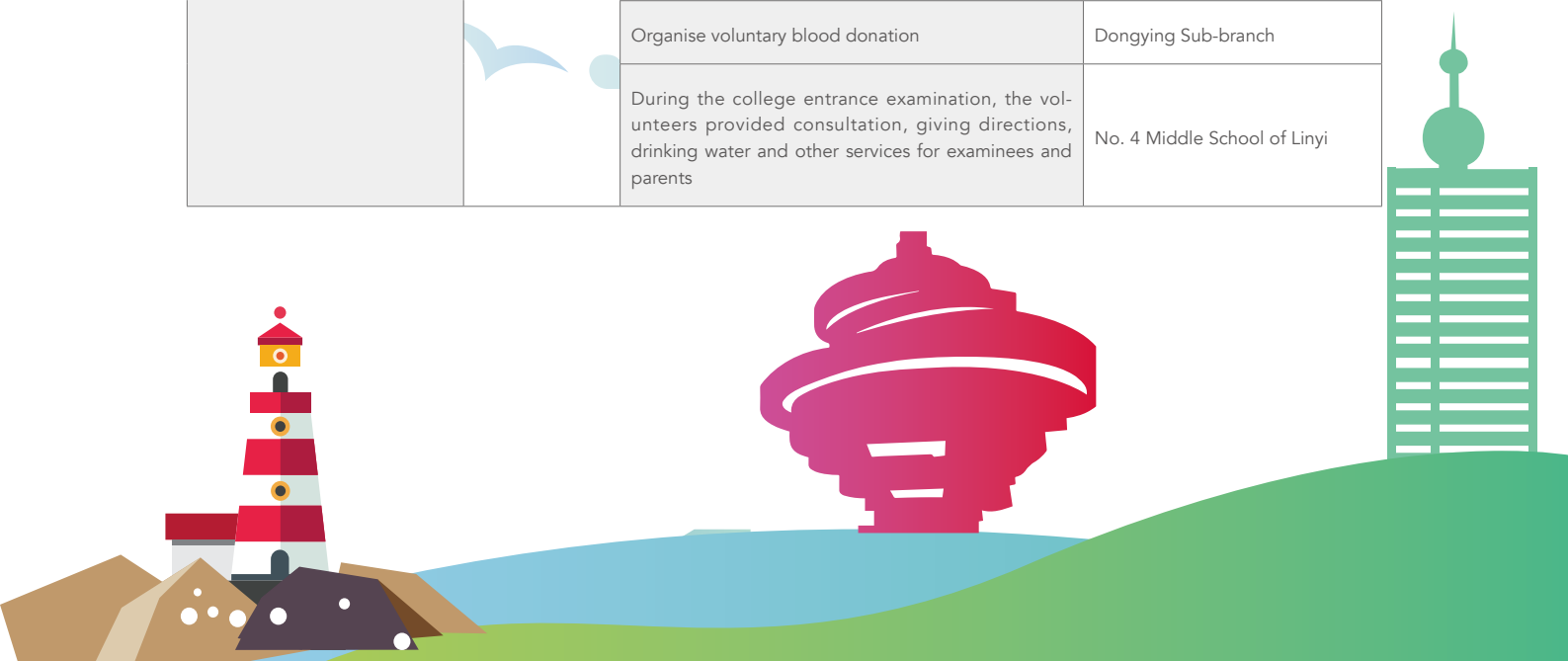


Conducting voluntary activities

Staff volunteer activities in 2019

Activity name	Date	Content	Location
Supporting targeted poverty alleviation and caring for orphans and the elderly with respect	January to September 2019	Poverty alleviation activity with a theme of "Help the Old Warmly" and a theme of "Mutual Care"	Visiting rural poverty-stricken elderly people and leftover children
		Visiting the old Party members in Dongtie community, Xifu Town, Chengyang District	Dongtie community, Xifu Town, Chengyang District
		Visiting poverty-stricken families in Spring Festival	Lijin County, Dongying City
		Visiting leftover elderly people in Mid-Autumn Festival	Leshan Community, Jinan City
		Visiting elderly people that live alone in Beimen Community	Beimen Community, Jining City
		Providing support to the rehabilitation training of autistic children in poverty-stricken families	Qingdao Polar Ocean World
Tree-planting day activities	March 2019	Tree planting with a theme of "Meet in Spring and Embrace the Green"	Limaohill, Longdong Street, Jinan City
		Tree planting	Yuhepan, Kuiwen District, Weifang City
"Learn from Lei Feng" voluntary activities	March to September 2019	Offering free mung bean soup to sanitation workers	Chengyang Sub-branch
		Voluntary activities with a theme of "Learning from Lei Feng"	Dongying District, Dongying City
		Youth voluntary walkathon	Jinan Revolutionary Martyrs Cemetery
		Shibei Sub-branch's voluntary group visiting Qingdao Municipal Federation of the Disabled with a theme of "voluntary with love"	Qingdao Disabled Person's Training Centre
		"Learn from Lei Feng" voluntary activities	Huantai County, Linzi District and Zhangdian District, Zibo City
Awareness improvement for promoting consumer protection day	March 2019	"3.15" Publicity campaign for financial consumer rights	Jinyuan Plaza, Department Store of Lijin County, Dongying City
		Publicity campaign for financial consumer rights	Dongying District, Dongying City
Spreading financial knowledge in campus	August to September 2019	Popularizing month of financial knowledge, and delivering Financial Knowledge to Thousands of Families	Shandong University (Qingdao Campus)
		Spreading financial knowledge in campus	Kindergarten of Huixiang Garden, Huangdao District, Qingdao City
		Spreading Financial Knowledge in kindergarten	May Fourth Square Sub-branch

Activity name	Date	Content	Location
Campaign for delivering financial knowledge to corporates and communities	February to December 2019	Campaign for delivering financial knowledge to thousands of families	Sanli Market, Lijin County, Dongying City
		Popularizing month of delivering financial knowledge	Jimaocheng Community, Lijin County, Dongying City
		Campaign for delivering financial knowledge to communities	Qiaofang Community, Linyi City
		Campaign for spreading financial knowledge to rural areas	Bancheng Town, Linyi City
		Campaign for delivering financial knowledge to corporates	Commodity Market, Linyi City
Publicity on credit-related information	May to October 2019	Publicity on credit-related information	Sanli Market, Lijin County, Dongying City
		Publicity on credit-related information	Dongying District, Dongying City
		Information on how credit helps small and micro enterprises and private enterprises in financing	Red Star International Plaza
		Value credit record and enjoy your life	Jiaonan Sub-branch
Proactively fulfill one's social responsibilities	August to December 2019	Flood prevention and emergency rescue against Typhoon Lekima	Zouping City
		Voluntary activities on traffic safety in urban areas	Bincheng District, Binzhou City
		Voluntary activities on traffic directing in Guangrao County	Guangrao County, Dongying City
		Activities to call for voluntary blood donation	Square in front of the main entrance of Guangrao Sub-branch, Dongying City
		Organise voluntary blood donation	Dongying Sub-branch
		During the college entrance examination, the volunteers provided consultation, giving directions, drinking water and other services for examinees and parents	No. 4 Middle School of Linyi



Improvement to CSR reporting

In 2019, the Bank prepared its CSR Report in accordance with the Measures for the Regulation of Bank of Qingdao on Annual CSR Report Preparation and Disclosure and related requirements and guidelines.

During the preparation of the ESG report in 2019, the Bank comprehensively and thoroughly summarised the impact of business activities on economy, environment and society. In addition, it paid more attention to refining the concept of social responsibility, enriched and improved various social responsibility indicator systems, and gave full play to the due value of ESG report in disseminating ideas, advancing practice and enhancing management.

In the next step, the Bank will target leading domestic peers and enterprises as benchmarks, improve the weakness of social responsibility, boost the electronic level of multiple processes such as opinion collection and feedback, and encourage stakeholders to be part of the work, so as to disclose information more comprehensively. In addition, the Bank will carry out multi-dimensional publicity and based on this year's ESG report and enhance its brand value by actively fulfilling its social responsibilities.



Prospects for 2020

The year 2020 is the final year of China's building a moderately prosperous society in an all-round way. It also marks the conclusion of the 13th Five-Year Plan. It is a critical year for our reform. The Bank will be guided by the strategic goal of "Innovative Finance and Brilliant Banking" and continue to integrate the development of enterprises into supporting national strategic deployment and serving regional economic development. In addition, we actively focus on the real economy, actively respond to environmental changes and we will embrace our social responsibilities, and promote the sustainable and steady development of economy, environment and society.

In terms of its economic responsibilities, the Bank will back up real economy from a higher perspective. We will continue to focus on the supply side of national structural reform, the shifting the growth model and replacing old growth drivers with new ones in Shandong Province, and the "15 Economic Goals" of Qingdao to intensify its financial support for the real economy. The Bank will make overall plans for major national strategic financial services such as the Free Trade Pilot Zone and the SCO Demonstration Zone, speed up the cultivation and promotion of special businesses, and, based on special branches, provide better service to industries including science and technology, ports, cultural and creative industries, and service trade. We will implement the concept of inclusive finance, further improve the quality and efficiency of financial services for small and micro enterprises and private enterprises. The Bank will also speed up the exploration of new ways of community financial services to better serve community residents. In response to the national "Rural Revitalisation" strategy, we should relocate our service focus to rural areas, accelerate the construction of agricultural service stations, and develop rural financial services.

In terms of its environmental responsibilities, the Bank aims to establish itself as green bank with high standards. We will vigorously develop green finance by further standardising the operation of green credit business and directing funds to investment in green industries including ecological agriculture, green industry, modern service sector, clean energy, circular economy, and key energy-saving fields. We aim to build up a long-term mechanism for the development of green credit. In addition, we will carry out the concept of green development, innovate green credit products, and provide financial drivers for the optimisation of economic structure and green economic development. Besides, we will strengthen internal management, advocate the whole bank to build up green awareness, green work pattern and low-carbon lifestyle, and practice green actions for all staff.

In terms of its social responsibilities, high standards will be our motivation to improve service efficiency. We will adhere to the concept of "Qingxin" service, enhance technology empowerment, continue to promote the development of institutional outlets towards features- and high quality-oriented development, layout the construction of "smart outlets", and provide customers with intelligent, convenient and comfortable one-stop financial services. Next, we will continue to explore the sustainable charity development, promote the development and expansion of the Bank's charity foundation, and establish a platform for public charity promotion. We will systematically carry out targeted poverty alleviation and donate money to help students, support the development of education, and help win the battle against poverty. Guided by the "Qingcheng" consumer insurance brand, we will widely spread financial knowledge and help financial consumers guard against financial risks. We will practice caring culture, open up career development channels for employees, and help them grow.

Looking to the future, the Bank will adhere to the core values of "customer-oriented, employee-based, social responsibility- and shareholder return-targeted, and a better life as our motivation", improve the social responsibility management system, earnestly shoulder the economic responsibility, environmental responsibility and social responsibility, and make steady progress towards the new financial boutique bank with "science-and-technology leadership, fine management and distinctive features".



Appendix

Independent Limited Assurance Report

To the Board of Directors of Bank of Qingdao Co., Ltd.:

We were engaged by the Board of Directors of Bank of Qingdao Co., Ltd. ("the Bank") to provide limited assurance on the 2019 Corporate Social Responsibility (Environmental, Social and Governance) Report of the Bank for the year ended 31 December 2019 ("the CSR Report").

(1) Responsibilities of the Board of Directors

The Board of Directors of the Bank is solely responsible for the preparation and presentation of the 2019 CSR Report, including the information and assertions contained within it, in accordance with the disclosure recommendations of the Shenzhen Stock Exchange's Guidelines for Standardized Operation of Companies Listed on the Small and Medium-sized Enterprise Board ("SZSE's Guidelines") and the Stock Exchange of Hong Kong Limited's Guidelines for Environmental, Social and Governance Reporting ("SEHK's Guidelines").

The Board of Directors is also responsible for designing, implementing and maintaining internal control that enables the preparation and presentation of the CSR report that is free from material misstatement, whether due to fraud or error.

(2) Responsibilities of KPMG

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our work in accordance with International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and complied with the applicable requirements of International Standard on Quality Control 1 to maintain a comprehensive system of quality control.

Our independent limited assurance report is made solely to the Bank in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Board of Directors of the Bank those matters we have been engaged to state in this independent limited assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than the Bank for our work, for this independent limited assurance report, or for the conclusions we have reached.

(3) Summary of work performed

A limited assurance engagement on a CSR report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the CSR report, and applying analytical and other procedures, as appropriate. Our procedures included:

- Inquiries of management to gain an understanding of the Bank's processes for determining the material issues for the Bank's key stakeholders;
- Interviews with management and relevant staff at the Bank concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff at the Bank responsible for providing the information in the CSR Report;
- A media analysis and an internet search for references to the Bank during the reporting period;
- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the CSR Report;
- Comparing the information presented in the CSR Report to corresponding information in the relevant underlying sources by limited testing to determine whether key information contained in such underlying sources has been included in the CSR Report;
- Reconcile key financial data and figures with the audited financial statements; and
- Reading the information presented in the CSR Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Bank.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore, a lower level of assurance is provided. In addition, our work was not undertaken for the purpose of opining on the effectiveness of the Bank's systems and procedures.

(4) Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the CSR Report of the Bank is not prepared, in all material respects, in accordance with the SZSE's Guidelines and the SEHK's Guidelines.

KPMG Huazhen LLP
Beijing
20 March 2020

ESG Report Indicator Index

Content of ESG Report Indicator Index released by
Stock Exchange of Hong Kong Limited

Subject Areas and Aspects	General Disclosures	Disclosure location	KPIs	Disclosure location
A. Environmental				
A1 Emissions	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Pages 37-38	A1.1 The types of emissions and respective emissions data.	Page 38
			A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 38
			A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 38
			A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 38
			A1.5 Description of measures to mitigate emissions and results achieved.	Pages 37-38
			A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Pages 37-38
A2 Use of resources	Policies on the efficient use of resources, including energy, water and other raw materials.	Pages 37-38	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Pages 08,38
			A2.2 Water consumption in total and intensity (e.g. per unit of production volume per facility).	Pages 08,38
			A2.3 Description of energy use efficiency initiatives and results achieved.	Pages 37-78
			A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Pages 37-38
			A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A
A3 Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Pages 36-38	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Pages 36-38
B. Social				
B1 Employment	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Page 49	B1.1 Total workforce by gender, employment type, age group and geographical region.	Page 49
			B1.2 Employee turnover rate by gender, age group and geographical region.	Page 49
B2 Health and Safety	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Pages 49-52	B2.1 Number and rate of work-related fatalities.	Page 49
			B2.2 Lost days due to work injury.	Page 49
			B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Pages 49-52

Subject Areas and Aspects	General Disclosures	Disclosure location	KPIs	Disclosure location
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Pages 53-54	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	note1
			B3.2 The average training hours completed per employee by gender and employee category.	note1
B4 Labour Standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Page 49	B4.1 Description of measures to review employment practices to avoid child and forced labour.	49
			B4.2 Description of steps taken to eliminate such practices when discovered.	N/A
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	Page 38	B5.1 Number of suppliers by geographical region.	Page 38
			B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Page 38
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Pages 44-47	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
			B6.2 Number of products and service related complaints received and how they are dealt with.	Page 44
			B6.3 Description of practices relating to observing and protecting intellectual property rights.	Page 47
			B6.4 Description of quality assurance process and recall procedures.	N/A
			B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Page 44
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Pages 47-48	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Page 48
			B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Pages 47-48
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Pages 55-59	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Pages 55-59
			B8.2 Resources contributed (e.g. money or time) to the focus area.	Pages 55-59

Note 1: The Bank will disclose the relevant information in a planned manner in the future

Feedback from Readers

Thank you for reading the 2019 Corporate Social Responsibility Report of Bank of Qingdao. For the purpose of enhancing information communication, better understanding and meeting your expectations and demands, providing more valuable information for your and other stakeholders and improving the Bank's ability to perform its corporate social responsibility, we hope that you can share with us your valuable comments and suggestions on this report by completing the feedback from below and sending it to us via any of the following ways:

1. Which kind of stakeholder are you:

- ☐ Customer ☐ Employee ☐ Government ☐ Regulator ☐ Shareholder
☐ Vendor ☐ Partner ☐ Community ☐ Environment ☐ Others

2. Your general evaluation on this report:

- ☐ Poor ☐ Average ☐ Good ☐ Excellent

3. Your evaluation of Shengjing Bank in performing social responsibilities for economic development:

- ☐ Poor ☐ Average ☐ Good ☐ Excellent

4. Your evaluation of Shengjing Bank in performing social responsibilities for environment:

- ☐ Poor ☐ Average ☐ Good ☐ Excellent

5. Your evaluation of Shengjing Bank in performing social responsibilities for social progress:

- ☐ Poor ☐ Average ☐ Good ☐ Excellent

6. Do you think Bank of Qingdao meets your expectations and demands?

- ☐ No ☐ Average ☐ Yes

7. Do you think this report gives a true and fair picture of how Bank of Qingdao performs its corporate social responsibility for promoting economic, environmental and social progress?

- ☐ No ☐ Average ☐ Yes

8. Do you think this report is clearly stated and easy to understand?

- ☐ No ☐ Average ☐ Yes

9. Do you think the content and typography is suitable for reading?

- ☐ No ☐ Average ☐ Yes

10. Do you have any other comments or suggestions on the report and on the improvement and development of Bank of Qingdao for performing social responsibilities?



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Thank you for your feedback and support!