



SUSTAINABILITY REPORT **2019**

Bank Profile

Established in 1994, the China Development Bank (hereinafter referred to as CDB or we) is a state-funded and state-owned development finance institution. As an independent legal entity directly overseen by the State Council, it is dedicated to supporting China's economic development in key industries and under-developed sectors.

To anchor its mission of supporting national development and delivering a better life for the people, CDB aligns its business focus with China's major medium-and long-term economic development strategies. Leveraging its unrivalled position as a leading bank for medium- and long-term financing and comprehensive financial services, it mobilises economic resources and channels them towards eight key areas:

- Socioeconomic development, such as infrastructure, basic industries, pillar industries, public services and management;
- Urbanisation, urban-rural integration, and balanced regional development;
- Programmes essential for national competitiveness, including the transformation, upgrading, and restructuring of traditional industries, energy conservation, environmental protection, advanced equipment manufacturing;
- Public welfare, including affordable housing, poverty alleviation, student loans, and inclusive finance;
- Areas of strategic importance, including science and technology, culture, and people-to-people exchange;
- The Belt and Road Initiative (BRI) and other international cooperation programmes in industrial capacity, equipment manufacturing, infrastructure connectivity, energy and resources, and for Chinese enterprises to "go global";
- Initiatives in support of development and economic and financial reforms ;
- Other areas encouraged by national development strategies and policies.

Placing a strong premium on reform and innovation and tapping into its strengths as a development finance institution, CDB keeps closely to national development strategies, operates on market principles with the backing of sovereign credit, and ensures principal safety and modest profitability. Its vigor, influence and risk resilience has been growing continuously, putting it on track to become a world-class development finance institution and a steady source of support for China's economic and social development.



Contents

4 Chairman's Review

6 President's Report

8 Special Topic:
Advancing Both Epidemic
Prevention and Control and
Economic Development
with Firm Confidence and
Coordinated Efforts

10 Special Topic:
Taking Targeted Measures to
Fight the "Three Battles"

14 Philosophy

15 Management

20 Performance

72 Future Outlook

73 Appendixes



01 Promoting High-Quality Economic Development

- 22 Filling Infrastructure Gaps with a Focus on Quality and Efficiency
- 28 Promoting Regional Coordination and the Resulting Complementary Advantages
- 34 Safeguarding Our Environment with Green Finance
- 38 Serving High-Quality BRI Cooperation

02 Helping Create a Better Life

- 44 Taking Targeted Measures to Improve the Quality of Poverty Alleviation
- 50 Expanding Financial Supply to Small and Micro Private Enterprises
- 52 Taking Multiple Measures to Improve the Living Environment
- 54 Focusing on Priorities to Support Rural Revitalization

03 Working Together toward Partnership

- 60 Meeting the Comprehensive Needs of Customers
- 62 Growing Together with Employees
- 68 Commitment to Public Welfare

Chairman's Review

The year 2019 marked the 70th anniversary of the founding of the People's Republic of China. Development finance also made important progress in supporting high-quality development and SDGs. Faced with rising risks and challenges at home and abroad, CDB followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, adhered to the mandate of policy finance, and brought into full play the role of development finance to support the priority and weak areas in the economy and society. We facilitated supply-side structural reform and the national effort to tackle the three tough challenges of major risks, poverty and pollution, providing development finance for the balanced growth of the economy and society and environmental protection. Thanks to our efforts, new progress materialized in sustainable development.

Over the year, we consistently followed a sustainable approach in our corporate development strategy and day-to-day operation, living up to our mission as a sustainable development finance institution.

Uphold the CPC's leadership. CDB followed closely Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era; strengthened the awareness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment; increased confidence in the path, theory, system, and culture of socialism with Chinese Characteristics; and upheld the status of General Secretary Xi Jinping as the core of the CPC Central Committee and the whole Party and the authority and centralized and unified leadership of the CPC Central Committee. We carried out the campaign to renew commitment to the founding mission of the CPC, strengthened Party organs at various levels within CDB, intensified Party discipline to fight corruption, and promoted the healthy growth of our business through Party building.

Pursue high-quality development. We fully played a countercyclical role by providing RMB 2.6 trillion financing for the real economy. We supported major projects of road, railway, and urban transit rails to fill in the infrastructural gaps and create a strong foundation for economic growth. We completed our target of issuing RMB100 billion loans to private businesses and RMB100 billion loans to small and micro businesses to invigorate the small players in the economy. We issued RMB 378.5 billion loans to advanced manufacturing so as to foster new sources of growth for the economy. We facilitated the implementation of major regional development strategies to promote greater integration between regions. We supported high-quality development under the BRI by expanding bilateral and multilateral financial cooperation to share in the fruits of sustainable development with partners around the world.

Tackle three major challenges. To combat poverty, we focused on the outstanding issues in food, clothing, and access to compulsory education, basic medical services and safe housing in rural areas. We issued RMB 182.7 billion loans to targeted poverty reduction programs in support of business initiatives, relocation and continued development, and student loans so as to help the poor regions stand on their own feet. To counter pollution, we vigorously developed green finance and provided more green finance products for environmental and ecological rehabilitation in priority regions, which delivered continued changes in the environment. To defuse major risks, we intensified our risk management system and the identification and mitigation of existing risks, making significant progress and strengthening the overall health of our assets.

Fight COVID-19. CDB introduced an emergency financing system to meet the demand arising from the COVID-19 response. We donated funds and medical supplies in support of the response on the frontline. We increased financial support for hard-hit regions and businesses to recover from the pandemic and safely resume production. Our efforts were conducive to economic recovery and social stability.

The global governance structure is at a historical turning point. COVID-19 has produced a tremendous impact on the world economy. Sustainable development, according to Chinese President Xi Jinping, holds the golden key to the global issues today. CDB will fully leverage its strengths in development finance to promote concerted efforts for sustainable development.

To this end, we will comprehensively strengthen Party building. We will ensure the CPC's leadership over all aspects of our work and make our own growth a conducive part in the national development strategy. By strengthening Party building, we will foster stronger discipline in the whole group to ensure sustained development.

We will comprehensively improve our services. CDB will be adaptive to the market environment at home and overseas, innovate financing models, make development finance more instrumental in challenging times, lower the financing costs of the real economy, and step up medium-to-long term financing supply for areas related to the people's livelihood, environmental rehabilitation, and other areas of priority and weakness.

We will comprehensively enhance our financial governance capacity. CDB will keep refining its corporate governance mechanisms and improve decision-making and operational efficiency of the board. We will implement all reform programs for better management, communication with stakeholders, and value-creation.

We will comprehensively elevate the guiding role of development finance. We will seek to build more extensive networks for international cooperation to create synergy between the BRI and the UN 2030 agenda for sustainable development to provide lasting impetus for sustainable development.

Great accomplishments call for foresight and persistent efforts. The year 2020 is a milestone in China's history as we realize the goal of building a moderately prosperous society in all respects and conclude the 13th five-year plan. CDB will forge ahead with a greater sense of responsibility, mission, and urgency and a better appreciation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We will take on more challenges, support the "six stability goals" and "six protection targets", and work for a stronger economy, a better life for the people, and an early victory in eliminating poverty and building a moderately prosperous society in all respects.

President's Report

In 2019, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, CDB stayed prudent and proactive and supported China's high-quality development by actively leveraging the countercyclical role of development finance to increase support for the real economy. Embedding the leadership of the CPC in its governance structure, CDB continuously refined its governance and services and made new progress. At the end of 2019, our total asset was RMB 16.5 trillion, balance of loans RMB 12.2 trillion, and capital adequacy ratio 11.71%.

Financing the real economy. We issued RMB 1.22 trillion loans to projects of road, railway, power, water, and new energy to fill in infrastructure gaps. We achieved the "double RMB 100 billion" lending target, which boosted support for private companies and small and micro businesses. We supported the implementation of state strategies, such as the Beijing-Tianjin-Hebei Integration Plan, the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Yangtze River Delta Integration, with RMB 807.8 billion loans disbursed to the areas along the Yangtze River Economic Belt. By the end of 2019, we had provided more than RMB 240 billion loans to finance high-quality development under the BRI.

Improving people's livelihood. In an effort to step up poverty alleviation, we issued RMB 182.7 billion loans to targeted poverty-reduction programs, supporting infrastructure and public services in poor regions and developing businesses; we issued RMB 31 billion student loans to fight poverty with education. To create better synergy between poverty reduction and rural invigoration, we issued RMB 366.1 billion loans to rural invigoration programs. We financed the construction of public rental housing units, government-subsidized rental housing units, and co-ownership housing units and supported renovation of shanty areas and old residential blocks in cities to better the housing environment.

Protecting the environment. CDB promoted green finance to protect the environment and reduce energy consumption and emissions. We expanded the supply of green financial products, enhanced the social impact of green finance, and issued China's first financial bonds on Bond Connect in the area of sustainable development. Through multiple financial services, such as loan syndication, investment, and leasing, we provided financing for the protection of the Yangtze River and for green development. At the end of 2019, our balance of green loans topped RMB 2.1 trillion, the largest in China's banking sector and making us an important force for the national program to treat pollution.

Supporting COVID-19 response. We established a COVID-19 emergency financing mechanism for the production and purchase of medical supplies and the provision of critical consumer goods. We set up special working capital loan facilities to help affected businesses reopen and recover. We increased support for the priority and vulnerable sectors by speeding up the disbursement of loans to restore growth and at the same time contain the spread of the pandemic.

Improving operational management. We refined our corporate governance structure and procedures for better decision-making and operational efficiency. We strengthened internal control, compliance management and process standardization to ensure operation in accordance with laws and regulations. With a strong risk awareness, we formulated a plan to tackle the most difficult challenges in risk management and stepped up efforts on the ground to keep a healthy asset portfolio. We promoted balanced business development between the headquarters and subsidiaries and improved our services to create a larger scope for growth.

CDB is poised to embrace the new year with renewed energy. In 2020, we will stick to our mission of serving national interests with financial instruments. We will continue to play our countercyclical role to support state strategies, economic growth and social stability. We will strengthen our financial governance capacity and provide better financial services to facilitate the balanced and sustained development of the economy, society and the environment in China.





△ The second day after Wuhan was locked down, CDB Hubei Branch granted RMB 2 billion in emergency loans for epidemic prevention and control.

△ CDB Shanghai Branch purchased, donated and shipped medical supplies including ventilators to the front line against the epidemic.

△ CDB Chongqing Branch granted RMB 55 million in a dedicated loan for Chongqing Fuling Railway Co., Ltd.

△ CDB Ningxia Branch granted to Longde Liupanshan Chinese Medicine Resources Development Co., Ltd. RMB 20 million in a PBoC re-lending facility.

Special Topic

Advancing Both Epidemic Prevention and Control and Economic Development with Firm Confidence and Coordinated Efforts

Since the outbreak of COVID-19, guided by General Secretary Xi Jinping's crucial instructions and the decisions and arrangements of the CPC Central Committee and the State Council, CDB has played the countercyclical role of development finance to support epidemic control and economic recovery. While continuing to keep the epidemic under effective control, we have coordinated with the government to ensure stability in priority areas, promote the steady operation of the economy and society and fulfill our responsibilities as a development finance institution.

▶▶ Leveraging CDB's Advantages to Get the Real Economy Back on Track

Optimizing resources allocation and accelerating lending

CDB channeled funds into priority areas where investment would benefit both the supply and demand sides and generate a multiplier effect, such as advanced manufacturing, people's livelihood, and infrastructure. By the end of June 2020, RMB loans issued by CDB on the Chinese mainland had increased by RMB **682.4** billion, including RMB 93 billion on-lending facilities.

Sparing no effort to support both ongoing and newly launched projects

CDB designed a dedicated loan facility in support of the brand manufacturers that boasted a notable market share but were faced with temporary challenges. We made every effort to fill in infrastructure gaps by giving priority to projects in transportation, municipal works, logistics, critical agricultural infrastructure, and water conservancy and irrigation. By the end of June 2020, CDB had disbursed RMB **1.027** trillion loans for new infrastructure, new urbanization and major projects.

Stepping up support for private businesses and small enterprises

CDB expanded its network of partner institutions and guided them to steadily reduce the financing costs of small enterprises and private businesses. It had granted RMB **120.1** billion through on-lending facilities by the end of June 2020.

Fighting the "three battles"

To win the battle against poverty, CDB had granted RMB **196.1** billion in poverty relief loans by the end of June 2020. To win the battle against pollution, CDB enhanced its support for major environmental protection projects and national reserved forest projects, focusing on all-round protection of the Yangtze River, and ecological conservation and high-quality development along the Yellow River. By the end of June 2020, CDB had granted RMB **230.7** billion in green loans. To win the battle against risks, CDB maintained stable asset quality by enhancing risk prevention and control in priority areas through improved mechanisms, identifying risks arising from the epidemic, and taking targeted measures to handle risks in a steady manner.

▶▶ Adopting Innovative Financial Service Models to Help Businesses Re-Open

Developing emergency financing policies

Following the guidelines jointly issued by China's five state authorities including the People's Bank of China (PBoC), CDB developed the *Work Plan for Winning the Battle against COVID-19 and Leveraging Development Finance to Stabilize Economic and Social Development*, along with several mechanisms for emergency loan granting, in order to reduce potential disruption caused by the epidemic.

Setting up an emergency financing service mechanism in the context of COVID-19

CDB took targeted measures to ensure timely response to financing needs and an adequate supply of loans and to streamline credit granting procedures, with a view to supporting enterprises involved in the construction of hospitals for COVID-19 patients, production and procurement of medical supplies, and supply of daily necessities. CDB also strengthened compliance management of the special-purpose funds. By the end of June 2020, we had granted RMB **31.4** billion in emergency loans to fight against the epidemic, issued RMB 13.5 billion special-purpose bonds to tackle the epidemic, which became a low-cost source of funding for tackling the outbreak. The aim is to mobilize funds across society to mitigate the impact of the epidemic.

Pursuing a differentiated lending policy

In order to help enterprises re-open as early as possible, CDB adopted a differentiated lending policy, adjusting repayment plans and interest periods and temporarily cutting interest rates for key projects and enterprises in epidemic-stricken regions, sectors, and industries. It cut fees on intermediary services and adopted a special policy of fee cuts for epidemic prevention and control, with a view to truly reducing the burden on enterprises. It also carried out follow-up audits of loans for epidemic prevention and control to ensure that these loans were used for their intended purposes.

Issuing dedicated loans to help enterprises resume operation

CDB set up two special working capital loan facilities to help affected businesses reopen and recover. It helps to expand domestic demand and stabilize investment by supporting both ongoing and newly launched projects in priority areas including infrastructure, manufacturing, and poverty relief. CDB also stepped up services to foreign trade and investment to support affected projects and enterprises. By the end of June 2020, CDB had granted RMB **438.5** billion in working capital loans to stabilize the business sector and economic development.

▶▶ Donations to Epidemic-Stricken Regions

- On January 27, 2020, CDB donated RMB **20** million to the Hubei Charity Federation.
- CDB purchased from overseas **4.6** million units of medical supplies including masks, protective suits, ventilators and extracorporeal membrane oxygenation equipment to support the fight against COVID-19 on the front line.
- Four CDB subsidiaries donated a total of RMB **20** million to Hubei.
- CDB employees donated more than RMB **6.82** million.



Special Topic

Taking Targeted Measures to Fight the “Three Battles”

Winning the “three battles” against major risks, poverty, and pollution is crucial for high-quality development. In 2019, while confronting complex situations and challenges at home and abroad, CDB made significant progress in tackling risks, poverty reduction, and environmental improvement, serving as a driver of high-quality development.

► Offering High-Quality Services to Win the Battle Against Poverty

Developing a poverty relief framework to strengthen top-level design

“1-1-3-4-3-1” poverty relief framework

One organization

An efficient organizational structure that features bank-wide participation and collaboration

One plan

A poverty relief plan with a specific timeline and roadmap

Three-faceted strategy

A strategy of providing institutional, financial and intellectual support

Four methods

Poor family relocation at the provincial level, infrastructure construction at the county level, industry development at the village (household) level, and educational assistance at the household (individual) level

Three actions

Poverty relief actions focused on the poorest regions, on collaboration between eastern and western regions, and on targeted areas

One work evaluation system

An effective work evaluation and supervision system to ensure accountability with a signed letter of responsibility

Three breakthroughs to consolidate poverty relief outcomes

- Breakthrough in the total amount of loans for poverty relief through financial services. Over RMB 300 billion loans had been granted in support of poverty relief and economic and social development in poverty-stricken regions.
- Breakthrough in the total amount of loans for poverty relief through industry development. Over RMB 100 billion loans had been provided to promote industry development in poverty-stricken regions and lift local people out of poverty by increasing their income.
- Breakthrough in the total amount of student loans. Over RMB 190 billion student loans had been issued to help cut the inter-generational transmission of poverty.

Three initiatives to address the toughest challenges in overcoming poverty

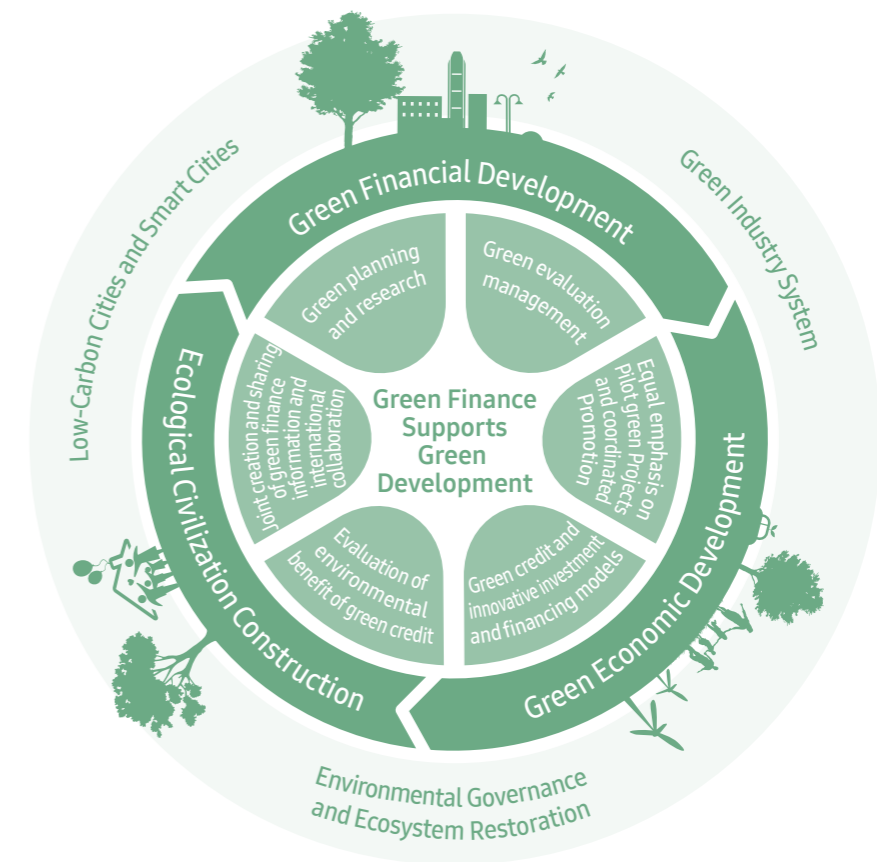
- With a focus on the toughest poverty-relief challenges, CDB strengthened its support for the battle against poverty in the poorest regions including the “Three Regions and Three Prefectures” (the “three regions” refer to Tibet, four Tibetan-inhabited provinces, and four prefectures in southern Xinjiang, while the “three prefectures” refer to Liangshan Yi Autonomous Prefecture in Sichuan, Nujiang Lisu Autonomous Prefecture in Yunnan and Linxia Hui Autonomous Prefecture in Gansu).
- To create synergy among all stakeholders, take advantage of its extensive client base, and promote collaboration matchmaking, CDB released the *Guideline on Strengthening Poverty Relief Collaboration Between Eastern and Western Regions in All Respects*, specifying that favorable policies would be adopted for poverty relief in the poorest regions and employment of relocated people and that funding would be provided for projects of poverty relief collaboration between eastern and western regions.
- CDB pooled its resources to promote poverty relief in targeted areas. Guided by the *2019 CDB Work Plan for Poverty Relief in Targeted Areas*, CDB supported local projects for improvement of human habitats and for industry development.

By the end of 2019

RMB **1.4** trillion poverty relief loans issued since the 13th five-year plan period

The number of national and provincial-level poverty-stricken counties covered by poverty relief loans **1,235**

► Providing Systematic Support for Winning the Battle Against Pollution



By the end of 2019

The outstanding green loans more than RMB **2.1** trillion

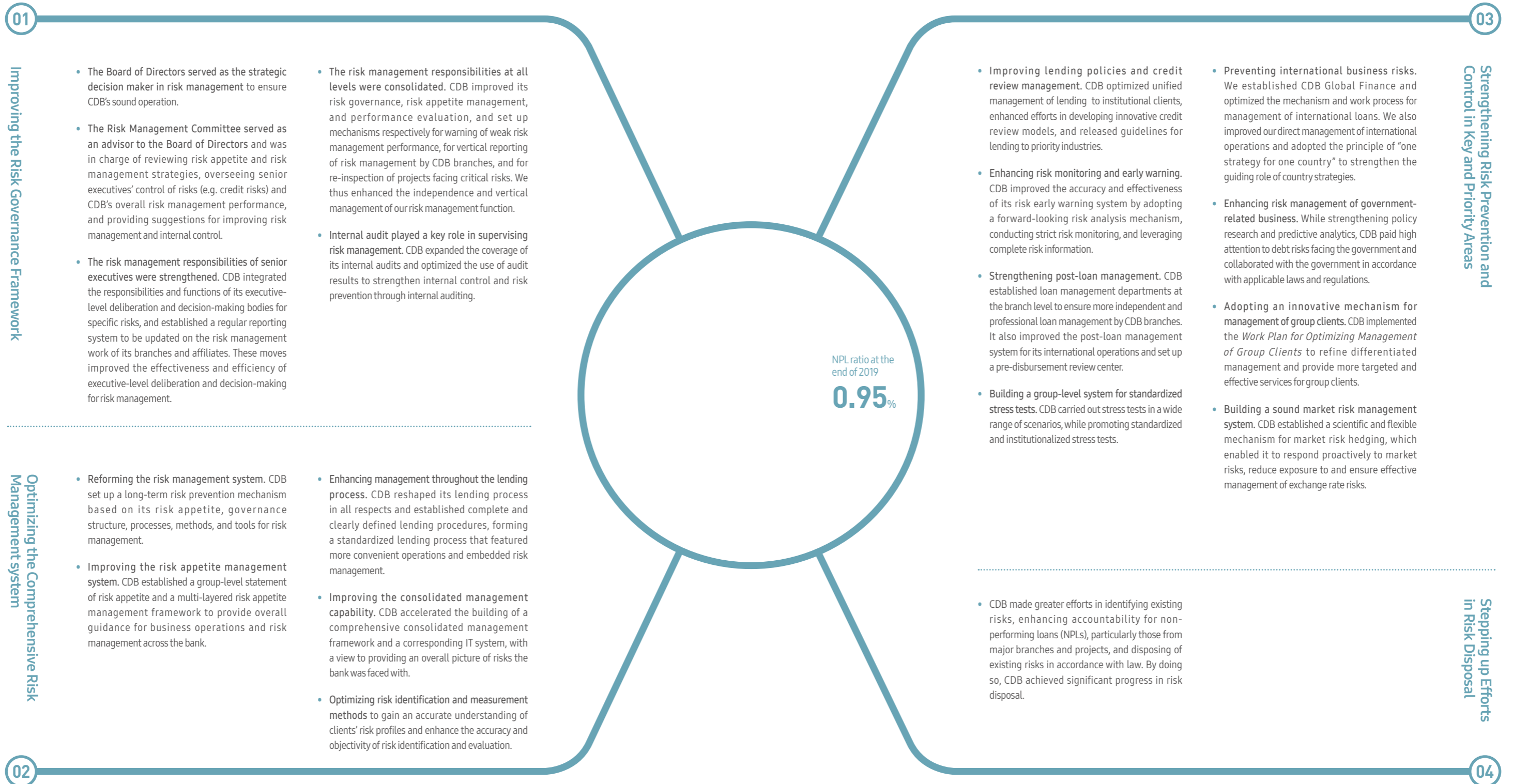
The total amount of green bonds issued RMB **35** billion

Environmental Benefits of Green Finance

- 62.798** million tonnes per year standard coal saved
- 137.492** million tonnes per year carbon dioxide emissions reduced
- 1.646** million tonnes per year sulfur dioxide emissions reduced
- 872,000** tonnes per year oxynitride emissions reduced
- 621,000** tonnes per year chemical oxygen demand reduced
- 73,000** tonnes per year ammoniacal nitrogen emissions reduced
- 546.61** million tonnes per year water saved



» Fighting the Battle Against Major Risks



Philosophy

Pursuing its mission of “enhancing national competitiveness and improving people’s livelihood”, CDB holds fast to its positioning as a development finance institution, its core values of responsibility, innovation, green growth, prudence, and win-win development, and its goal of growing into a world-leading development finance institution. CDB makes full use of development finance that serves national strategies and features sovereign credit support, market-oriented operation, principal safety and modest profits, and takes advantage of medium and long-term investment and financing to stabilize economic growth and optimize the economic structure. The ultimate purpose is to attain the development goals set by the Chinese government, more efficiently allocate social resources, and mitigate cyclical economic fluctuations. CDB has also enhanced its support for tackling priority issues and gaps to serve national strategies while ensuring its own high-quality development.

► Our Goal

Aligning its business focus with China’s major medium and long-term economic development strategies, high-quality development requirements, and the sustainable development goals in the United Nation’s *Transforming Our World: The 2030 Agenda for Sustainable Development*, CDB is committed to growing into a market-oriented development finance institution that features adequate capital, sound governance, strict internal control, safe operation, excellent services, and high-quality assets, and to providing strong financial support for sustained and healthy development of the Chinese economy.



The UN Sustainable Development Goals (SDGs)

► Our Vision

CDB continues to strengthen its capability and efficiency in serving national strategies as an indispensable and special development finance institution of strategic significance. CDB plays its due role to help China build its capacity for long-term economic growth. It serves China’s major medium and long-term development strategies, and provides strong support for projects in relation to national security and the lifelines of the Chinese economy, in order to generate more momentum for economic growth. CDB gives full play to the key role of development finance in shoring up underdeveloped sectors in economy and society. It enhances its support in fields where China faces bottlenecks, such as people’s livelihood, environmental protection, and technological innovation. It makes up for what is missing in the market, and improves China’s capability for sustainable economic and social development. CDB plays a countercyclical role at critical moments. It leverages medium and long-term investment and financing to support macroeconomic policies, of the state with a view to boosting market confidence and reducing cyclical economic fluctuations.

CDB pursues high-quality development by enhancing its market-oriented operation capability. CDB keeps exploring new concepts, methods, and approaches to serve economic and social development in a market-oriented manner. CDB works to enhance corporate governance by creating a governance framework in which all functions operate on their own while collaborating and effectively balancing against each other. CDB is committed to innovation and has developed innovative financing models, management systems, financial products, and risk control technologies. CDB is keen to enhance risk prevention and control. It has created complete, scientific, and effective systems for risk management and internal control. CDB also keeps strengthening its operational capabilities through lean and intensive management.

Management

► Strengthening the Leadership of the Communist Party of China

CDB studied and implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guidelines of the 19th National Congress of the CPC, strengthened the CPC’s leadership over development finance, and enhanced political integrity and awareness and upheld the authority of the Party. Our goal is to become a development finance institution trusted by both the CPC Central Committee and the general public.

Enhancing political building. With a focus on the general guidelines for Party building in a new era, CDB highlighted the importance of political building, optimized the mechanism for implementing the instructions of General Secretary Xi Jinping, and released the *Measures of the China Development Bank for Enhancing Political Building of the Party* to strengthen political stance, character, role and capability and foster a clean political ecology. CDB established an accountability system for Party building to ensure fulfillment of the responsibility to enforce strict Party discipline at all levels. CDB also rectified the problems uncovered during the supervisory inspections of the CPC Central Committee and government authorities for political building, while extending the responsibility of Party governance to the grassroots level.

Strengthening education on Party theories. CDB rolled out the educational campaign with the theme of “Remaining True to Our Original Aspiration and Keeping Our Mission Firmly in Mind” to ensure strict compliance with the overall requirement of “staying faithful to our original aspiration, striving for our mission, uncovering gaps, and making pragmatic efforts” and promote in-depth and pragmatic implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. CDB also integrated education and research initiatives with examination and rectification of problems, and adopted high standards for convening democratic meetings. CDB emphasized that the educational campaign produced satisfactory results in adopting the right thinking, finding and solving problems, and enhancing the leadership, and increasing the sense of responsibility.

Advancing organizational building. Striving for the core goal of strengthening the political leadership of the Party, CDB optimized its Party organizations at all levels, with a focus on sharpening their organizational capabilities.

CDB developed task lists for Party building to ensure that Party branches provide political training for Party members by holding learning sessions and events. CDB released and amended a total of seven task lists including the *Methodology for Deep Integration of Grassroots Party Building and Business Operations*, forming a unique Party building management system based on the task lists.

Enforcing strict discipline. CDB fulfilled the responsibility of Party governance, deepened the reform of its discipline inspection and supervision mechanism, and enhanced efforts to promote integrity and fight corruption. Upholding the leadership of the CPC Central Committee is the fundamental political task. As such, CDB launched two inspection tours for poverty relief and credit risks respectively. It strengthened analysis of uncovered problems and re-evaluation of rectification work to ensure all-round and substantive rectification and solve the root causes of the problems identified. CDB imposed strict discipline on Party members, enforced rules and regulations for promoting integrity in credit granting, procurement, construction, officials selection and placement, and international business operations, convened education conferences at which corruption cases within CDB were used to educate Party members, with a view to enhancing integrity among Party members and creating a healthy political atmosphere where Party members dare not, are unable to, or have no intention to fall into corruption.

Adhering to the principle that the Party must be in charge of personnel management. Following the guidelines for organizational building in a new era, CDB introduced the *Rules of the China Development Bank on Encouraging Staff to Take on New Rules in a New Era* and established its mechanisms to ensure that those with “strong political awareness, comprehensive capabilities, integrity, and a sense of responsibility” were selected for leading positions across the bank through performance evaluation, and supervision and examination based on positive incentives. CDB also launched political theory education and professional skill training according to the CPC Central Committee’s requirements for cadre education and training, with a view to building a team of high-caliber professionals.

» Improving Corporate Governance Capability

CDB is keen to integrate the CPC's leadership into every aspect of its corporate governance, and adopts various operating mechanisms to modernize the governance framework on development finance.

Rules-Based Corporate Governance

Upholding the guiding principle of making progress while maintaining stability, the Board of Directors fulfilled its strategic decision-making responsibility and improved CDB's governance capability and quality. It ensured that the bank adhered to its positioning as a development finance institution, focused on its main functions and business areas, took concrete measures to serve the supply-side structural reform, played a countercyclical role, spared no effort to dispose of risks, and aligned the delivery of China's national strategies with its own sustainable development. With a focus on priorities including corporate governance, reform and development, risk management, and internal control, the Board of Directors held six meetings in 2019, at which it adopted 50 proposals and discussed and provided suggestions on critical issues such as business separation, regulation, and rectification, thus safeguarding CDB's reform and development.

CDB enhanced the building of a sound governance framework. Based on the principle that all functions should be performed independently in a well-coordinated operation and effective checking system, CDB established a more efficient governance framework in accordance with applicable laws and regulations, the *Articles of Association of the China Development Bank*, and its rules of procedure. All committees under the Board of Directors were assigned clearly defined responsibilities, based on which they served as advisors to the board by preparing and reviewing crucial proposals of the board and offering professional comments and suggestions. We also enhanced democratic management and included in our governance framework a democratic management system based on the employees' congress.

CDB established a more comprehensive system of corporate governance rules. It enforced the *Articles of Association of the China Development Bank and the Regulatory Measures of the China Development Bank* to ensure compliance with applicable laws and regulations and optimize corporate governance decision-making procedures. To improve its governance capability and development quality, CDB released the *Guideline on Implementing the Articles of Association and the Regulatory Measures of the*

China Development Bank and Establishing a Long-term Effective Mechanism, which specified 70 tasks whose execution was subject to comprehensive evaluation and set up a regular, long-term mechanism that promoted implementation of rules and regulations, improvement of decision-making procedures, accountability, and standardization of reporting lines. CDB also released the *Work Rules of the China Development Bank for Safeguarding the Right of Non-Executive Directors to be Informed*, which specified working mechanisms for issues including regular reporting, reporting of events of critical risks, and proposal preparation to ensure fulfillment of directors' responsibilities.

Enhancing Business Operations

CDB deepened reforms to lay an institutional foundation for its healthy and sustainable development. We improved our working mechanism for deepening reform and made remarkable progress in nine areas of reform. It advanced the reform in business separation to ensure that the bank adhered to its positioning as a development finance institution serving national strategies. It reformed international business management and, as a result, CDB Global Finance was set up. We released the *China Development Bank Risk Management Reform Plan* to reform our risk management system and improve our risk management capability. We also deepened reform in our subsidiaries to maintain their focus on main functions and business areas.

CDB refined management to enable operations management to play a better role in supporting business development. It developed innovative approaches to financing planning and completed a number of financing planning and research projects. Upholding the principle of long-term financing, it developed new financing channels, used innovations to be a leader on the bond market, and improved its capability to ensure adequate supply of funds. To strengthen financial management across the bank, CDB established a sound financial governance framework at the group level, which provided pillars of its financial management. It also optimized the equity management mechanism for its subsidiaries and deepened comprehensive business coordination with them. With a focus on IT application in priority areas, CDB completed and upgraded its Daoxianghu Data Center, which elevated the bank's information technology capability to a new level. CDB also continued refining its operational systems and mechanisms and adhering to the principles of zero accidents and zero fund losses.

» Improving Risk Prevention and Control

CDB implemented in a steady manner its three-year plan for winning the battle against major risks to ensure effective delivery of related measures and improve the quality of its assets.

Strengthening Comprehensive Risk Management

CDB accelerated the risk management system reform across the bank, improved its rules and regulations for comprehensive risk management, and amended the *Measures of the China Development Bank for Comprehensive Risk Management*. CDB carried out risk identification and evaluation to specify major risks it was faced with and improve its risk management capability. It adopted a multi-layered risk appetite management framework, improved the breakdown and transmission of its risk appetite, and developed a group-level statement of risk appetite. In order to strengthen consolidated management, CDB sharpened its capability of integrated risk management and enhanced bank-wide coordination and consistency in the implementation of the processes, rules and regulations, and standards for risk management. It strengthened predictive analysis of industry risks and optimized its precautions for these risks. It improved its group client management mechanism to shift its focus from projects to clients. Moreover, CDB advanced the building of a business continuity management system and performed business continuity drills to improve the quality and efficiency of management in all respects.

Enhancing Internal Control and Compliance Management

To improve its internal control and compliance system, CDB developed and amended a total of 46 rules and regulations to improve the effectiveness of internal control and compliance management. It refined its authorization management system to distinguish between authorization and dynamic regulation. It adjusted its internal control indicators and extended the coverage of onsite and offsite evaluation to its main business lines and all of its subsidiaries. It uncovered and rectified problems according to the principle of "ensuring accountability, setting up a complete rectification guide, defining

standards for completion of rectification, adopting pragmatic measures, and addressing both symptoms and root causes". CDB also established a sound management system for related party transactions and internal transactions, and began to collect complete information about its related parties. Moreover, it enhanced its anti-money laundering efforts and established a complete system for identification, monitoring, evaluation, and prevention of money laundering risks.

CDB took advantage of the supervisory role of audits focusing on policy implementation, critical risks, business compliance, effective utilization of funds, management loopholes, fulfillment of executives' responsibilities, and rectification of problems, enabling the bank to better serve China's national strategies. It assisted the National Audit Office in auditing the implementation of major national actions, launched audits in priority areas such as poverty relief and foreign exchange, and promoted problem identification and rectification through internal and external audits, with a view to supporting the bank's business development and risk prevention and control.

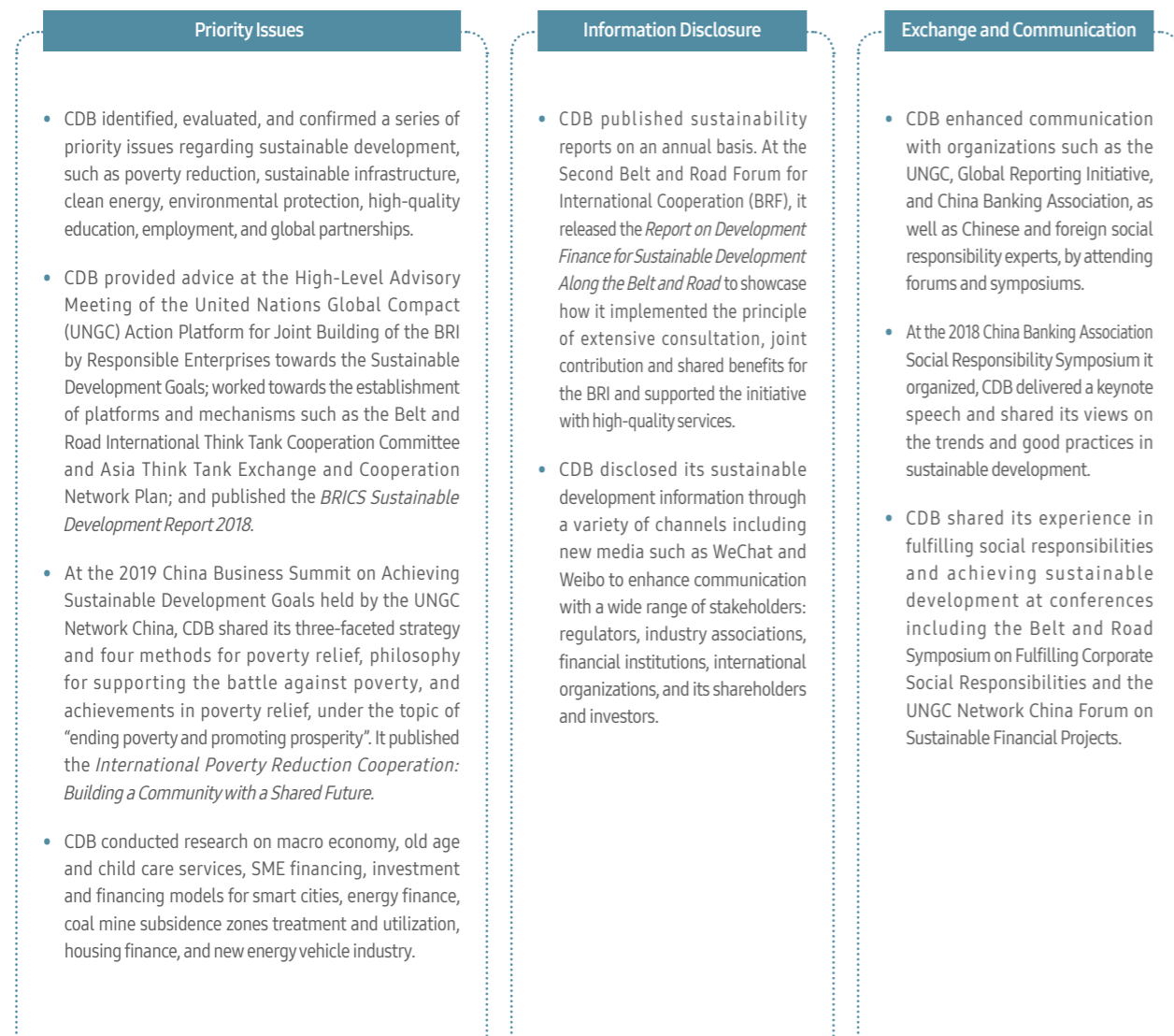
Ensuring Effective Risk Disposal

Upholding the principle of "fully exposing risks, consolidating asset quality, and accelerating disposal of NPLs", CDB launched a comprehensive investigation of the risks facing its existing projects, in accordance with regulatory requirements. It invested greater efforts in disposing of risks in priority areas and strengthened systematic risk management through whole-process control, list-based management, and risk identification. To speed up risk disposal through coordinated and collaborative efforts, CDB established a consultation mechanism under which the responsibility of risk disposal was assigned to branches through regular scheduling. Moreover, the bank developed innovative loan recovery strategies and explored market-oriented, law-based debt restructuring methods to accelerate NPL disposal. It also enhanced accountability for NPL to increase employees' compliance and risk awareness and to make its assets healthier.

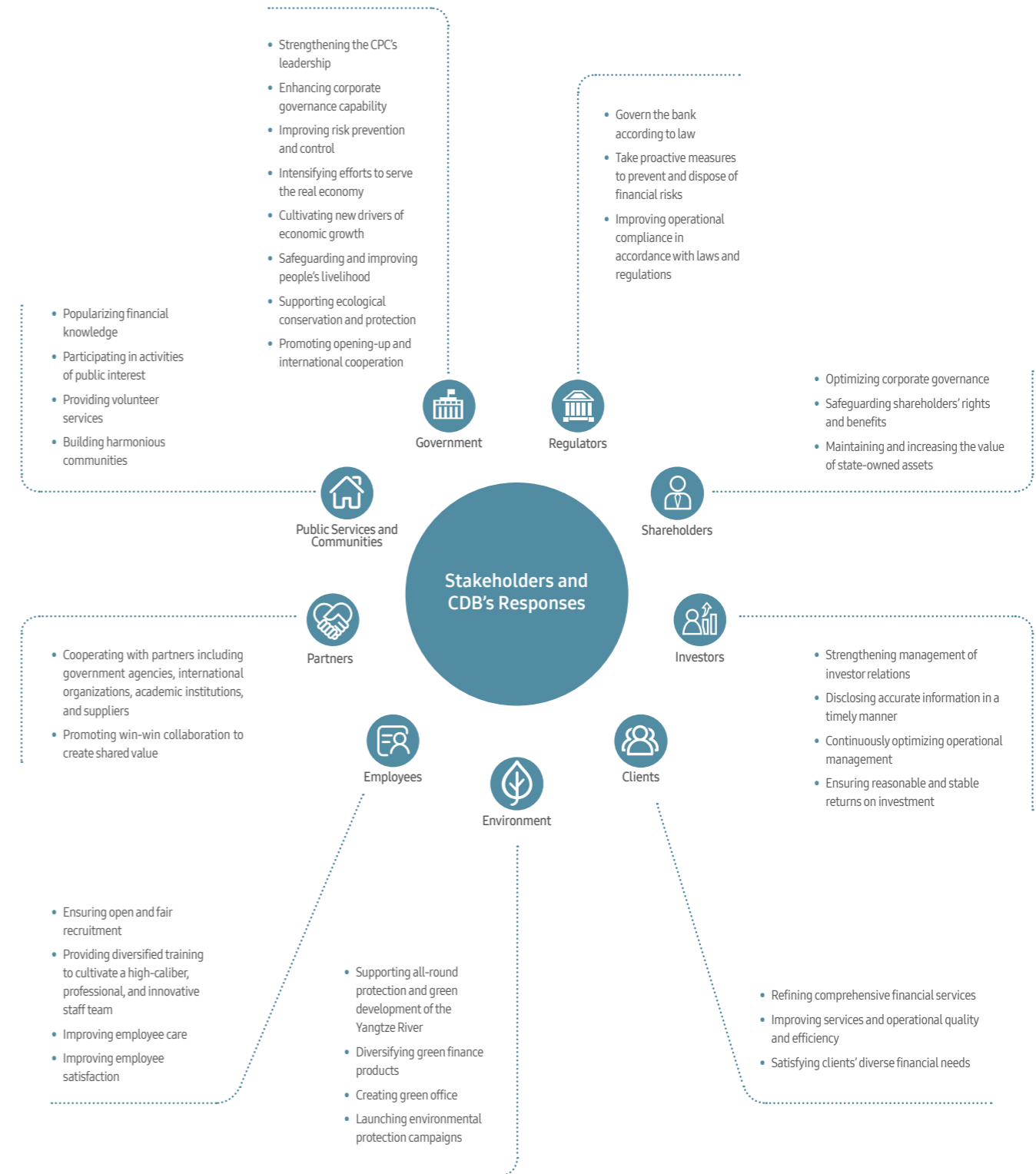
► Promoting Stakeholder Participation

CDB respects and responds to the needs and expectations of all stakeholders including its clients, employees, business partners and government agencies, by fulfilling its social responsibilities. In 2019, it received many honors and awards including the Enterprise of the Year of the People's Award for Corporate Social Responsibility from people.cn (for 14 consecutive years), the Social Responsibility Award for Targeted Poverty Relief from xinhuanet.com (for three consecutive years), the Bank of the Year for Serving High-Quality Development, the Award for Progress in Supporting the "Three Battles", the Award for Progress in Implementing the Belt and Road Initiative, and the 2019 Best Corporate Practice for Achieving Sustainable Development Goals.

Sustainable Development Management



Stakeholders and CDB's Responses





01

Promoting High-Quality Economic Development

2019

Infrastructure

RMB **115.2** billion loans granted for railway construction

RMB **465.2** billion loans granted for highway construction

RMB **143.7** billion loans granted for urban rail transit construction

RMB **173.4** billion loans granted to the electric power industry

RMB **58.9** billion loans granted to the water resources industry

Industrial Development

RMB **378.5** billion loans granted to the manufacturing industry

RMB **121.2** billion loans granted to the high-tech industry

Green Finance

Issued China's first sustainable development-themed green financial bond under the Bond Connect program, with an issue size of RMB **10** billion

Coordinated Regional Development

RMB **440.4** billion loans granted to the Beijing-Tianjin-Hebei Region

RMB **266.1** billion loans granted to the Guangdong-Hong Kong-Macao Greater Bay Area

RMB **807.8** billion loans granted to the Yangtze River Economic Belt

RMB **333.1** billion loans granted to the Yangtze River Delta

The Belt and Road Initiative

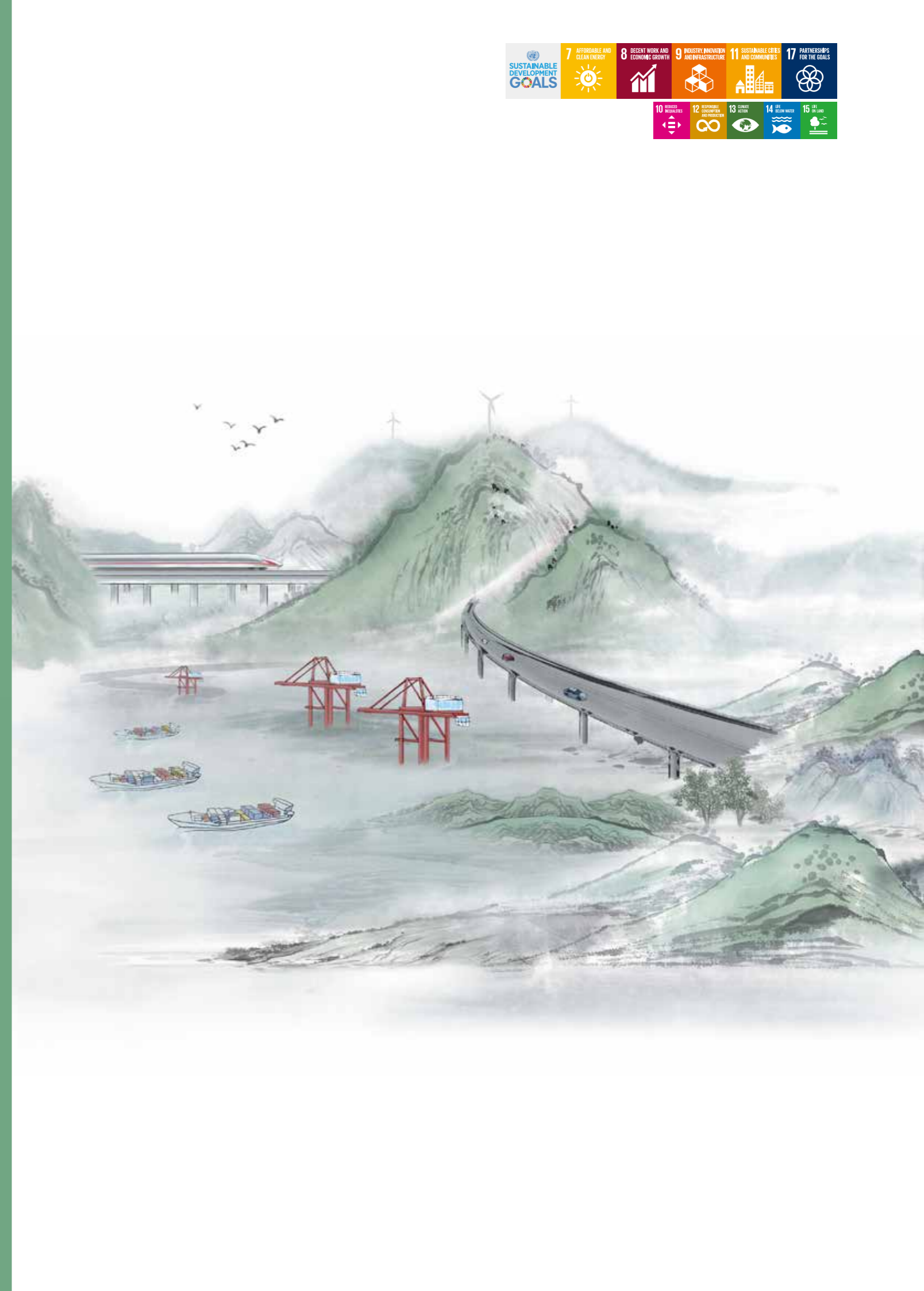
More than USD **20** billion loans granted to support the BRI

Held **21** multilateral and bilateral seminars attended by

948 participants

Scholarship benefited **144** foreign students

from **30** countries



Filling Infrastructure Gaps with a Focus on Quality and Efficiency

» Supporting the Building of an Integrated Transport Network

“The focus of transport development should be shifted from speed and scale to quality and efficiency, from disconnected to integrated development of different modes of transport, and from development driven by traditional factors to development driven by innovation, in order to build a modern integrated transport system that is safe, convenient, efficient, green, and cost-effective.”

The Program of Building National Strength in Transport
by the CPC Central Committee and the State Council

High-quality transport infrastructure is vital to ensure stable and healthy economic development and people's need for easier mobility. In 2019, CDB stepped up efforts to fill gaps in transport infrastructure such as highways, railways, airports, and urban rail transit, with a view to promoting the building of a modern integrated transport system that is safe, convenient, and efficient, and leveraging the role of transport infrastructure in supporting and leading high-quality economic and social development.



CDB's Story

“The High-Speed Railway on Cloud” Injects Vitality into Local Development

On December 16, 2019, the Chengdu-Guiyang High-Speed Railway that links Sichuan, Yunnan, and Guizhou was put into operation as the first high-speed railway in the Wumengshan region. As the lead lender, CDB Sichuan Branch granted a total of RMB 12 billion in loans to support the implementation and completion of the project. The railway has reduced the travel time between Chengdu and Guiyang to three hours, benefiting 36 million people living along the line. It will also help improve the high-speed railway network in Western China and promote economic and social development in Southwest China.

Chengdu-Guiyang High-Speed Railway Fully Operational

By the end of 2019, CDB issued

RMB **1.66** trillion to support high-speed railways with a total length of **29,000** km

RMB **860.1** billion to support urban rail transit with a total length of **10,011** km

RMB **3.7** trillion to support highways with a total length of **88,000** km

RMB **91.6** billion to support **117** airport projects



Actions

Planning and Research

- CDB launched a strategic research on building national strength in transport in collaboration with external institutions to support the creation of the *National Program of Building National Strength in Transport*; and completed a series of planning and research projects to identify industry trends and development priorities in the 14th Five-Year Plan period, such as the *Report on Transport Development Opportunities and Future Work Priorities*.
- In addition to frontier research and studies on critical and challenging issues, CDB also launched research on methods of predicting highway and railway traffic volumes in collaboration with professional institutions such as the Transport Planning and Research Institute of the Ministry of Transport, in order to improve the depth and accuracy of project reviews.

Focus on Priority Areas

- With respect to coordinated regional development, CDB supported the implementation of Beijing-Tianjin-Hebei integrated transport projects and established four project pipelines respectively for the Guangdong-Hong Kong-Macao Greater Bay Area, the integrated development of the Yangtze River Delta, cross-river routes, and coastal routes, with a view to maximizing the role of transport infrastructure in promoting regional development.
- To close development gaps, CDB supported expressway construction, capacity expansions of national and provincial arterial roads, construction of airline hubs in Central and Western China, and construction of the “Eight Vertical and Eight Horizontal” high-speed railway network.

Diverse Measures

- CDB strengthened its collaboration with enterprises and supported the implementation of leading enterprises' major projects, including China Railway's vehicle purchase project and China Communications Construction's Taihangshan Expressway project and Jianhe-Rongjiang Expressway project.
- CDB made use of the complementary advantages of development finance and commercial finance, and deepened financial collaboration in fields such as syndicated loans to provide joint support for transport infrastructure projects.
- CDB provided new financing channels for transportation infrastructure projects, such as syndicated loans, bond issuance, and bond underwriting, leveraging the advantages of comprehensive financial services.



Case

The Pingtan Strait Road/Rail Bridge

Supported by CDB Fujian Branch with a loan of RMB 3.072 billion, it is the world's longest cross-sea road/rail bridge and the first bridge of its kind in China. The successful opening of the bridge in 2019 is of great significance to improving the Beijing-Fuzhou-Pingtan high-speed railway route and strengthening the transport network in the region.



Case

The Lintao County-Weiyuan County Section of the Lanzhou-Haikou Expressway

Supported by CDB Gansu Branch with a total loan of RMB 1.4 billion, it has helped improve local traffic conditions and promoted the development of the economy and society in areas along the expressway such as Gansu, Ningxia, and Qinghai.

Creating a Better Life Through Rail Transit

Case

On June 30, 2019, Line 2 of the Nanchang Metro was completed and began trial operations. CDB Jiangxi Branch has provided a total of RMB 3.72 billion loans to support the construction of Line 2. The opening of the line has effectively relieved the pressure of passenger traffic in the old and new urban areas of the city, saved travel time for citizens, and improved the quality of public transport in Nanchang.



Nanchang Metro Line 2 Conducting Trial Operations

» Helping to Meet the Needs for Efficient Energy

“

Low-carbon energy development concerns the future of humanity. China attaches great importance to low-carbon energy development and actively promotes energy consumption, supply, technology, and institutional transformation. The country is ready to work with the international community to strengthen energy cooperation in all aspects, safeguard energy security, address climate change, protect the ecology and environment, promote sustainable development and bring more benefits to people around the world. ”

Congratulatory Letter from President Xi Jinping to the Taiyuan Energy Low Carbon Development Forum 2019

The development high-quality energy projects are a solid guarantee for the sustained and sound development of the economy and society. In 2019, we actively supported the construction of key projects such as a coastal nuclear power facility, a large-scale hydropower project, pumped storage and other energy storage facilities, affordable wind power, large-scale advanced offshore wind power and UHV power transmission projects. We increased support to areas of weakness such as transforming and upgrading rural power grids, natural gas production, supply, storage and marketing systems. We also promoted the improvement of energy supply structure, helped meet the energy needs of economic and social development, and enhanced people's well-being through "using efficient energy".

By the end of 2019, CDB issued

RMB **2.44** trillion to the energy industry, resulting in a clean power capacity of **360** million kW

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Actions

| Conducting Planning Studies | Supporting Key Areas |
|--|---|
| <ul style="list-style-type: none"> Taking stock of the development trend in the energy industry, carrying out research related to the wind power and photovoltaics industries, and completing research reports like the <i>Report on the Development and Operation of the Offshore Wind Power Industry</i>. Providing policy recommendations to local governments, and completing planning studies such as the <i>Development Finance to Support Qinghai in Becoming a National Clean Energy Demonstration Province</i>. | <ul style="list-style-type: none"> Promoting the implementation of major clean energy projects with a focus on coastal nuclear power, wind power, hydropower, and photovoltaics. A total of RMB122.6 billion loans have been granted. Facilitating electric power transmission across provinces and regions and promoting the construction of key projects for UHV electric power transmission. Promoting the upgrading and reconstruction of rural power grids and issuing loans of RMB 5 billion to support the construction of related projects. Enhancing natural gas storage and transport capacities and supporting the construction of projects such as Sinopec's Wen 23 underground gas storage facility and the Jiangxi Provincial Natural Gas Pipeline Network Project. |



Case

Phase I Offshore Wind Farm in the Xinghua Bay, Fuqing, Fujian

The project is a leading platform for offshore turbines research and innovation. CDB Fujian Branch lent RMB 700 million to this project to improve local energy consumption mix and meet the needs for clean energy.



Case

The Zhundong-Huadong ±1,100 kV UHVDC Transmission Project

CDB Xinjiang Branch has provided a total of RMB 9.2 billion in medium and long-term loans in support of 2000 MW clean energy installed capacity to promote the development of wind and solar power in the Zhundong area and contributed to the economic development in Xinjiang.

Promoting Regional Coordination and Complementarities



We should speed up the implementation of the regional development strategy, improve regional policies and spatial layout, consider the comparative advantages of different regions, develop sources of new driving forces for national quality development, promote the coordinated development of the Beijing-Tianjin-Hebei Region, the integrated development of the Yangtze River Delta and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and build world-leading innovation platforms and growth poles. We should make solid progress in the construction of Xiongan New Area, implement measures to jointly protect the Yangtze River Economic Belt, and promote the ecological protection and high-quality development of the Yellow River Basin. ”

2019 Central Economic Work Conference

China's economy has transitioned from high-speed growth to quality growth, raising new requirements for coordinated regional development, namely the "reasonable division of tasks and optimized development". In 2019, we supported the implementation of major regional development strategies concerning the coordinated development of the Beijing-Tianjin-Hebei Region, the development of the Yangtze River Economic Belt, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, the integrated development of the Yangtze River Delta, the development of the Hainan Free Trade Zone, the high-quality development and the ecological protection of the Yellow River Basin and the revitalization of the Old Northeast Industrial Bases. These efforts were made to boost complementary advantages and quality development across different regions and to develop new driving forces.

CDB's Story

Financing to Promote Green Development and Environmental Protection

Fuling District, Chongqing, located at the junction of the Yangtze and Wujiang Rivers, is facing developmental needs in river basin management, industrial upgrading and infrastructure improvement. Based on the guiding philosophy that "lucid waters and lush mountains are invaluable assets" and the principle of market-based financing, CDB Chongqing Branch has focused on the comprehensive management, protection and restoration of the ecological environment, the development of green industries, and the improvement of urban and rural living environments in the Yangtze River Basin. These developments will help "construct green barriers, develop green industries, and build green homes".

River Basin Management

Pollution has been controlled from the two major pollution sources of "water and soil". The construction of green barriers along the Yangtze River was supported by citrus planting, production discharges that meet regulations by the green production of pickled mustard tubers, and thorough ecological management by large-scale green management.

Industrial Upgrading

The construction of a green corridor along the Yangtze River, planting of featured agricultural products such as mustard tubers and the intelligent and recyclable upgrading of mustard tuber industries can help realize environmental and economic benefits.

Infrastructure Improvement

Living conditions in urban and rural areas have been improved to build green homes by better urban and rural transportation infrastructure, upgraded public services.

Environmental Benefits:

By supporting the construction of citrus planting bases and a project to improve the capacity of original citrus orchards, forest coverage is expected to grow by about **1,500** hectares and the efficiency of soil and water conservation will be increased by about 10%.

By supporting the construction of green production demonstration bases for pickled mustard tubers and production demonstration bases for the recycling of pickled mustard tuber's raw materials, salt consumption will be reduced by **10,000** tons and the direct discharge of waste water will be reduced by **280,000** tons.

Actions

Beijing-Tianjin-Hebei Region

- CDB Xiongan Branch in Hebei was officially launched to provide comprehensive and diversified financial services for Xiongan New Area.
- We helped optimize regional layout by supporting the construction of Beijing's core functional area and sub-center. We carried out research on the development and construction planning of featured small towns in Beijing's sub-center, and facilitated the implementation of projects in the Tongzhou District of Beijing including the construction of an integrated pipeline, the improvement of the water environment and the renovation of shantytowns.
- Focusing on key areas, we supported the construction of Beijing-Zhangjiakou High-speed Railway, Beijing-Xiongan Intercity Railway, Beijing-Qinhuangdao Expressway and the Beijing Daxing International Airport to promote Beijing-Tianjin-Hebei Interconnection. We also supported such projects as the comprehensive management of the Yongding River Basin and the ecological restoration of the Hutuo River in Shijiazhuang, and carried out research on Tianjin's ecological barrier construction and other plans, in a bid to help protect the ecological environment in the Beijing-Tianjin-Hebei Region.

Providing Support for the Launch of Beijing Daxing International Airport



Case

As a flagship project in Beijing, the Daxing International Airport plays a key role in the synergistic development of Beijing, Tianjin and Hebei. CDB Beijing Branch has granted a total of RMB 1.226 billion to support the project's development. The airport, which officially started operation on September 25, 2019, allows for transfers between different transportation modes including the highway, rail transport, high-speed railway, and the intercity railway. This forms a diversified transportation network, creating a strong connection between the Beijing-Tianjin-Hebei urban agglomeration and is expected to advance the regional connection and accelerate the high-quality development of the area.



Actions

Guangdong-Hong Kong-Macao Greater Bay Area

- We carried out the *Study on Development-Oriented Financial Support for Infrastructure Connectivity in Guangdong-Hong Kong-Macao Greater Bay Area*, *Study on Development-Oriented Financial Support for Systematic Financing in Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone*. With the efforts, we have had a thorough review of major projects in fields such as transportation, energy, communication, water conservation, and science and innovation parks in the Greater Bay Area.
- We issued the *CDB's Action Plan for Supporting the Construction of Guangdong-Hong Kong-Macao Greater Bay Area (2019-2022)* and help build Shenzhen as a leading demonstration area of socialism with Chinese Characteristics.
- We held two training sessions on "the integration of Guangdong, Hong Kong and Macao and Macao's financial capacity building", aiming to promote diversified development of Macao's economy and upgrade the abilities of its financial talents. The sessions trained a total of 51 middle and senior managers from the Monetary Authority of Macao, Luso International Banking Limited, Bank SinoPac, and other financial institutions.

Northeast China

- Loans of RMB **186.3** billion were granted to Northeast China and east Inner Mongolia to support prioritized and challenging areas, such as infrastructure, basic and pillar industries, SOE reform, urban renewal, poverty alleviation, contributing to overall revitalization and high-quality development of the old industrial base.
- We set up a leading group to support the revitalization of Northeast China, and organized a set of events themed as "Financial Support for Revitalization-Liaoning Actions 2019". Many cooperation outcomes were produced, serving as strong support to economic transformation and upgrade in Liaoning.
- We prepared the *Report of CDB on the Ecosystem of the Transformation of Scientific and Technological Achievements in Heilongjiang*; and played the role of development finance to support applying scientific and technological achievements in Heilongjiang.

Central and Western China

- Loans totaling RMB **68.5** billion was granted to Xinjiang and Tibet in 2019 to support large projects such as the construction of the Ürümqi Railway Station.
- We published the work plan of development finance for western development. With a clear understanding of the priorities and requirements, we performed our duties in serving Great Western Development Strategy through development finance.
- We completed research on the planning of the bamboo industry in Yunnan, national reserve forests in Guizhou and featured agriculture in Inner Mongolia centering on local development characteristics; promoted industrial transformation and upgrading in Central and Western China, and supported the economic layout based on complementary regional advantages.

Actions

Yangtze River Economic Belt

- We released the *2019 Work Plan on Supporting the Overall Conservation and Green Development of the Yangtze River*, and provided a loan totaling RMB 384.9 billion for green development and conservation of the Yangtze River.
- We co-organized the Seminar on Bank-Government-Enterprise Cooperation to Promote High-Quality Development of the Yangtze River Economic Belt, and co-established the Think-Tank Alliance for High-Quality and Green Development of the Yangtze River Economic Belt, a shared platform for scientific research and finance.
- We improved the mechanisms for coordinating with local governments; signed special cooperation agreements on overall conservation of the Yangtze River with the governments of 11 provinces and cities along the Yangtze River; built a bank of key cooperation projects; and organized and completed 20 special cooperation projects and special studies on the conservation of the Yangtze River, including the implementation of the *Financing Plan for the Development of the Hanjiang River Ecological and Economic Belt in Hubei*, to systematically promote the overall conservation of the Yangtze River.
- We promoted special cooperation with environmental protection enterprises; supported the implementation of key projects of China Three Gorges Corporation and China Energy Conservation and Environmental Protection Group in pilot cities; established a special cooperation mechanism with China General Nuclear Power Corporation for the overall conservation of the Yangtze River; and signed special cooperation agreements for the conservation of the Yangtze River.

Actions

Yangtze River Delta Integration

- We enhanced communication with the Yangtze River Delta Regional Cooperation Office; and studied specific proposals and measures of development-oriented finance to support the integration of the Yangtze River Delta.
- We enhanced cooperation with local governments; completed research on the investment and financing planning of Shanghai and Zhejiang for promoting the integrated development of the Yangtze River Delta; and provided intellectual support to higher-quality integrated development of the Yangtze River Delta.

Remarkable Progress Achieved through Loans for Projects within the Yangtze River Conservation Areas

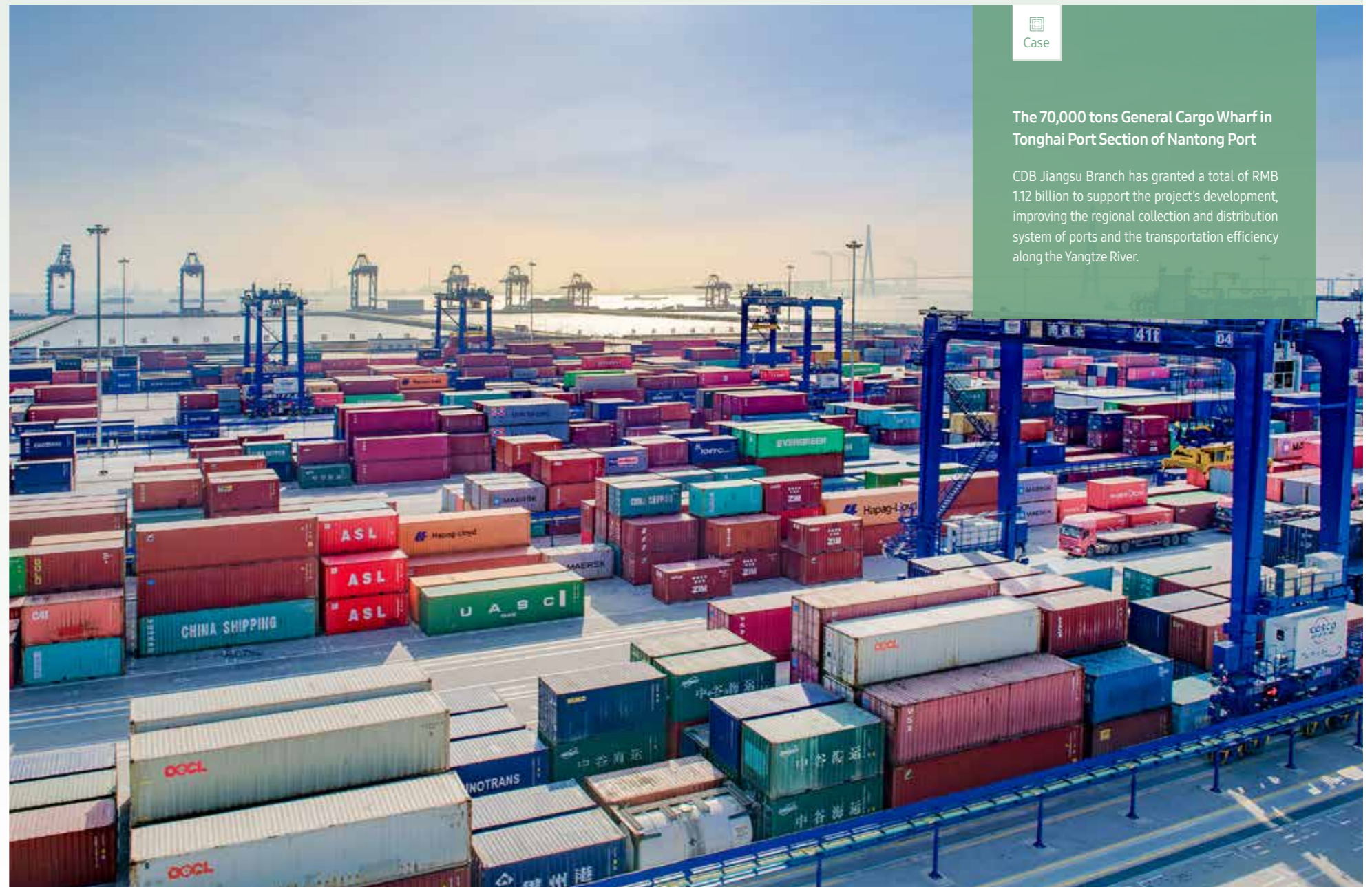
Loans of RMB **49.3** billion have been granted to support projects in the Yangtze River conservation areas, which are expected to make the following achievements:

- regulating and rehabilitating **1,370** km of long river channels
- regulating and rehabilitating **1,333** hectares of lakes and rivers
- dredging **5.68** million m³ of sediment from rivers and lakes
- treating **357,000** m³ of heavy metal polluted sediment
- treating **2,667** hectares of rural non-point source pollution
- building **4,270** km of blowoff pipes in rural areas
- building **2,034** km of water supply pipes in rural areas
- building **2,162** km of drainage pipes
- increasing forest reserves by **327,333** hectares
- increasing the daily sewage treatment capacity by **5.46** million tons
- building water conservation hubs and reservoirs with a total capacity of **1.9** billion m³
- launching rural area water safety projects benefiting a population of **15.78** million

Case

The 70,000 tons General Cargo Wharf in Tonghai Port Section of Nantong Port

CDB Jiangsu Branch has granted a total of RMB 1.12 billion to support the project's development, improving the regional collection and distribution system of ports and the transportation efficiency along the Yangtze River.



Safeguarding Our Environment with Green Finance

» Green Credit for Green Economy

“ We shall vigorously develop green finance. We shall establish and improve the environmental and social risk management system, incorporate environmental, social and governance requirements into the whole credit process, and strengthen the information disclosure and communication with stakeholders on environment, society and governance ”

Guiding Opinions on Prompting the High-Quality Development of Banking and Insurance Industries by the China Banking and Insurance Regulatory Commission (CBIRC)

With enhanced awareness of green sustainable development, we consistently increased support for ecological environmental protection, energy conservation and emission reduction, strove to enhance the awareness of self-regulation and compliance of green finance, and engaged in the drafting of national green standards finance. We conducted research on the construction standards of comprehensive water environment treatment projects, evaluation standards for green financing project, evaluation index of green banking and local green financing project match-making standards. We also coordinated environmental, social, and financial resources to provide effective support for “three fronts”, i.e. ecological restoration, environmental protection and green development.

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Actions

Enhancing Planning and Research

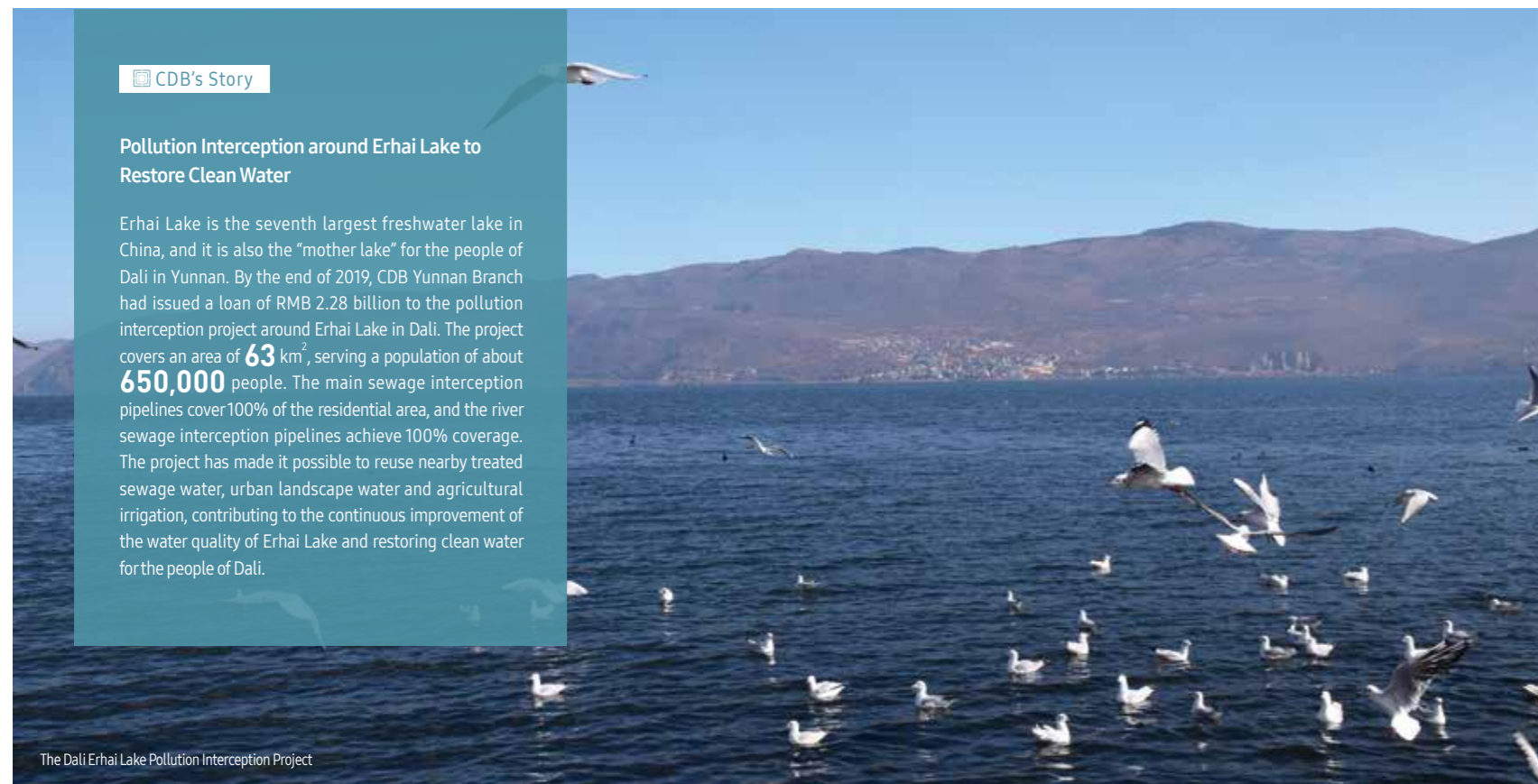
- Promoting the development of the Yangtze River Economic Belt. We worked with state and local government departments and major environment protection enterprises on over 20 planning research projects including the Hubei Hanjiang eco-economic belt and the Yangtze River ecological protection project launched by China Three Gorges Corporation. The researches focused on creating financing entities, innovating models and building mechanisms. A planning and cooperation system covering the whole Yangtze River Economic Belt was in place.
- Exploring differentiated green development path. We promoted research on green development planning such as the *Green Finance Plan for Ecological Environment Protection and Development in Beijing*, the *Research on Development Finance Supporting Green Development in Xiamen* and the *Financing Plan for Development Finance Supporting Qinghai to Build a National Clean Energy Demonstration Province*.

Supporting Key Areas

- Supporting the protection and green development of Yangtze River. We worked hard to support urban environment protection, rural non-point source pollution treatment, industrial pollution treatment and other key areas; and helped implement such projects as the comprehensive water environment treatment project at Beihu Lake in Qingshan, Wuhan, and the Yangtze River protection project in Changshu, Suzhou.
- Climate adaptability. Pilot financing for forest reserves. We supported the shelterbelt forest systems, reforestation of farmland, and desertification control. We have played an innovative and leading role in water source conservation, soil and water conservation and biodiversity protection. We supported projects such as the targeted national reserve forest quality improvement project in Shaxian County, Fujian. **Financing green transportation.** We supported urban greenway networks for green travel; the increasing use of environmentally friendly vehicles and new energy vehicles with low energy consumption and emissions; the construction of infrastructure such as charging piles; railway, waterway, highway and other multimodal transport to build low-carbon emission and efficient transportation systems. **Green building financing.** Through supporting projects such as Tianjin Dayin Building Materials, we helped accelerate the growth of green building companies. **Low-carbon city financing.** We prioritized financing for sponge city projects, including shanty town renovation, renovation of dilapidated buildings and urban renewal, and construction of urban underground utility pipelines.
- Industrial emission reduction and green economy transformation. We support key projects in areas such as industrial energy efficiency improvement, clean production transformation and comprehensive utilization of resources to reduce waste gas, waste water and solid waste at the source.

Better Management of Environmental and Social Risks

- Evaluating environmental and social risks and including them into credit decisions. We raise the awareness of environmental and social risks; strictly abide by laws and regulations in environmental protection and industries; learn from the best practices worldwide; fully evaluate the environmental and social risks of each project; and take the evaluation results as an important basis in making a credit decision.
- Improving the credit process management highlighting environmental and social risks. We formulated the *CDB Risk Identification and Evaluation Measures* which includes land approval policies, emission reduction requirements, and industry technological standards into the requirements for approval decisions and credit management.



CDB's Story

Pollution Interception around Erhai Lake to Restore Clean Water

Erhai Lake is the seventh largest freshwater lake in China, and it is also the “mother lake” for the people of Dali in Yunnan. By the end of 2019, CDB Yunnan Branch had issued a loan of RMB 2.28 billion to the pollution interception project around Erhai Lake in Dali. The project covers an area of **63 km²**, serving a population of about **650,000** people. The main sewage interception pipelines cover 100% of the residential area, and the river sewage interception pipelines achieve 100% coverage. The project has made it possible to reuse nearby treated sewage water, urban landscape water and agricultural irrigation, contributing to the continuous improvement of the water quality of Erhai Lake and restoring clean water for the people of Dali.

The Dali Erhai Lake Pollution Interception Project



Case

Support Major Water Projects to Improve Ecological Environment

The extension and regulation of Xinmeng River is a backbone project for water environment management of Taihu Lake and the single project with biggest investment in Jiangsu. CDB Jiangsu Branch in total granted RMB 4.99 billion to provide strong financial support for the successful implementation of the project. Once the project is completed, it will be an integral part of the Yangtze River-Taihu Lake water diversion project, effectively upgrade the capacity of Taihu Lake for flood control and water allocation, and help to guarantee the safety of eco-environment, flood control and water supply in Yangtze River Delta.

The Xinmeng River Dredging and Treatment Project

» Diversifying Green Finance Options with Green Bonds



Efforts shall be made to develop energy efficiency credits, green bonds and ABS of green credit, establish green development funds in compliance with laws and regulations, explore innovative green financial products, and support the development of a green, low-carbon and circular economy. ”

Guiding Opinions on Prompting the High-Quality Development of Banking and Insurance Industries by the CBIRC

Upholding the philosophy of green development, CDB has made efforts to issue green bonds, introduce social funds to green finance, diversify financing methods and cut the financing costs for green projects, increase social impacts of green finance, and enhance the coverage, availability, convenience of green financial services.

CDB's Story

Expanding Investment Channels and Increasing Green Effects

In 2019, CDB issued China's first sustainable development-themed green finance bond totaling RMB 10 billion under the Bond Connect program to global investors. The bonds will finance green projects such as the forestry ecological construction project and national forest reserve project in Chongqing. Verified by a third party, the bond complies with the Green Bond Principles and Social Bond Principles, which is omnichannel and available to investors from different markets at home and abroad. It has also been sold to the public through offline and online banks, marking the debut of sustainability bonds in China's over-the-counter market through which the public can support ecological development while purchasing bonds.

The bond issuance is expected to help create the following environmental benefits:

Treating **267.43** million tons of sewage and **234,000** tons of waste per year, reducing chemical oxygen demand by **4,280** tons and biological oxygen demand by **2,176** tons per year, building **485** km of water supply pipes and **607** km of sewage interception pipes, regulating **668** km of river channels, building **726** km of flood-control dams, and afforesting **29,985,301** m²

Restoring **66,733** hectares of water ecological areas and **18,555** hectares of other ecological areas

Reforesting **1,056** hectares, improving **1,841** hectares of existing forests, and nurturing **4,397** hectares of young and middle-aged forests

Restoring **1,739** hectares of rain forests



Actions

Green Bonds

- CDB Securities, a subsidiary of CDB, underwrote the first green bonds for Nanjing Metro Group with an amount of RMB 10 billion to support the regional pilot project, i.e. the construction of large-capacity public transportation infrastructure, to develop green, sustainable and low-carbon transportation in Nanjing; issuing the first-phase green bond for Nanjing Metro Group in 2019 and many other high-quality corporate bonds to support corporate financing and the development of real economy through capital market products.
- CDB Securities underwrote renewable green bonds for HBIS Group, to help promote the upgrading of energy-saving and environmental protection technologies and green products.

Intermediary Business

- The first Kaiyuan 2019 credit asset-backed securities were issued, profiting from the existing high-quality loans and channeling social investment to key areas and weak links in green development and poverty relief.
- Diversified financing measures, including factoring and L/G, were utilized for such areas as environmental improvement, green manufacturing and green infrastructure.
- Issuing 2019's first green middle-term note RMB1 billion to CGN Wind Energy Limited.

Green Securities

- CDB Securities issued the first green lease ABS in the financial leasing industry in China, with an amount of RMB1.92 billion.
- CDB Securities launched a green security backed by the sales revenue of bus tickets in Beilun, Ningbo, with the goal to purchase new energy efficient buses as the replacement of energy-consuming and high-pollution buses. This transition is expected to reduce the annual emission of CO₂ by 4,436.97 tons, VOC by 1.69 tons, and CO by 16.45 tons.

Syndicated Loans

- As the lead arranger, CDB organized loan syndications to bring an amount of over RMB 520 billion to support key projects in areas such as pollution control, low-carbon transportation and innovation development.
- As the lead arranger, CDB organized an international syndication according to the *Green Loan Principles* to provide green loan worth USD 500 million for CGNPC International Limited. The loan had its first disbursement in 2019 and is the first syndicated loan to an overseas project of China's central SOEs.

Green Leasing

- CDB Leasing increased financing of over RMB 20 billion to support the leaseback and sublease of green project assets, to lower financing costs and increase asset liquidity.

Raising Funds for Our Green Home

By the end of 2019, CDB had issued a total of RMB 35 billion in themed green bonds, such as the "air pollution prevention bond", the "bond for the coordinated development of Beijing-Tianjin-Hebei Region", the "green circular development bond", the "bond for water resources protection in the Yangtze River Economic Area", the "bond for clean transportation construction in the Guangdong-Hong Kong-Macao Greater Bay Area" and the "sustainable development bond". All funds raised have been invested in key areas such as pollution prevention. It is estimated that the measurable environmental benefits will include but not be limited to:

- Reducing consumption of **370,000** tons of coal equivalent, **810,000** tons of emitted CO₂, **64,900** tons of chemical oxygen demand, **29,633** tons of biological oxygen demand, **33,933** tons of suspended matter, **17,259** tons of total nitrogen, and **996** tons of total phosphorus per year
- Treating **774.71** million tons of sewage and **1.27** million tons of sediment per year with **10,227** km of newly constructed sewage pipes
- Building **1,523** km of rail transit, regulating **1,204** km of river channels, greening **3.14** million m², restoring the ecology of **7.88** million m² in river basins, planting **471,200** seedlings, and building **4.67** km of utility tunnels

Serving High-Quality BRI Cooperation



In the joint pursuit of the BRI, we must always take a development-oriented approach and see that the vision of sustainable development underpins project selection, implementation and management. We need to strengthen international development cooperation to create more opportunities for developing countries, help them eradicate poverty and achieve sustainable development.

Keynote Speech by President Xi Jinping at the Opening Ceremony of the Second BRF

High-quality BRI cooperation will focus on translating the principles of extensive consultation, joint contribution, and shared benefits into concrete outcomes, coordinating economic growth, social development and environmental protection. We always adhere to the principle of “development and inclusiveness, achievement sharing and risk sharing”, deepening plans connections and financial cooperation, and providing financing support for partner countries in fields such as infrastructure interconnection, production capacity cooperation, financial cooperation, the building of overseas zones and the development of SMEs. We do this to help partner countries improve infrastructure conditions, advance their level of industrial development, benefit people’s livelihood and employment and achieve common development.

CDB's Story

Supporting the South-to-North Water Diversion Project in Sri Lanka

As the leading industry of Sri Lanka, agriculture has long faced development bottlenecks such as the uneven distribution of water resources and power infrastructures. CDB Guangxi Branch has supported the construction of the Moragahakanda irrigation project, which is a south-to-north water diversion project in Sri Lanka, to promote agriculture and fishery development, employment, drinking water and industrial water supplies and power construction. In 2019, the project was successfully selected as the winner of the Global Solicitation and Challenge Prize on Best Poverty Reduction Practices which was jointly launched by the World Bank, the Food and Agriculture Organization of the United Nations and other organizations. The successful experience of development-oriented finance was shared with partner countries to help with poverty reduction and promote sustainable development.

Bank-Government Cooperation

We reached a consensus with the government of Sri Lanka to promote cooperation based on planning.

Financing Support

We built a financing mechanism by market-oriented means and issuing a loan of USD 214 million.

Bank-enterprise Cooperation

We combined financing advantages with contractors' technical strengths to achieve the successful completion of the project.

Promoting Industry Development

- The project provides a stable and sufficient irrigation water source for planting areas of 24% of Sri Lanka's rice output and helps increase the yield of rice by 81% to promote agricultural development.
- After the completion of the reservoir, the annual output of fish is expected to reach 4,700 tons, and the annual income will increase by USD 1.67 million, which will promote the continued development of fisheries.

Fueling Local Employment

- The localized employment rate of the project reached 80%, providing new jobs and skill training for thousands of local people.

Improving People's Livelihood

- The project provides drinking water for 350,000 local people and supplies water to about 1,000 small water tanks in resettlement areas to meet the water demands of residents.
- The hydropower station, with 25 MW annual energy output, can save USD 14.14 million annually (compared to local oil-fired power stations) for the region and provide residents with clean and economical energy.

The Moragahakanda Irrigation Project in Sri Lanka

Actions

Implementing Results of the Forum

- 13 achievements in 5 categories, including major initiatives on international cooperation, project-based cooperation, strategic planning and consultation, were added to the list of deliverables for the Second BRF.
- By the end of 2019, under the special loans for the BRI, contracts with a value close to RMB **400 billion** equivalent were signed, and accumulated disbursed loans had exceeded the equivalent of RMB **240 billion**.
- We strived to set up the BRI Innovation Development Center and strengthened the cooperation for development with UN agencies, seeking tangible fruits of cooperation in the BRI.

Complying with the Development Demands of Partner Countries

- We carried out multilateral and bilateral cooperation on strategic planning and research under inter-governmental frameworks between China and countries like Kazakhstan, Indonesia, Kuwait, Greece and Panama, and helping meet with partner countries' development demands.
- Together with the World Bank, the UNDP and other international organizations, we carried out sustainable financing research to promote knowledge sharing and capacity building. Together with UNDP, we launched a joint report on harmonizing investment and financing standards towards sustainable development along the Belt and Road.

Responding to Different Demands for International Financing

- We established the China-LAC Development Financial Institutions Association and the ASEAN Plus Three Inter-Bank Association; gave play to the bridging role of the multilateral and bilateral financial cooperation platforms such as the SCO Interbank Association, the China-CEEC Inter-Bank Association, the China-ASEAN Inter-Bank Association and the China-EU Connectivity Platform; and engaged domestic and foreign financial institutions in the construction of the BRI projects.
- We expanded the overseas use of RMB, granted RMB loans to the Ministry of Finance of the Republic of Belarus and Canada Bank, to meet the diversified financing needs along the Belt and Road.

Reaching More Development Consensuses

- We held multilateral seminars of the SCO Interbank Association, the China-CEEC Inter-Bank Association, the China-LAC Development Financial Institutions Association to further multilateral cooperation and regional common development, which were attended by a total of 66 middle and senior managers of 25 member banks from different countries.
- For the first time, we held seminars on supporting local economic and social development through development finance in Vietnam, Cambodia and Myanmar, to conduct an in-depth exchange of views with 92 officials from ministries of 205 corporate senior managers from the three countries, and to promote bilateral, pragmatic cooperation in key areas.
- Together with the ministries, we held the multilateral seminar on the Lancang-Mekong Cooperation Mechanism and the China-Mongolia bilateral seminar, to explore the international bank-government cooperation mechanism supported by development finance.
- We co-organized four sessions of foreign aid training and organizing seven development finance-themed lectures, to train 327 government officials from participating countries and improve the capabilities of development finance.
- With the CDB Scholarship, 27 freshmen were able to study at prestigious universities in China, 52 foreign students continued their long-term study in China. The scholarship was awarded to 65 foreign students from 22 countries, helping to train outstanding cross-cultural young talents.

Actions

Providing a Strong Management Guarantee

- We established CDB Global Finance to optimize the resource allocation of development finance and develop a financial platform with high-quality services to BRI.
- We signed the *Belt and Road Green Investment Principles* with 26 other large domestic and foreign financial institutions at the Second BRF to promote green BRI investments.
- We have been adhering to the principle of harmonious development of the environment and the economy; and strengthening cooperation in the fields of green investment and financing to improve green financial management. Companies' effort in protecting the environment has been a pre-requisite for loan approval.
- We have been improving the risk control system for the BRI and established a comprehensive risk control framework to enhance risk control capacities, covering areas including country risk, sovereign debt, financial market and legal compliance.

Taking the Lead in the Establishment of the First Multilateral Financial Cooperation Mechanism between China and Latin America



On April 22, 2019, the China-LAC Development Financial Institutions Association, initiated by CDB, was established. Member banks of the mechanism include seven representative development finance institutions in Latin America with regional influence, such as Banco de Inversión y Comercio Exterior (BICE) and Banco Latinoamericano de Comercio Exterior (Bladex).



I believe the establishment of this association and our participation will provide a more formal platform for our future cooperation. The BICE can attract more funds through CDB, encouraging Chinese companies to invest in Argentina and bringing more benefits to our trade and economic growth.

BICE Chairman Francisco Cabrera

CDB has provided more than USD 100 billion in financing for over 200 projects in 18 countries and regions in Latin America, taken the lead in establishing a total of USD 22.5 billion in special loans for China-Latin America and China-Caribbean cooperation in infrastructure projects, participated in the founding of the China-LAC Industrial Cooperation Investment Fund with USD 10 billion invested in the first phase and China-Portuguese Speaking Countries Cooperation Development Fund with a total size of USD 1 billion, and also held many bilateral exchanges between China and LAC countries. The Mechanism will give new impetus to China-LAC cooperation through the collaboration among CDB's member banks.



The Malaysia-China Kuantan Industrial Park

Support to Set an Example for China-Malaysia Industrial Capacity Cooperation



The Malaysia-China Kuantan Industrial Park is a major Malaysia-China inter-governmental collaboration project directly proposed and developed by leaders of the two countries. It is the first national industrial park built in Malaysia. CDB Hong Kong Branch granted a loan of USD 100 million to support the development of local industries and the infrastructure construction of the park, so as to promote the complementarity of industries between China and Malaysia, and boost local economic and social development.

Skills Enhancement for Jobs Creation



Humanwell (Africa) Pharmaceutical, one of whose investors is the China-Africa Development Fund, a CDB subsidiary, training local professionals.



The Power Grid Project in Northern Laos

The project is supported by CDB with medium- and long- term loans of USD 266 million to upgrade the northern power grid from 115 kV to 230 kV. Once the project is put into operations, the northern power grid and the central power grid would be connected to form a nationwide unified backbone grid of 230 kV, providing strong support for a stable power supply and the economic development of Laos.

Trade Area to Give Impetus to the Development of Djibouti



Djibouti is an important sea outlet for Ethiopia and other East African countries, located on the key route between Europe and Asia. CDB Shenzhen Branch provided a loan of USD 240 million for the pilot zone in the first phase of the Djibouti Free Trade Zone, and actively cooperated with shareholders of both sides to facilitate financing during the Second BRF in 2019.



- By the end of 2019, there had been already 90 enterprises in the Trade Zone, creating nearly **200** jobs for this area directly.
- When completed, the Trade Zone is expected to create more than **100,000** jobs, which is about one-sixth of Djibouti's workforce.
- In the initial stage of operation, the Trade Zone is expected to increase Djibouti's GDP by USD 150 million. In 2035, GDP generated by the Trade Zone is expected to rise to USD **2.5** billion.



02

Helping Create a Better Life

2019

Poverty Alleviation

RMB **21.2** billion loans granted for the follow-up support for the relocation of poor populations from inhospitable areas

RMB **47.2** billion loans granted for rural infrastructure

RMB **150.9** billion loans granted for major infrastructure in poverty-stricken areas

RMB **118.3** billion loans granted for poverty alleviation through industrial development

RMB **31** billion of student loans granted

Small-and-Micro Private Businesses

Meeting the targets of granting

100 billion loans for private enterprises and small-and-micro businesses respectively

Government-Subsidized Housing

RMB **263.5** billion loans granted for shanty-town renovation

RMB **4.8** billion of rental housing loans granted

Rural Vitalization

RMB **366.1** billion loans granted for rural revitalization

Elderly Care, Education and Health

RMB **2.1** billion loans granted for the elderly care industry

RMB **12.4** billion loans granted for the education industry

RMB **17.8** billion loans granted for the health industry



Taking Targeted Measures to Improve the Quality of Poverty Alleviation

» Consolidating the Achievements and Ensuring Lasting Results of Poverty Alleviation



For poverty alleviation, we should not only keep an eye on the numbers, but also the quality. We cannot say that we have completed the task of poverty alleviation if, in a year or two, a lot of them slip back into poverty again. We need to take a multi-pronged approach to improve the quality of poverty alleviation and consolidate our achievements in it.

President Xi Jinping on a Symposium about Solving Prominent Problems Including Meeting the Basic Needs of Food and Clothing and Guaranteeing Compulsory Education, Basic Medical Care and Housing in 2019

The key to poverty alleviation lies in precision and sustainability. Entering into a crucial and decisive stage of poverty relief in 2019, we remained committed to the fundamental strategy of targeted poverty alleviation and eradication. We strived to improve the quality and level of poverty alleviation through financial services. With increasing financing support, we made sure that loans for poverty alleviation would not be reduced and that their quality would be improved. We also stepped up intellectual support so as to boost the capacity building in impoverished areas. All these measures provide strong support in fighting against poverty, boosting the development of poverty-stricken areas and consolidating our achievements in poverty alleviation.

CDB's Story

Pepper Industry for a Better Life

The city Longnan in Gansu, which sits within the Qinling-Daba Mountains, is comprised of a cluster of contiguous impoverished areas. The city's only district and eight counties are all national-level poverty-stricken counties. Focusing on the competitive industries unique to the region, CDB Gansu Branch collaborated with the Longnan city government in applying the idea of supply chain finance to create an innovative operational mechanism for the industries. A total of RMB 30 million in loans was granted for the Longnan's poverty alleviation project of pepper order-purchase, which provided effective support to **3,546** poverty-stricken households and 34 farmers' specialized cooperatives in 473 administrative villages of 60 townships located in the city's seven counties. The average income of poverty-stricken households engaged in this project increased RMB 2,946.



Worker Processing Peppers in Longnan's Pepper Order-Purchase Poverty Alleviation Plant

Establishing a Consortium

- CDB helps to establish a joint stock consortium with prefecture-and-county-level poverty alleviation companies as the leaders, county-level cooperatives as the main body, and village-run cooperatives as the units

Improving Supply Chain

- CDB helps to improve the supply chain with farmers' cooperatives and farmers' households as the producers and poverty alleviation companies as the distributors and raw material suppliers

Providing Funding

- CDB provides financing support, relying on the purchase and sale orders signed by poverty alleviation companies with cooperatives and downstream customers, so as to facilitate production, supply and marketing for organizational operation and industrial development

By the end of 2019

Loans granted for the relocation of poor populations from inhospitable areas, covering around **3.12** million registered impoverished people

Loans granted for rural infrastructure projects, including construction of **310,000** km rural roads, **6,508** building safety projects for schools, renovation of dilapidated houses for **570,000** households, and construction of **200,000** facilities for safe drinking water. These projects have benefited **28.03** million registered impoverished people

Loans granted for major infrastructure in poverty-stricken areas, covering **300** poor counties

Loans granted for poverty alleviation through industrial development, benefiting **400,000** impoverished people



Actions

Providing Follow-Up Support for the Relocation of Impoverished People from Inhospitable Areas, and Helping Them Settle Down with a Better Life

- We conducted on-site investigations in 10 provinces and regions, including Guizhou, Guangxi and Gansu, to understand the actual situation and development needs of large-scale relocation sites.
- We prioritized our efforts on development of large relocation sites with more than 1,000 relocated people, especially those with more than 3,000 relocated people, by supporting leading industrial poverty alleviation projects and projects in industrial parks, scenic spots, water, electricity, roads and natural gas to strengthen areas of weakness. Loans are extended to 1,452 central relocation sites in 84 counties, benefiting about 270,000 people.

Strengthening the Weak Links of Infrastructure and Firming the Foundation of Development

- We supported the construction of major projects in poverty-stricken areas such as transportation, water utility and power grids, to address poverty alleviation and promote economic and social development in poverty-stricken areas.
- We made efforts to ensure that rural poor people can be free from worries over food and clothing and have access to compulsory education, basic medical services and safe housing, by supporting projects to improve the safety of drinking water and environment in poor villages, so as to offer better working and living conditions in poverty-stricken areas.

Reducing Poverty Through Industrial Development and Increasing Income

- We took on-lending as an effective measure to support poverty alleviation through industrial development; implemented differentiated access policies for financial institutions in impoverished counties; and expanded the scope of on-lending in impoverished counties.
- We encouraged central SOEs, local SOEs, and large leading enterprises to extend their industrial chains downward to support the development of industries unique to the region in poverty-stricken areas, thus increasing the income for poor households.
- RMB 10 billion in loans granted throughout the year for the forestry industry as part of the targeted measures to reduce poverty.

Preventing Poverty for the Next Generation by Supporting Education and Employment

- Sticked to the principle of "granting every loan needed", we provided student loans to more students, supporting 4.27 million students from poor families in 2019.
- We believe that we should give them a leg up to get them going and held job fairs for impoverished students, covering more than 27,000 students.

Intellectual Support for Capacity Building

- We stepped up efforts for planning and consultation by completing eight poverty alleviation plans and consulting reports for poverty-stricken areas around key fields such as industrial development, including the *Planning and Research on Development Financing to Support Four Prefectures in Southern Xinjiang of Extreme Poverty to Reduce Poverty through Industrial Development*.
- We strengthened training for local officials by holding nine poverty alleviation training sessions to train 790 officials and improve their problem-solving abilities; and visited places such as Mojiang County and Dagan County to "deliver teachers to the door" to benefit more people through on-site teaching and video teaching.
- Personnel support was reinforced by dispatching 228 officials with different talents to poverty-stricken areas for poverty alleviation, and launching two training sessions for all officials dispatched from CDB for poverty alleviation to provide better assistance and support.

Donating with Care

- We donated RMB 50.91 million to support the construction of infrastructure, public health, compulsory education and other projects in impoverished counties to improve the working and living conditions of poor rural families.
- We pooled resources and donated RMB 33 million to four targeted poverty alleviation counties; 90% of the fund was spent to ensure the rural poor people are free from worries over food and clothing and have access to compulsory education, basic medical services and safe housing; giving full play to CDB's advantages and attracting an investment of RMB 2.848 million on poverty alleviation; 187 teachers in poverty-stricken rural areas received donations through CDB Care Award Fund.



The Infrastructure Construction Project of Baishuidong Scenic Area in Xinshao County, Hunan

CDB Hunan Branch granted loans totaling RMB 200 million to support the project, so as to promote the development of the tourist industry in Xinshao County and increase the income of local residents.



Boosting Consumption and Income

Weichi Village, Yangchun Town, Shaanxi is a targeted village for poverty alleviation of CDB Shaanxi Branch. The branch has explored new ideas and methods of poverty alleviation through consumption, expanded the consumption of products and services of poverty-stricken areas, and promoted the industrial development in such areas.



People in a Poverty-Stricken Area Picking Strawberries for Sale

Establishing an E-Commerce Platform to Expand the Market

- We developed an e-commerce platform to sell local products, integrating rural production into the overall industrial chain and expanding the market of rural-made products.

Developing Featured Industries and Balancing Supply and Demand

- We matched market supply and demand through made-to-order agribusiness, integrating production and marketing.
- We facilitated land circulation, and developed high value-added agricultural products to increase the income of local people.

Buying to Help

- We launched a campaign themed “My commitment to poverty alleviation” to encourage the organizations, employee welfare plan and employees of CDB to purchase local products. By the end of 2019, CDB Shaanxi Branch had helped Weichi Village achieve an income of more than RMB 300,000 through the sales of various products, helping residents of Weichi Village get rid of poverty and enjoy a better life.

- We registered the trademark of “Weichi Village” as an effort to promote the standardization, branding and normalization of agricultural products, and always strive to be innovative in poverty alleviation through industrial development.



Supporting Industrial Development in Poverty-Stricken Areas to Help Lift Poor Families out of Poverty

To help Ulanqab successfully complete its task of poverty alleviation and promote the sustainable development of the local economy, CDB Inner Mongolia Branch granted a loan of RMB 120 million to Inner Mongolia Minfeng Seed Co. Ltd., to actively support the integration of the local potato industry comprising seed potato cultivation, food potato storage and intensive processing. With the loans, the project helped more than 700 poor households in five counties and banners to shake off poverty and become well-off.



The Irrigation of Potato Fields

» Focusing on Key Areas and Lifting Targeted Counties out of Poverty



We will fulfill the responsibility of targeted poverty alleviation, make poverty alleviation in poverty-stricken counties a priority, and intensify our work. ”

Three-Year Guidelines of Winning the Battle Against Poverty by the CPC Central Committee and the State Council

Targeted poverty alleviation is an important political task assigned to CDB by CPC Central Committee and the State Council. CDB always regards targeted poverty alleviation as an important political and social responsibility. By strengthening financing support, pooling intellectual resources, and carrying out multi-party cooperation, CDB has helped four targeted counties for poverty alleviation, namely, Zheng'an County, Wuchuan County and Daozhen County in Guizhou, and Gulin County in Sichuan, to get rid of poverty and continue to show new vigor and vitality.



Actions

Breaking the Bottleneck of Development Through Financing Support

- We supported the improvement of the living environment in rural areas by granting a loan of RMB 897 million to Zheng'an, Wuchuan and Daozhen counties for the improvement of their living environment, benefiting 172 villages.
- Loans totaling RMB 608 million was granted to support poverty alleviation through development of featured industries.
- Student loans of RMB 230 million was granted, benefiting 30,800 impoverished students.

Improving the Abilities of Grassroots-Level Officials Through Training

- We trained 2,256 grassroots-level officials and 1,673 technical professionals to improve their ability to fight against poverty.
- We sought to benefit more trainees, including 2,767 "level-3 officials" and members of the "three team" (composed of township Party secretaries, village Party secretaries and bellwethers committed to achieving rural prosperity) in Gulin County, through on-site and video trainings.
- We arranged courses on farming technology and e-commerce for officials and technical professionals working for poverty alleviation in Zheng'an, Wuchuan and Daozhen counties, and training more than 600 professionals from the "three teams".

Promoting Cooperation and Attracting More Investment

- We organized the matchmaking meeting on poverty alleviation and investment invitation, facilitated the signing of the cooperation agreement between the Gulin County government and eight enterprises, and introduced Alibaba Group in e-commerce poverty alleviation.
- We helped to introduce a leading enterprise to Zheng'an County, Wuchuan County and Daozhen County respectively for investment and business operations to make the local enterprises stronger.

Collaborating with Multiple Parties to Support Employment

- We collaborated with ministries to carry out employment skills training for impoverished students in four counties and held a special job fair online, helping 221 applicants find potential jobs.
- We invited outperforming enterprises to hold a special job fair for people from four counties, helping 326 applicants find potential jobs.
- We organized events like the Tianjin Rainbow Bridge Talents Program and the special job fair of Henan Yuneng Holdings Co., Ltd. to help with the employment transfer of impoverished people.
- We stepped up efforts of skills training for impoverished people and training 292 entrepreneurial leaders.

Keeping Channels Open for Consumption-Powered Poverty Alleviation

- We launched the CDB section on the Goodfull Cloud Labor Union application with the Poverty Alleviation Mall page to exhibit and sell more than 120 kinds of agricultural products from four counties, and increased purchases during traditional festivals.
- Specialty products from targeted counties for poverty alleviation were launched on the e-commerce platform of the Agricultural Bank of China and the Online Sales Platform for Agricultural and Sideline Products from Poverty-stricken Areas.
- With our customer resources, we provided business matchmaking services for targeted counties to sell their products, matching the needs of benevolent enterprises and people with agricultural products from poverty-stricken areas.



The main road leading to Hongxiang Village, Gulin County, Sichuan

CDB's Story

A Road to a Better Life

Hongxiang Village, Gulin County, Sichuan is a targeted village for poverty alleviation of CDB. In 2018, CDB sent an official named Zhang Zhenfei to the village to lead the work of poverty alleviation. After investigation, Zhang Zhenfei found that the only main road leading to the village was just 3.5 meters wide, with many turnings. There were potential safety hazards for children who went to school and villagers who went to work through the road. As a result of the high transportation costs, farming and industrial development in the village was held up, and thus the poverty alleviation was a difficulty. In 2019, Hongxiang Village solved the problem of road and infrastructure construction and won the battle against poverty.



The road has been repaired. Now it's safer for us to travel along the road, and our crisp red plums can be sold. I'm grateful to CDB. ”

Li Qin, a villager in the fourth group of Hongxiang Village

Constructing Rural Roads

- CDB headquarters and its subsidiary CDB Capital donated funds to help broaden the roadbed of the village's main road and build another 37.7 km of village roads.

Promoting Industrial Development

- Promoting the expansion of the planting area of crisp red plums to 100 hectares.
- Ensuring the timely transportation and sale of crisp red plums.

Ensuring the Travel Safety of the Villagers

- The roadbed of the main road was widened and the road surface was repaired to reduce safety risks and ensure the travel safety of the villagers.

By the end of 2019, CDB issued

RMB **11** billion loans to help targeted poverty alleviation counties get rid of poverty

RMB **52.2** billion loans for the eastern-western collaboration in poverty reduction, and registering another **9,870** poverty-stricken residents

RMB **653.2** billion loans to areas of extreme poverty like the "three regions and three prefectures", so as to help surmount extreme poverty

Expanding Financial Supply to Small and Micro Private Enterprises

“

We should enhance the awareness and ability of financial institutions to serve private enterprises, especially small and micro enterprises, expand effective financial supply to private enterprises, improve the relief policies and measures for private enterprises, support the sustainable and robust development of private enterprises, and promote the realization of the goal of 'keeping employment, the financial sector, foreign trade, inward and outward investment, and expectations stable.' ”

Several Opinions on Strengthening Financial Services for Private Enterprises
by General Office of the CPC Central Committee and General Office of the State Council

The private economy plays an irreplaceable role in maintaining stable growth, promoting innovation, increasing employment and improving people's livelihood. In 2019, we implemented the State Council's decisions and arrangements on strengthening financial services for small and micro private enterprises by providing special loans for private enterprises, expanding effective financial supply, relieving the liquidity pressure of private enterprises and using on-lending as the primary model to support small and micro enterprises. We also worked hard to improve the availability of financial services for small and micro enterprises and took multiple measures to stimulate the vitality of the private economy.

CDB's Story

Using On-Lending to Address Capital Shortage for Small and Micro Enterprises

“

The loans are free of intermediate fees and interest rates are preferential. These are timely help for us small and micro enterprises. ”

Zhao Zhuangqiang, head of Zaoyang Wantong Cotton Textile Industry Co., Ltd.

His company applied for on-lending of RMB 8 million from CDB Hubei Branch which could save interests of RMB 40,000 per year. CDB combines its own capital advantages and the market advantages of the commercial bank to cooperate with local small and medium banks in the form of wholesale on-lending to provide financing services for small and micro enterprises.

By the end of 2019, CDB had supported more than **120,000** small and micro enterprises through on-lending, helping enterprises broaden financing channels and reduce financing costs, and enabling more small and micro enterprises to enjoy high-quality financial services.



Actions

Improving Policies and Mechanisms

- We issued the *Several Opinions on Supporting the Development of Private Enterprises*, clarifying basic principles and main objectives and prioritizing multiple measures to improve the quality and efficiency of serving private enterprises.
- We improved the system for assessment and incentives, designed performance indicators dedicated for private companies, set loan tolerance limit for private companies and SMEs according to regulatory requirements, encouraged CDB branches to step up lending support to private companies and SMEs, so as to provide accessible and affordable financing to private companies.

Strengthening Comprehensive Services

- With comprehensive financial capacities in "equity investment, lending, debt financing, financial leasing, and securities brokerage", we leveraged the national-level parent FOF investment platforms and industrial investment funds to provide all-round financial services for private enterprises.
- We cooperated with 322 small and medium banks to build a county-wide service network, expanding the breadth and depth of inclusive financial services.
- We focused our support on small and micro enterprises with a credit line of less than RMB 10 million, allowing more small and micro enterprises to enjoy financial services.
- We implemented differentiated access policies of on-lending for financial institutions in poverty-stricken counties, benefiting more small and micro enterprises in such counties.

Reducing Financing Costs

- By setting preferential interest rates of special loans for private enterprises, we directly saved RMB 127 million financing cost for private enterprises.
- We set special pricing policies for on-lending to offer tangible benefit to small and micro enterprises.

Building a Solid Bottom Line of Risks

- We have strengthened risk management of special loans in accordance with the principle of "cutting revenue instead of giving way to risks".
- Utilizing big data, we have strengthened risk prediction and enhanced risk defense capabilities.
- We have implemented the principle of "one strategy for one enterprise" toward private enterprises, balancing the services to private business and risk prevention.

Supporting Small and Micro Enterprises to Reduce Poverty and Increase Income



"In the past, I only knew that CDB supported the construction of major national projects, and I didn't expect that we small enterprises would gain support," said the head of Gansu Dingle Agriculture and Animal Husbandry Co., Ltd. with joy. CDB Gansu Branch has granted a total of RMB 50 million of loans to the company in the way of on-lending to support the development of the beef breeding industry. By handing beef to the company for centralized breeding, local farmers can get the guaranteed income of RMB 1,000 per beef at the end of the year to increase their own income and shake off poverty.



Taking Multiple Measures to Improve the Living Environment



We will better address people's housing needs, require local governments to shoulder primary responsibility, reform and improve housing market and support systems, and sustain the steady and healthy development of real estate markets. We will continue to build government subsidized housing and rebuild rundown urban areas to meet the basic housing needs of disadvantaged groups. ”

2019 Report on the Work of the Government

The policy that everyone has access to housing is heart-warming. In 2019, we implemented the government subsidized housing policy made by the State Council by focusing on the key task of "improving weak links and forestalling major risks" and complying with regulations to support the financing of the projects under construction for rebuilding rundown areas. Efforts had been made in promoting the innovation of financing models for newly-commenced projects, and the launch of the projects for rebuilding rundown areas in Xi'an and Ji'nan. We also actively helped with the pilot projects for rebuilding old residential areas in cities and towns by working with pilot areas to explore support models. We increased the support for housing leasing, and promoted the launch of the projects for building houses jointly owned by the government and the purchasers in such cities as Zhuhai and Beijing to help meet different groups' housing demands.

CDB's Story

Providing Access to Housing for Non-Locals Working in Cities

Shenzhen is a typical immigrant city. With the continuous net inflow of population, citizens' demand for increasing housing supply and improving housing conditions is becoming increasingly prominent. CDB Shenzhen Branch has earnestly implemented the guiding principles of the CPC Central Committee and the State Council on speeding up establishment of a housing system that ensures supply through multiple sources, provides housing support through multiple channels and encourages both housing purchase and rental. It has also given play to the leading role of development finance in the house-leasing sector by providing a credit line of RMB 36 billion to Shenzhen Talents Housing Group Co. Ltd. to support the construction of the government-subsidized projects for talents' rental housing, and help improve the housing structure of Shenzhen. CDB will provide different groups of people including new citizens and all kinds of talents with about **48,000** rental houses to meet their needs for rental housing.



Rebuilding Rundown Areas to Help Realize the Dream of Making a Good Living

CDB Hubei Branch has granted a total of RMB 3.2 billion to support the construction of the government-subsidized project for rebuilding rundown areas in Wuhan East Lake High-Tech Development Zone. The whole project adopted the method of building new resettlement houses, involving the demolition and resettlement of a total of 10,696 households in three villages. The project was of great significance to promoting new urbanization and improving local people's livelihood.



- Working with the Shenzhen government and related departments to develop supporting policies and build a housing supply and security system that meets Shenzhen's actual needs.
- Arranging experts to prepare special reports on financial planning for Shenzhen Talents Housing Group Co. Ltd., and coordinating the building of investment and financing models for different types of rental housing projects.
- Establishing the overall cooperation model of "mechanism review+credit granted in batches" to effectively improve the efficiency of project development review and meet customers' financing needs.

Focusing on Priorities to Support Rural Revitalization

“

As a development-oriented financial institution, China Development Bank is expected to leverage its advantages of serving national strategies, market-based operations, and maintaining moderate profitability to increase support for rural revitalization and foster growth drivers for rural economy. ”

Guidelines on Financial Services for Rural Revitalization by the PBoC, the CBIRC, China Securities Regulatory Commission, the Ministry of Finance and Ministry of Agriculture and Rural Affairs

The stability of rural areas is vital to our country's security. A strong agriculture is essential for a solid foundation of our country, and rural people's wellbeing is important to our country's prosperity. In 2019, based on the national strategy of promoting agricultural supply-side structural reforms and upgrading agricultural and rural infrastructure, we innovated our financing models to provide practical and effective medium- and long-term credit support for rural areas, playing a key role of development finance in serving rural revitalization and making contributions to rural revitalization.

CDB's Story

Crayfish-Rice Farming to Realize Qianjiang's Dream of Rural Revitalization

In September, when crayfish is out of season in many places, there is still a great deal of crayfish in the fertile paddy fields of Qianjiang, Hubei. This is impossible without the support of CDB. More specifically, in response to the requirements of revitalizing rural areas with "thriving businesses and pleasant living environments", CDB Hubei Branch supports Qianjiang to develop characteristic industries with local advantages such as crayfish-rice farming. With high-standard farmland and industrial supporting facilities, the local productivity of crayfish-rice farming has been improved. These efforts helped develop ecological agriculture and build beautiful rural areas.



Crayfish-Rice Farming in Qianjiang, Hubei

By the end of 2019, CDB issued

RMB **34.1** billion loans to support agricultural modernization

- We innovated financing models to support rural infrastructure construction with the revenue from marketization of agricultural industries and built a structured financing model for comprehensive and balanced projects, so as to ensure the compliance of project operation from the source.
- We coordinated different stakeholders to engage businesses, farmers, governments and more, so as to improve land use efficiency, optimize the industrial chain, and realize sharing of benefits and risks.
- Giving full play to the advantages of medium- and long-term funds, we provided RMB 5 billion in long-term, low-cost loans to support the construction of agricultural infrastructure and rural water environment improvement in Qianjiang.

Helping Farmers Get out of Poverty and Increase Income

- We helped more than 600 registered poor households to get out of poverty and increase income.
- In Zhaonao Village, Xiongzhou Town, Qianjiang, farmers can averagely earn an annual net income of about RMB 240,000 for each unit of crayfish-rice field rent.

Promoting the Green Development of Agriculture

- After 14,000 hectares of crayfish-rice fields are put into production, the annual consumption of fertilizers is expected to be reduced by nearly 6,000 tons and pesticides by 913.5 tons.

Improving the Living Environments for Rural People

- We supported the "toilet revolution", water environment improvement, production channels and safe drinking water and other projects in Qianjiang, in order to improve local production and living environments.



Actions

Giving Full Play to our Advantages to Provide Intellectual Support

- We made an overall plan for rural revitalization and development, e.g. formulating the *Opinions of CDB's Party Committee on Giving Priority to Agricultural and Rural Development and Providing Financial Services for Agriculture, Rural Areas and Farmers* and conducting *Research on the Strategy of Rural Revitalization, Urban-Rural Integrated Development Policy Orientation and Key Areas for the 14th Five-Year Plan*.
- We assisted local governments of Guangxi, Fujian, Hunan, Jilin and Shandong, etc. to develop 16 rural revitalization plans and provided advice on the effective implementation of such strategies.
- We held special training on rural revitalization for 431 county and township leaders to improve their skills to understand and adopt rural revitalization policies.

Stepping Up Financing Support for Prioritized Sectors

- We helped develop characteristic industries, by supporting projects including the wormwood production and processing in Qichun, Hubei, the fishing port construction in Fangchenggang, Guangxi, and the high-end vegetable cultivation in Guiyang, Guizhou.
- We promoted deep integration of rural industries, focused our supports on the development of all-for-one tourism, and pushed integrated development by combining land consolidation and infrastructure construction with industries such as tourism and healthcare.
- We helped to improve the production and living conditions in rural areas by supporting infrastructure construction, including projects on village roads, safe drinking water and safety school buildings.
- We help to improve the level of rural public service supply, with a focus on supporting the development of pension, health, education, culture and other fields.
- We provided services for agricultural enterprises to "go global", e.g. supporting agriculture-related enterprises to engage in international cooperation projects on agriculture such as soybean cultivation in South America and pelagic fishery.

Launching Innovative Models to Improve Services

- Mobilizing county-level resources and harnessing the advantages of local characteristic industries, we explored a market-oriented financing model that uses industrial revenue to support agricultural and rural infrastructure construction and improve public services.
- We created the "loans secured by 'two rights'" and the loans secured by rural collective commercial construction land use right, to make use of rural land assets and provide accessible and affordable financing for rural revitalization.

Camellia Planting Base Built to Help the Industry Thrive



Case

Jinzhai County, Anhui is located in a contiguous destitute area of Dabie Mountain. The local camellia industry has begun to take shape, but the capacity remains too low. To date, CDB Anhui Branch has granted a total of RMB 2.2 billion in loans to support the county to build a standardized camellia planting base. CDB hopes to promote the efficient development of the camellia industry, help grow the collective economy, increase farmers' income and drive rural tourism, so as to lay a solid foundation for revitalizing the rural economy of Jinzhai County.



Camellia Planting Base In Jinzhai, Anhui

Supporting Leading Companies to Plant the Seeds of Hope



Case

Since 2015, CDB Hunan Branch has continuously provided loans with preferential interest rate to Yuan Longping High-Tech Agriculture Co., Ltd. ("Longping High-Tech"), to meet its financing needs and support its business development. These efforts have helped to guarantee the agricultural supply such as seeds and fertilizers, contributing to China's agricultural advancement.



Harvest at Changsha Guanshan Research Base of Longping High-Tech

03

Working Together toward Partnership

2019

Customers

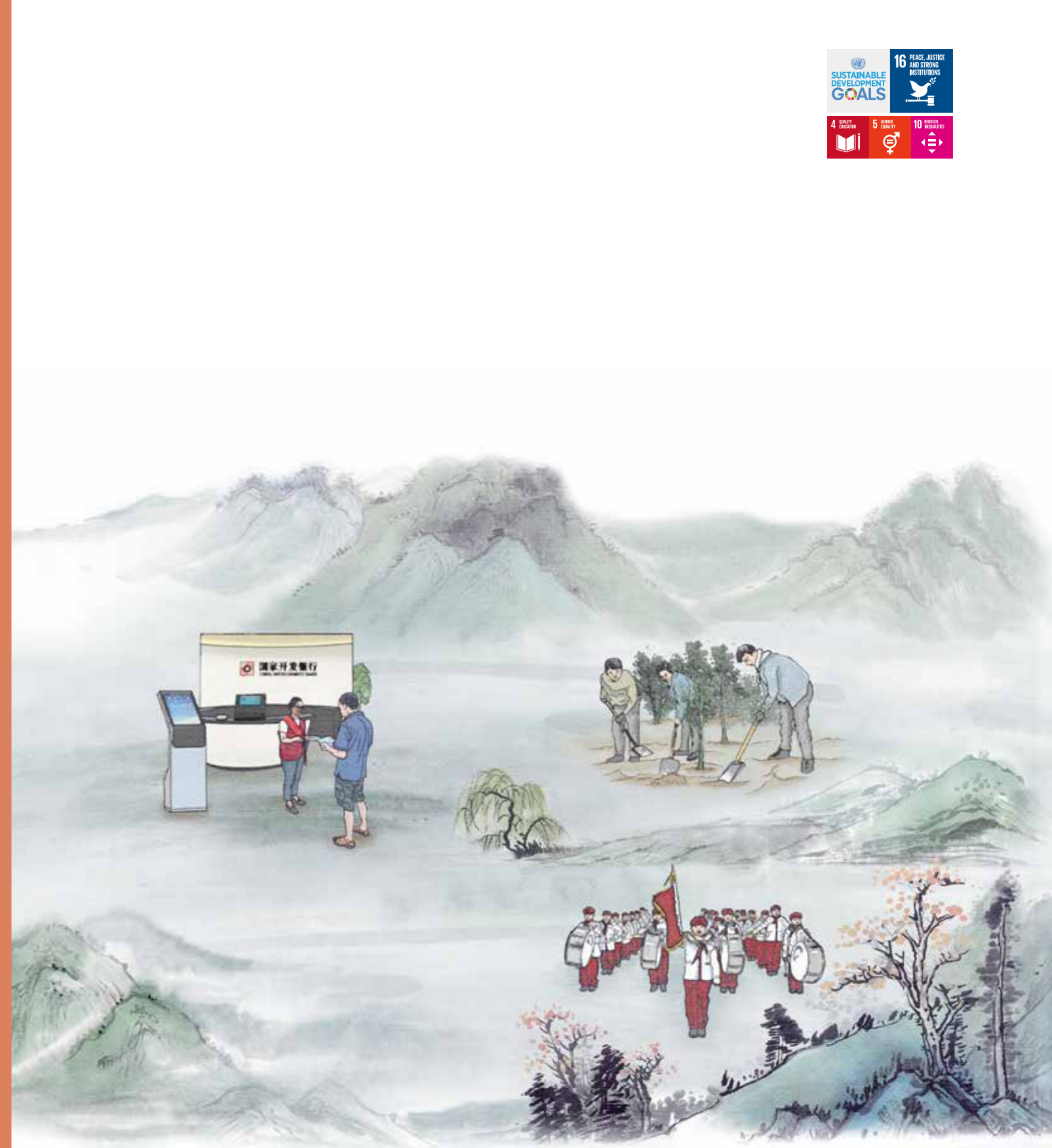
18 CDB branches were awarded "China's Five-Star Bank Branch for Considerate and Standardized Services" by China Banking Association

Employees

Employee satisfaction up to **99%**
CDB headquarters organized **118** off-job trainings for employees and trained a total of **31,999** persons

Charity

Charity donations up to RMB **57.81** million
Organized **526** financial knowledge education activities joined by **3,996** publicists, directly benefitting **149,700** audiences



Meeting the Diversified Needs of Customers



As China's economy continues to develop, people's pursuit of a better life in the financial field is reflected by their diversified, personalized, and multi-level needs. We must innovate and enrich the financial product system to meet people's diversified financial needs.

Press Conference held by the CBIRC and the State Council Information Office in 2019 on the Effectiveness of Measures to Promote Supply-Side Structural Reform in the Financial Sector

We fully implement the "customer-centric" philosophy, optimize the integrated financial service system, promote the standardization of our network, and continuously improve the efficiency of service and the responsiveness to customer needs to create greater value for our customers.

Providing Integrated Financial Services

Providing Diversified Services that Targets Customers' Needs

- We sought to be aligned with customers' medium- and long-term development plans to explore differentiated customer service mechanisms.
- We increased the breadth and depth of customer surveys to provide targeted financial solutions.

Innovating Product to Improve Services

- We diversified customer service tools by providing special loans, subsidized loans and other products.

Creating Synergy to Improve Service Quality and Efficiency

- We strengthened synergy between the headquarters and branches and between the parent company and subsidiaries and optimized the product system of intermediary businesses, in order to improve customer services in all aspects.

Improving Customer Experience

Intelligent Customer Services

- We put into operation applications and created a "human-based + intelligent", "hotline + online" 24-hour customer service system, with a success rate of AI-powered response up to 99% and significant improvement of customer experience.
- We promoted new e-banking products such as self-service printing of receipts, making an appointment for account opening, self-help form filling, completing the deployment of self-service equipment in 35 branches, and helping the branches improve their skills relating to AI-powered services to provide more convenience for customers.

Considerate and Standardized Services

- We implemented the *Guiding Opinions of the PBoC on Optimizing Account Opening Services for Corporate Customers* and promoting all branches and cancelled the permit for opening corporate account, improving the efficiency of account opening for customers.
- Following the *Manual of Standards for Image Building of China Development Bank's Branches*, we required all branches to use 57 unified service signs to improve CDB's look and image.

CDB's Story

Building Quality Branches to Deliver Sincere Services

Believing in "fine management and professional services", CDB Jiangxi Branch works hard to provide considerate and standardized services, improve facilities, and optimize function zoning. Committed to services up to high standards, the branch was proud to be awarded "China's Five-Star Bank Branch for Considerate and Standardized Services" by China Banking Association in 2019.

Electronic Self-Service Zone

- Setting up self-service machines to facilitate customers to print receipts at anytime

Public Education Zone

- Providing materials such as financial newspapers and risk warning brochures to enhance customers' awareness of financial risks

Convenient Service Zone

- Providing water dispensers, cellphone charging stations, reading glasses and other supplies to create a comfortable and relaxed environment for customers



Team of CDB Jiangxi Branch

Growing Together with Employees

“

We must protect the legitimate rights and interests of all workers in the process of development. We must build up a strong social security network to safeguard the rights and interests of female employees and effectively ensure the safety of all laborers. ”

Report on the Economic Situation by Premier Li Keqiang at the 17th National Congress of the All-China Federation of Trade Unions (ACFTU)

We effectively protect the legitimate rights and interests of all our employees, help them improve the professional skills and comprehensive qualities, organize a variety of cultural activities, create a green work environment, and enable our employees to enjoy work at CDB and lead a healthy life.

By the end of 2019

We have had **9,797** employees, **99.06%** of which have a bachelor degree or above, **41.41%** of which are female

Going Green in the Office

Calling for saving water, electricity and food to enable emission reduction and energy and resource conservation

Protecting Employees' Rights and Interests

Respecting employees' democratic rights and providing benefits package

Supporting Employees' Development

Organizing staff training by classification and hierarchy to improve their comprehensive qualities and professional skills

Providing Care and Support

Providing care and support for employees to enhance their cohesion and sense of belonging

Enriching Cultural Life

Carrying out cultural and sports activities to balance work and life, promote the CDB spirit, and show a good morale



In 2019, CDB's Labor Union was awarded the "National May 1st Labor Medal for Financial Workers" by the National Committee of Chinese Financial Workers' Union



Going Green in the Office

Saving Water and Electricity

- The bottled water used for meetings are labeled "do not waste, save water". Recycling bins have been set up in meeting rooms and the water room on each floor. We also tried to save water by controlling and improving the watering method for greening.
- We made full use of natural lighting and energy-saving equipment in office buildings, applied the energy-saving lighting mode in underground parking at specific time, and strengthened the operation management of the HVAC systems to reduce electricity load.

Saving Food

- A more accurate purchase plan was made to facilitate the restaurants to better prepare food.
- A notice board was placed in front of the plates drop-off area to show the weight of residual left over the previous day and a camera was installed above the drop-off area to raise employees' food-saving awareness.

Classifying Domestic Waste

- We called all employees to participate in the classification of domestic waste in the office area, and worked toward the goal of compulsory classification of domestic waste in the four office areas of the headquarters in Beijing, in order to contribute to resource conservation.

Green Travels

- Drivers were informed to improve fuel-saving awareness and skills to reduce carbon emissions.
- We reasonably reduced the use of non-private cars, encouraged car sharing, and advocated taking public transportation in short distances.

In 2019

4,439 paperless meetings were held

Saving **22.34** million sheets of printing paper



CDB Qingdao Branch launched a green and energy-saving campaign. They put up slogans and posters in/on offices, printers, toilets and other areas to raise energy-saving awareness at workplace and encourage the employees to "work together to build low-carbon, green branches".

Respecting Democratic Rights

- Convening the second session of the third Workers Congress to actively respond to employees' concerns.
- Handling 87 proposals submitted by employee representatives, with a completion rate of 100%.
- Organizing employee representatives to review five systems involving the vital interests of employees.

Providing Benefits Package

- We continued to follow the salary distribution principle of "position-based salary and performance-based bonus, moderate competition externally and fairness first internally" to improve the performance and salary management.
- We developed the *Work Measures on Strengthening the Mechanism Building for Employees' Psychological Care*, opened a psychological counseling hotline, organized activities to care for the mental state of employees, and held lectures and training on mental health knowledge to improve employees' mental health.
- We established and improved health records and organized all-round health examinations for employees to protect their physical health.

Firming Theoretical Foundation

- We held special study classes, refresher classes, seminars, training classes, and Party affairs classes for all employees of different levels; carried out rotation training on the spirit of the Fourth Plenary Session of the 19th CPC Central Committee; and held special training classes and online workshops for the first time to study and implement Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era.
- We integrated theory with practice and carried out research around topics such as the role of the Party branch as a fortress, high-quality development under the BRI, rural revitalization, bank-government cooperation, and construction of the Greater Bay Area; and establishing a mentor system for research projects.
- We optimized the teaching arrangements; organized the theme education of "staying true to our founding mission", strengthened the education on ideals and beliefs and on the history of the Party and the new China; applied teaching methods such as learning by doing, case studies, structured discussion; held Party spirit analysis forums and reading forums; organized trips to the revolutionary bases to train the Party spirit; and kept improving the relevance and effectiveness.

Improving Professional Skills

- We formulated the *Training Implementation Plan for Improving Employees' Professional Skills* and built a curriculum system.
- We arranged key personnel for training on leadership and English proficiency and conducted new employee training.
- We carried out special training for business lines to improve the professional competence of employees in areas such as risk control and financing model innovation.
- We promoted the development and teaching of cases, developed 25 teaching cases on topics such as resolving NPLs, and encouraged trainees to think deeply and apply what they've learned.
- We worked with international financial institutions for exchanges and mutual learning, assigned DG/Director level managers for short-term training in top overseas colleges, and selected young backbone staff for exchange and internship at Barclays, ABSA and other financial institutions for 12 years in a row.

Strengthening the Ability to Act

- We provided young employees with "cross-regional, multi-position, and multi-dimensional" practice opportunities, built 12 practice bases for young employees across CDB, and organized 23 practical activities throughout the year involving 289 young employees.



CDB's young employees visiting the solar PV project of CECIC in Inner Mongolia



CDB's young employees visiting the Memorial Hall of Red Army's Joining Forces in Jiangtaobao



Party cadres of CDB Zhejiang Branch visiting Yan'an for themed education of "Staying true to our founding mission"



CDB Tianjin Branch organized a series of national history education activities to celebrate the 70th anniversary of the founding of PRC



CDB Liaoning Branch organized its new employees of 2019 to visit Comrade Chen Yun's former residence, with the hope of inspiring them to learn the revolutionary spirit of daring to act, being an innovative doer and striving to be stronger



CDB Suzhou Branch held the "Lakeside Forum: Wise Men's Talk" and training on blockchain technology and its application and development, laying the theoretical and technical foundation for employees to conduct related business and helping employees improve professional skills and broaden horizon

Protecting the Rights and Interests of Female Employees

- Promoted the signing of the *CDB Special Collective Contract on Protecting the Rights and Benefits of Women Employees*.
- Compiled and published the *Answers to 100 Questions About Protecting the Rights and Benefits of Women Employees*.
- Improving the facilities of lactation room to highlight practical functions and meet the special needs of female employees.

Supporting Employees in Need

- Visiting 87 poor employees and offering RMB 317,000 on the New Year's Day and the Spring Festival.
- Visiting 12 family members of the deceased employees and employees suffering from critical illnesses and offering RMB 48,500.

Caring for Overseas Employees

- Conducting psychological tests and themed micro-courses, sending out psychological journals, and engaging psychologists to provide one-to-one counseling to overseas employees via online lectures.
- Distributing fitness subsidies for 9 consecutive years to ensure the health of overseas employees.

Sending Regards to Front-Line Workers

- Sending regards and offering RMB 1,596,500 to front-line workers at Tibet Branch and Qinghai Branch as well as resident workers and poverty alleviation specialists in Tibet and Xinjiang.

Remembering Retired Employees

- Releasing the *Implementation Opinions of CDB on Further Improving the Management of Sophisticated Services for Retired Cadres* to improve the management level.
- Launching "Happy e-Garden", an information platform dedicated to the retired employees, and "Happy to Help the Elderly", a service platform for home-based care, to better meet the multi-level, multi-faceted needs of the retired employees.
- Carrying out a series of activities such as theme essay writing and calligraphy, painting and photography exhibition to guide the retired employees to learn and accomplish something and have fun in their old age.

Thought Leadership: Carrying Out Theme Education Activities

- Organizing theme activities such as gatherings to celebrate the Spring Festival, speech contests, and the "New Era, Happy Reading" reading competition.
- Carrying out the activity "Love My Motherland and Sing the National Anthem Together", the special theme day event "Speeches under the National Flag", and the theme campaign "Dating with the National Flag" around the major theme of celebrating the 70th anniversary of the founding of PRC to guide employees to enhance political, ideological and emotional identity.

Enthusiasm: Organizing Achievement Competition

- Organizing the theme achievement competition "Paying a Tribute to the New China, Forging ahead in the New Era – Compliance and Risk Control for Better Development" to guide employees to have professional dedication.

Motivation: Promoting Advanced Models

- Selecting and commending 26 "CDB Model Workers" and 25 "CDB Outstanding Young Employees" to encourage the self-driving power to learn from, catch up with and strive to be an advanced model.

Keynote Speeches Show a Good Morale

In order to motivate CDB's young employees of the new era to shoulder the mission of becoming a new force of development finance, CDB held a speech competition themed "Magnificent 70 Years: Striding to the New Era". A total of 212 employees from 65 teams across CDB participated in the competition to showcase their profound understanding of the founding of PRC, the May 4th Movement, and the mission of CDB as well as to demonstrate their commitments, dedication, and morale.



Case



CDB held competition to celebrate the 70th anniversary of the founding of PRC



CDB Tibet Branch organized a young employee hiking event to commemorate the 100th anniversary of the May 4th Movement



CDB Shanxi Branch organized a special theme day event "Advancing with My Motherland - Speeches under the National Flag"



CDB Shandong Branch organized a theme day event "Dedicating Youth to the Party, Making Contributions in the New Era"

Commitment to Public Welfare

“ We will pay more attention to special groups and general concern of the people, better perform our function of ensuring livelihood, effectively guarantee the sustenance of people in need, and promote the establishment of a long-term mechanism for helping people in poverty. ”

Opinions on Studying and Implementing the Guidelines of the Fourth Plenary Session of the Nineteenth CPC Central Committee by the Ministry of Civil Affairs

CDB's Story

“Youth Action” Bringing Hope to Children

“Teachers from Beijing are here! Teachers from Beijing are here...” Cheers of the children woke up the serene morning in May at Yuexin Primary School in Guizhou. This school, located at the You'er village, Hongfenghu town, Guizhou, is the survey site of the grassroots' targeted poverty alleviation for Youth League Working Committee of CPC Central Committee and State Organs, and the practice site for young employees of CDB. The young volunteering teachers from CDB fulfilled their promise to the children at this school.

The activities of Yuexin Primary School is only a snapshot of CDB volunteering service. In 2017, CDB organized the “Youth Action”, part of the “Leifeng Month” volunteering events, to further promote the spirit of “serving and helping people” of Leifeng, known as the Chinese icon for his selfless dedication. By the end of 2019, nearly a thousand young volunteers from CDB participated in the activities of “colorful classrooms”, delivering 300 hours of volunteering services. They held workshops, organized surveys, taught courses and paid visits for three schools for migrant workers' children in Beijing, one special rehabilitation center for children and Yuexin Primary School.



CDB Collects over 10,000 Items of Donated Goods for Students through the Platform of Donation and Service for Poverty Alleviation



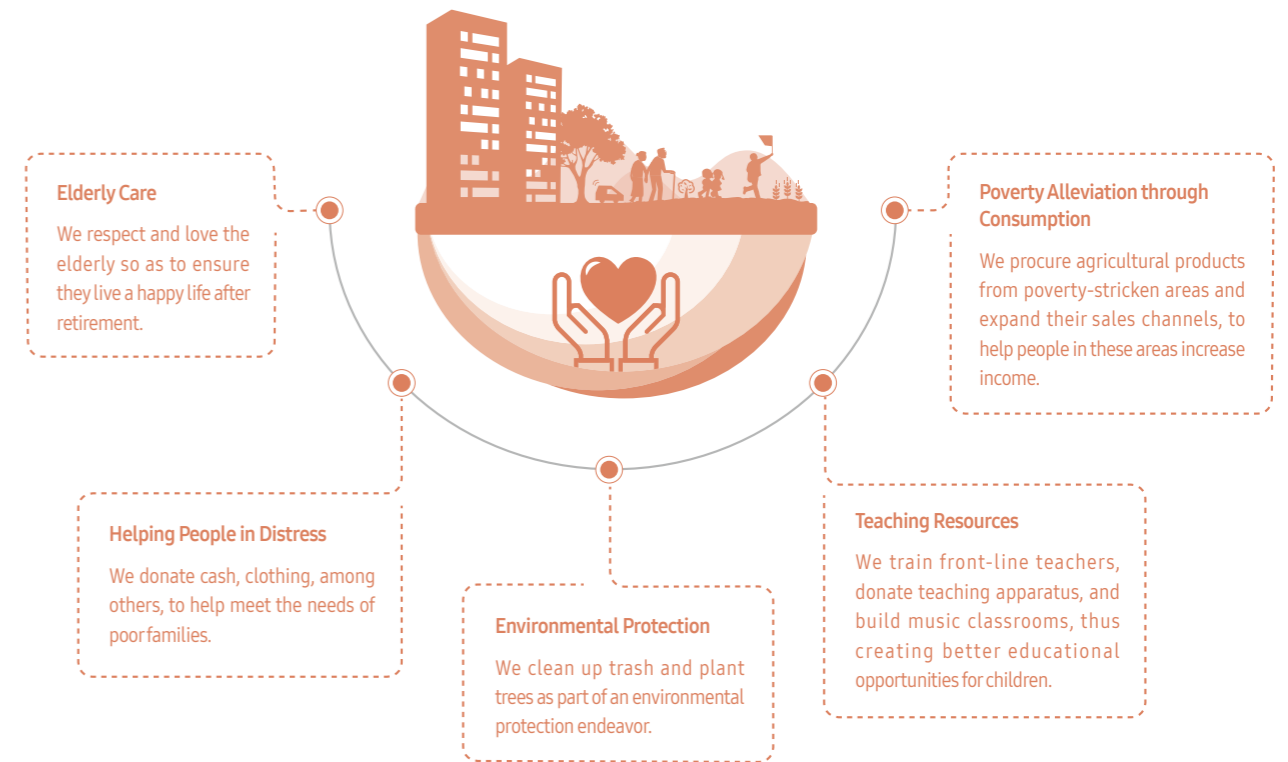
CDB Volunteering Teachers and Children of Yuexin Primary School

Donations

We adhere to our responsibilities in public welfare. We have amended the *Measures of CDB for Managing Donations* as part of an effort to firm up the foundation of compliance management. We continue to support public welfare projects that care for vulnerable groups, in order to build harmonious community.

By the end of 2019

1,857 registered volunteers who provided a total of **93,750** hours of volunteer services



Representatives of CDB Guangdong Branch visited Yongkeng Primary School in Zijin County, Heyuan, Guangdong in a joint effort with Country Garden Group to help the students in need.



Representatives of CDB Shanghai Branch visited Shanghai Shouchun Primary School on a volunteer mission to help the children of migrant workers.



CDB Jilin Branch organized a visit with its young employees to the Primary School in Tianxing Village to provide volunteer services.



Representatives of CDB Dalian Branch visited Beiguan Village, Guangmingshan Town, Zhuanghe City, a designated aid area, on a poverty alleviation mission.



Representatives of CDB Hebei Branch launched a voluntary tree planting activity.



Representatives of CDB Capital visited Zheng'an County, Guizhou to help widowed elderly who live in extreme poverty.

Publicizing Financial Knowledge

To perform our social responsibilities, we carried out "Financial Knowledge Month", "Financial Knowledge Promotion across China", among other activities, to publicize financial knowledge, increase awareness of financial risks, and enable rational choice of financial products and services.

We publicize financial poverty alleviation policies, such as poverty alleviation through loans, and promote knowledge on financial fraud.

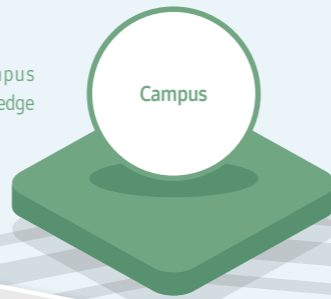


Representatives of CDB Qinghai Branch carried out a series of winter activities in Qinghai to promote financial knowledge and policies, and help villagers improve their ability to identify risks and new types of financial frauds.



Representatives of CDB Heilongjiang Branch visited Heilongjiang University of Science and Technology on a mission to promote knowledge on how to protect personal information and guard against typical internet frauds in an effort to raise the students' awareness of finance risks.

We warn against "campus loans" and promote knowledge on financial aid.



CDB Henan Branch organized a publicity campaign in Henan University of Chinese Medicine to explain financial knowledge to the students and inform them of student loan provided by CDB.

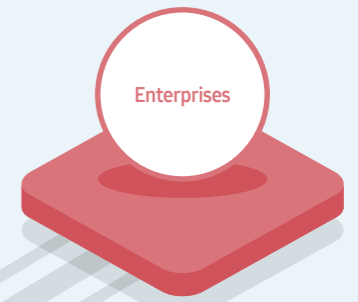


Development Finance: Theories and Practices has been included into the curriculum of Huazhong University of Science and Technology



Representatives of CDB Hainan Branch participated in the "June 14 Credit History Day" campaign to promote knowledge on credit in an effort to raise the awareness of small and micro business owners and managers on honest operations.

We promote knowledge on credit records and enhance the awareness of business owners and managers on honest operations.



We promote financial knowledge, such as how to prevent telemarketing and internet frauds, how to pay safely, and how to boycott illegal fund raising, to residents.



CDB Guizhou Branch organized a publicity campaign in Liangshuijing Community, explaining financial knowledge to residents and making them alert to illegal fundraising activities.



Representatives of CDB Ningbo Branch visited Ningbo Yongjiang Talent Innovation Center on a special mission to promote financial knowledge in the community, including credit and personal information protection and payment security, in an effort to enhance residents' awareness in credit and risk prevention.



CDB Xiamen Branch participated in the publicity campaign to explain the financial knowledge and fraud tricks to students, raising the financial awareness and skills among the college students.

Outlook

In 2020, China will finish the building of a moderately prosperous society in all respects and the 13th five-year plan. CDB will continue to be prudent and proactive, act on the new philosophy of development, and enhance financial support for supply-side structural reform. While adopting strong measures against COVID-19 on a daily basis, we will utilize our strength in development finance to support the real economy, the “six stability goals” and “six protection targets”, and the state endeavor to eliminate poverty and build a moderately prosperous society in all respects.

Strengthen Party building for political guarantee. We will stick to the right political direction and take real actions to sharpen the awareness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment; increase confidence in the path, theory, system, and culture of socialism with Chinese Characteristics; and uphold the status of General Secretary Xi Jinping as the core of the CPC Central Committee and the whole Party and the authority and centralized and unified leadership of the CPC Central Committee. We will enhance political leadership to ensure the CPC is ultimately in charge of corporate governance. We will embed political requirements in all our Party building and business practices. We will enhance Party discipline in the whole group to foster a clean environment and root out corruption, making CDB a financial institution worthy of the trust of the CPC Central Committee and the general public.

Focus on priority areas to promote sound economic development. We will expand effective investment in conventional and new infrastructure to drive growth. We will promote the high-quality growth of the manufacturing sector and help build stable and competitive industrial and supply chains. We will support the integration of Beijing, Tianjin and Hebei; the development of the Guangdong-Hong Kong-Macao Greater Bay Area; and the integration of the Yangtze River Delta. We will make specific efforts to enable environmental protection and rehabilitation programs in the Yangtze River Economic Belt. We will move faster to grant on-lending loans to small and micro businesses, give stronger support to private businesses, and contribute to stable employment and security in people's livelihood. We will support high-quality development under the BRI and facilitate the sustainable economic and social development in the partner countries.

Channel resources to deliver a better life to the people and promote social harmony. We will continue to implement the “three major programs” with a

special focus on consolidating the gains in reducing poverty. We will support the business initiatives and relocation programs that help fight poverty and enable the follow-up development of the relocated population. We will step up support for infrastructural construction in the agricultural sector and the rural areas and improve the living environment of the rural population, so that poverty reduction will go hand in hand with rural invigoration. We will finance the construction of public rental housing, rental housing and co-ownership housing and the renovation of dilapidated residential blocks in cities. We will support the supply-side structural reform in the health care sector and help build a stronger public health system.

Grow green finance to fight pollution and deliver green development. We will provide more green finance products and incorporate environmental, social and governance criteria into the whole procedure of credit management to support the national anti-pollution campaign. We will increase support for key programs in ecological rehabilitation, pollution treatment, national reserve forests along the Yangtze River and Yellow River and in areas identified as being important to high-quality development. We will support construction of facilities for the treatment of urban sewage and waste to clean the environment.

Carry on reform and innovation for sustainable development. Bear in mind both the prevention and management of risks, we will continuously improve our mechanisms and procedures for risk management, step up management and warning in critical areas, and speed up the management of existing risks while guarding against new ones. We will deepen reform of our system and mechanisms, carry out special programs, and enhance the governance structure. We will exercise more refined management to improve the efficiency and performance of our business operations to lay a solid foundation for long-term and healthy growth.

CDB will remain true to its founding mission and keep forging ahead. Amid the uncertainties in the COVID-19 pandemic and world economy and trade, CDB, as a development finance institution, will follow unswervingly the CPC's leadership, stay confident and motivated, and play a better role in promoting social and economic stability in China. CDB is poised to be a conducive force for better, fairer, and more efficient and sustainable development of the country.

Appendixes

► Key Data

in Billion RMB, unless otherwise specified

| Key Performance Indicators | 2019 | 2018 | 2017 |
|--|----------|----------|----------|
| I. Economic Indicators | | | |
| Total Assets | 16,504.6 | 16,179.8 | 15,959.3 |
| Gross Loans and Advances to Customers | 12,200.5 | 11,678.9 | 11,036.8 |
| NPL Ratio (%) | 0.95 | 0.92 | 0.70 |
| Allowance to Total Loans Ratio (%) | 4.24 | 4.37 | 3.57 |
| Debt Securities Issued, Gross | 9,735.8 | 9,108.4 | 8,446.6 |
| Total Equity | 1,393.7 | 1,300.7 | 1,240.5 |
| Capital Adequacy Ratio (%) | 11.71 | 11.81 | 11.57 |
| Profit for the Year | 118.5 | 112.1 | 113.6 |
| ROA (%) | 0.73 | 0.70 | 0.75 |
| ROE (%) | 8.80 | 8.82 | 9.45 |
| II. Social Indicators | | | |
| Balance of Railway Industry Loans | 853.7 | 808.0 | 764.5 |
| Balance of Power Industry Loans | 951.6 | 913.3 | 857.4 |
| Balance of Highway Industry Loans ¹ | 1,980.4 | 1,782.1 | 1,671.7 |
| Total Loans to Central and Western China ² | 1,104.6 | 1,296.7 | 1,476.2 |
| Total Loans to Old Industrial Bases of Northeastern China ³ | 157.5 | 143.2 | 183.8 |
| Shantytowns Rebuilding Loans | 263.5 | 698.0 | 880.0 |
| The Proportion of Shantytowns Rebuilding Loans to Central, Western and Northeastern China to total Shantytowns Rebuilding Loans (%) ⁴ | 67.61 | 66.69 | 66.03 |
| Total Rural Infrastructure Loans ⁵ | 47.2 | 61.8 | 175.2 |
| Total Education Loans | 31.0 | 28.7 | 25.2 |
| Students Benefiting from the Education Loans (in 10,000 students) | 3,048.8 | 2,622.0 | 2,219.8 |
| Total Emergency Loans ⁶ | 1.1 | 0.4 | 8.5 |
| Total Number of Employees (persons) ⁷ | 9,797 | 9,507 | 9,147 |
| Proportion of Female Employees (%) ⁷ | 41.41 | 41.04 | 40.88 |
| Public Welfare Donations (in RMB10,000) ⁸ | 5,781.0 | 5,478.8 | 4,607.6 |
| Employee Satisfaction (%) | 99 | 99 | 98 |



| Key Performance Indicators | 2019 | 2018 | 2017 |
|---|----------|----------------|----------------|
| III. Environmental Indicators | | | |
| Balance of Green Credit Loans ⁹ | 2,143.7 | 1,901.2 | 1,642.3 |
| Total Loans to Yangze River Protection and Green Development ¹⁰ | 384.9 | Not Applicable | Not Applicable |
| Electricity Consumption per Person in the Headquarters (kwh/person) ¹¹ | 13,893 | 14,534 | 14,698 |
| Paper Consumption per Person in the Headquarters (kg/person) ¹¹ | 1719 | 18.36 | 18.40 |
| Water Consumption per Person in the Headquarters (m ³ /person) ¹¹ | 50.76 | 49.50 | 45.04 |
| Number of Video Conferences ¹² | 916 | 995 | 1,020 |
| E-banking Transaction Amount ¹³ | 16,790.6 | 10,670.6 | 5,857.8 |

1 Excluding loans in foreign currencies and loans of CDB Hong Kong Branch.

2 Referring to loans disbursed to projects located in central and western China, which includes Shanxi, Jilin, Heilongjiang, Anhui, Jiangxi, Henan, Hubei, Hunan, Inner Mongolia, Guangxi, Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, and Xinjiang.

3 Referring to loans disbursed to projects located in the three provinces of Northeastern China.

4 Referring to the proportion of shantytowns rebuilding loans to central, western and northeastern regions to the total shantytowns rebuilding loans across China.

5 Referring to the loans to rural infrastructure projects located in and designed to serve regions where the underprivileged population account for no less than 10% of total local population.

6 Referring to the loans within one year (included) with rapid decision-making as a part of the Bank's business scope, aiming to help local governments and critical enterprises and institutions to manage emergencies before fiscal aid or relief become available or the afflicted enterprises or institutions can resume their normal productions and operations.

7 Within the Bank's range.

8 Referring to the amount of actual external cash donations made by the headquarters and the branches.

9 Referring to outstanding loans to projects under the 12 categories specified in the *Notice on Reporting Green Credit Statistics* by the CBIRC [2013] 185.

10 Referring to the total loans to the projects located in the 11 provinces along the Yangze River and belonging to the green development fields in the supporting list.

11 Per capital use of electricity, paper and water are calculated based on regular employees in the headquarters.

12 Including the number of video conferences held by the headquarters, Xinjiang Branch and Hainan Branch.

13 Referring to the online banking transaction amount.

► Honors and Awards

People.cn

2019 People's Social Responsibility Award (14th consecutive year)

Xinhuanet.com

China Corporate Social Responsibility Summit Award for Targeted Poverty Alleviation

CCTV-2 Finance Channel

2019 Top 100 Chinese Brands for Contribution to National Development

Fortune

67th place in the Fortune Global 500 in 2019

Financial News

2019 Best Bank of the Year for Promoting High-Quality Development

2019 Annual Award for Outstanding Contribution on Bond Market

2019 Award for Research and Innovation on Bond Market

UN Global Compact Network China

Best Practices Awards on Sustainable Development Goals (Eliminating Poverty and Promoting Prosperity)

China Banking Association

Award for Contribution to the "Three Critical Battles"

Award for Participation in the Belt and Road Initiative

Best Institution for Special Contribution to Social Responsibility of the Year

Best Social Responsibility Owner of the Year

2019 China Banking Industry Best Communication Award

Factoring Expertise Committee Award for Outstanding Contribution

Banking Products and Service Standardization Expertise Committee

Award for Best Institutional Member

China Banking

2019 Annual Award for Best Performance in Loan Syndication

2019 Annual Award for Best Management in Loan Syndication

2019 Annual Award for Industry Contribution in Loan Syndication

2019 Annual Award for Best Program in Loan Syndication

Project Finance International

Most Influential Global Program "African Infra Deal of the Year"

World Bank, Asian Development Bank, UN FAO, WFP, IFAD, IPRCC, China Internet Information Center

Best Case in the Global Solicitation of Poverty Reduction Cases

Belt and Road Inter-Bank Regular Cooperation Mechanism

2017-2018 Annual BRBR Best Program Financing Cooperation

Fintech Innovation Network, xinhua08.com

Best Example in Poverty Reduction Among 2018-2019 Digital Inclusive Finance Pioneers

Ministry of Finance

2018 National Award for Best Financial Statement

People's Bank of China

2018 Second Prize for Banking Technology Advancement

2018 Third Prize for Banking Technology Advancement

National Association of Financial Market Institutional Investors

2018 Market Maker with Best Overall Performance on Inter-Bank Bond Market

2018 Best Credits Market Maker for Credits Inter-Bank Bond Market

China Central Depository & Clearing Co., Ltd.

2019 Excellent Policy Financial Bond Issuer

2019 Excellent Issuer of Innovative Bonds

2019 Excellent Issuer of OTC Bonds

2019 Excellent Issuer of Sample Bonds in the ChinaBond Green Bond Indices

2019 Settlement Top 100-Excellent Proprietary Institution

China Foreign Exchange Trade System (National Interbank Funding Center)

2019 Most Innovative Issuer on Inter-Bank Local Currency Market

2019 Core Dealer on Inter-Bank Local Currency Market

2019 Excellent Derivatives Market Dealer of Inter-Bank Local Currency Market

2019 Award for Inter-Bank Local Currency Market Trading Mechanism Innovation (X-Repo, X-Swap, iDeal)

2019 Excellent Money Market Dealer on Inter-Bank Local Currency Market

Shanghai Clearing House

2019 Member of the Year of the Shanghai Clearing House

2019 Excellency Award for Foreign Exchange Clearing

Shanghai Stock Exchange

2019 Top Issuer of Financial Bonds

Shenzhen Stock Exchange

2019 Top Issuer of Policy Financial Bonds

Bond Connect Company Limited

2019 BCCL Anniversary Summit Best Issuer

Chinese Financial Workers' Union

May 1st Labor Medal for the Financial Sector in China

China Institute of Business Management

Best Example of Corporate Sustainable Competitiveness

China Legal Foundation

Award for Outstanding Contribution to Legal Aid Development

» Independent Practitioner's Assurance Report

English Translation for Reference Only

To China Development Bank

We have been engaged to perform a limited assurance engagement on the selected 2019 key data as defined below in the 2019 Sustainability Report ("the Sustainability Report") of China Development Bank (the "Bank").

Selected key data

The selected key data in the Bank's 2019 Sustainability Report is the environmental indicators and social indicators in the table of key data.

Our assurance was with respect to the year ended 31 December 2019 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2019 Sustainability Report.

Criteria

The criteria used by the Bank to prepare the selected key data in the 2019 Sustainability Report is set out in the footnotes to the table of key data (the "basis of reporting").

The Management's Responsibilities

The Management is responsible for the preparation of the selected key data in the 2019 Sustainability Report in accordance with the basis of reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected key data in the 2019 Sustainability Report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

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

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

Practitioner's Responsibilities

It is our responsibility to express a conclusion on the selected key data in the 2019 Sustainability Report based on our work.

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Bank's 2019 selected key data in the 2019 Sustainability Report has been prepared, in all material respects, in accordance with the basis of reporting. Our work involves assessing the risks of material misstatement of the selected key data in the 2019 Sustainability Report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk.

Within the scope of our work, our work was performed at the headquarters and the following branches:

- Beijing Branch
- Jiangxi Branch
- Liaoning Branch

We performed the following procedures:

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

Inherent Limitation

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

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the 2019 selected key data in the 2019 Sustainability Report is not prepared, in all material respects, in accordance with the basis of reporting.

Restriction on Use

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



Shanghai, China

29 Sep 2020



» What We Did to Deliver the Ten Principles of the UNGC

| The Ten Principles of the UNGC | CDB's Performance in 2019 |
|---|--|
| Human Rights | |
| Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; | CDB remained in compliance with the laws and regulations of China and other countries where it had operations, and signed employment contracts with all of its employees. CDB promoted democratic management and supervision, listen to employees' opinions and suggestions, and responded actively to their concerns about the bank. CDB safeguarded comprehensive employee benefits, and offered employees five basic types of insurance, namely, basic pension insurance, basic medical insurance, unemployment insurance, employment injury insurance, and maternity insurance. CDB provided employees with market-competitive and fair remuneration, which was decided based on their positions and performance. CDB continued to optimize its mechanism for management of employee remuneration and benefits, and improve performance-based remuneration management. |
| Principle 2: make sure that they are not complicit in human rights abuses. | CDB remained in compliance with the international treaties and conventions acceded to or endorsed by the Chinese government, and respected international covenants and declarations including the <i>Universal Declaration of Human Rights</i> , the <i>International Covenant on Civil and Political Rights</i> , and the <i>International Covenant on Economic, Social and Cultural Rights</i> . |
| Labor | |
| Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; | In terms of improving its employee representation system, CDB made notable progress in holding regular employee representative meetings at the grassroots level. It responded effectively to all the proposals of employee representatives. CDB also respected employees' democratic rights and ensured effective protection of their legitimate rights and benefits. |
| Principle 4: the elimination of all forms of forced and compulsory labor; | CDB prohibited forced labor of any kind, promoted the signing of the <i>CDB Special Collective Contract on Protecting the Rights and Benefits of Women Employees</i> , and compiled and published the <i>Answers to 100 Questions About Protecting the Rights and Benefits of Women Employees</i> . |
| Principle 5: the effective abolition of child labor; | CDB prohibited child labor in its operations or supply chain. |
| Principle 6: the elimination of discrimination in respect of employment and occupation. | CDB upheld the principle of "equal pay for equal work." It established a talent selection mechanism that highlighted fairness, equality, and competition. CDB prohibited discrimination based on race, gender, national origin, age, disability, marital status, religion, culture, and language, and women employees made up 41.41% of its total workforce. CDB also cared about and provided assistance for employees in need, employees working in Western China and foreign countries, model employees, retired cadres, and women employees. |
| Environment | |
| Principle 7: Businesses should support a precautionary approach to environmental challenges; | CDB improved its green finance organizational guarantee system, green project system, green finance product system, and green finance risk management system, while participating in the development of national standards for green finance. CDB also developed regulations for implementation of comprehensive water environment improvement projects and for evaluation of green financing projects, as well as a green bank performance indicator system and matchmaking standards for local green financing projects. CDB issued green bonds to channel private funds into the field of green finance, and strove to provide new financing models for green projects, with a view to reducing the financing cost and expanding the social effects of green finance. |
| Principle 8: undertake initiatives to promote greater environmental responsibility; | Adhering to the principles of green sustainability, CDB continued to strengthen its support for environmental protection, energy conservation, and emission reduction, while improving its awareness of green finance self-discipline and compliance. CDB supported the protection and green development of the Yangtze River, climate adaptation financing, green transportation financing, reduction of industrial emissions, and green transformation of the economy. CDB also promoted water, electricity, and food conservation, household waste classification, and green mobility, and used eco-friendly offices. |
| Principle 9: encourage the development and diffusion of environmentally friendly technologies. | CDB provided support for major green industries including clean and renewable energy, circular economy, energy conservation, and environmental protection, and has supported the installation of 360 million kW of clean electrical capacity. |
| Anti-Corruption | |
| Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. | CDB took on responsibilities in Party governance, deepened the reform of its discipline inspection and supervision system, and strengthened its efforts in reinforcing integrity within the Party's working practices and in combating corruption. CDB developed special policies for promoting integrity in credit granting, purchasing, infrastructure construction, talent selection and appointment, and overseas operations. CDB also convened bank-wide cautionary and educational conferences to create a clean and upright political atmosphere. |

» GRI Content Index

| Number of the Disclosure Standard and Heading | Disclosure Article | Standard Content | Where to Find |
|---|--|--|--|
| GRI 102: General Disclosures | | | |
| Organizational Profile | 102-1 | Name of the Organization | Bank Profile |
| | 102-2 | Activities, brands, products, and services | Bank Profile |
| | 102-3 | Location of headquarters | Back cover |
| | 102-4 | Location of operations | Back cover |
| | 102-5 | Ownership and legal form | Bank Profile |
| | 102-6 | Markets served | Bank Profile |
| | 102-7 | Scale of the organization | IX. Appendix 1 Key Data |
| | 102-8 | Information on employees and other workers | VII.(3).2. Growing Together with Employees |
| | 102-9 | Supply chain | Procurement of China Development Bank |
| | 102-10 | Significant changes to the organization and its supply chain | VI.(2). Improving Corporate Governance Capability |
| | 102-11 | Precautionary principle or approach | IV.(3). Fighting the Battle against Major Risks VI.(3). Improving Risk Prevention and Control |
| | 102-12 | External initiatives | IX. Appendix 6 Notes to the Report |
| | 102-13 | Membership of associations | VI.(4). Promoting Stakeholder Participation |
| | 102-14 | Statement from senior decision-maker | I. Chairman's Review II. President's Report |
| Strategy | 102-15 | Key impacts, risks, and opportunities | III. Special Topic: Advancing Both Epidemic Prevention and Control and Economic Development with Firm Confidence and Coordinated Efforts IV.(3). Fighting the Battle against Major Risks VI.(3). Improving Risk Prevention and Control |
| | 102-16 | Values, principles, standards, and norms of behavior | I. Chairman's Review II. President's Report |
| Ethics and Integrity | 102-17 | Mechanisms for advice and concerns about ethics | IV.(3). Fighting the Battle against Major Risks VI.(3). Improving Risk Prevention and Control |
| | 102-18 | Governance structure | VI.(2). Improving Corporate Governance Capability |
| Governance | 102-19 | Delegating authority | 2019 Annual Report: Corporate Governance |
| | 102-20 | Executive-level responsibility for economic, environmental, and social topics | VI.(2). Improving Corporate Governance Capability |
| | 102-21 | Consulting stakeholders on economic, environmental, and social topics | VI.(4). Promoting Stakeholder Participation |
| | 102-22 | Composition of the highest governance body and its committees | 2019 Annual Report: Corporate Governance |
| | 102-23 | Chair of the highest governance body | I. Chairman's Review 2019 Annual Report: Management and Staff 2019 Annual Report: Corporate Governance |
| | 102-24 | Nominating and selecting the highest governance body | 2019 Annual Report: Changes to the Board of Directors and the Senior Management |
| | 102-26 | Role of highest governance body in setting purpose, values, and strategy | 2019 Annual Report: Corporate Governance |
| | 102-27 | Collective knowledge of highest governance body | VI.(4). Promoting Stakeholder Participation |
| | 102-28 | Evaluating the highest governance body's performance | Not Applicable |
| | 102-29 | Identifying and managing economic, environmental, and social impacts | VI.(4). Promoting Stakeholder Participation |
| 102-30 | Effectiveness of risk management processes | IV.(3). Fighting the Battle against Major Risks VI.(3). Improving Risk Prevention and Control | |
| 102-31 | Review of economic, environmental, and social topics | VI.(2). Improving Corporate Governance Capability | |
| 102-32 | Highest governance body's role in sustainability reporting | VI.(4). Promoting Stakeholder Participation | |
| 102-33 | Communicating critical concerns | VI.(4). Promoting Stakeholder Participation | |
| 102-34 | Nature and total number of critical concerns | VI.(4). Promoting Stakeholder Participation | |
| 102-35 | Remuneration policies | 2019 Annual Report: Annual Remuneration | |
| 102-36 | Process for determining remuneration | 2019 Annual Report: Annual Remuneration | |
| 102-37 | Stakeholders' involvement in remuneration | 2019 Annual Report: Annual Remuneration | |
| 102-38 | Annual total compensation ratio | 2019 Annual Report: Annual Remuneration | |
| 102-39 | Percentage increase in annual total compensation ratio | 2019 Annual Report: Annual Remuneration | |

| Number of the Disclosure Standard and Heading | Disclosure Article | Standard Content | Where to Find | |
|---|-----------------------------|--|---|---|
| Stakeholder Engagement | 102-40 | List of stakeholder groups | VI.(4). Promoting Stakeholder Participation | |
| | 102-41 | Collective bargaining agreements | VII.(3).2. Growing Together with Employees | |
| | 102-42 | Identifying and selecting stakeholders | VI.(4). Promoting Stakeholder Participation | |
| | 102-43 | Approach to stakeholder engagement | VI.(4). Promoting Stakeholder Participation | |
| | 102-44 | Key topics and concerns raised | VI.(4). Promoting Stakeholder Participation | |
| Reporting Practice | 102-45 | Entities included in the consolidated financial statements | IX. Appendix 1 Key Data | |
| | 102-46 | Defining report content and topic boundary | IX. Appendix 6 Notes to the Report | |
| | 102-47 | List of material topics | VI.(4). Promoting Stakeholder Participation | |
| | 102-48 | Restatements of information | Not Applicable | |
| | 102-49 | Changes in Reporting | Not Applicable | |
| | 102-50 | Reporting period | IX. Appendix 6 Notes to the Report | |
| | 102-51 | Date of most recent report | IX. Appendix 6 Notes to the Report | |
| | 102-52 | Reporting cycle | IX. Appendix 6 Notes to the Report | |
| | 102-53 | Contact point for questions regarding the report | IX. Appendix 6 Notes to the Report | |
| | 102-54 | Claims of reporting in accordance with the GRI standards | IX. Appendix 6 Notes to the Report | |
| | 102-55 | GRI content index | IX. Appendix 5 GRI Content Index | |
| 102-56 | External assurance | IX. Appendix 3 Independent Assurance Report by Certified Public Accountant | | |
| GRI 200 Economic | | | | |
| GRI 201 Economic Performance | 103-1 | Explanation of the material topic and its Boundary | III. Special Topic: Advancing Both Epidemic Prevention and Control and Economic Development with Firm Confidence and Coordinated Efforts VII.(1). Promoting High-Quality Economic Development | |
| | GRI 103 Management Approach | 103-2 | Management approach and its components | III. Special Topic: Advancing Both Epidemic Prevention and Control and Economic Development with Firm Confidence and Coordinated Efforts VII.(1). Promoting High-Quality Economic Development |
| | | 103-3 | Evaluation of the management approach | III. Special Topic: Advancing Both Epidemic Prevention and Control and Economic Development with Firm Confidence and Coordinated Efforts VII.(1). Promoting High-Quality Economic Development |
| | | 201-1 | Direct economic value generated and distributed | IX. Appendix 1 Key Data |
| | | 201-2 | Financial implications and other risks and opportunities due to climate change | III. Special Topic: Advancing Both Epidemic Prevention and Control and Economic Development with Firm Confidence and Coordinated Efforts VI.(3). Improving Risk Prevention and Control Strengthen Risk Management and Control |
| GRI 202 Market Presence | | 201-3 | Defined benefit plan obligations and other retirement plans | VII.(3).2. Growing Together with Employees |
| | GRI 103 Management Approach | 103-1 | Explanation of the material topics and its boundary | 2019 Annual Report: VII. Management and Staff |
| | | 103-2 | Management approach and its components | 2019 Annual Report: VII. Management and Staff |
| | | 103-3 | Evaluation of the management approach | 2019 Annual Report: VII. Management and Staff |
| | | 202-1 | Proportion of senior management hired from the local community | 2019 Annual Report: VII.(4). Annual Remuneration |
| GRI 203 Indirect Economic Impacts | | 202-2 | Proportion of senior management hired from the local community | 2019 Annual Report: VII. Management and Staff |
| | GRI 103 Management Approach | 103-1 | Explanation of the material topics and its boundary | VII.(1). Promoting High-Quality Economic Development |
| | | 103-2 | Management approach and its components | VII.(1). Promoting High-Quality Economic Development |
| | | 103-3 | Evaluation of the management approach | VII.(1). Promoting High-Quality Economic Development IX. Appendix 2 Honors and Awards |
| | | 203-1 | Infrastructure investments and services supported | VII.(1).1. Filling Infrastructure Gaps with a Focus on Quality and Efficiency |
| | 203-2 | Significant indirect economic impacts | VII.(1). Promoting High-Quality Economic Development | |

| Number of the Disclosure Standard and Heading | Disclosure Article | Standard Content | Where to Find | |
|---|-----------------------------|--|---|--|
| GRI 204 Procurement Practices | 103-1 | Explanation of the material topics and its boundary | Procurement of China Development Bank | |
| | GRI 103 Management Approach | 103-2 | Management approach and its components | VI.(1). Strengthening the Leadership of the Communist Party of China Procurement of China Development Bank |
| | | 103-3 | Evaluation of the management approach | VI.(1). Strengthening the Leadership of the Communist Party of China Procurement of China Development Bank |
| GRI 205 Anti-Corruption | 204-1 | Proportion of spending on local suppliers | Procurement of China Development Bank | |
| | GRI 103 Management Approach | 103-1 | Explanation of the material topics and its boundary | VI.(1). Strengthening the Leadership of the Communist Party of China |
| | | 103-2 | Management approach and its components | VI.(1). Strengthening the Leadership of the Communist Party of China |
| | | 103-3 | Evaluation of the management approach | VI.(1). Strengthening the Leadership of the Communist Party of China |
| | 205-2 | Communication and training about anti-corruption policies and procedures | VI.(1). Strengthening the Leadership of the Communist Party of China | |
| GRI 300 Environment | | | | |
| GRI 302 Energy | 103-1 | Explanation of the material topics and its boundary | VII.(1).1. Filling Infrastructure Gaps with a Focus on Quality and Efficiency VII.(1).3. Safeguarding Our Environment with Green Finance VII.(3).2. Growing Together with Employees | |
| | GRI 103 Management Approach | 103-2 | Management approach and its components | IV.(2). Providing Systematic Support for Winning the Battle against Pollution VII.(1).1. Filling Infrastructure Gaps with a Focus on Quality and Efficiency VII.(1).3. Safeguarding Our Environment with Green Finance |
| | | 103-3 | Evaluation of the management approach | VII.(1).1. Filling Infrastructure Gaps With a Focus on Quality and Efficiency VII.(1).3. Safeguarding Our Environment with Green Finance; VII.(3).2. Growing Together with Employees |
| | | 302-1 | Energy consumption within the organization | VII.(3).2. Growing Together with Employees |
| | | 302-2 | Energy consumption outside of the organization | VII.(1).1. Filling Infrastructure Gaps with a Focus on Quality and Efficiency VII.(1).3. Safeguarding Our Environment with Green Finance |
| GRI 303 Water | | 302-3 | Energy intensity | VII.(1).1. Filling Infrastructure Gaps with a Focus on Quality and Efficiency VII.(1).3. Safeguarding Our Environment with Green Finance |
| | | 302-4 | Reduction of energy consumption | VII.(1).1. Filling Infrastructure Gaps with a Focus on Quality and Efficiency VII.(1).3. Safeguarding Our Environment with Green Finance VII.(3).2. Growing Together with Employees |
| | | 302-5 | Reductions in energy requirements of products and services | VII.(3).2. Growing Together with Employees |
| | GRI 103 Management Approach | 103-1 | Explanation of the material topics and its boundary | VII.(1).2. Growing Together with Employees VII.(1).3. Safeguarding Our Environment with Green Finance VII.(3).2. Growing Together with Employees |
| | | 103-2 | Management approach and its components | IV.(2). Providing Systematic Support for Winning the Battle against Pollution VII.(1).2. Improving Corporate Governance Capability VII.(1).3. Safeguarding Our Environment with Green Finance VII.(3).2. Growing Together with Employees |
| | 103-3 | Evaluation of the management approach | VII.(1).2. Improving Corporate Governance Capability VII.(1).3. Safeguarding Our Environment with Green Finance VII.(3).2. Growing Together with Employees | |
| | 303-1 | Interactions with water as a shared resource | VII.(3).2. Expanding Financial Supply to Small and Micro Private Enterprises | |
| | 303-2 | Water sources significantly affected by withdrawal of water | VII.(1).2. Promoting Regional Coordination and the Resulting Complementary Advantages VII.(1).3. Safeguarding Our Environment with Green Finance | |
| | 303-3 | Water withdrawal | VII.(1).3. Safeguarding Our Environment with Green Finance VII.(3).2. Growing Together with Employees | |

| Number of the Disclosure Standard and Heading | Disclosure Article | Standard Content | Where to Find | |
|---|--|---|---|---|
| GRI 304 Biodiversity | GRI 103 Management Approach | 103-1 Explanation of the material topics and its boundary | VII.(1).3. Safeguarding Our Environment with Green Finance | |
| | | 103-2 Management approach and its components | IV.(2). Providing Systematic Support for Winning the Battle against Pollution | |
| | | 103-3 Evaluation of the management approach | VII.(1).3. Safeguarding Our Environment with Green Finance | |
| | 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | WeChat: CDB Helps Shaanxi Province Make Greater Progress in the New Era | |
| | | 304-2 Significant impacts of activities, products, and services on biodiversity | VII.(1).3. Safeguarding Our Environment with Green Finance | |
| | | 304-3 Habitats protected or restored | VII.(1).3. Safeguarding Our Environment with Green Finance | |
| GRI 305 Emissions | GRI 103 Management Approach | 103-1 Explanation of the material topics and its boundary | VII.(1).3. Safeguarding Our Environment with Green Finance VII.(3).2. Growing Together with Employees | |
| | | 103-2 Management approach and its components | IV.(2). Providing Systematic Support for Winning the Battle against Pollution VII.(1).3. Safeguarding Our Environment with Green Finance VII.(3).2. Growing Together with Employees | |
| | | 103-3 Evaluation of the management approach | VII.(1).3. Safeguarding Our Environment with Green Finance VII.(3).2. Growing Together with Employees | |
| | 305-1 | Direct (Scope 1) GHG emissions | VII.(1).3. Safeguarding Our Environment with Green Finance | |
| | | 305-2 Energy indirect (Scope 2) GHG emissions | VII.(1).3. Safeguarding Our Environment with Green Finance | |
| | | 305-3 Other indirect (Scope 3) GHG emissions | VII.(1).3. Safeguarding Our Environment with Green Finance | |
| | | 305-4 | GHG emissions intensity | IV.(2). Providing Systematic Support for Winning the Battle against Pollution VII.(1).3. Safeguarding Our Environment with Green Finance |
| | | | 305-5 Reduction of GHG emissions | IV.(2). Providing Systematic Support for Winning the Battle against Pollution VII.(1).3. Safeguarding Our Environment with Green Finance |
| | | 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | IV.(2). Providing Systematic Support for Winning the Battle against Pollution VII.(1).3. Safeguarding Our Environment with Green Finance | |
| | | GRI 306 Effluents and Waste | GRI 103 Management Approach | 103-1 Explanation of the material topics and its boundary |
| 103-2 Management approach and its components | IV.(2). Providing Systematic Support for Winning the Battle against Pollution VII.(1).2. Promoting Regional Coordination and the Resulting Complementary Advantages VII.(1).3. Safeguarding Our Environment with Green Finance | | | |
| 103-3 Evaluation of the management approach | VII.(1).2. Promoting Regional Coordination and the Resulting Complementary Advantages VII.(1).3. Safeguarding Our Environment with Green Finance | | | |
| 306-1 | Waste generation and significant waste-related impacts | | VII.(1).2. Promoting Regional Coordination and the Resulting Complementary Advantages VII.(1).3. Safeguarding Our Environment with Green Finance VII.(3).2. Growing Together with Employees | |
| | 306-2 | | Waste by type and disposal method | VII.(1).2. Promoting Regional Coordination and the Resulting Complementary Advantages VII.(1).3. Safeguarding Our Environment with Green Finance VII.(3).2. Growing Together with Employees |
| | | | 103-1 Explanation of the material topics and its boundary | IV.(2). Providing Systematic Support for Winning the Battle against Pollution VII.(1).3. Safeguarding Our Environment with Green Finance |
| GRI 307 Environmental Compliance | GRI 103 Management Approach | 103-2 Management approach and its components | IV.(2). Providing Systematic Support for Winning the Battle against Pollution VII.(1).3. Safeguarding Our Environment with Green Finance | |
| | | 103-3 | Evaluation of the management approach | IV.(2). Providing Systematic Support for Winning the Battle against Pollution VII.(1).3. Safeguarding Our Environment with Green Finance |

| Number of the Disclosure Standard and Heading | Disclosure Article | Standard Content | Where to Find | |
|---|---|--|---|--|
| GRI 308 Supplier Environmental Assessment | GRI 103 Management Approach | 103-1 Explanation of the material topics and its boundary | VII.(1).3. Safeguarding Our Environment with Green Finance Procurement of China Development Bank | |
| | | 103-2 Management approach and its components | VII.(1).3. Safeguarding Our Environment with Green Finance Procurement of China Development Bank | |
| | | 103-3 Evaluation of the management approach | VII.(1).3. Safeguarding Our Environment with Green Finance Procurement of China Development Bank | |
| | 308-1 | New suppliers that were screened using environmental criteria | Procurement of China Development Bank | |
| GRI 400 Society | | | | |
| GRI 401 Employment | GRI 103 Management Approach | 103-1 Explanation of the material topics and its boundary | VII.(3).2. Growing Together with Employees | |
| | | 103-2 Management approach and its components | VII.(3).2. Growing Together with Employees | |
| | | 103-3 Evaluation of the management approach | VII.(3).2. Growing Together with Employees | |
| | 401-1 | New employee hires and employee turnover | IX. Appendix 1 Key Data | |
| 401-2 | | Benefits provided to full-time employees that are not provided to temporary or part-time employees | VII.(3).2. Growing Together with Employees | |
| GRI 402 Labor/Management Relations | GRI 103 Management Approach | 103-1 Explanation of the material topics and its boundary | VII.(3).2. Growing Together with Employees | |
| | | 103-2 Management approach and its components | VII.(3).2. Growing Together with Employees | |
| | | 103-3 Evaluation of the management approach | VII.(3).2. Growing Together with Employees | |
| GRI 403 Occupational Health and Safety | GRI 103 Management Approach | 103-1 Explanation of the material topics and its boundary | VII.(3).2. Growing Together with Employees | |
| | | 103-2 Management approach and its components | VII.(3).2. Growing Together with Employees | |
| | | 103-3 Evaluation of the management approach | VII.(3).2. Growing Together with Employees | |
| GRI 404 Training and Education | GRI 103 Management Approach | 403-1 Workers representation in formal joint management-worker health and safety committees | VII.(3).2. Growing Together with Employees | |
| | | 403-2 Hazard identification, risk assessment, and incident investigation | VII.(3).2. Growing Together with Employees | |
| | | 403-4 | Health and safety topics covered in formal agreements with trade unions | VII.(3).2. Growing Together with Employees |
| | | 404-1 | Average hours of training per year per employee | VII.(3). Working Together toward Partnership |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | | VII.(3).2. Growing Together with Employees | |
| GRI 405 Diversity and Equal Opportunity | GRI 103 Management Approach | 103-1 Explanation of the material topics and its boundary | VII.(1).4. Serving High-Quality BRI Cooperation VII.(3).2. Growing Together with Employees | |
| | | 103-2 Management approach and its components | VII.(1).4. Serving High-Quality BRI Cooperation VII.(3).2. Growing Together with Employees | |
| | | 103-3 Evaluation of the management approach | VII.(1).4. Serving High-Quality BRI Cooperation VII.(3).2. Growing Together with Employees | |
| | 405-1 | Diversity of governance bodies and employees | VII.(3).2. Growing Together with Employees | |
| | 405-2 | Ratio of basic salary and remuneration of women to men | IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC | |

| Number of the Disclosure Standard and Heading | Disclosure Article | Standard Content | Where to Find |
|---|--------------------------------|--|--|
| GRI 406 Non-Discrimination | GRI 103 Management Approach | 103-1 Explanation of the material topics and its boundary | VII.(3).2. Growing Together with Employees IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| | | 103-2 Management approach and its components | VII.(3).2. Growing Together with Employees IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| | | 103-3 Evaluation of the management approach | VII.(3).2. Growing Together with Employees IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| GRI 407 Freedom of Association and Collective Bargaining | GRI 103 Management Approach | 406-1 Incidents of discrimination and corrective actions taken | VII.(3).2. Growing Together with Employees IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| | | 103-1 Explanation of the material topics and its boundary | VII.(3).2. Growing Together with Employees IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| | | 103-2 Management approach and its components | VII.(3).2. Growing Together with Employees IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| GRI 408 Child Labor | GRI 103 Management Approach | 103-3 Evaluation of the management approach | VII.(3).2. Growing Together with Employees IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| | | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | VII.(3).2. Growing Together with Employees IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| | | 103-1 Explanation of the material topics and its boundary | IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| GRI 409 Forced or Compulsory Labor | GRI 103 Management Approach | 103-2 Management approach and its components | IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| | | 103-3 Evaluation of the management approach | IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| | | 103-1 Explanation of the material topics and its boundary | IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| GRI 410 Security Practices | GRI 103 Management Approach | 103-2 Management approach and its components | WeChat: CDB Ningxia Branch Conducts a Security Emergency Drill |
| | | 103-3 Evaluation of the management approach | WeChat: CDB Ningxia Branch Conducts a Security Emergency Drill |
| | | 103-1 Explanation of the material topics and its boundary | WeChat: CDB Ningxia Branch Conducts a Security Emergency Drill |
| GRI 411 Rights of Indigenous Peoples | GRI 103 Management Approach | 103-2 Management approach and its components | VII.(1).4. Serving High-Quality BRI Cooperation |
| | | 103-3 Evaluation of the management approach | VII.(1).4. Serving High-Quality BRI Cooperation |
| | | 103-1 Explanation of the material topics and its boundary | VII.(1).4. Serving High-Quality BRI Cooperation |
| GRI 412 Human Rights Assessment | GRI 103 Management Approach | 103-2 Management approach and its components | IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| | | 103-3 Evaluation of the management approach | IX. Appendix 4 What We Did to Deliver the Ten Principles of the UNGC |
| | | 412-2 Employee training on human rights policies or procedures | VII.(3).2. Growing Together with Employees |

| Number of the Disclosure Standard and Heading | Disclosure Article | Standard Content | Where to Find |
|---|--------------------------------|--|---|
| GRI 413 Local Communities | GRI 103 Management Approach | 103-1 Explanation of the material topics and its boundary | VII.(1).4. Serving High-Quality BRI Cooperation VII.(2). Helping Create a Better Life VII.(3).3. Commitment to Public Welfare |
| | | 103-2 Management approach and its components | IV.(1). Offering High-Quality Services to Win the Battle Against Poverty VII.(1).4. Serving High-Quality BRI Cooperation VII.(2). Helping Create a Better Life VII.(3).3. Commitment to Public Welfare |
| | | 103-3 Evaluation of the management approach | VII.(1).4. Serving High-Quality BRI Cooperation VII.(2). Helping Create a Better Life VII.(3).3. Commitment to Public Welfare |
| GRI 414 Supplier Social Assessment | GRI 103 Management Approach | 413-1 Operations with local community engagement, impact assessments, and development programs | VII.(1).4. Serving High-Quality BRI Cooperation VII.(2). Helping Create a Better Life VII.(3).3. Commitment to Public Welfare |
| | | 103-1 Explanation of the material topics and its boundary | Procurement of China Development Bank |
| | | 103-2 Management approach and its components | Procurement of China Development Bank |
| GRI 415 Public Policy | GRI 103 Management Approach | 103-3 Evaluation of the management approach | Procurement of China Development Bank |
| | | 414-1 New suppliers that were screened using social criteria | Procurement of China Development Bank |
| | | 103-1 Explanation of the material topics and its boundary | III. Special Topic: Advancing Both Epidemic Prevention and Control and Economic Development with Firm Confidence and Coordinated Efforts VII.(2). Helping Create a Better Life |
| GRI 416 Customer Health and Safety | GRI 103 Management Approach | 103-2 Management approach and its components | III. Special Topic: Advancing Both Epidemic Prevention and Control and Economic Development with Firm Confidence and Coordinated Efforts IV.(1). Offering High-Quality Services to Win the Battle Against Poverty VII.(2). Helping Create a Better Life |
| | | 103-3 Evaluation of the management approach | III. Special Topic: Advancing Both Epidemic Prevention and Control and Economic Development with Firm Confidence and Coordinated Efforts VII.(2). Helping Create a Better Life |
| | | 415-1 Political contributions | III. Special Topic: Advancing Both Epidemic Prevention and Control and Economic Development with Firm Confidence and Coordinated Efforts VII.(2). Helping Create a Better Life |
| GRI 417 Marketing and Labeling | GRI 103 Management Approach | 103-1 Explanation of the material topics and its boundary | VII.(3).1. Meeting the Comprehensive Needs of Customers |
| | | 103-2 Management approach and its components | VII.(3).1. Meeting the Comprehensive Needs of Customers |
| | | 103-3 Evaluation of the management approach | VII.(3).1. Meeting the Comprehensive Needs of Customers |
| GRI 418 Customer Privacy | GRI 103 Management Approach | 416-1 Assessment of the health and safety impacts of product and service categories | VII.(3).1. Meeting the Comprehensive Needs of Customers |
| | | 103-1 Explanation of the material topics and its boundary | VII.(3).1. Meeting the Comprehensive Needs of Customers |
| | | 103-2 Management approach and its components | VII.(3).1. Meeting the Comprehensive Needs of Customers |
| GRI 418 Customer Privacy | GRI 103 Management Approach | 103-3 Evaluation of the management approach | VII.(3).1. Meeting the Comprehensive Needs of Customers |
| | | 417-1 Requirements for product and service information and labeling | VII.(3). Working Together toward Partnership VII.(3).1. Meeting the Comprehensive Needs of Customers |
| | | 103-1 Explanation of the material topics and its boundary | VII.(3).1. Meeting the Comprehensive Needs of Customers |
| GRI 418 Customer Privacy | GRI 103 Management Approach | 103-2 Management approach and its components | VII.(3).1. Meeting the Comprehensive Needs of Customers |
| | | 103-3 Evaluation of the management approach | VII.(3).1. Meeting the Comprehensive Needs of Customers |
| | | 103-1 Explanation of the material topics and its boundary | VII.(3).1. Meeting the Comprehensive Needs of Customers |

| Number of the Disclosure Standard and Heading | | Disclosure Article | Standard Content | Where to Find | |
|---|---|--------------------|--|--|---|
| GRI 419 Socioeconomic Compliance | GRI 103 Management Approach | 103-1 | Explanation of the material topics and its boundary | VI.(3).2. Improving Risk Prevention and Control | |
| | | 103-2 | Management approach and its components | VI.(3).2. Improving Risk Prevention and Control | |
| | | 103-3 | Evaluation of the management approach | VI.(3).2. Improving Risk Prevention and Control | |
| | | FS1 | Policies with specific environmental and social components applied to business lines | VII.(1). Promoting High-Quality Economic Development VII.(2). Helping Create a Better Life VII.(3). Working Together toward Partnership | |
| | | FS2 | Procedures for assessing and screening environmental and social risks in business lines | IV.(2). Providing Systematic Support for Winning the Battle against Pollution VII.(1).3. Safeguarding Our Environment with Green Finance VII.(1).4. Serving High-Quality BRI Cooperation | |
| | | FS3 | Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions | VII.(3).1. Meeting the Comprehensive Needs of Customers | |
| | | FS4 | Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines | VII.(3).2. Growing Together with Employees | |
| | | FS5 | Interactions with clients/investees/business partners regarding environmental and social risks and opportunities | V.(4). Promoting Stakeholder Participation | |
| | | FS6 | Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector | 2019 Annual Report: X. Strategic Priorities | |
| | G4 Financial Services Sector Supplement | | FS7 | Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose | IX. Appendix 1 Key Data |
| | | | FS8 | Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose | IX. Appendix 1 Key Data |
| | | | FS10 | Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues | VII.(1).3. Safeguarding Our Environment with Green Finance |
| | | | FS11 | Percentage of assets subject to positive and negative environmental or social screening | IX. Appendix 1 Key Data |
| | | | FS12 | Percentage of assets subject to positive and negative environmental or social screening | VII.(1). Promoting High-Quality Economic Development VII.(2). Helping Create a Better Life |
| | | | FS13 | Access points in low-populated or economically disadvantaged areas by type | VII.(2). Helping Create a Better Life VII.(3).3. Commitment to Public Welfare |
| | | FS14 | Initiatives to improve access to financial services for disadvantaged people | VII.(2). Helping Create a Better Life VII.(3).3. Commitment to Public Welfare | |
| | | FS15 | Policies for the fair design and sale of financial products and services | VII.(1).3. Safeguarding Our Environment with Green Finance VII.(3).1. Meeting the Comprehensive Needs of Customers | |

► Notes to the Report

Period Covered:

1 January 2019 to 31 December 2019, including certain information outside this timeframe.

Frequency of Publication:

This Report is an annual report.

Entities Covered:

This Report covers China Development Bank (as referred to as CDB, and we or us) and its subsidiaries.

References:

ISO 26000 *Guidance on Social Responsibility* (<http://www.iso.org>); GRI Standards Core Option, G4 Sustainability Reporting Guidelines Financial Services Sector Supplement (<http://www.globalreporting.org>); GB/T36000-2015 *Guidance on Social Responsibility*; the UN, *Transforming Our World: The 2030 Agenda for Sustainable Development*; and relevant decisions and guidelines of the CBIRC and China Banking Association.

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Access to the Report:

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Other Banks Community and Public Media NGO Other, please specify _____

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4. What do you think of the structure of and the quality of information disclosed in this report?

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