

BQD  青岛银行

BANK OF QINGDAO CO., LTD.
(A joint stock company incorporated in
the People's Republic of China with limited liability)
(H Shares Stock Code: 3866)
(A Shares Stock Code: 002948)

2022

社會責任報告

CORPORATE SOCIAL
RESPONSIBILITY REPORT



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About this report



This report describes the efforts and achievements of Bank of Qingdao Co., Ltd. (“Bank of Qingdao”, “the Bank”, and “we”) in respect of economic, social, and environmental issues in 2022. It documents the Bank’s assumption of social responsibility and commitment to sustainable development on the basis of providing financial services.

🕒 Reporting period

The reporting period is from 1 January 2022 to 31 December 2022, with the exception of some matters that extend beyond this period.

🔄 Reporting cycle

This report is prepared annually.

🌐 Reporting scope

This report focuses on Bank of Qingdao Co., Ltd. as its main reporting entity and covers its Head Office, branches, sub-branches, and subsidiaries, unless otherwise specified.

📄 Basis of preparation

This report is prepared in accordance with the *Self-regulatory Guidelines of the Shenzhen Stock Exchange for Listed Companies No. 1 – Standardised Operation of Companies Listed on the Main Board* and The Stock Exchange of Hong Kong Limited’s disclosure recommendations in its *Environmental, Social and Governance Reporting Guide*, with reference to:

- The *Sustainability Reporting Standards* of the Global Reporting Initiative (“GRI Standards”)
- *Opinions of the General Office of the Former China Banking Regulatory Commission on Strengthening the Social Responsibility of Banking Financial Institutions*
- *Self-regulatory Guidelines of the Shanghai Stock Exchange for Listed Companies No. 1 – Standardised Operation*
- *Guidelines of the China Banking Association on the Corporate Social Responsibility of Banking Institutions of China*

Reporting principles

This report has been prepared in accordance with the reporting principles of “materiality”, “quantification”, “balance”, and “consistency” as described below:

Materiality: The Bank has identified key environmental, social, and governance issues through stakeholder engagement and materiality assessments. The process, results of communication with stakeholders, and the materiality assessment are set out in the “Socially responsible governance” section.

Quantitative: The criteria and methodology used to quantify key performance indicators (KPIs), and the sources of the emission factors used are disclosed in detail in this report.

Balance: This report presents the Bank’s performance in the reporting period in an unbiased manner, avoiding selections, omissions, or presentation formats that might unduly influence the decisions or judgements of readers of the report.

Consistency: Unless otherwise specified, the statistical methods and foundations used in this report are consistent with those used in previous years.

Explanation of information

The financial information in this report is based on 2022 financial statements independently audited by KPMG Huazhen LLP. Should there be any conflict between the financial data herein and the Bank’s 2022 annual report, the 2022 annual report shall prevail. Other information is sourced from statistical data generated by the Bank’s internal systems, subsidiaries, branches, and sub-branches. All cases cited are real cases in the Bank’s operations. Unless otherwise stated, the renminbi is the functional currency throughout the report.

Assurance approach of the report

The Board of Directors of the Bank and all Directors undertake that the information in this report contains no false records, misleading statements, or material omissions, and they assume individual and joint liability for the authenticity, accuracy, and completeness of the information in this report.

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

Issuance form

This report has been issued in print and published on the website of the Bank at <http://www.qdccb.com>.

This report has been prepared in simplified Chinese, with English and traditional Chinese versions also available. If there is any conflict between the different versions, the simplified Chinese version shall prevail.

Preparer of the report

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Chairman's statement



Bank of Qingdao Co., Ltd.

Chairman

Jing ZaiLun

The year 2022 was one of huge significance in the history of both the Chinese Communist Party and China itself. It was also an extraordinary year in the development of Bank of Qingdao. Facing complex internal and external environments, Bank of Qingdao has always taken guidance from Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, and thoroughly studied and embraced the spirit of the 20th National Congress while keenly endorsing environmental, social and governance (ESG) practices. Our focus has been on our principal activities: the transformation coming about from digital intelligence, optimisation of services, and public service activities. It is by aligning our development with that of the local economy and the digital economy, and by taking our social responsibilities seriously, that we can make steady progress towards our goal of high-quality development.

In 2022, we continued to strengthen the foundations of our business, and it has become increasingly clear that our priorities should be quality and efficiency. Our study of, and adoption of, the spirit of the 20th National Congress furthers our high-quality development alongside Party building, through the deepening of the organic integration of Party leadership and corporate governance, the steady improvement of our governance systems, and the enhancement of our governance capabilities. We have ranked first among urban commercial banks in the China Banking Association's "gyroscope" evaluation for two consecutive years. For the ninth consecutive year, we conducted brand activities as part of the "Qing Yin Rong Wan Jia" Party building, transforming our Party building strength into business growth momentum. We are the first urban bank to complete A+H rights issue, to be approved as a public fund custodian, and to successfully issue perpetual bonds, further boosting our capital strengths. In addition, we have pushed forward the creation of a group-level comprehensive risk management system. As a result, we have kept all risks under control and maintained good, stable asset quality. Overall, the Bank has sustained momentum in its development, with our business structures refined, foundations solidified, and quality enhanced.

In 2022, we took further robust steps towards fulfilling our economic responsibilities. We navigated our way through a challenging year of 2022, and forged ahead with determination to address the complex external uncertainties while serving the real economy. During the reporting period, we echoed the national strategic policy deployment of replacing old drivers of growth with new ones, and of developing high-quality manufacturing industries and IT companies, adding impetus and strong growth engines to these key areas. We have fully implemented the decisions and plans of all government levels, set up a leading group on "Financial Services to Serve the High-quality Development of the Real Economy", and issued 20 measures in this regard. We have proactively organised the "President's Visits to Small and Micro Enterprises" to provide counselling services and offer support to small and medium-sized enterprises. Policy tools such as re-lending and re-discounting are being employed. Using these targeted policies and innovative products enables us to provide funds that alleviate the difficulties companies face and that can revitalise them. We have also enthusiastically explored the application of big data, implemented intelligent risk control and process innovation, and digitalised inclusive finance to improve convenience and efficiency. As at the end of 2022, the Bank had an inclusive loans increased by 23.26%, over the opening balance. The growth rate was higher than for the Bank's other loans.




In 2022, we adhered to our obligations in terms of environmental responsibility. The undertones of green development are becoming more distinct. The Bank has responded positively to the national "carbon neutral" strategy, using green finance to promote the development of the real economy, improving the long-term development system of green

finance, and exploring a green development path with its own characteristics. During the reporting period, the Bank issued the *Implementation Plan on Promoting Green Finance Development and Increasing Financial Support for Carbon Emission Reduction*. In turn we have conducted the following business: the first CCER (Chinese Certified Emission Reduction) future income rights pledge loan for a new energy project in Shandong Province, the first energy usage rights pledge financing by a corporate bank in Shandong Province, the first emission rights pledge loan in Qingdao, and the launch of a series of green financial products such as the "Carbon Neutral Loan", the "Photovoltaic Loan (光貸通)" and the "Carbon e-Loan" (碳E貸). We will always be practitioners of green finance and pioneers of green innovation. Following the formulation of China's first blue finance standards, we have made further breakthroughs in blue finance and have obtained the first International Finance Corporation blue finance investment in China, contributing to the sustainable development of the world's oceans. As at the end of 2022, the Bank's green credit loan balance was RMB20,924 million, an increase of RMB1,846 million, or 9.68%, over the previous year.

In 2022, we fulfilled our social responsibilities and remained committed to our original intention of providing the people with financial services. The political and people-oriented nature of our financial services is something we have always adhered to, along with the upgrading of our services through digital transformation to meet the growing financial needs of our customers. During the reporting period, by running 42 new digital transformation projects, we empowered our services, including those related to corporate services, with digital intelligence. We have upgraded our mobile financial channel creation and retail digital services system, and are actively exploring the value of data application. Internally, we have continued to promote a caring culture, fully protecting the rights and interests of our employees, strengthening the construction of a multi-layered talent pool, and improving staff cohesion. Externally, we have participated in many public service activities, paid special attention to education, focused on new citizens, and cared for those with special needs. We insist on developing community financial services, shouldering our social responsibilities whilst giving back to society. We donated a total of RMB5.6908 million throughout 2022.

Great success can be achieved with little steps. 2023 is the first year that embraces the spirit of the 20th National Congress, and it is a meaningful year in the implementation of the 14th Five-Year Plan. It is also a critical year for Bank of Qingdao as we embark on a new journey. Through strictly upholding our mission to serve the real economy, we will work steadfastly towards developing into a leading bank that puts quality and efficiency first, with our own distinctive characteristics and flexible mechanisms. In this way, we will better contribute to the development of Shandong Province and help build Qingdao into a modern, socialist, international metropolis.

Key KPIs

KPI Type	KPI Name	Unit	2022	2021
 Economic	Operating income ¹	RMB100 million	116.44	111.36
	Net profit	RMB100 million	31.68	29.93
	Basic earnings per share after adjustment ²	RMB	0.45	0.51
	Total assets	RMB100 million	5,296.14	5,222.50
	Total loans ³	RMB100 million	2,690.29	2,442.05
	Total deposits ³	RMB100 million	3,413.47	3,135.25
	Return on average total assets	%	0.60	0.61
	Return on weighted average net assets ²	%	8.95	10.40
	Non-performing loan ratio	%	1.21	1.34
	Provision coverage ratio	%	219.77	197.42
	Capital adequacy ratio	%	13.56	15.83
 Social	Total taxes paid	RMB100 million	15.57	17.95
	Charitable donations	RMB10,000	569.08	1,519.20
	Social contribution per share ⁴	RMB	3.04	3.67
	Total number of employees ⁵	Persons	4,708	4,447
	Proportion of female employees ⁵	%	55.52	55.79
 Environmental	Green credit balance	RMB100 million	209.24	190.78
	Head Office power consumption	10,000 kWh	376	383
	Head Office water consumption	Tonnes	23,898	28,112
	Head Office paper consumption	Million sheets	1.52	1.70
	Head Office oil consumption	Litres	43,647	53,709

1 This indicator is calculated based on the requirements of the Accounting Standards for Business Enterprises.

2 Basic earnings per share and return on weighted average net assets are calculated based on the *Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Computation and Disclosure of Return on Net Assets and Earnings per Share*. The Bank completed the rights issues of A shares and H shares in January and February 2022, respectively, and adjusted the weighted average number of ordinary shares outstanding in the calculation of earnings per share in accordance with Accounting Standards for Business Enterprises No. 34 - Earnings Per Share and related application guidelines, taking into account the bonus shares in the rights issues. The Bank issued preferred shares overseas in 2017, which were redeemed in September 2022 and dividends were paid. The Bank issued perpetual bonds in July and August 2022, which were classified as other equity instruments. In calculating earnings per share and weighted average return on net assets, the return on weighted average net assets was 8.95% in 2022, up by 1.45 percentage points from the previous year, mainly due to the growth of Weighted average net assets.

3 Accrued interest is excluded from total loans and total deposits.

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

5 This indicator includes the Bank's data but excludes the data of its subsidiaries.



Honours and recognitions

China Enterprise Confederation and China Enterprise Directors Association	<ul style="list-style-type: none"> Ranked 268 among the top 500 service enterprises in China in 2022
State-owned Assets Supervision and Administration Commission (SASAC) of the State Council	<ul style="list-style-type: none"> 2021 typical case of brand-building of local state-owned enterprises
China Association for Public Companies	<ul style="list-style-type: none"> 2022 best practices of board for directors' office of listed companies
World Brand Lab	<ul style="list-style-type: none"> Ranked 430 among "Top 500 Asian Brands" Ranked 346 among "China's 500 Most Valuable Brands" The only company in Shandong Province to win the "Five Star Diamond Brand"
China National Interbank Funding Centre	<ul style="list-style-type: none"> 2021 "Market Impact Award" and "Market Innovation Award"
City Commercial Banks Clearing Co., Ltd.	<ul style="list-style-type: none"> 2021 Outstanding Contribution Award
PY Standard	<ul style="list-style-type: none"> "Excellent Wealth Management Enterprise for Return on Investment" and "Excellent Wealth Management Enterprise for Innovation" awards for BQD Wealth Management
Shandong Provincial Market Supervision Bureau	<ul style="list-style-type: none"> 2022 Shandong high-end brand cultivation enterprise
Shandong Financial Supervisory Authority	<ul style="list-style-type: none"> Excellent financial counselling work in 2021
Qingdao City Central Sub-Branch of the People's Bank of China (PBOC), Qingdao Local Financial Supervision Bureau, Qingdao Jinjialing Financial Cluster Management Committee	<ul style="list-style-type: none"> 2022 Qingdao Excellent Fintech Application Project Selection First prize for "HawkEye 360 Intelligent Risk Monitoring Platform" Third prize for "Comprehensive and Unified Intelligent Credit Risk Control"
Qingdao Financial Innovation Awards 2021	<ul style="list-style-type: none"> First prize for "Creating the World's First Blue Asset Categorisation Criteria" Third prize for "First Financial Product Themed Charity, Blue and Dual Carbon in China" The "Golden Shield" bank risk control platform won the "Excellent Innovation Achievement"
Qingdao Office of China Banking and Insurance Regulatory Commission (CBIRC)	<ul style="list-style-type: none"> 2021 Advanced Unit of Financial Services for Small and Micro Enterprises in the Banking Industry in Qingdao
Wind Information	<ul style="list-style-type: none"> Best investment bank Best inter-bank debt financing instrument underwriter Best credit bond underwriter Bond underwriting rapid progress award
Trade Finance Magazine	<ul style="list-style-type: none"> Best Transaction Bank

Responsibilities

ADHERING TO DEVELOPMENT GUIDED BY PARTY BUILDING

Party building is the root and soul of financial enterprises. The Bank adheres to the overall leadership of the Party, to high-quality development, to professional digital development, and to development relying on staff, striving to realize a deep integration of Party building and business development. In 2022, the Party Committee of Bank of Qingdao took the initiative in integrating the Bank into the development of Shandong Province and Qingdao, fully studying and embracing the spirit of the 20th National Congress. Following the requirements of the Qingdao Municipal Party Committee's "Year of Work Style and Capability Enhancement" campaign, we strive to lead from the front in supporting the real economy and serving the people.

Fully studying and embracing the spirit of the 20th National Congress

Throughout the year, the Party Committee of Bank of Qingdao arranged 4 learning sessions for the theory core team on the study of the spirit of the 20th National Congress, and organised special study sessions and seminars. The Bank issued the *Implementation Plan of Bank of Qingdao for the Study, Propaganda and Implementation of the Spirit of the 20th National Congress*, setting off a wave of learning and implementation in the Bank. We have thoroughly studied and understood a series of new views, ideas, strategies, requirements and important discussions on economics and finance in the 20th National Congress report. We have strived to put them into practice and lead the Group forwards with vigour and determination.



Pursuing quality development through system building

In 2022, the Bank further incorporated “Party building” into its Articles of Association by supplementing the duties and composition of the Party Committee, clearly including the “two-way selection and cross appointment” leadership system, and clarifying the boundaries of the duties of the Party Committee and the general meeting of shareholders, the Board of Directors, the Board of Supervisors and the management. We have strictly followed the principle of the Party Committee “guiding direction, managing the overall situation, and promoting implementation”, and the Board of Directors insists on discussing the Party Committee’s ideas before proceeding to making decisions on any major matters, effectively ensuring the leading and political core role of the Head Office Party Committee.

In 2022, the Bank further strengthened its institutional layout and formulated the *Rules of Procedure and Decision-making of the Communist Party of China Committee of Bank of Qingdao* to promote rational, democratic, and systematic Party Committee deliberation and decision-making. A *List of Important Matters* was formulated to regulate capital operations such as equity investment and large-scale capital arrangements. In addition, the Bank issued the *Implementation Plan of the Communist Party of China Committee of Bank of Qingdao on Promoting Integrity*, the *2022 Study Plan of the Party Committee’s Theoretical Learning Central Group*, and a *List of Responsibilities of Members of the Head Office Party Committee and the Party Committee Leadership Team with Respect to Rigorous Party Governance for 2022*. These stipulate the standards and responsibilities of all Party building work and form a mechanism that uses systems to govern people and affairs.

Deepening the ‘Year of Work Style and Capability Enhancement’ campaign

During the reporting period, the Bank issued the *Bank of Qingdao’s Implementation Plan in Respect of the ‘Year of Work Style and Capability Enhancement’ Campaign* to ensure completion of all tasks at every stage. It is a solid effort to enhance the Bank’s political integrity by improving the work style of the Bank’s Party members and cadres while strengthening their capabilities. In response to the pain points in advancing various tasks, the Bank has compiled a detailed, quantifiable and operable list of targets, problems and innovative breakthrough projects. Each of the 47 problems listed has been rectified. In conjunction with our inspection visits and other special activities, we have focused on addressing issues in four areas. With these efforts, significant improvements have been seen in our employees in terms of their mental state, understanding of the people-oriented concept, the business environment and overall work implementation.



In May 2022, the Bank launched a major research activity on “Year of Work Style and Capability Enhancement”

Promoting the ‘Qing Yin Rong Wan Jia’ brand to stimulate Party building

We have organised brand activities as part of the “Qing Yin Rong Wan Jia” Party building for nine consecutive years. The brand has been enriched with the participation of various business units in terms of brand connotation and presentation.

Developed in 2014, ‘Qing Yin Rong Wan Jia’ is the first Party building cultural brand in the Qingdao financial sector. Since its inception, we have held official recognition ceremonies for the ‘Qing Yin Rong Wan Jia’ brand for nine years. In 2022, the number of brands filed by the Bank reached a record high of 95. In total, we have filed 620 brands, of which 60 brands are officially recognised. The ‘Qing Yin Rong Wan Jia’ brand has become a model for the Bank’s organic integration and promotion of Party building and management work.



STRENGTHEN GOVERNANCE FOR BETTER DEVELOPMENT





Improving corporate governance

Company profile

Founded in November 1996, the Bank is headquartered in Qingdao, Shandong Province, and formerly went under the names Qingdao Urban Cooperative Bank and Qingdao Commercial Bank. Since our founding, we have been improving our governance, risk control, and IT capabilities among other areas, and have developed unique strengths in “Good Governance, Warm Services, Strong Risk Control, and Advanced Technology”. Our H shares and A shares were listed on The Stock Exchange of Hong Kong Limited (SEHK) in December 2015 and on the Shenzhen Stock Exchange (SZSE) in January 2019, making us Shandong's first “A-share” listed bank and China's second “A+H-share” listed commercial bank.

The Bank provides products and services, such as corporate and personal deposits, loans, and payment and settlement services. It has developed three major business segments in retail banking, corporate banking, and financial markets, consolidating its customer base and building a unique financial business model aimed at high-quality development. The Bank is based in Qingdao and as such provides services across Shandong Province. By the end of 2022, we had established 180 business entities in total, including 16 branches in the major cities of Shandong Province, such as Jinan, Yantai, and Weihai, as well as special sub-branches such as the Sci-tech Sub-branch, Cultural Innovation Sub-branch, and Port Sub-branch. Furthermore, we set up BQD Financial Leasing Co., Ltd. (“BQD Financial Leasing”) in February 2017 and BQD Wealth Management Co., Ltd. (“BQD Wealth Management”) in September 2020. As at the end of the reporting period, we had more than 4,700 employees.

The Bank's operating indicators ranked high within the banking industry of Shandong Province at the end of 2022. Total assets increased by 1.41% from the end of the previous year to RMB 529,614 million. Total loans increased 10.17% year on year to RMB 269.029 billion, while our non-performing loan ratio decreased 0.13 percentage point over the same period to 1.21%. The Bank's accumulated net profit reached RMB 3,168 million, representing a year-on-year increase of 5.82%.



The Banker's Top 1000 World Banks ranks

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In 2022, the “GYROSCOPE” evaluation of corporate governance ability of commercial

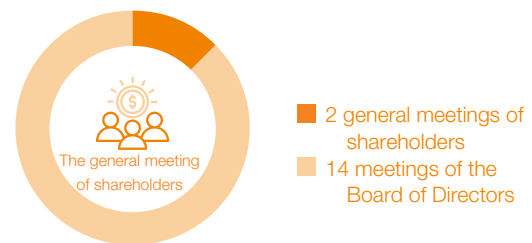
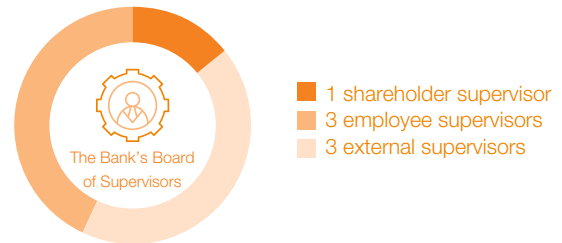
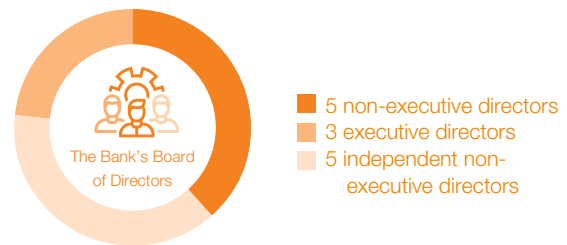
banks ranked the **first**



Corporate governance

The Bank strictly abides by the relevant laws and regulations and the provisions of the Bank's Articles of Association. With the goal of creating a regulated, market-oriented, and unique corporate governance model, we are constantly improving corporate governance mechanisms to make them more regulated and effective, laying a solid foundation for sustainable and high-quality development. We also believe that diversified Board members are crucial to achieving our strategic objectives. Therefore, in selecting and appointing Board members, the Bank takes into account the dimensions of diversity, including, but not limited to, gender, age, geographical location, education, and profession. As at the end of 2022, the Bank's Board of Directors comprised 13 directors, including 5 non-executive directors, 3 executive directors, and 5 independent non-executive directors. The Bank has newly established Office of the Board of Supervisors, which consists of 7 supervisors, including 1 shareholder supervisor, 3 employee supervisors, and 3 external supervisors.

The general meeting of shareholders, composed of all the Bank's shareholders, is the highest authority of the Bank and exercises authority over the Bank in accordance with the law. In 2022, the Bank held two general meetings of shareholders to review and approve 9 proposals and hear 3 reports. The Board of Directors serves as the Bank's decision-making body and is responsible for reporting to, and implementing the resolutions of, the general meeting of shareholders. In 2022, the Board of Directors convened 14 meetings, including 5 in-person meetings and 9 online meetings, at which 59 proposals were considered and 61 reports were reviewed or heard.



Timely information disclosure

As a listed bank issuing both A shares and H shares, the Bank strictly complies with the laws and regulations in Mainland China and Hong Kong SAR in fulfilling its information disclosure obligations, ensuring that the information disclosed is true, accurate, and complete, without any false records, misleading statements, or material omissions.

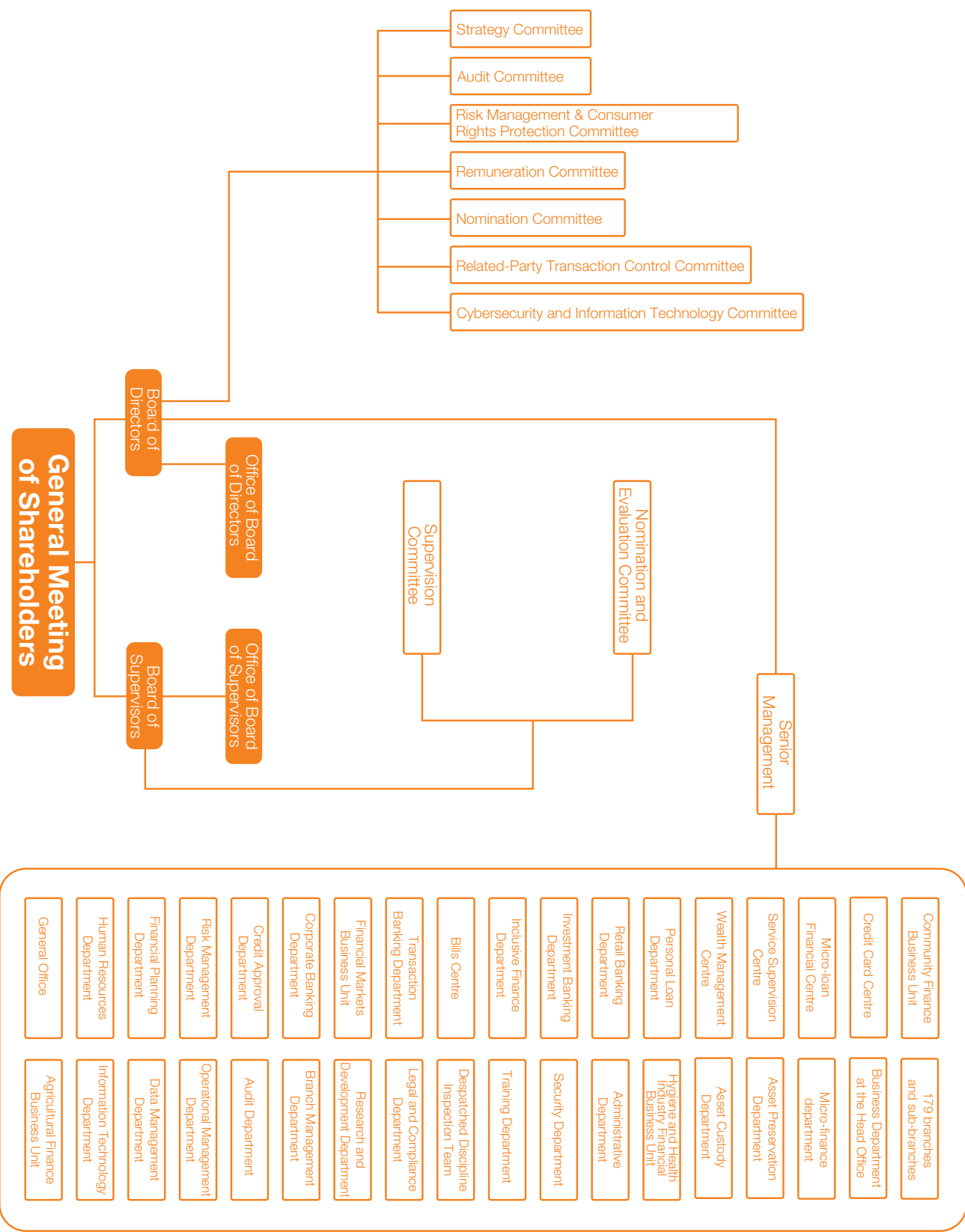
In 2022, the Bank made a total of 276 announcements of various types on the two exchanges, 138 on the SZSE and 138 on the SEHK. There were no enquiries from regulators or penalties imposed for information disclosure compliance issues. On the basis of strict compliance with the relevant regulations, the Bank closely focuses on its business development and takes the initiative in providing information on those development characteristics of interest to investors. Business development results are disclosed to the capital market and investors in a comprehensive, objective, and truthful manner to deepen our image of professionalism, integrity, and compliance. The Bank has received the highest rating of "A" in the SZSE's information disclosure assessment for two consecutive years.

In terms of investor relations management, the Bank maintains communication channels across platforms while actively enhancing the experience of small and medium-sized investors through its official website, new media platforms, hotlines, emails, and the

"Easy Interaction" platform. In addition, various means such as investor briefings, analyst meetings, online group reception days, and special surveys have been used. In 2022, the Bank answered nearly 200 investor hotline calls, handled over 100 mails from the IR mailbox, organised 14 communication activities with investors, and conducted in-depth communication with over 100 securities analysts and investors on matters of concern to them, answering over 200 questions. These activities have reached over 48,000 participants, effectively expanding the breadth and depth of our communication with the capital market.

Adhering to "compliance first", in 2022 the Bank closely tracked changes in regulatory requirements and initiated a total of 26 amendments to various governance rules, including the Articles of Association, ensuring the compliant operation of our corporate governance. We have strictly complied with regulatory requirements and provided favourable conditions for our directors to perform their duties. In 2022, the Bank organised remote online training for all directors, including two sessions on "Cracking down on financial fraud and preventing the misappropriation of funds" and two sessions on corporate governance covering topics such as the performance of directors, supervisors and senior management, stock compliance management, revision of regulatory rules and regulations, and analysis of the latest violation cases.

The Bank's Organisational Chart



Social Responsibility Governance

Statement of the Board of Directors (the “Board”)

The Board of Directors is committed to the Bank strictly abiding by the disclosure requirements of the environmental, social and governance (ESG) reporting guidelines of any stock exchange where the Bank’s shares are traded.

The Board will further clarify its responsibilities in respect of ESG through meetings and routine training, optimise its work flow and enrich its working methods. Additionally, the Board will incorporate ESG into the Bank’s operations and long-term development goals, ensuring that ESG is truly integrated into our corporate culture.

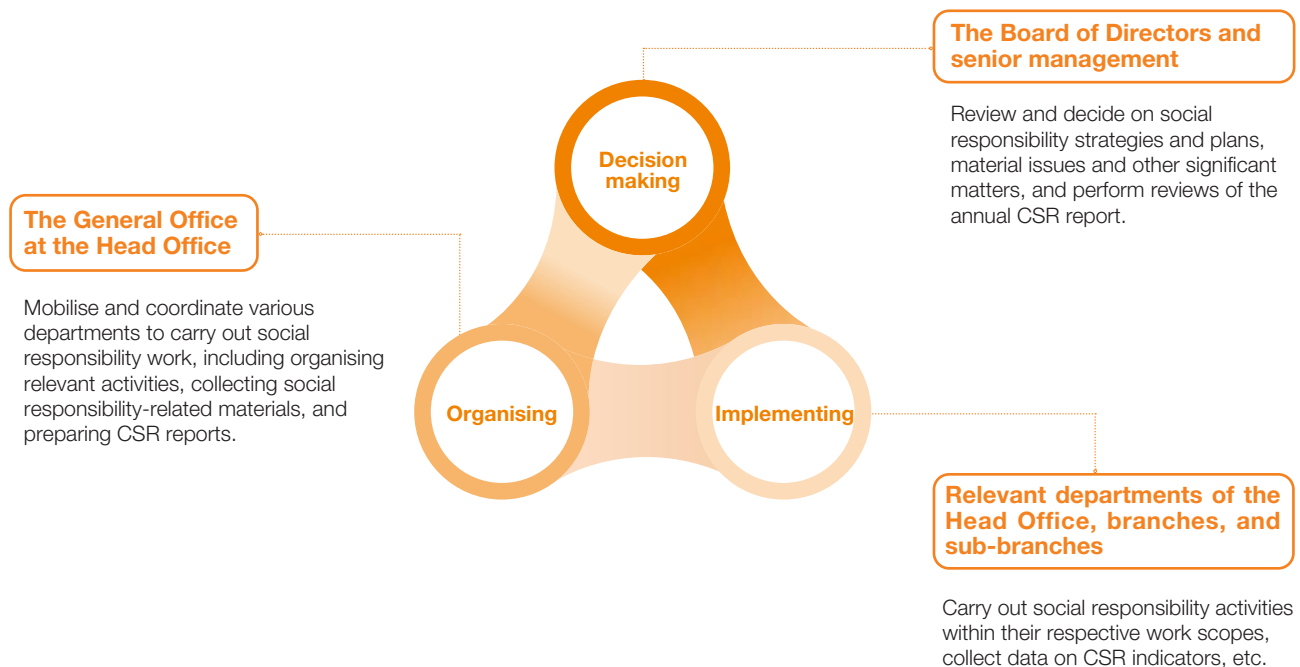
In 2022, the Board proactively performed its strategic decision-making and supervisory functions, and comprehensively supervised ESG matters, focusing on green credit, consumer rights protection, and data governance. It has successively reviewed and approved the *2021 Corporate Social Responsibility Report of Bank of Qingdao Co., Ltd.*, *2021 Report of Bank of Qingdao Co., Ltd. on Green Credit Development*, *2021 Report of Bank of Qingdao Co., Ltd. on Protection of Financial Consumers’ Rights and Interests*, and *2021 Report of Bank of Qingdao Co., Ltd. on Data Governance*.

In 2023, the Board will further improve the Bank’s risk management, information collection, and reporting systems in respect of ESG, constantly refine its ESG governance structure, and further enhance its ESG governance.

Responsibility governance system

Social responsibility management structure

The Head Office’s General Office, which is guided by the Board of Directors and led by senior management, is responsible for organising and implementing social responsibility work. This work is carried out by various departments at the Head Office, branches, and sub-branches through coordination and collaboration and in accordance with the *Measures for the Regulation of Annual CSR Report Preparation and Disclosure for Bank of Qingdao Co., Ltd.* The Bank has committed itself to a development concept that gives equal emphasis to social and economic responsibilities, and to achieving its CSR goals through various undertakings, such as formulating credit policies, selecting customers, and designing financial products.



Communication with stakeholders

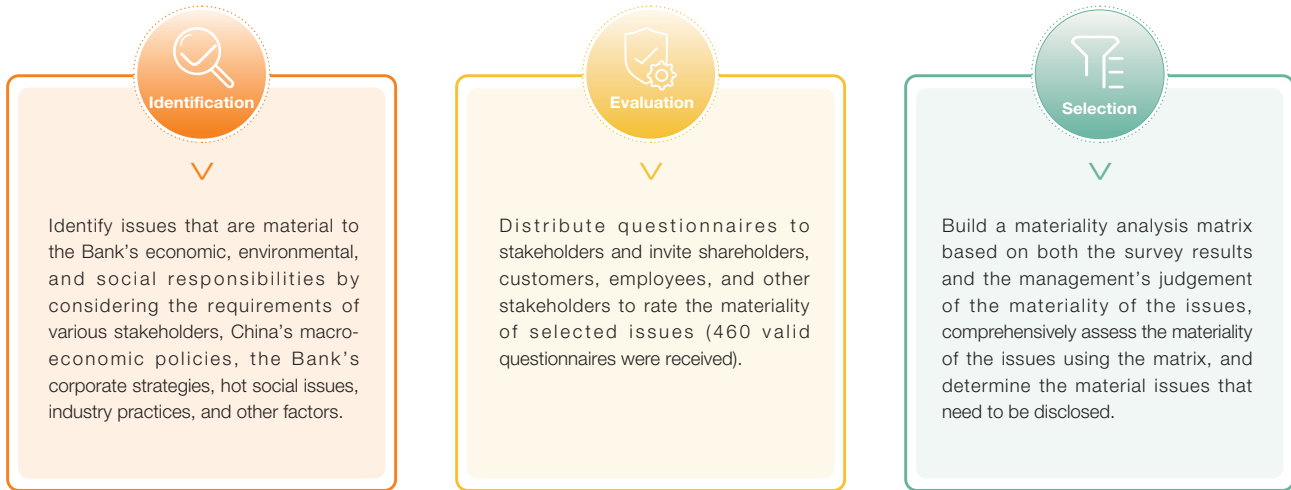
In order to understand the expectations and requirements of stakeholders, the Bank has set up various communication channels for its daily operations and created a communication mechanism that enhances regular communication with stakeholders through such means as meetings, reports, and seminars. In doing so, we aim to improve the capability and adequacy of our social responsibility governance.

Stakeholder	Expectations and requirements	Means of communication	Responses and measures
 Government	<ul style="list-style-type: none"> Support the real economy Pursue compliance operation Implement macro-economic policies Promote regional economic development Expand inclusive finance services 	<ul style="list-style-type: none"> Policy documents and guidelines Work meetings Information distribution Special reports 	<ul style="list-style-type: none"> Advocate Party building as guidance Pursue compliance operations Support key projects Expand inclusive finance services Support small and micro enterprises Support regional development Support the construction of beautiful villages Support industrial upgrading and optimisation ESG governance
 Regulators	<ul style="list-style-type: none"> Ensure compliance with regulatory requirements Maintain financial stability Assume social responsibilities 	<ul style="list-style-type: none"> Regulatory policies Inspections and supervision Work reporting 	<ul style="list-style-type: none"> Strengthen internal control Support real economy Guard against financial risks
 Shareholders	<ul style="list-style-type: none"> Ensure sustainable business operations Improve profitability Improve returns on equity Increase corporate value 	<ul style="list-style-type: none"> General meetings of shareholders Information disclosure Performance roadshows Investor surveys and communications 	<ul style="list-style-type: none"> Improve corporate governance Develop corporate development plans Improve information disclosure Enhance management of investor relations
 Customers	<ul style="list-style-type: none"> Improve service quality and efficiency Provide a greater variety of financial products Ensure information and fund security Expand service channels Protect consumers' legitimate rights and interests 	<ul style="list-style-type: none"> Marketing activities Customer hotline Surveys WeChat, online banking and other digital platforms 	<ul style="list-style-type: none"> Accelerate digital intelligence transformation Enhance customer service Caring for people with special needs Protect consumers' legitimate rights and interests Increase service outlets Spread financial knowledge Enhance information security
 Employees	<ul style="list-style-type: none"> Improve employee benefits Protect employees' legitimate rights and interests Provide professional training and career development opportunities Enrich leisure activities 	<ul style="list-style-type: none"> The trade union General meetings of employee representatives Seminars Feedback Discussions and visits 	<ul style="list-style-type: none"> Protect employees' legitimate rights and interests Improve the compensation and welfare system Collect employees' suggestions from various channels Improve the training system Set up "Staff Houses" Help employees with difficulties Energise talents
 Suppliers	<ul style="list-style-type: none"> Fair procurement Win-win cooperation 	<ul style="list-style-type: none"> Negotiations Conclusion of contracts and agreements Tender and bidding processes 	<ul style="list-style-type: none"> Build a procurement management system Enhance business cooperation
 Partners	<ul style="list-style-type: none"> Mutually beneficial cooperation Communication and exchange of ideas 	<ul style="list-style-type: none"> Meetings Joint projects 	<ul style="list-style-type: none"> Strengthen external communication Enhance interbank cooperation
 Communities	<ul style="list-style-type: none"> Care for disadvantaged groups Organise public service activities 	<ul style="list-style-type: none"> Visits Seminars 	<ul style="list-style-type: none"> Engage in public service activities Financial aid for students Volunteer activities Explore community finance
 Environment	<ul style="list-style-type: none"> Low-carbon and environmentally friendly operations Sustainable development 	<ul style="list-style-type: none"> Energy conservation and emission reduction policies Green public service activities 	<ul style="list-style-type: none"> Develop green finance Promote green operation Advocate green public services Develop blue finance

Materiality analysis matrix

Analysis of material issues

The Bank selects relevant issues by examining the requirements of various stakeholders as well as China's macro-economic policies, the Bank's corporate strategies, hot social issues, and other factors. A materiality assessment is then performed based on stakeholder surveys, and the material issues to be disclosed in the report are chosen.



Materiality analysis matrix



Compliance-based operations

Internal control and compliance system

The Bank has established and steadily improved the ‘three lines of defence’ to implement effective internal controls. The first line of defence is business units, the second line is the Legal and Compliance Department, and the third is the Audit Department. They form a mechanism with a clear division of labour, mutual supervision, checks and balances, and interconnection to guard against risk. The Bank has formulated the *Basic Provisions on Internal Control of the Bank of Qingdao* to regulate and clarify the division of responsibilities among the Board of Directors, the Board of Supervisors, and senior management in regards to the management of internal control.

In 2022, guided by the “3+3+1” compliance management innovation project, the Bank continued to reinforce the three foundations of compliance construction: compliance culture, compliance policies, and compliance systems. It has overcome three major compliance challenges: repeated violations despite investigation, compliance of counter operations, and law-based banking services and products. By sticking to the principle of empowering business management through compliance, the Bank has strengthened its compliance management.

The Audit Committee was established under the Board of Directors to coordinate internal audit work. 2022 saw the unification and centralisation of the Audit Department management at the Head Office through vertical management reform as the Bank steadily increased the coverage and frequency of audits to enhance its risk and internal control management capabilities. During the reporting period, the Bank conducted regular audits, special audits and follow-up audits, covering all businesses and risks. The audit work mode has been optimised, by deepening the transformation to management audits, accelerating the application of big data in audits, and speeding up the integration of off-site and on-site audits. 43 “Weekly Inspection” activities were conducted, and 2,881 suggestions were handled from “What I Found Today” to improve internal control, supervision, and management.

Comprehensive risk management

During the reporting period, bearing the group’s development in mind, the risk management of group entities was coordinated towards an overall improvement in risk management.

Credit risk



In 2022, the Bank promoted the development of a comprehensive risk management system at the group level, gradually strengthened the risk control mechanism across entities and departments, monitored the implementation of risk appetite, risk limits and risk management strategies and procedures, and enhanced the ability to prevent, warn, and manage various types of risk. It increasingly optimised the risk management system covering the Bank and the entities included in the scope of consolidation, and established the Risk Management Department at the Head Office, focused on enhancing overall credit risk management capabilities. During the year, the Group’s unified credit extension and consolidation management was enhanced, with improvements made to the plans and measures to control credit concentration in an effort to ensure safe and controllable credit concentration risk on overall. Furthermore, we have refined the emergency response mechanism and revised the *Recovery Plan of the Bank of Qingdao* to effectively enhance the emergency response capability and the ability to guard against and resolve major risks.

Liquidity risk



Based on the principle of separately implementing and supervising liquidity risk management, the Bank has established a liquidity risk management governance structure that defines the roles, responsibilities, and reporting lines of the Board of Directors, the Board of Supervisors, senior management, special committees, and relevant departments, so as to improve the effectiveness of liquidity risk management. During the reporting period, to strengthen liquidity risk control the Bank made appropriate increases to its investment in qualified high-quality bonds, maintained sufficient liquidity reserves, promoted the steady growth of deposits, continued to manage indicators prospectively, adjusted and improved the liquidity risk limit and early warning systems, and enhanced contingency measures.

Market risk



At the level of market risk, the Bank constructs measurement methods suitable for the scale and structure of the assets and liabilities. The impact of changes in interest rates on the Bank’s net interest income and economic value is assessed quantitatively for different sources of risk using methods such as repricing gap analysis, duration analysis, and net interest income simulation analysis. A report of the analysis results is then formed to put forward management suggestions and adjustments to business strategies.

Operational risk



During the reporting period, the Bank formulated the *Operational Risk Management Policy of the Bank of Qingdao*. We actively improved the operational risk management system, effectively identified, assessed, monitored, controlled, and mitigated operational risks, and vigorously improved operational risk management, keeping operational risk at bay. As a result, no significant operational risk events or loss incidents were reported.

Reputational risk



During the reporting period, the Bank promoted the group-wide, closed-loop management of reputational risk, and created a forward-looking and efficient collaborative environment to handle major public opinions properly and promptly. In 2022, the Bank conducted 5 group-wide reputational risk surveys to manage and eradicate risk hazards at source, and organised 8 internal training sessions to make our emergency response to public sentiment more precise, efficient and orderly.

Anti-money laundering management

In 2022, the Bank developed a three-dimensional, closed-loop, risk prevention and control system for anti-money laundering (AML) that covers the processes of AML policies, warning, implementation, system, education, and supervision, greatly improving the management of money laundering and terrorist financing risks.

The Bank has strengthened system construction, revised and completed a number of AML policies to clarify the division of responsibilities and to standardise the execution of AML actions. The Bank advocated technological empowerment. During the year, a total of 27 AML system optimisation projects were launched, and several optimisation projects for key rule threshold monitoring were put into operation. A project to upgrade the intelligence of the AML monitoring system was kicked off and the first phase of knowledge graph was launched on a trial basis. Monitoring has been enabled in business systems to inspect customer and account activities, replacing a manual risk check with automated risk monitoring. The Bank has improved its training structure and conducted 44 AML training sessions throughout the year; distributed 8 issues of money laundering risk reminders on topics involving scoring platforms, gold rebates, and group buying. We have kept an eye on money laundering risk cases in the industry and issued a number of internal management reminders and practical operations documents. We have also fulfilled our social awareness obligations by releasing 12 issues of money laundering risk tips to the public, reaching over 10,000 people.

Anti-telecommunication fraud

In 2022, the Bank proactively organised and conducted account inspections of a total of 63,000 accounts while taking control of 1,363 accounts. We ranked first among banking institutions in Qingdao in terms of account risk management in the regulatory evaluation and are capable of guarding the safety of our customers' funds.



In 2022, the Bank proactively organised and conducted account inspections of a total of

63,000 accounts.

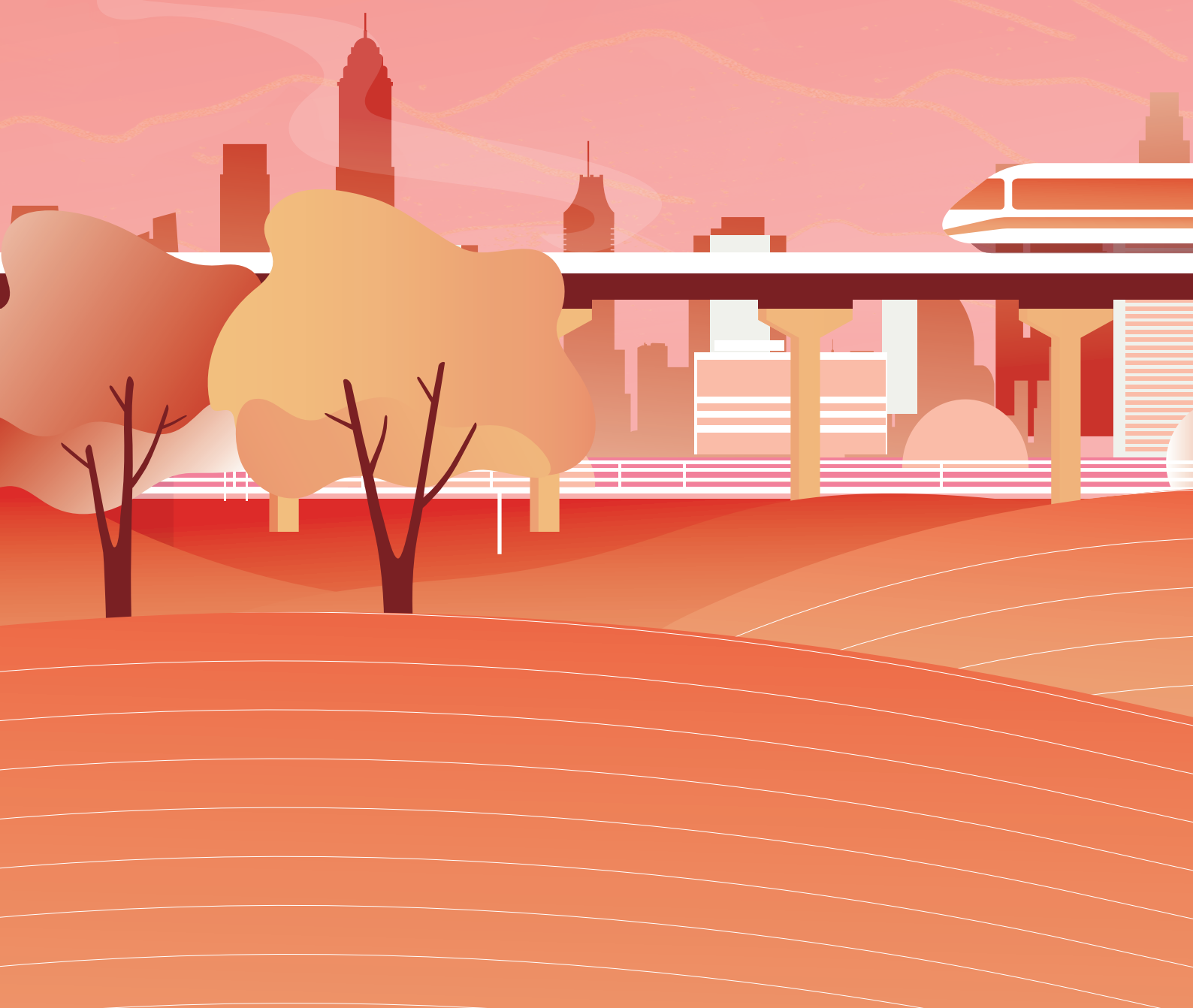
Cultivating a culture of integrity

To the Bank, strengthening Party conduct and cultivating integrity is part of risk management, so we steadily fostered a culture of integrity during the reporting period. We have strengthened the discipline inspection team by establishing and refining the organisational structure for discipline inspection at the grassroots level, electing a secretary for the Discipline Inspection Committee of each branch, with discipline inspection members for all such Party organisations, so as to enhance discipline inspection and supervision work. It has formulated and refined the *Learning System of the Discipline Inspection and Supervision Group Despatched to the Bank of Qingdao* and the *Provisional Measures on Strengthening Party Conduct and Integrity Education*. Anti-corruption responsibility shifted further downward to middle-management, so, for the first time, newly appointed mid-level managers were given an integrity talk, a reminder letter, and an integrity pack, and were required to provide their own views on the subject. These four initiatives combined to give new managers a first lesson concerning the upholding of integrity. The Bank released 16 issues of the *Reminder on Integrity and Self-discipline*, including the *Reminder on Advocating "Strict, Conscientious, Meticulous, Practical and Fast" Work Style to Ensure "Double Promotion" of Business Management* that focus on key positions and critical periods; and guided grassroot Party organisations to develop the sub-brand "Compliance + Bank of Qingdao" under the "Clean Bank of Qingdao" brand to promote the culture of integrity and compliance in grassroot outlets. In addition, we deepened integrity education and created a "Clean Bank of Qingdao" bulletin board, organising Party organisations at all levels within the Bank to show 3 educational videos to senior management and young managers, and released 21 issues of *Weekly Case Sharing*. We have formulated the *Management Measures of the Bank of Qingdao for Staff's Non-Compliance Reporting*, and set up a reporting mailbox and hotline to strengthen the building of integrity. During the reporting period, the Bank has had no litigation cases related to corruption.

Intellectual property management

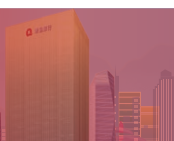
The Bank has always attached importance to the protection of intellectual property rights. We have formulated and refined the Measures for the *Management of Intellectual Property Rights of the Bank of Qingdao* to better maintain and protect intellectual property rights, which in turn allows intellectual property to better support financial innovation and business development. At the end of 2022, the Bank has the exclusive rights of 217 registered trademarks in China, covering financial services and other fields. In 2022, the Bank organised a training session on "Genuine Software and Copyright Protection and Infringement Response in the New Media Environment" to raise awareness and enhance the management of intellectual property protection.

SUPPORTING THE REGION'S REAL ECONOMY





Serving the real economy



Implementing national policies

During the reporting period, the Bank adopted the development concepts of innovation, coordination, green practices, openness, and sharing, with a focus on supply-side structural reform. It fully supported efforts aimed at addressing overcapacity, reducing inventories, lowering leverages, cutting costs, and fixing weaknesses, while increasing the suitability, proactiveness, and relevance of credit supply to changes in demand. More credit has been granted to the high-tech sector, the high-end manufacturing sector, the next generation of IT sector, the blue ocean economy, strategic emerging industries, green credit projects, and critical construction projects. Through the operating mechanism of the creditors' committee of the banking sector, the Bank has effectively helped enterprises temporarily encountering difficulties transform and upgrade their business and cut their financing costs through the lowering of lending rates, a reduction in interest arrears, and the adjustment of repayment terms and frequency of interest repayments. We have also strictly controlled credit extension to companies engaging in high energy-consumption, high-polluting, and overcapacity industries, speeding up the liquidation of "zombie companies" through litigation and collection, debt restructuring and debt transfer, optimising the structure of credit assets and effectively reduce the proportion of non-performing loans (NPLs).

Supporting regional economic development

Leveraging its advantages as a local bank, the Bank has further assumed its social responsibilities and focused on major projects and the top ten industries in Shandong Province and Qingdao, helping the transformation and upgrading of the regional economy, and efficiently contributing to the development of the real economy.

Supporting development in key areas

According to the *Notice on the 2022 Action Plan for the "Top Ten Innovations", "Top Ten Industries" and "Top Ten Demand Expansions"* issued by the General Office of the People's Government of Shandong Province, our Head Office, branches, and sub-branches have worked together to set up an account for major projects, prioritised our work to meet the funding needs of these projects and enterprises, and supplied capital for their business development and project construction. So far, the Bank has provided financing support to a number of key projects, including high-end equipment, new energy, modern maritime, medicine and healthcare, modern and efficient agriculture, cultural tourism, and textile and light industry.

In 2022, the Bank has been involved in many key projects announced at the provincial level in Shandong, providing support in terms of credit policies and products. Keeping up with the government's pace, the Bank has been working with a batch of municipal-level professional parks for emerging industries and industrial parks for science and technology innovation in Qingdao, offering exclusive service solutions tailored to the specific needs.

Ranking first in terms of the underwriting size of long-term debt financing instruments

In 2022, the Bank issued RMB33,874 million worth of bonds, and underwrote debt financing instruments amounting to RMB21,832 million and medium and long-term debt financing instruments amounting to RMB16,556 million, topping the list in Shandong Province for two consecutive years in 2021 and 2022.

In July 2022, the Bank participated in underwriting the first issue of medium-term notes (project income) of Jinan City Investment Group Co., Ltd. for 2022, with an issue of RMB1.5 billion, making it the first municipal enterprise in Shandong Province to successfully issue 10-year innovative bonds.

In July 2022, the Bank issued RMB700 million worth of short-term financing bills for Qingdao West Coast New Area Ocean Holdings, primarily for the construction of technological innovation projects in Qingdao. These are the first technological innovation bills in Qingdao and the first such bills with a given purpose in Shandong Province. With the successful issuance of this financing bill, the interbank bond market has played its role in providing financing services to technological innovation enterprises, broadening their financing channels, and reducing their financing costs, thus supporting the development of Qingdao's technological innovation enterprises.

In October 2022, the Bank issued RMB600 million of medium-term notes for Yantai Finance Group Co., Ltd., the first technological innovation notes for fund contributions in Shandong Province. The advantages of our unique innovative products and strong product sales capability are harnessed to support enterprises employing market tools to achieve their technological innovation ambitions, and provide medium-term and long-term funds at a low cost in the process of forming a new momentum in the region.

Developing international business

In 2022, the Bank constantly improved its cross-border cooperation mechanisms and launched various special international settlement and financing products. In the international settlement business, we have built the “Bank of Qingdao Huitong” brand and launched online settlement products such as online foreign exchange (“forex”) payment and receipt, online forex settlement, pending order settlement and online forex purchase. In the international trade financing business, the Bank has optimised the product models of “Lu Mao Dai” and “Hui Mao Dai” and launched cross-border express loan products, steadily improving the competitiveness and social impact of its products. During the reporting period, the Bank issued the largest online guarantee for customs duties in a single transaction, and facilitated the first fully online domestic freight payment for a legal entity bank in Shandong Province. In 2022, our international business exceeded the USD10 billion mark.

Establishing unique sub-branches

Unique sub-branches serve the cultural and tourism industry

In 2017, the Bank established the first cultural innovation sub-branch in Shandong Province to provide multi-functional, comprehensive, and all-round exclusive financial services for the development of cultural and tourism enterprises using the new model of innovative management and distinctive products.

Our Cultural and Innovation Sub-branch has launched the Film, Television, and Performing Arts Loan to provide funding support for companies engaged in cultural and artistic creation and performance, and planning and organising cultural business activities; the Creative Copyright Loan to provide financial support for companies engaged in news services, publishing and distribution, and printing and production; the Cultural and Tourism Loan for tourism services providers; and the Cultural and Creative Town (Park) Loan as a package of financial services to parks of cultural and creative towns. As at the end of 2022, our Cultural and Innovation Sub-branch had loans of RMB698 million granted to sub-sectors such as tourism, animation, film and television, creative industries, education, artwork, photography and modern catering, and continued to explore the development path of culture and innovation.

Unique sub-branches serve technological innovation enterprises

To achieve our strategic development objectives regarding technology finance, the Bank uses the sci-tech sub-branches, piloted the offering of comprehensive financial services for technology enterprises so as to nurture more high-growth start-ups, promote the transformation of more technological achievements, and support the development of high-tech industries in Shandong Province and Qingdao. The Bank has innovated and launched many special products in technology finance, which can fully meet the financial needs of technology enterprises at different stages of development. As at the end of 2022, the Bank had granted a total of RMB5.515 billion in loans to technology enterprises.



Boosting emerging industries

In 2022, the Bank fully supported the construction of major strategic projects at both the Qingdao municipal level and the Shandong provincial level, allocated more financial resources to key areas, focused on supporting advanced manufacturing industries, strategic emerging industries, and key industrial chain enterprises, and promoted high-quality economic development with high-quality financial services.

Financial service plans for 8 major industries and marketing guidelines for 4 major businesses to support the development of emerging industries

Financial service plans for 8 major industries:

- Bank of Qingdao's Financial Service Plan for "Specialised and New" Industries
- Bank of Qingdao's Service Plan for Construction Industry
- Bank of Qingdao's Financial Service Plan for New Materials Industry
- Bank of Qingdao's Financial Service Plan for Green Industry
- Bank of Qingdao's Financial Service Plan for Healthcare and Pharmaceutical Industry
- Bank of Qingdao's Service Plan for High-End Equipment Manufacturing Industry
- Bank of Qingdao's Financial Service Plan for Energy-saving and Environmental Protection Industries
- Bank of Qingdao's Financial Service Plan for High-end Chemical Industry

Marketing guidelines for 4 major businesses

- Bank of Qingdao's Marketing Guidelines for "Photovoltaic Loan" Products
- Bank of Qingdao's Marketing Plan for New Kinetic Energy Manufacturing Industry
- Bank of Qingdao's Marketing Guidelines for Green Finance
- Bank of Qingdao's Marketing Guidelines for Publicly Offered Infrastructure REITs Business

Launching special financial services for "specialised and new" industries

In 2022, the Bank focused on credit support, the enhancement of value accounts, and the opening of new accounts, while leveraging the multiple licences of BQD Wealth Management and BQD Financial Leasing to provide comprehensive financial services for "specialised and new" customers.

During the reporting period, the Bank optimised the approval process and established a green business channel; innovated its approval concept, steadily consolidated the data of principal businesses and transactions, and refined credit extension plans; implemented policies for different industries and built a professional financial product system. We also developed over 20 financial products in three series for subdivided customer groups, effectively satisfying the financial needs of "specialised and new" enterprises in the start-up, growth, and maturity stages by offering comprehensive financial services covering their entire life cycle. As at the end of December 2022, the Bank's loans to "specialised and new" customers stood at RMB4,941 million.

Developing inclusive finance

As at the end of 2022, the Bank had a balance of RMB27,125 million for inclusive loans, an increase of RMB5,119 million, or 23.26%, over the opening balance. The growth rate was higher than the Bank's other loans.

Supporting private, small, and micro businesses

Implementing national inclusive policies

The Bank has implemented supportive policies of the government and regulatory authorities at all levels for small and micro businesses affected by the economic downturn, and fully utilised related national policies, including refinancing and re-discounting, on-lending and "two policy instruments", to support the development of small and micro businesses. We have cooperated stably with the China Development Bank Qingdao Branch and the Export-Import Bank of China Shandong Branch on the sub-loan business. In 2022, we conducted low-interest sub-loan business totalling RMB4.3 billion, all of which was lent to small and micro enterprises at preferential interest rates. The Bank earnestly implemented the "two policy instruments" and proactively deployed instruments that support inclusive finance for small and micro businesses. In recognition of our efforts, we were named an "Advanced Unit for Loan Renewals Without Repayment of Principal for Small and Micro Enterprises". In addition, we implemented the "President's Visits to Small and Micro Enterprises" and the "First-time Loan" campaigns. During the year, 350 first-time loans were granted, amounting to RMB2,122 million.

Enhancing approval efficiency

The Bank has established an independent credit management system for small and micro businesses, and used independent small and micro business investigation templates, approval processes and financial statements in response to the credit characteristics of such customers. We have adopted an approval system that is different from that for large enterprises, and we have designated credit reviewers to process loan applications from small and micro enterprises.

Enriching the inclusive financial product spectrum

The Bank has launched exclusive products such as the "Loans for Restaurants" and the "Smooth Logistics Loan". The Bank has activated the "Financial Assistance Plan for the Restaurant Industry" to support restaurants to tide over the difficulties brought about by the pandemic. As at the end of 2022, the Bank granted loans of RMB60 million to 16 companies, and initiated the "Growth Loan", a credit loan for technology companies, which provides credit facilities of corresponding amounts according to the types of technology companies identified by the government, making related credit extension more precise and standardised. In response to the government's policies regarding "financial services for new citizens", we have launched the "New Citizen Loan", which is an exclusive financing product for new citizens, and been actively moving inclusive financial services online, striving to build an online inclusive finance brand. During the reporting period, the Bank rolled out the first phase of its online financing product, "Tax e-Loan", issuing a total of 284 loans amounting to RMB91.68 million.



Supply chain finance

In 2022, adhering to the policy guidelines of the Shandong provincial and Qingdao municipal governments with respect to supporting the development of the real economy, the Bank concentrated on key manufacturing industry chains, with specific policies formulated for each industry chain and company to enhance financial support for companies in the chain and ensure the stable development of the supply chains and industry chains. The Bank has innovated financial products and models for supply chains, developed 8 business scenarios targeting the upstream and downstream customers of core enterprises, created the “Qingyin Chain Finance” brand, and launched a wealth of online supply chain financial products, including Qingyin e-Chain, Qingyin Cloud Factoring and e-Fast Loan to join hands in the mission of supporting enterprises and preserving employment. In 2022, the Bank continued to expand and improve our related services to micro, small and medium-sized enterprises, with the annual amount of supply chain financing reaching RMB 7,002 million.

During the reporting period, the Bank proactively carried out digital innovation and conducted the first digital RMB supply chain business for a supplier in Qingdao on the Shandong Port Group E-note Supply Chain Services Platform. As one of the first pilot institutions, the Bank has rolled out the PBOC electronic factoring information exchange system and conducted the first e-factoring business in China.



The annual amount of supply chain financing reaching RMB

7,002 million

Typical case

The supply chain finance of chain stores and supermarkets has the characteristic of having a large number of suppliers and customers, decentralised payment, small single financing, and high efficiency requirements. In view of the current operating conditions of chain stores and supermarkets, the Bank has developed the “Qingyin e-Chain” supermarket supply chain financial services model to optimise the business models of both parties, and implemented it in Pacific Asian (愛客多) chain stores in Jining, Shandong Province. Jining Branch set up “Emergency Service Team” at the earliest opportunity to effectively alleviate the pressure of a significant increase in short-term payments by supermarkets through online supply chain financial services during the outbreak of the pandemic in 2022. As at the end of 2022, the Bank had granted loans to 150 customers of Shandong Aikeduo Commerce and Trade Co., Ltd. (愛客多商貿有限公司), amounting to RMB145 million, helping secure the supply of household supplies in Jining.



The Bank granted loans to Shandong Aikeduo Commerce and Trade Co., Ltd.

RMB **145** million

Supporting projects that improve people's livelihood

Following the national macro policies, the Bank attaches great importance to financial support and services related to people's livelihoods. In this regard, we have increased credit extension to healthcare, livelihood protection, and new infrastructure, giving priority to supporting the financing needs of major projects related to people's livelihoods such as hospitals, public utilities, urban transportation, education, culture, and environmental management, and established and improved related financial services systems. During the reporting period, the Bank turned its attention to urban renewal projects and issued the *Management Measures for Urban Renewal Loan Business of Bank of Qingdao*. In view of the key development areas and projects in downtown Qingdao, we have formulated exclusive one-to-one service plans, where the Head Office and branches work together to provide a package of solutions to support the development of key areas and upgrade the city. The solutions include urban renewal loans, special bond financing, PPP financing, credit bond underwriting and investment, issuing the Beijing Financial Assets Exchange's debt financing plans and setting up urban renewal funds.

Building beautiful villages

In the 2022 Credit Policy of Bank of Qingdao, the Bank prioritises the rural revitalisation business to strengthen financial support for this area. As at the end of 2022, the Bank's balance of agriculture-related loans reached RMB48,476 million, an increase of RMB1,534 million from the beginning of the year.

Since 2019, the Bank has set up service stations for inclusive finance in Jiaozhou, Pingdu, Laixi and Jimo, and signed agreements with 1,949 agricultural service stations as at the end of 2022. During the reporting period, the Bank strengthened system construction and revised the *Management Measures of the Bank of Qingdao for Financial Services for Farmers*, and *Operational Measures of the Bank of Qingdao for Financial Services for Farmers* to specify business requirements, refine business management processes and improve financial services for farmers.

To promote regular credit through train services for agricultural entities, the Bank issued the *Guiding Opinions of the Bank of Qingdao on Credit Through Train Business Involving Agricultural Entities* during the reporting period to vigorously promote such services for new agricultural entities. In addition, the Bank strengthened product innovation by issuing rural revitalisation cards and launching special agricultural products such as "Rural Revitalisation Loan" and "Breeding Treasure".

The Bank has actively promoted the cultivation of a culture of inclusive finance for farmers by sending regular financial morning reports through WeChat Moments, village groups' WeChat groups and short message groups, and launching offline promotional activities such as a financial evening school, discount shopping, and financial literacy on traditional festivals to spread financial knowledge into rural areas, instilling an inclusive finance culture in our bank.



The Bank's balance of agriculture-related loans reached RMB

48,476 million

An increase of RMB

1,534 million from the beginning of the year

The Bank signed agreements with agricultural service stations amounted to

1,949

Typical case Launching the Rural Revitalisation Loan

In response to the difficulty in accessing financing and services by farmers, the Bank has launched an innovative "Rural Revitalisation Loan" through big data analysis. Combining offline recommendations by the Bank's service station manager and an online approval system, this product uses the high-dimensional, high-frequency, and highly credible "behavioural data" of rural customers to make up for the inadequacy of low-dimensional, low-frequency, and barely credible "financial data", effectively solving the difficulties faced by farmers in accessing affordable financing, and promoting the sustainable, healthy and rapid development of the rural economy. As at the end of 2022, the Bank maintained a whitelist of 3,233 customers for rural revitalisation loans, with a total credit amount of RMB97,568,000, or an average of RMB151,000 per customer. The Bank released 1,066 loans, amounting to RMB93,955,100.



GREEN FINANCE AND PRACTICING LOW CARBON DEVELOPMENT





Promoting green finance

Providing green credit

Our Board of Directors is charged with the task of determining the development strategy of green credit, strategically promoting green finance, and continuously improving the long-term development mechanism of green credit by upholding the principles of risk control and sustainable operation, while taking into consideration the national “carbon neutral” strategy and the need to replace old growth drivers with new ones. The Bank prioritises green projects for credit support and proactively provides financing for projects listed in the Promotion Catalogue of National Key Energy-Saving Technology, key national energy-saving and emission-reduction projects, key pollutant source control projects, as well as highly efficient energy-saving and emission-reduction enterprises with strong independent innovation capabilities that meet the Bank’s “carbon-neutral” green credit screening criteria. We strictly control credit extension to industries featuring high pollution, high consumption, or overcapacity, and quicken the withdrawal of credit facilities granted to enterprises with outdated production capacities. We strictly prohibit any involvement in enterprises and projects that violate environmental protection laws, and stick to a one-vote-veto system for environmental evaluation.



As at the end of 2022, green credit balance reached RMB

20,924 million

During the reporting period, most of the Bank’s green credit was awarded to the energy conservation and environment protection industry, the clean production industry, the clean energy industry, the ecological environment industry, the green infrastructure industry, and other green services industries. As at the end of 2022, our green credit balance reached RMB20,924 million, an increase of RMB1,846 million, or 9.68%, from the beginning of the year, accounting for 7.78% of the total loan balance.

Supporting dual carbon strategy

In response to the national “carbon neutral” strategy, the Bank has been promoting the development of the real economy with green finance by adopting favourable credit policies, and putting the national green development concept and sustainable development strategy into practice. A series of green financial service plans including the *Implementation Plan on Promoting Green Finance and Increasing Financial Support for Carbon Emission Reduction* and the *Comprehensive Service Plan for Green Financial Business of the Bank of Qingdao*, were issued for the launch of a system of green finance products (scenarios), namely the Carbon Loan (碳贷通)(carbon finance), the Green Loan (绿贷通) (ecological and environmental protection), the Photovoltaic Loan (光贷通)(photovoltaic business), the Environment Loan (环贷通) (environmental rights and interests) and blue finance, providing multi-dimensional green financial services for enterprises of all size.

Facilitating green innovation

In 2022, the Bank issued the first emissions rights pledge loan in Qingdao, the first CCER (Chinese Certified Emission Reduction) future income rights pledge loan for a new energy project in Shandong Province, and the first energy usage rights pledge financing by a legal entity bank in Shandong Province. By creating business models of “pledge of rights to ecological assets + project loan” and loans for carbon emission disclosure, we are leading the development of innovative green finance in the province. In the 2022 Shandong Green Finance Knowledge and Product Case Contest, co-hosted by the Jinan Branch of the People’s Bank of China, the Shandong Provincial Federation of Trade Unions, and the Shandong Provincial Committee of the Communist Youth League, the Bank’s integrated carbon finance services stood out among cases submitted by financial institutions in the province, winning the Outstanding Case second prize.





Typical case First CCER future income rights pledge loan for a new energy project in Shandong

In October 2022, the Bank granted the first CCER future income rights pledge loan for a new energy project, disbursing RMB30 million for the construction of a photovoltaic power plant project in an industrial park in Shandong Province to promote the development of green energy industry in the province. It is another innovative initiative and exploration attempt by financial institutions in the field of green finance.

CCER is governed by the *Interim Measures for the Administration of Voluntary Emission Reduction Trading of Greenhouse Gases* issued by the National Development and Reform Commission. CCER projects are first reviewed by organisations with certified qualifications before they are registered and issued a CCER certificate. The projects are then filed and registered with the national authorities. As a new security resource, CCER future income rights change the traditional mindset regarding loans, effectively revitalising carbon assets for companies, improving price discovery in the carbon market, and helping achieve the dual-carbon strategic goal.

Issuing the first emissions rights pledge loan in Qingdao

On 15 March 2022, the Bank granted an emission rights pledge loan of RMB10 million to Qingdao Energy Thermal Power Group No. 6 Thermal Power Co., Ltd., a subsidiary of Qingdao Energy Group. It is the first pledge financing involving emissions rights conducted in Qingdao.

The borrower, engaged in the electricity, heat, gas and water production and supply industry, urgently needed loans to finance its daily operations and coal storage costs. Our Jiangxi Road Sub-branch tailor-made a green financing plan for the borrower in light of its circumstances. The loan is based on the pledge of emissions rights, which differs from conventional property and land mortgages. It enriches collateral choices and opens up new green financing channels for companies.

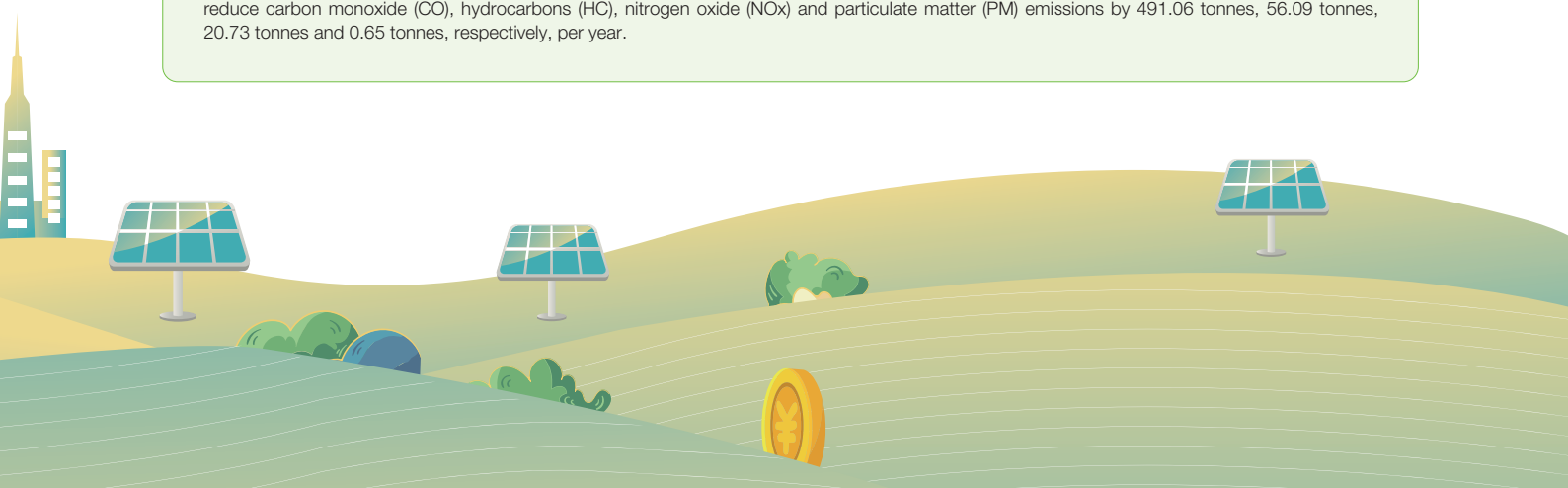
First energy usage rights pledge financing business by a legal entity bank in Shandong

In May 2022, the Bank issued an energy usage rights pledge loan of RMB20 million to Qingdao Energy Thermal Power Group No. 2 Thermal Power Co., Ltd., the first of its kind in environmental rights financing. It represents the first energy usage rights pledge financing of a local legal entity bank in Shandong Province.

In January 2022, the Qingdao Municipal Government issued the *Implementation Opinions on the Development of Energy Rights Trading* to promote energy rights trading in the city step by step for the better allocation of energy factors and to stimulate market momentum. After being aware of Qingdao Energy Thermal Power Group's need regarding the revitalisation of its energy-use indicators, the Bank, guided and supported by the Qingdao Municipal Bureau of Ecology and Environment and the Qingdao City Central Sub-branch of PBOC, devised an energy usage rights pledge financing plan, and used the usage rights pledge as security to provide loans amounting to RMB20 million to the borrower. The energy usage rights were registered and disclosed on a unified registration and public notice system for movable assets financing to ensure the legal validity of the pledge. This initiative will help companies achieve balanced economic and green development.

Issuing green bonds

In April 2022, the Bank issued the first phase of 2022 ultra-short-term green financing bonds for Linyi City Construction Investment Group Co., Ltd., amounting to RMB400 million, to be used for the purchase of all-electric buses and to repay existing green financing loans. It is estimated that the electric buses to be purchased will save 1.97 tonnes of standard coal per year, reduce carbon dioxide (CO₂) emissions by 3.87 tonnes per year, and reduce carbon monoxide (CO), hydrocarbons (HC), nitrogen oxide (NOx) and particulate matter (PM) emissions by 491.06 tonnes, 56.09 tonnes, 20.73 tonnes and 0.65 tonnes, respectively, per year.



Developing green services

Steadily rising e-banking replacement ratio

As at the end of 2022, there were 104 self-service banks and 419 self-service facilities, fully practising the concept of low-carbon development while meeting customer needs.

Issuing boundless cards

To provide customers with a new payment experience, the Bank launched the Meituan Boundless Card and Car Owners Boundless Platinum Card. Without a physical card, boundless cards reduce the use of plastic and support low-carbon environment protection. As at the end of 2022, the Bank had issued a total of 226,281 boundless cards.

All the Bank's credit card statements are e-statements, which are green and low-carbon.

Promoting green operations

The Bank advocates the culture of frugality, practise economy, cost reduction and efficiency. We strictly abide by the *Law of the People's Republic of China on Environmental Protection* and other laws and regulations, and aim to "improve our green operations and promote energy conservation and emission reduction". To this end, we have made every effort to promote paperless and web-based offices, deepen low-carbon operations, and increase energy efficiency, striving to build a low-carbon, environmentally friendly, green bank.

Energy conservation

Energy consumptions by Bank of Qingdao in 2022

Category	Unit	2022	2021
Head Office power consumption	10,000 kWh	376	383
Head Office water consumption*	Tonnes	23,898	28,112
Head Office paper consumption	Million sheets	1.52	1.70
Head Office oil consumption	Litres	43,646.55	53,708.67
Head Office natural gas consumption	Cubic metres	30,522.26	28,142.83
Head Office greenhouse gas emission	Tonnes carbon dioxide equivalent	4,499	4,386
—— Direct greenhouse gas emission**	Tonnes carbon dioxide equivalent	99.72	120.66
—— Indirect greenhouse gas emission***	Tonnes carbon dioxide equivalent	4,399.47	4,265.71

* The Bank's water consumption is chiefly composed of domestic water supplied by the municipal water supply, so the water source is secured

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

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

**** Greenhouse gas emissions are presented in terms of carbon dioxide equivalent and accounted for in accordance with the *Guidance on Accounting Methods and Reporting of Greenhouse Gas Emissions by Public Building Operators* issued by the National Development and Reform Commission

The Bank drastically improved its efficiency of vehicle use by exerting a centrally managed, unified arrangement policy. In addition, we strengthened management of vehicle gasoline usage, implemented “one gas card for one vehicle” and “special-purpose car only for special purposes” rules, while setting limits on gasoline quality, the amount to be used, and gas stations to be used for different vehicles. We improved vehicle fuel management with special checks on high gas-consuming vehicles. In 2022, the vehicles at Head Office generated a total of 0.421 tonnes of nitrogen oxide, 0.0006 tonnes of sulphur dioxide and 0.03 tonnes of particulate matters.

In 2022, the Bank earnestly studied and implemented the relevant policy documents of the regulatory authorities on climate risk, and coordinated a bank-wide climate risk stress test. All relevant indicators met the regulatory requirements. No major climate-related issues that have or may have an impact on the Bank’s operations have been identified.



In 2022, the vehicles at Head Office generated nitrogen oxide

0.421 tonnes

Sulphur dioxide

0.0006 tonnes

Particulate matters

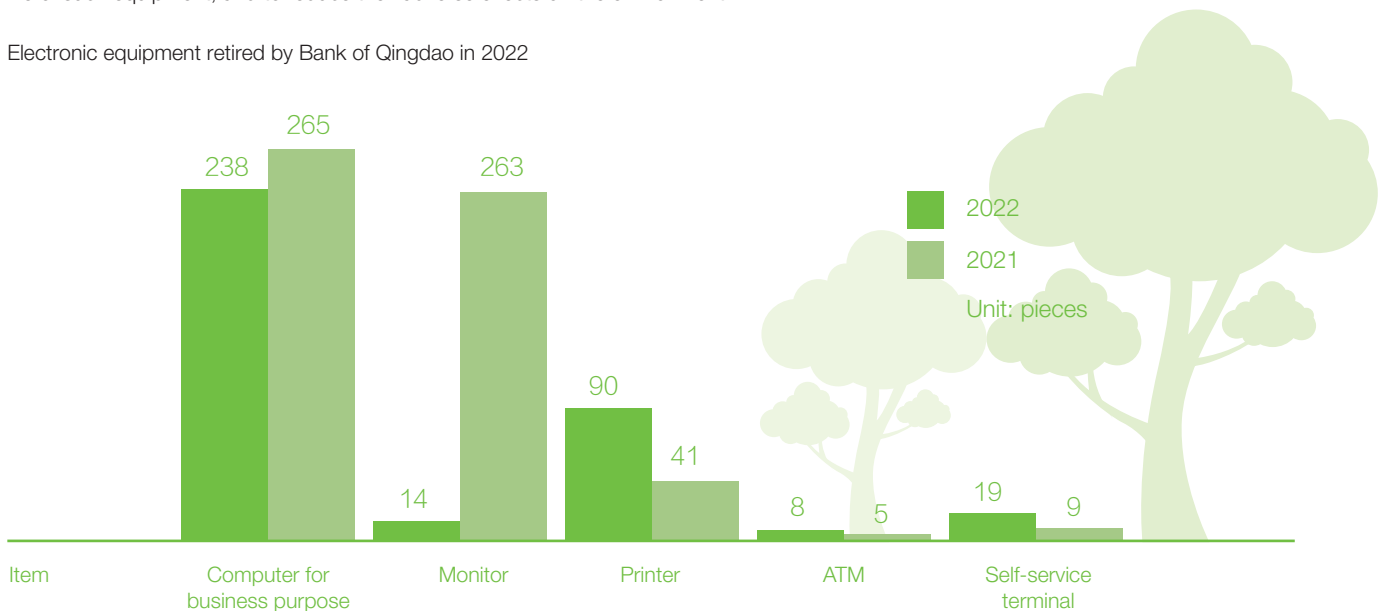
0.03 tonnes

Reducing emissions

Retirement and disposal of equipment

The Bank is very conscious of the negative impacts of electronic equipment on the environment. Environmental protection indicators are one of the top considerations in selecting equipment and suppliers. The Bank has engaged a professional services provider for the reuse and harmless treatment of waste electronic equipment. The recycled components are reused as spare products or parts to extend the service life of such equipment, and to reduce their adverse effects on the environment.

Electronic equipment retired by Bank of Qingdao in 2022



Note: Only pieces of equipment with a residual value that were confirmed and retired by the Head Office of the Bank were counted

Green procurement

During the reporting period, the Bank continued to enhance centralised procurement management by putting in place a comprehensive management system including methods, processes, supplier pool management, and evaluator pool management. During the reporting period, the Bank carries out procurement strictly in accordance with the *Administrative Measures for Centralised Procurement Management of Bank of Qingdao*, the *Centralised Procurement Operating Rules of Bank of Qingdao*, the *Administrative Regulations of Bank of Qingdao on the Supplier Pool for Centralised Procurement*, and the *Administrative Regulations of Bank of Qingdao on the Evaluator Pool for Centralised Procurement*. During procurement, we implemented supplier admission reviews, with supplementation, disengagement, and other mechanisms to further enhance the compliance of centralised procurement management. When assessing suppliers, the Bank considered whether the products to be purchased from the suppliers would meet all the prevailing regulations regarding environmental protection in China, excluding high pollution and high energy consumption suppliers and products. We also guided suppliers to fulfil mandatory social responsibilities.

Number of suppliers by region

Region	Number of suppliers
Yangtze River Delta region	108
Pearl River Delta region	40
Bohai Rim region	662
Central China	6
Northeast China	5
West China	8
Other regions	6

Providing green public services



The Bank's "Little Pumpkin" volunteer team carried out the action to create civilized city



The "Happy Neighborhood" volunteer service team of our Bank and Zhengzhou Road Community of Qingdao jointly held the theme activity of "Green Cycle · Happy Home" for World Environment Day, advocating residents to practice green and low-carbon lifestyle.



Licang Branch of our Bank and the community jointly organized a public welfare activity to advocate low-carbon hand-painted environmentally friendly bags



The volunteer pledge activity about "National Civilized Model City" of Shinan Branch



Binzhou sub-branch organized the "National Civilized Model City" campaign

BLUE FINANCE AS A UNIQUE GROWTH DRIVER





Partnering with the International Finance Corporation (IFC), a member of the World Bank Group, to pilot blue finance initiatives in China, the Bank promoted the world's first Blue Finance project with the aim of exploring new models of financial support for the blue economy and bringing forth leading global banking practices and innovative capital market solutions for sustainable blue finance.

We were accepted by the United Nations Environment Programme (UNEP) in November 2020 to become a member of the UN Sustainable Blue Economy Finance Initiative. We have also signed, and are committed to, the 14 sustainable blue finance principles within the initiative. In 2022, the Bank focused on areas including climate change, clean water supply, marine biodiversity protection, marine pollution treatment, and ecological rehabilitation. We attempted a series of blue finance experiments and practices to continue driving a sustainable blue economy and support the UN's sustainable development goals (SDGs).



Blue finance roadmap

Improving strategic plans on blue finance

The Bank promulgated a series of strategic plans on blue finance, including the *Bank of Qingdao's Comprehensive Financial Services Plan for Supporting the High-quality Development of Marine Economy in Qingdao*, the *Qingdao Comprehensive Financial Services Plan for the Ocean*, and the *Blue Bond Framework of Bank of Qingdao*. In 2022, we issued the *Comprehensive Services Plan of Bank of Qingdao for Blue Finance*, establishing a product line consisting of "Water Loan (水貸通)" (aiming to facilitate water supply and treatment businesses), "Ocean Blue Carbon Loan (藍碳通)" (aiming to facilitate ocean blue carbon businesses), "Inclusive Blue Loan (藍惠通)" (aiming to facilitate inclusive blue businesses), "Blue E Loan (藍E通)" (aiming to facilitate blue supply chain businesses), as well as other blue finance products that help drive various business scenarios and deliver diversified blue finance services to enterprises.

As at the end of 2022, the Bank's outstanding blue finance loans totalled RMB12,937 million, an increase of 13.21% or RMB1,510 million during the year, strongly supporting the development of the marine economy, real economy, and enterprises in Shandong Province, while helping address employment and other social issues.



The Bank's blue finance loans totalled

RMB **12,937** million

An increase of RMB **1,510** million from the beginning of the year

Enhancing the ESG system

In 2022, the Bank continued to develop the environmental and social management system (ESMS) that covers ESG areas according to its blue finance strategy. It enabled us to identify, assess, and manage the environmental and social risks connected to compliance project financing or re-financing based on environmental and social improvement requirements (such as environmental and social policies and management processes, as well as post-lending monitoring and management requirements). We also issued the *Environmental and Social Management Measures of Bank of Qingdao for Blue Bonds* to embed in our credit review process our common tools for environmental and social due diligence to implement greater ESG standards across the Bank.

Blue finance communications

The Bank actively participated in various academic dialogues, industrial workshops, and peer-level communications to promote its blue finance philosophy among the public, to work with different social sectors to drive blue finance development, to increase the sustainability of blue finance in a professional and systematic manner, and to offer financial support for marine environmental protection and marine economic transformation.

Attending the “Promising Trends and Opportunities in Blue Finance” workshop

During the 14th World Ocean Day themed “Revitalization: Collective Action for the Ocean” and the 15th National Ocean Publicity Day themed “Protecting the Marine Ecosystem for Harmonious Coexistence between Man and Nature”, the Chinese Academy of Financial Inclusion (CAFI), the China Social Enterprise and Impact Investing Forum (CSEIF), and IFC jointly held the “Promising Trends and Opportunities in Blue Finance” workshop on 23 June 2022. The Bank attended the workshop and delivered a keynote speech during the event.

The workshop covered a series of topics including the development opportunities and trends of blue finance, domestic and foreign investment standards and leading practices for blue finance, and the inclusiveness and sustainability of blue finance in China. The discussions provided the financial sector with practical suggestions on how to achieve a more sustainable marine economy.



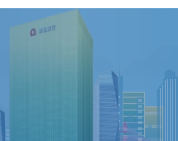
Joining the Qingdao Blue Finance Development Alliance as a vice chair

On 30 September 2022, the Bank attended the inaugural meeting of the Qingdao Blue Finance Development Alliance as a vice chair.

This is China's first marine economy-oriented financial industry organisation set up with guidance and support from the Qingdao Municipal Marine Development Bureau, the Qingdao City Central Sub-branch of PBOC, the Qingdao Office of China Banking and Insurance Regulatory Commission, and the Qingdao Local Financial Supervision Bureau. It is aimed at helping develop Qingdao into a leading modern marine city and enabling financial services to better serve the marine economy. During the meeting, six important contracts were signed with member financial institutions to promote marine projects and platforms and enterprise partnerships, including our blue loan contract with Qingdao Hyzlin Biology Development Co., Ltd.



Blue finance breakthrough



The Bank received blue finance investment from an IFC-led international investment consortium

On 23 June 2022, the Bank entered into partnership with the IFC, which enabled us to access a USD150 million loan from the consortium, the first ever blue finance investment of its members in China.

This represents a business milestone and an innovative financing tool of the consortium. The fund is dedicated to marine-friendly projects and critical clean water resources protection initiatives. It is expected to serve as an example to help China draw a total of USD450 million by 2025 to fund 50 blue finance projects. The initial investment of USD150 million includes USD40 million from the IFC as well as a USD110 million parallel loan from the Asian Development Bank, the German investment and development company DEG, and the French development finance institution Proparco.



loan from the IFC amounted to

USD **150** million

Expected to serve as an example to help China draw a total of

USD **450** million



SUPPORTING OCEAN-FRIENDLY SOLUTIONS IN CHINA

IFC provides its first blue loan in China to Bank of Qingdao

Blue finance award

The Bank won first prize in the “2021 Qingdao Financial Innovation Awards”.

On 23 May 2022, the Qingdao Municipal Finance Steering Office announced the results of the 2021 Qingdao Financial Innovation Awards, ranking the Bank’s project “Creating the World’s First Blue Asset Categorisation Criteria” the top winner.

The criteria were defined in line with the IFC’s *Guidelines for Blue Finance*, the UN’s *SDG and Sustainable Ocean Principles*, the International Capital Market Association’s (ICMA) *Green Bond Principles*, the *Green Bond Endorsed Projects Catalogue (2021 Edition)* jointly issued by the People’s Bank of China, the National Development and Reform Commission and the China Securities Regulatory Commission, as well as the geographical characteristics of Shandong Province. These are the world’s first blue finance categorisation criteria to define the activities eligible for blue finance and blue bonds in 7 sectors and 37 sub-sectors.



01 清潔供水與水處理

對用水效率、清潔供水和水處理解決方案的設計、開發和實施進行投資。

02 循環經濟與海洋塑料污染治理

對沿海及江河流域塑料或化學廢物進行回收、處理或再利用的相關活動進行投資。

03 可持續漁業

對達到、保持或超過漁業相關國際標準的可持續生產和廢物管理措施進行投資。

04 海洋友好製造業

對整個價值鏈的投資，包括生產、包裝和銷售避免水或海洋污染的環保產品。

05 綠色航運與港口物流

投資於研究、設計、開發和實施船舶、船塢和港口的水和廢物管理/減少措施。

06 海洋生態修復與可持續旅遊

對保護、改善和恢復海洋和沿海生態系統及提供包容性就業機會的旅遊業進行投資。

07 離岸可再生能源

對在項目設計中增加有助於保護生物多樣性措施的離岸可再生能源設施進行投資。



TECHNOLOGY- POWERED SERVICES





Digital transformation

The Bank formulated relevant plans for proactively implementing the *Fintech Development Plan (2022-2025)* and *Guiding Opinions on Fintech Development*, and attempted digital transformation in retail banking, corporate banking, smart risk control, and innovative big data applications.

Establishing systems to drive digital transformation

In 2022, the Bank continued to explore new technologies and increased in-house system development through agile digital transformation, mobile application, data application, and RPA application teams, so as to evolve the application system architecture more quickly, accelerate business growth, and ensure system security and stability. During the reporting period, we set up the Qingdao Scenario-Specific Digital Finance Application Lab to significantly drive key projects. In 2022, we kicked off 42 relevant projects, launching the intelligent corporate banking management platform and the online corporate banking platform. We also continued constructing mobile finance channels and the retail banking digital marketing system, accelerated phase II of the intelligent credit platform project and the group-wide smart warning project, and optimised the credit risk control decision engine system, Xiaoying Account Manager project, and intelligent E2E financial transaction risks management and control platform. All these efforts were made to comprehensively protect customer funds and properties and properly advance digital transformation.

Exploring value from data

The Bank set up its data management department in 2020. Since then, it has been leveraging the data control platform, business decision platform (BDP), external data management platform, and other one-stop data governance and application service portals to perform data governance, data analysis, customer profiling, and internal and external data asset association, gradually forming a unique data asset management and application system. In December 2022, the China Federation of Electronics and Information Industry under the Ministry of Industry and Information Technology released its annual list of Data Management Capability Maturity Assessment Model (DCMM) certified enterprises and public institutions, with the Bank receiving Level-3 (stable) certification, indicating that it has achieved a leading position in data management within Shandong Province.

Implementing digital risk control

In 2022, the Bank launched the Xiaoying Account Manager to apply knowledge graph technology for the first time to various business scenarios to efficiently identify suspect accounts and their associated accounts. We upgraded the Eagle Eye 360 Intelligent Risk Monitoring Platform to version 2.0 and updated 99 monitoring models to reveal risks more accurately and comprehensively. We controlled 19,000 high-risk accounts, helping customers avoid a total loss of nearly RMB50 million. No additional suspect accounts were identified throughout 2022 for the retail banking business or for 10 consecutive months for the corporate banking business. The Eagle Eye 360 Intelligent Risk Monitoring Platform project has won first prize in the Qingdao Municipal Outstanding Technology Application Awards. It has also been regarded as a good example for the Qingdao Municipal Financial Innovation Awards and an innovative practice to promote digital competence and skills among the public in Shandong Province.



Upgraded smart services

Building smart business outlets

The Bank looks to satisfy customer needs through mobile services, scenario-based transactions, smart processes, and non-interruptive marketing, and is using proprietary apps and tablets for core customer interaction to transform business outlets and service models. With new technologies, we have made our services at business outlets more efficient using integrated service delivery, marketing, and customer relationship maintenance. By equipping business outlets with smart functions, such as smart queuing, request review and approval, and targeted marketing, we have replaced passive one-to-one counter services with proactive one-to-many advisory services to greatly improve the service delivery efficiency and our productivity and financial service systems.



Promoting digital services



Optimising business processes

The Bank is putting a great effort into customer services and driving the application of artificial intelligence (AI) and other technologies. In 2022, we carried out 156 initiatives to optimise our systems, such as adding the “Personal Information Easy Maintenance” and “e-Enterprise Information Filling” functions and improving the process of reconciling accounts via telephone and the function of automatic general ledger updating with inbound transfers made through online banking, helping raise customer service efficiency.



Upgrading account services

During the reporting period, the Bank simplified its authorisation process, combined five form filling processes, and improved other processes, so as to make the opening of corporate accounts easier and provide a better customer experience. In 2022, the average time needed for opening a corporate account through the counter service was reduced to 34 minutes, a 46% reduction. We put in place new ways to maintain signature cards and innovated single-sheet signature cards so that corporate customers are relieved from the need for stamping when opening or changing their accounts, improving both service efficiency and customer experience.



Upgrading business systems

The Bank developed the YingXiaoTong app to enable 24/7 mobile retail banking services and remote account management. This internet-enabled tool is helping our retail service team better interact with customers in the discharge of sales, marketing, and service duties and to provide secure, professional, and caring financial services. During the reporting period, the Bank completed phase II of its “Smart Mortgage” project, deploying the automatic personal mortgage review and approval system, which is able to review and approve mortgage applications for new homes without manual intervention. This new system facilitates the digital and intelligent transformation of our personal loans business, helping us better meet risk control requirements while accelerating application review and approval.



Refreshing mobile banking



The Bank continued to refine its mobile banking services to achieve smoother transactions. Based on differences in service scenarios and customer demands, we reshaped the “My Account” module to provide differentiated services and gradually shift from “customer-seeking transactions” to “bank-proposing transactions”, a smarter way to deliver services via mobile banking. We also provided a function for customers to link their mobile banking app to WeChat Banking with a single tap so that they are accessible through each other; optimised the basic functions to simplify the login process, allowing customers to perform mobile banking authentication via WeChat; added CIB and other products to diversify our wealth management product pipeline, and simplified the wealth management product purchasing process; and enhanced the transaction statements printing function as well as the fund, deposit, and payment-related functions. By evolving mobile banking, the Bank connected its financial services closer to users, creating a brand-new experience.

Providing intelligent customer services

In 2022, the Bank proactively applied AI technologies for better services. An AI text chatbot has become available to all our online service channels including on the website, online banking, mobile banking, and WeChat banking. The Bank also strongly promoted the robot-assisted outbound call platform in various business fields and started using it to protect consumer rights. Digital and intelligent technologies have helped increase the quality and efficiency of consumer rights protection in various areas including complaint notification, complaint reminding, and complaint handling satisfaction surveys, improving the experience of both our employees and customers.



The Bank independently developed the operation and management cockpit of the multimedia customer interaction platform to improve customer service experience



The Bank continued to engage noted global market monitoring and data analysis companies to conduct online quantitative surveys and on-site interviews, so as to include user feedback in our product and service experience monitoring system, and to explore customer experience gaps and customer operation issues of branches. In 2022, we interacted with a total of 18,464 customers to gain insights into customer experience opportunities and drive product service improvement. Our overall net promoter score (NPS) in the year of 2022 reached 76.7%, 11.77% higher than the previous year, meeting our product and service experience goals.



Our overall net promoter score (NPS) in the year of 2022 reached

76.7%

11.77% higher than
the previous year

In 2012, the Bank registered the “Qingxin” service brand

the first of its kind among urban commercial banks in China

In 2022

The Bank was ranked 346th among “China’s 500 Most Valuable Brands” and 430th among the “Top 500 Asian Brands”

“Five-Star Diamond Award” for seven consecutive years

The Bank became the only Chinese urban commercial bank to win the award

The Bank’s “96588” customer service centre was recognised with the

“2022 China Customer Service Festival – Best Service Practices Award”

State-level award

“2022 China Customer Service Festival – Youth Medal Award”



Consumer rights protection

“Qingcheng” consumer rights protection system

The Bank's consumer rights protection brand — Qingcheng, which represents our business philosophy of “Commitment, Trust, and Integrity”. Under this brand, we have set up a hierarchical management system to establish a win-win relationship with consumers.

Policies

The Bank has put in place an internal control system that is based on an outline of consumer rights protection, composed of various business operation policies, and supported by internal performance appraisal, audit, and management. We have also aligned our basic consumer rights protection policy system with our organisational structure, as well as business size and nature, based on actual needs. To improve the system, we formulated the *Measures of Bank of Qingdao for the Appraisal of Consumer Rights Protection Performance*, *Administrative Measures of Bank of Qingdao for Retail Business Marketing*, *Administrative Measures of Bank of Qingdao for Personal Information Protection*, *Administrative Measures of Bank of Qingdao for Consumer Rights Protection*, *Administrative Measures of Bank of Qingdao for the Inspection of Consumer Rights Protection*, *Administrative Measures of Bank of Qingdao for Financial Disputes Resolution*, and other policies. The Bank has added the “Consumer Rights Protection” section to its website to promote financial knowledge, receive complaints, and propagate “Qingcheng” consumer rights protection actions.

Actions in 2022

01 Strongly fighting breaches and forging a “risk firewall”. In 2022, the Bank took special actions to combat consumer rights breaches in six areas including consumer suitability management, marketing and publicity, product sales, personal information protection, business partner management, and service price management. These actions focused on seven outstanding issues, such as collection, storage and transfer, query, use, provision, and deletion of personal information, as well as third party management, effectively protecting the rights of financial consumers.

02 Enhancing supervisory assessment and collaboration. The Bank arranged PBOC supervisory assessment of its 2021 consumer rights protection efforts, focusing on organisational construction, policy and mechanism development, code of conduct, financial consumer information protection, financial service dispute resolution, as well as major innovations and achievements. In addition, it organised supervisory assessment, as required by the local CBIRC office, on its 2021 consumer rights protection efforts from different perspectives, including system development, mechanism and operation, practice and service, education and publicity, and dispute resolution.



According to the assessment results for 2021, the Bank was recognised by the PBOC and the local CBIRC office

as having achieved “**class A performance**” and “**class 2-B performance**” respectively, **ranking first** among all urban commercial banks.

03 Leveraging various approaches and policies to resolve disputes. The Bank continued to enhance the mechanism of resolving financial disputes through diverse approaches, formulated the *Administrative Measures of Bank of Qingdao for Financial Dispute Resolution*, and set up a green channel for rapid dispute resolution, so as to enable consumers to easily protect their rights. We proactively identified issues, applied for resolution, communicated with regulators, and engaged customers, stepping up financial dispute resolution efforts. We also worked with the Qingdao Banking and Insurance Dispute Resolution Centre to implement batch resolution. In 2022, the Bank applied to the centre for resolution of 244 disputes, 162 of which were resolved successfully. This success rate ranks high among the financial institutions in the city.

Board of Directors:

Assumes the ultimate responsibility for consumer rights protection. The Board has set up a Risk Management Committee and a Consumer Rights Protection Committee that attach strategic importance to consumer rights protection for corporate culture development. These help better enable the Board and senior management to perform their related duties.

Senior management:

Discharges consumer rights protection duties under the guidance and supervision of the Board of Directors and Board of Supervisors; reports performance to them every six months.

Consumer rights protection department:

In charge of daily consumer rights protection; plans and arranges related tasks.

Consumer rights protection contact:

The Head Office and relevant departments and branches have designated consumer rights protection contacts and task forces set up for related daily activities.

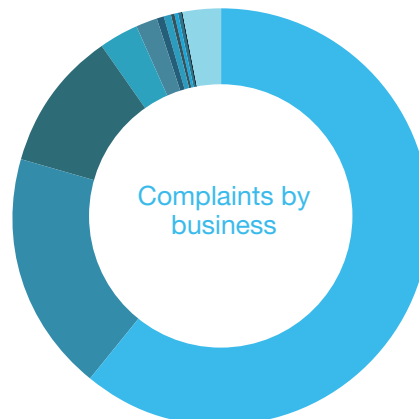
Customer complaint handling mechanism

The Bank is strictly implementing the *Administrative Measures for the Handling of Consumer Complaints in the Banking and Insurance Sectors* and the *Implementation Regulations of Qingdao for the Handling of Consumer Complaints in the Banking and Insurance Sectors*, and has established a 3-level consumer complaint management system covering the Head Office, branches, and sub-branches, so as to properly perform the responsibilities of taking, handling, and managing consumer complaints.

In order to implement the *Administrative Measures of Bank of Qingdao for Consumer Rights Protection* and the *Administrative Measures of Bank of Qingdao for the Handling of Consumer Complaints*, the Bank has adopted a consumer complaint handling process that features rapid response, proactive handling, and optimisation, and developed a closed-loop electronic ticket system that integrates 36 channels to collect consumer voices including complaints, opinions, suggestions, and positive feedback. It enables transparent E2E management and monitoring through the steps of receiving feedback, creating tickets, processing tickets, generating solutions, supervising solution implementation, analysing data, and managing data.

In addition, the Bank continued to improve its consumer complaint data analysis system, and has connected its consumer complaint data management cockpit to a multimedia customer interaction platform, a multimedia online manual customer service platform, as well as the PBOC's electronic complaint information management platform and robotic service platform for consumer complaint data. In this way, we are able to manage complaint data in a central and visualised manner by using 46 indicators. The system collects and categorises data in real time and provides warnings on customer experience issues, which facilitates financial consumer rights protection, increases the efficiency and scope of complaint data analysis, and helps improve customer experience.

In 2022, the Bank received a total of 5,817 consumer complaints, all of which have been resolved.



Bank card	3,550	Savings deposit	22
Dunning	1,082	Other intermediary business	15
Loan	629	Renminbi management	5
Self-run wealth management	180	National treasury	4
Payment and settlement	89	Precious metals	1
Personal finance information	43	Others	171
Banking agency	26		



Qingdao	5,663	Binzhou	9
Zibo	24	Jining	8
Jinan	22	Dongying	7
Weihai	17	Linyi	6
Weifang	17	Taian	3
Zaozhuang	15	Heze	1
Yantai	13	Laiwu	1
Dezhou	10	Rizhao	1

Business outlet construction for greater convenience

Self-service facilities

As at the end of 2022, we had 104 self-service banks and 419 self-service facilities, including 18 ATMs, 276 cash recycling systems, and 125 self-service terminals.

New outlets

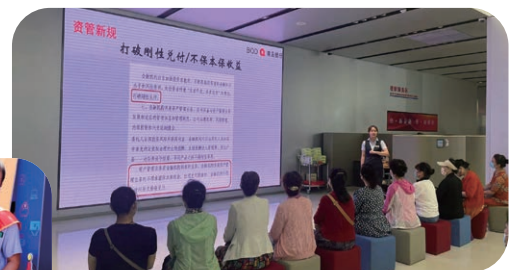
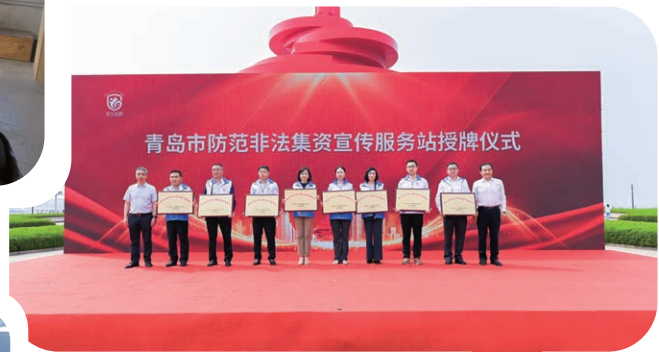
Name of indicator	Unit	2022	2021
Business outlets (including business department at the Head Office)	Count	180	166
Business outlets set up during the year	Count	14	19
Community sub-branches	Count	31	28

Financial knowledge propagation

In 2022, the Bank arranged a series of publicity activities to raise financial consumers' awareness and capability of risk control, including the "March 15th Event — Working Together for Fair Consumption", "Financial Knowledge Lecture to Help Seal Your Wallet", "Special Tours to Spread Financial Knowledge", and "Financial Awareness for New Citizens". These efforts helped the Bank earn the title of "2022 Advanced Unit" for the "Financial Knowledge Propagation Month" event carried out to promote financial knowledge to every household, encourage rational investments, and advocate legal online financial activities.

We actively promoted knowledge about how to fight against counterfeit money and phone fraud. In 2022, the Bank launched 370 anti-counterfeit-money campaigns, carried out more than 680 community activities to promote Renminbi-related knowledge and rectify refusal of cash payments, and distributed more than 3,000 publicity brochures to over 800 businesses.

To further propagate financial knowledge, we published 17 related articles via our WeChat account, 22 articles in the "Financial Education" special section on our website, and another 13 articles through Xinhua Financial, China Economic Net, and other mainstream media, covering an audience of over 2 million.



Information security protection

The Bank continued to optimise its organisational structure and policy systems in 2022 through information system security management and data security management, so as to strengthen information security protection.

Information system security

Optimising the organisational structure and policies

The Bank has set up the Network Security and Information Technology Management Committee, responsible for planning the establishment of the cybersecurity and IT systems, monitoring the implementation of cybersecurity and IT-related duties, and reviewing and discussing key cybersecurity and IT system establishment matters. The chairman of the Board assumes ultimate responsibility for information security.

We have issued the *Information Security Management Specifications of Bank of Qingdao*, *Administrative Measures of Bank of Qingdao for the Multi-Layer Protection Scheme*, and *Administrative Measures for Data Security of Bank of Qingdao*. In 2022, we issued and promulgated 38 relevant administrative measures and contingency plans to strengthen our information system security, including the *Administrative Measures of Bank of Qingdao for Addressing Cybersecurity Vulnerabilities*, *Administrative Measures of Bank of Qingdao for Managing Digital Certificate*, *Administrative Measures of Bank of Qingdao for Business Continuity*, and *Data Desensitisation Specifications of Bank of Qingdao*.

Stepping up risk control

In 2022, the Bank put in place a regular cybersecurity monitoring policy, conducted regular inspections based on MLPS 2.0, and made extensive efforts to support the Olympic Games, Paralympic Games, and 20th CPC congress, successfully ensuring the security and stability of the information systems. During the reporting period, the Bank developed a detailed plan for business continuity and emergency drills involving critical infrastructure, key business lines, telecom operators, and all personnel of the Bank to address cybersecurity concerns. It covered critical IT infrastructure, channel systems, shared systems, and regulatory reporting systems. In 2022, we performed a total of 16 security drills to improve emergency responses firm-wide.

Typical case 2022 cybersecurity awareness week

During the 2022 cybersecurity awareness week, the Bank distributed brochures firm-wide and put up publicity posters in business outlets, covering an audience of many people. We also arranged external publicity activities, created publicity posts on WeChat, Weibo, and other online media, and launched promotional campaigns through video clips, animations, mobile banking knowledge quizzes, cybersecurity expos, and various other means to raise the public awareness of the importance of cybersecurity.



Data security management

In order to strengthen the Bank's data security management capabilities and establish a security protection system based on data security classification that covers the entire data lifecycle, the Bank formulated the *Administrative Measures for Data Security of Bank of Qingdao* in 2022 to specify requirements for general data security management, data classification and grading, as well as data lifecycle security management, and to put forward data security risk assessment, monitoring, and inspection specifications. This helped continue the improvement in data security management capabilities and increase data security.

During the reporting period, the Bank continued to promote the classification and grading of important data assets in accordance with the *Administrative Measures of Bank of Qingdao for Data Classification and Grading and Data Security*. We have implemented asset classification and grading for eight important systems, including the core systems and credit management systems. We have also developed a tool to automate the classification and grading of important data for greater efficiency and accuracy. In addition, we applied hierarchical data extraction management, strengthened the approval mechanism for closed-loop control of the entire production data extraction process, and deleted all unnecessary sensitive data to prevent leakage and ensure data security.

Account risk mitigation

Further fights against the illegal use of SIM and bank cards

In 2022, the Bank continued to implement a mandate of fighting against the illegal use of SIM and bank cards by actively blocking capital flows linked with phone fraud or cross-border gambling activities, and resolving the risks of existing and new accounts. No new accounts with the Bank have been found to be involved in illegal activities for 16 consecutive months, increasing fund security for the public.

In terms of police-bank cooperation, we assisted public security organs in uncovering 33 suspected cases of bank account trading and in the arrest of 84 criminal suspects. Many branches of the Bank were recognised by the local PBOC offices and public security organs for their assistance.

Ensuring card security

In 2022, the Bank upgraded the facial recognition module of our credit card self-service operations, such as mobile banking, significantly enhancing risk prevention. During the reporting period, the credit card centre carried out regular management and control of abnormal fund transfers and designated personnel to conduct case-by-case reviews. The online investigation and control platform has been connected to all channels available to allow competent authorities to query funds and freeze activities online at any time. In 2022, fraud-linked funds of more than RMB4 million were frozen.

Personal information protection

During the reporting period, the Bank established the Personal Information Protection Committee and formulated a personal information protection work plan, driving personal information protection through improving the organisation, issuing policies, identifying risks, making rectifications and optimisations, and raising awareness. We also promulgated the *Administrative Measures of Bank of Qingdao for Personal Information Protection* to improve system development and implement severe punishments, effectively increasing our personal information management capabilities.

We have strengthened internal control management. In 2022, the Bank revised and improved business and internal control management rules and specifications to regulate business development and marketing behaviours; strictly controlled system inquiry permissions and abided by the minimum necessary principle; optimised model contracts, keeping customers fully informed of necessary information, and ensuring legal compliance of information collection and processing; strengthened supplier management, strictly controlling supplier admission, better fulfilling confidentiality obligations, and improving the exit mechanism.

In addition, we arranged a series of employee trainings on the Personal Information Protection Law to examine cases of violations and punishments, lost cases, and criminal cases. We published 10 case analysis articles, 7 risk reminding articles, 5 articles on the interpretation of laws and regulations, so as to help employees understand deeply the relevant laws and regulations and to promote the implementation of new laws and regulations. In 2022, the Bank did not receive any complaints about infringement on customer privacy or leakage of customer information.

PROGRESS WITH EMPLOYEES





Protection of employee rights and interests

Legitimate employment

The Bank's employment and resignation procedures for all our positions comply with the relevant provisions of the Labour Law of the People's Republic of China as well as the Provisions on the Prohibition of Using Child Labour. We have clearly stipulated working hours, rest time, leave, labour protection, and work conditions in our labour contract, and signed it with all employees.

We are attracting talent through experienced personnel recruitment, campus recruitment, and internal referrals. Following the Administrative Measures of Bank of Qingdao for Recruitment, we have been adhering to a fairness principle during recruitment and have never discriminated against candidates for their ethnicity, race, gender, or religious belief. We have also been providing equal job opportunities and a good work environment for all.

In order to further avoid the accidental use of child labour, the Bank has formulated a strict onboarding review process to carefully verify new recruits' ID cards. Should there be a case of accidental use, we will immediately terminate the labour contract in accordance with laws and regulations and escort the child back to their parents or other guardians at their place of residence.

In 2022, the Bank complied with relevant laws and regulations concerning employee health and safety and the working environment, and was not involved in child labour or forced overtime.

Employee statistics

Classification	Item	As at 31 December 2022	
		Number of employees	Proportion (%)
	Total number of employees	4,708	100
By gender	Male employees	2,094	44.48
	Female employees	2,614	55.52
By employment type	Contract employees	4,708	100
	Secondment employees	–	–
	Temporary employees	–	–
By age group	30 or under	1,606	34.11
	31 to 40	2,139	45.43
	41 to 50	684	14.53
	Over 50	279	5.93
By geographical region	Employees from Shandong Province	4,708	100
	Employees not from Shandong Province	–	–
By education background	Junior college graduates	533	11.32
	Bachelors	3,221	68.42
	Masters	939	19.94
	PhDs	15	0.32
	New employees	510	10.83
	Disabled employees	2	0.04
	Employees from ethnic minority groups	275	5.84
	Number of employees who contribute to social security	4,708	100
	Number of employees with regular medical check-ups	4,708	100
	Number of labour arbitrations in the past year	–	–




Social indicators

The numbers above exclude the employees of affiliates of the Bank.


In accordance with China's relevant secondment regulations, we have further enhanced the management of secondees and gradually lowered the proportion of such personnel. We comply with the Labour Law of the People's Republic of China for each position and abide by the relevant provisions in labour contracts. In 2022, we did not employ any child labour and no employees were injured or died due to their daily duties.



Classification	Item		Number of turnover employees	Turnover rate (%)
 Social indicators	By gender	Male employees	98	1.99
		Female employees	117	2.38
	By age group	30 or under	56	1.14
		31 to 40	98	1.99
		41 to 50	34	0.69
		Over 50	27	0.55
	By geographical region	Employees from Shandong Province	215	4.37
		Employees not from Shandong Province	—	—

The numbers above exclude the employees of affiliates of the Bank.

Turnover rate = Number of turnover employees / (Total number of employees + Number of turnover employees)

Classification	Item		Number of new employees	Proportion (%)
 Social indicators	By gender	Male employees	235	46.08
		Female employees	275	53.92
	By age group	30 or under	362	70.98
		31 to 40	142	27.84
		41 to 50	4	0.79
		Over 50	2	0.39
	By geographical region	Employees from Shandong Province	510	100
		Employees not from Shandong Province	—	—

Employee benefits

The Bank's employee benefits consist of a fixed salary, a variable salary, and welfare income. We make contributions to the basic social insurance system covering the basic pension, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance for employees in accordance with laws. We also pay housing provident funds, corporate annuities, and supplementary medical insurance to better prepare employees for their retirement and medical needs. In addition to the basic social insurance coverage and housing provident funds, the Bank also provides commercial insurance for comprehensive employee benefits.

Working hours and holidays

The Bank formulated the *Attendance and Holiday Management System of Bank of Qingdao* in accordance with relevant laws to protect employees' rights to work and rest, and implemented a proper working hours policy. We also provide employees with annual leave, marriage leave, maternity leave, and welfare leave (breastfeeding leave, parent meeting leave, maternity check-up leave, medical check-up leave). Meanwhile, we allow employees to take paid vacation in accordance with the *Regulations on Paid Annual Vacations for Employees*. Applicants for vacations should go through the approval procedure as required.

Democratic communication

The Bank proactively developed and improved its democratic management mechanism, which consists of internal suggestion channels, a trade union, and general meetings of employee representatives, to protect the rights and interests of employees. We held meetings with employee representatives in accordance with the *Enterprise Employee Congress Regulations of Shandong* to deliberate and vote on major issues involving the interests of employees and announce the resolutions, and established a labour law compliance supervision committee under the trade union to ensure a harmonious relationship with employees.



On 30 November 2022, the Bank's trade union held its 3rd session of the 5th general meeting of employee representatives, attended by 216 representatives from across the Bank both online and offline.

Establishment of a personal development platform

Development and promotion channels

The Bank has established a dual-path promotion mechanism that offers a choice between an administrative career and a professional career. The promotion of administrative positions is performed through internal contests and recommendations based on the actual duties as well as relevant policies such as the *Administrative Measures of Bank of Qingdao for the Selection and Appointment of Manager-level Cadres*, *Administrative Measures for Cadres of Bank of Qingdao*, and *Administrative Measures of Bank of Qingdao for Internal Talent Recommendation*. The promotion of professional positions is organised and approved according to the administrative measures for different professions. This mechanism has enabled a modern commercial bank position management system with clear categories, clear levels, authorities, and responsibilities, and proper promotions, and has provided employees with extensive career development opportunities for long-term employee stability.

Talent pipeline construction

During the reporting period, the Bank formulated and optimised the *Administrative Measures for Employee Grading* and *Administrative Measures for Positions* to increase the appropriateness of positions and grades for career paths, laying a better policy foundation for performance appraisal.

Training system improvement

In 2022, the Bank focused training efforts on developing a multi-layer talent pool, actively explored and improved the training mechanism, enhanced management of training practices, materials, and personnel, and further ensured targeted and effective training.

Conducting pragmatic basic management: The Bank drew up the *Plan of Bank of Qingdao for Education and Training* to clarify the short-term, mid-term, and long-term goals of training, revised the *Administrative Measures of Bank of Qingdao for Training*, and formulated the *Provisional Administrative Measures of Bank of Qingdao for Training Credits*, so as to navigate and promote proactive learning among all employees. We also summarized various training processes and mechanisms to define standardised tasks. For example, we put in place the “double-six” training methodology to create a proper work process with the tasks to be conducted before, during, and after training being clearly defined. We also implemented a principle of “summarising after training” to ensure that training reviews were performed as required to determine improvement direction and approach.

Managing training in an active and effective manner: The Bank is strongly pushing forward its employee onboarding plan. We carried out three new employee training sessions in 2022, where a total of 17 principals from Head Office and 25 internal trainers delivered lectures to more than 240 new employees.

We delivered courses to improve fundamental management and business capabilities, mainly covering bank business-related writing, business etiquette, internal control compliance, and breach prevention and control. The courses touched on “how to write good reports”, “how to design well-structured PPT slides”, “how to draw up a one-page publication”, “business etiquette for 2022”, “how to interpret financial statements and prepare a credit grant report”, “how customer service personnel should handle complaints”, and other subject areas.





Achieving effective textbook management: Following the principle of “properly compiling teaching materials, collecting cases, and presenting courses”, the Bank completed the development of seven electronic business textbooks: a business basics manual, a products and cases manual, a trade finance business manual, a credit management manual, a retail products manual, an operational basics manual, and a business etiquette manual. In addition, we started developing need-to-knows and notice writing textbooks, so that all employees, especially new recruits, can quickly learn the knowledge, and understand the basic platforms and channels, required for performing their duties.

Conducting advanced professional trainer management: In 2022, the Bank continued creating a professional team of internal trainers. We arranged 5 courses throughout the year to deliver a total of 14 hours of training, including an online training on “standard five-level course design and development” and an “internal experience extraction and business case preparation” course.

In addition, we organised the Bank’s first internal trainer contest and teaching plan design contest themed “Striving for outstanding tutors”, with the goal of “developing a pool of excellent lecturers, a set of effective courses, and a platform for proper tutoring.” Through these efforts, we identified a group of extraordinary internal trainers with great potential and capability and set up a batch of premium courses and business cases that well serve our teaching purposes, drive the growth of our internal trainers, and establish a learning organisation.



The Bank continued to attract and cultivate top academic talent, and fully capitalised on the Office of the Chief Economist to internally empower business operations as a value driver and to externally contribute wisdom as a local think tank. In 2022, the Bank published nearly 40 professional articles, news commentaries, and policy analysis reports in authoritative domestic media such as China Finance, China Banking, and Modern Bankers, covering macro-forecasts, digital transformation of commercial banks, and other fields. These publications offered important views on the development direction, business planning, sector engagement, and pricing mechanisms of the banking industry. We contributed to 6 advisory reports that provide Qingdao with recommendations about financial system reform, high-quality cultural finance development, and marine fishery-oriented financial risk control.

Empowerment

Physical and mental health care



Employee safety

Establishing a safety management system

During the reporting period, we optimised the *Administrative Measures of Bank of Qingdao for the Security Team*, the *Emergency Plan of Bank of Qingdao (for Security Protection)*, the *Administrative Measures of Bank of Qingdao for Safety and Security Inspection*, the *Measures of Bank of Qingdao for the Appraisal of Safe Production (Security Protection) Performance*, and the *Fire Safety Management Regulations of Bank of Qingdao*, further improving our safety management system.

The Bank put in place a safety education and training system, conducted monthly safety education (case sharing), improved its emergency response system, and arranged quarterly emergency drills, so as to raise employee safety awareness, and enable them to better respond to emergencies. During the reporting period, we carried out 9 special safety inspections (for holidays, safety production month, etc.), all of which were resolved to ensure safe operations. The Bank has not been involved in any safety incidents for the eighth consecutive year.

Enhancing business outlet security

The Bank has adopted protective measures for its business outlets in line with China's physical, technical, and fire protection requirements for anti-theft, anti-robbery, and fire prevention purposes. We have security guards at each branch that help quickly deal with emergencies. We have also detailed safety operating procedures for cash-related services to prevent robbery and theft.

In the past three years, none of the Bank's employees died from discharging business duties.

Employee health

The Bank's canteens provide employees with various nutritious meals. In addition, we organise various cultural and sports activities. There are currently 15 employee clubs, such as a football club, a table tennis club, a basketball club, and a yoga club, which arrange a variety of relevant events on a regular basis to meet their members' demands. The Bank continues to actively develop the "Staff Houses" by installing fitness facilities and shower rooms, allowing employees to enjoy exercise after work for both physical and mental health, increasing their satisfaction with, and attachment to, the Bank.



A caring organisation through joint efforts

Enriching the leisure time

During the reporting period, the Bank held online and offline “improvement through reading” activities among female employees. The participants were encouraged to share their writings, appreciate calligraphy, paintings, and photographs, and perform recitation, thereby gaining knowledge and wisdom conducive to their work and life.

Assistance to employees in need

During the reporting period, the Bank issued the *Notice on Care Visits during the New Year's Day and Spring Festival in 2022* and delivered aid to employees suffering illness or emergency-linked financial difficulties. Each year, we offer mutual support insurance to our employees. In 2022, 145 claims amounting to more than RMB 100,000 were paid to ease their financial burdens due to serious illnesses. We also regularly paid visits to retired employees and during festivals, provided them with gifts on the Bank's anniversary, and delivered souvenirs to retired employees who are CPC members.



In 2022, 145 claims amounting to more than RMB

100,000 were paid

Care for female employees

The Bank provides breastfeeding leave for female employees, and has established “Nursery Rooms” and other facilities. In 2022, the Bank arranged “improvement through reading” activities to further enrich their lives.



Home to the Bank's staff

FULFILMENT OF SOCIAL RESPONSIBILITIES





Care for special needs groups

The Bank continued to enhance its ability to serve special needs customer groups, and formulated the *Guidelines of Bank of Qingdao on Serving Senior Customers* and *Administrative Measures of Bank of Qingdao on Extended Services for Special Customer Groups*. We have set up convenient facilities and services for special needs groups at each outlet, such as children's areas, baby chairs, wheelchairs, priority seats, and braille cards. We have also posted our service telephone numbers on the exterior of our facilities to enable special needs customers to call for help. In addition, we have installed handrails in bathrooms and provided notebooks to record donations. The Bank has set up care booths at each outlet for outdoor workers, such as sanitation workers, landscaping workers, municipal maintenance workers, couriers, and food delivery workers, to solve such difficulties as drinking water and toilet access. These booths are equipped with microwave ovens, water dispensers, tables and chairs, medical kits, and other necessary supplies.

Senior customers

Improving the elderly-friendly service model. The Bank continued to optimise the process and standardization of elderly-friendly services by implementing the *Guidelines on the Elderly-Friendly Service Model* at its outlets. This has been developed based on the principles of "friendliness, sincerity, diligence, simplicity, and care" and specifies a number of detailed elderly care service standards that ensure senior customers are properly escorted, taken care of, and served, and that they are accompanied when requesting services for the first time, requiring complex services, or having special service needs.

Optimising services at outlets. The Bank has set up green channels for senior customers and posted signs and guidelines for barrier-free facilities, and provides one-on-one assistance for the elderly with disabilities. Based on the actual transaction volume, each outlet provides priority counter services for customers aged 65 or above. We have retained the fingerprint feature of the "Gui Wai Qing" equipment to help senior customers confirm counter service

requests when they are unable to sign. We also provide door-to-door services for customers who cannot visit our outlets due to age or illness. In 2022, the Bank provided door-to-door services more than 1,000 times through its green channels.

Setting up a service hotline for senior customers. Senior customers can dial 4006696588 and then press the second button mentioned in the interactive voice response to reach our attendants for senior customer services. This process takes less than 5 seconds.

Showing care through mobile banking. The Bank developed a simplified edition of its mobile banking app for customers aged 60 or above. With this special app, users can access its senior customer services directly simply by tapping the "Customer Service" button. We have also added a zoom function to our online personal banking pages, so that users can zoom in and out for clearer UIs and fonts.



New citizens

The Bank has been taking active measures to fully implement the various decisions and arrangements of China's CPC Central Committee, State Council, and regulators on caring for new citizens. We formulated the Work Plan of Bank of Qingdao for Promoting New Citizen-Oriented Financial Services, set up a steering team for the services, and engaged in various areas such as publicity, product innovation, and "Qingxin" services, effectively bringing benefits, happiness, and security to new citizens.

Launching featured products

The Bank launched special credit products such as the "Secured Start-up Loan", the "New Citizen Loan", and the "Talent Loan" to help new citizens start their businesses and seek employment. We have stepped up credit support for new citizens by granting them the priority to access loans under the same conditions, increasing the proportion of loans for new citizens. We also offered two wealth management products to help new citizens generate wealth, and have achieved total sales of more than RMB 44 million, making them the top sale products during the same period.

Improving the service experience at business outlets

The Bank delivered 7 training sessions in the year, including "Tips to Make Account Opening a Better Experience" and "Innovative Service Experience Workshop", to create a unique "Qingxin" service experience for new citizens.

Face-to-face publicity

On 22 September 2022, the Bank and the CBIRC Qingdao office leaders met with new citizen representatives from a high-tech company in Qingdao to carry out face-to-face talks. During the visit, the Bank provided professional explanations on the credit support policies that addressed their urgent needs, the availability and accessibility of financial services, among other topics. We also used propagation campaigns to raise new citizens' awareness of the eight consumer rights, illegal fund-raising, rational investment, and personal information protection. During the campaigns, police officers from the Anti-Fraud Centre of the Qingdao Public Security Bureau were invited to inform new citizens of tips to combat fraud, as criminals increasingly take advantage of intelligent technologies, diversified channels, concealed approaches. In addition, the Bank held a promotional campaign month in October 2022 to extensively introduce financial services to new citizens.



Happy neighbourhood

In order to allocate more social resources to communities to address the new trends of the new era, the Bank established the Community Finance Business Unit in January 2020 to forge the “Happy Neighbourhood” Party building and community service brand, and fully implement the new “Party Building + Volunteer Service” model for community finance development. Focusing on setting up “new types of neighbourhood relations”, this model helps create a sense of cultural belonging, a sense of participation in community governance, and a sense of trust in communities and neighbourhoods, blazing a new path for community finance development in the emerging era. As at the end of 2022, the Bank has had 11 community sub-branches under the “Happy Neighbourhood” brand.

These sub-branches consistently provide nine volunteer services for senior customers in their outlets, including non-financial services, earning significant recognition from their neighbourhoods. They also engage in Party building, anti-fraud, social security consultation, environmental protection, and other activities with community workers including personnel from the community and Party service centres, building managers, Party members, and community volunteers, to jointly develop, manage, and share community services.

The Bank pursues CPC-guided volunteer services. Its “Happy Neighbourhood” community sub-branches have established 11 volunteer service teams, which had 101 registered members by the end of 2022. In 2022, these service teams arranged a total of 503 “Party Building + Volunteer Service” activities for anti-fraud, medical and elderly care, “National Civilized Model City” campaigns, environmental protection, and financial intelligence, covering 116,200 audience members.



“Happy Neighbourhood” community sub-branches

had **101** registered members by the end of 2022

Arranged activities for anti-fraud, medical and elderly care, “National Civilized Model City” campaigns, environmental protection, and financial intelligence, covering

116,200 audience members



Qingdao Luoyang Road Community branch carried out financial business lecture activities



Volunteer service cases

Typical case

Anti-fraud sitcoms

Our “Happy Neighbourhood” volunteers wrote, directed, and acted in anti-fraud sitcoms, meeting the neighbourhood audiences’ tastes well.

In 2022, the Bank’s anti-fraud classes for happy neighbourhoods won first prize in the second Qingdao volunteer service project contest organized by Qingdao Civilization Office.



Spirit of dedication

On 1 July 2022, the Bank’s “Happy Neighbourhood” volunteer service teams took part in Party building and volunteer activities with Party members, the mass public, volunteers, and neighbours in various communities to demonstrate the spirit of dedication and celebrate the 101st CPC anniversary and 20th CPC National Congress.



Painting competition for new citizen children

In October 2022, our “Happy Neighbourhood” volunteer service teams joined with communities to organise a painting competition for new citizen children, an event to show their Chinese dreams and celebrate the 20th CPC National Congress.



Charity

Charitable donations to celebrate the Bank's anniversary

While celebrating its 26th anniversary, the Bank called on all its employees to make charitable donations to show their love and care for the public. Total donations amounted to RMB 1.8775 million.

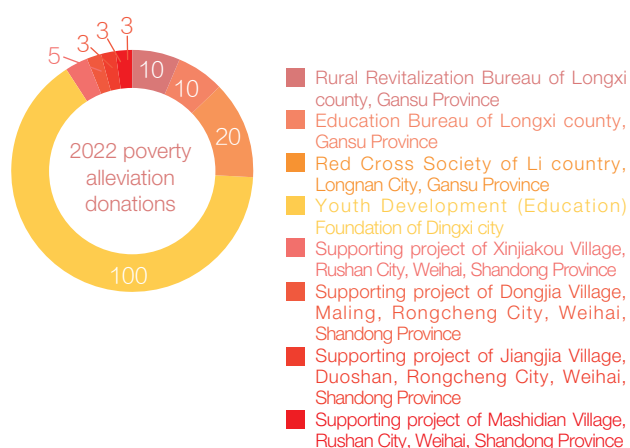
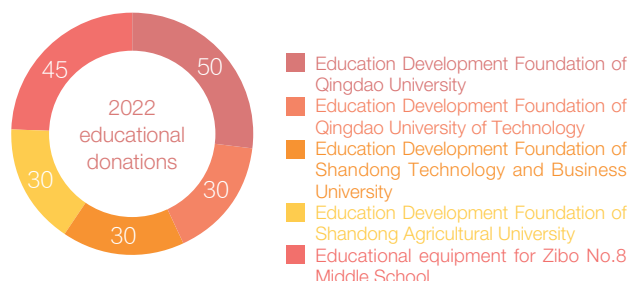
Funding education efforts

The Bank has established the "Bank of Qingdao Scholarship" with universities, including Qingdao University, Qingdao University of Technology, Shandong Technology and Business University, and Shandong Agricultural University, to encourage students to pursue academic studies. During the reporting period, we launched 5 student aid projects, offering a total of RMB 1.85 million, to help improve teaching environments and facilities, enhance teaching capabilities, enable students to access education, and reward learning and teaching achievements.

Poverty alleviation

During the reporting period, the Bank launched 8 poverty alleviation projects through the Qingyin Charity Foundation with total donations of RMB 1.54 million.

Amount (RMB 10,000)



Typical case Donating RMB 2.1 million to Laixi City, Qingdao to help contain the Covid-19 pandemic

The pandemic hit Laixi City, Qingdao, in March 2022, drawing extensive attention from the public. On 12 March 2022, the Bank donated RMB 2 million to Qingdao Laixi Charity Federation to facilitate the pandemic control efforts in Laixi, a move to stand with and extend care for the affected. In addition, we donated RMB 100,000 to the Laixi Public Security Bureau for the purchase of daily necessities for frontline police officers.

During the pandemic, our Laixi Sub-branch quickly established a steering team, which made every effort to ensure the health and safety of its employees and actively participated in community volunteer services to facilitate pandemic prevention and control.



A range of charitable activities at branch and sub-branch levels in 2022.



Qingdao Licang Branch donated masks to the community



Qingdao Laoshan branch initiated the "QingYouai" voluntary service brand, a total of help support 32 children, and donated 1,078 quality books to Laoshan District Red Cross Charity's Library



The Bank launched voluntary services



Qingdao Shinan branch visit the frontline security police



The inclusive financial service station of Qingdao Laixi Sub-branch held a child care activity



Qingdao Shinan branch carry out love together book rafting plan



Binzhou Branch held a publicity activity of "Love for new citizens, preaching and warming people's hearts"



Taian Branch went to the community to visit the frontline community staff



Dezhou Branch volunteer team to support community



Qingdao Shinan Sub-branch donated materials to the rural revitalization work team

Volunteer services

Volunteer activities in 2022

Type	Activity	Time	Location
Environmental protection	CPC branch of the Bank's Weihai Branch planted trees as organised by the financial and business circle	May 2022	Qijiazhuang Woodland, Huanshan Road, Weihai
	Hand-painted low-carbon bags good for the environment	June 2022	COP International Community, Beishan Community, Changling Road Community, and Xiangyang Road Community of Licang District, Qingdao
	Joined public health efforts	July 2022	Jiaozhou Sub-branch, Qingdao
	Weihai Economic and Technological Development Zone Sub-branch participated in the environmental protection activities in the community it was operating in	July 2022	Town Story Community, Weihai
	Carried out the "sorting garbage for a better environment" promotional campaign at the business outlets of Weihai Branch	December 2022	Daqiao Community, Huancui District, Weihai
	Joined efforts to improve the public environment through volunteer services	May to December 2022	Bincheng District, Binzhou
Poverty alleviation	Visited people in difficulties	January 2022	Lijiadagou Village, Feixian County, Linyi
	Helped with social poverty alleviation and support to extend care and love	January 2022	Sijiaofang Village, Fengshui Town, Zhangdian District, Zibo
	Visited low-income households during the Spring Festival	January 2022	Low-income households in Jiaozhou
	Made charity donations to orphan and disabled children	February 2022	Jining High-tech Zone
	Made "Happy Canteen" donations	June 2022	Nanzhan Sub-district, Wenshang County, Jining
	Visited and paid tribute to veterans on PLA anniversary	August 2022	Bincheng District, Binzhou
	Donated to women and children in difficulties in Anding District, Dingxi, Gansu	October 2022	Qingdao Shinan Sub-branch
	Weihai Branch donated supplies for poverty alleviation	November 2022	Xinjiakou Village, Xujia Town, Rushan, Weihai



Type	Activity	Time	Location
Urban civilisation	Delivered public services in communities via the “Little Pumpkin Volunteer Service” and “Red Vest” teams	April 2022	Yanji Road Community, Qingdao
	Provided volunteer services to facilitate the college entrance exam	June 2022	Linyi
	Volunteer pep rally of Qingdao Shinan Sub-branch for the “National Civilised City” competition	July 2022	May Fourth Square, Qingdao
	Fuzhou South Road Sub-branch in Jiaozhou donated supplies for the “National Civilised City” competition	August 2022	Party-Masses Centre of Yangguang Lijing Community, Jiaozhou, Qingdao
	Provided volunteer services to help maintain the traffic order and build a civilised city	September to November 2022	Intersection of Fuzhou Road and Donghai West Road, Qingdao
	Provided volunteer services to help maintain the traffic order downtown	May to December 2022	Bincheng District, Binzhou
Charity	Delivered door-to-door aid	March 2022	Ligezhuang Town, Jiaozhou
	Qingdao Shinan Sub-branch visited and paid tribute to police officers	March 2022	Police Station in the Xianggang Middle Road Sub-district, Qingdao
	“Chinese Revolutionary Songs from Yimeng Mountain” large cultural activity and “Introducing Chinese Revolutionary Songs from Yimeng to Across China” activity	May 2022	Linyi
	Extended health care for on Mother’s Day	May 2022	Jiaozhou Sub-branch
	Ligezhuang Community Sub-branch in Jiaozhou visited and paid tribute to the land requisition and household relocation project team	May 2022	Land requisition and household relocation command centre of Jiaozhou, Qingdao
	Yucheng Sub-branch in Dezhou held the “One-day Donation” activity	June 2022	Yucheng Sub-branch, Dezhou
	Hekou Sub-branch in Dongying participated in the establishment ceremony of the veteran cadre volunteer head office in Hekou District	August 2022	Seniors Universities in Hekou District, Dongying
	Showed Chinese revolutionary movies in communities for public entertainment	August 2022	Dongli Community, Dongying
	Attended the “Celebrating the 20th CPC National Congress and Embarking on a New Journey” community evening activity	August 2022	Donghebei Community, Weihai
	Linyi Branch held the “2022 One-day Donation” activity	September 2022	Linyi Branch
	Attended the “Public Welfare Gathering” community activity	September 2022	Lijing Community, Weihai
	Participated in the “Book Crossing” activity	November to December 2022	All business outlets of Qingdao Shinan Sub-branch

Prospects for the Future

In 2023, Bank of Qingdao will unswervingly implement the spirit of the 20th CPC National Congress under the guidance of Xi Jinping, Thought on Socialism with Chinese Characteristics for a New Era and the guidance of the New Three-Year Strategic Plan, focusing financial efforts on the high-quality economic and social development of Shandong Province and Qingdao City and the improvement of lives.

We will continue providing excellent services for the real economy. As a regional banking corporation, Bank of Qingdao will resolutely follow the guideline of the 20th CPC National Congress to prioritise the real economy in driving economic development, adhere to its principle of serving the real economy, and continue to position itself as a local economy facilitator, pragmatically driving local economic growth. We will seize the opportunities arising from Shandong's shift of economic drivers and its mission to build manufacturing capacity, as well as Qingdao's real economy revitalisation strategy, by stepping up financial support for critical fields and improving services for the real economy sectors such as manufacturing, green and low-carbon development, and high-and new-technology, helping to tirelessly navigate towards high-quality economic development.

We will continue to join efforts for a greener future. According to the Economic Work Conference of the Shandong Provincial Party Committee, 2023 marks the first year fully implementing the spirit of the 20th CPC National Congress, and the onset of pioneering green, low-carbon, and high-quality development. Bank of Qingdao has always led the path to green finance through its practices and innovations. In 2023, we will continue to innovate a greater variety of green finance products and services, increase support for green industries, invest in special efforts to set up a high-standard blue finance service system offering financial support for the development of the blue economy, and contribute to China's "carbon peak" and "carbon neutrality" goals, jointly dealing with global climate change.

We will continue to embrace technological innovations. Digitisation is necessary for the development of modern banks. Aiming at "online, mobile, and intelligent banking", we will pursue technology and innovation-driven growth in 2023. We will make full use of digital technology to optimise and reshape existing business models and management system by further integrating business with technology to fuel business development and management improvement; exploring simplified business outlets by fine-tuning service processes and introducing more digital and intelligent services to bring greater convenience to customers; and improving data development and management, and diversifying online financial products for better customer services.

We will continue to contribute to a better society. The Bank will unflinchingly seek people-oriented development, further embedding ESG into its governance and business systems. We will strive for sustainable development; extend inclusive finance services and engage deeper in community finance services to increase the accessibility and convenience of financial services to the public; participate in various charity and public welfare activities to repay favours to society; proactively promote financial knowledge and protect the rights and interests of customers; and continue to raise a caring corporate culture and step up training for joint growth with employees.

We will adhere to its new development vision, implement the "high-quality development, quality and efficiency first" strategic philosophy, and advocate a corporate culture featuring "compliance, performance, responsibility, service, care, and integrity" to achieve overall high-quality growth. At the same time, we will continue to play a key role in driving local economic development that contributes to the country's ambition of modernisation with Chinese characteristics.



Appendix

ESG Report Indicator Index

Content of ESG Report Indicator Index released by SEHK

Subject Areas and Aspects	General Disclosures	Corresponding page	KPIs	Corresponding page
A. Environmental				
A1 Emissions	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	32-33	A1.1 The types of emissions and respective emissions data.	32
			A1.2 Direct and energy indirect greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	32
			A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	33
			A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	33
			A1.5 Description of emission target(s) set and steps taken to achieve them.	32-33
			A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	32-33
A2 Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials.	32-33	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	6,32
			A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	6,32
			A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	32-33
			A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	32
			A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A
A3 Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	30-35	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	30-35
A4 Climate Change	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	30-35	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	30-35

Subject Areas and Aspects	General Disclosures	Corresponding page	KPIs	Corresponding page
B. Social				
B1 Employment	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	54-59	B1.1 Total workforce by gender, employment type (such as full-time and part-time) , age group and geographical region.	54, 58
			B1.2 Employee turnover rate by gender, age group and geographical region.	55
B2 Health and Safety	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	54-59	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	54, 58
			B2.2 Lost days due to work injury.	54
			B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	54-59
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	56-57	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Note 1
			B3.2 The average training hours completed per employee by gender and employee category.	Note 1
B4 Labour Standards	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	54	B4.1 Description of measures to review employment practices to avoid child and forced labour.	54
			B4.2 Description of steps taken to eliminate such practices when discovered.	54
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	33	B5.1 Number of suppliers by geographical region.	33
			B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	33
			B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	33
			B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	33
B6 Product Responsibility	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	19,48,51	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
			B6.2 Number of products and service related complaints received and how they are dealt with.	48
			B6.3 Description of practices relating to observing and protecting intellectual property rights.	19
			B6.4 Description of quality assurance process and recall procedures.	N/A
			B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	51
B7 Anti-corruption	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	13,18-19	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	19
			B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	18-19
			B7.3 Description of anti-corruption training provided to directors and staff.	13, 19
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	62-69	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	62-69
			B8.2 Resources contributed (e.g. money or time) to the focus area.	62-69

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



GRI Index table

GRI Standards	Disclosure Contents	Page
GRI 2: General Disclosure 2021	The organisation and its reporting practices	
	2-1 Organisational details	12
	2-2 Entities included in the organisation's sustainability reporting	2
	2-3 Reporting period, frequency and contact point	2-3
	2-4 Restatements of information	No significant changes compared with the previous year
	2-5 External assurance	78
	Activities and workers	
	2-6 Activities, value chain and other business relationship	12
	2-7 Employees	54
	2-8 Workers who are not employees	54
	Governance	
	2-9 Governance structure and composition	14
	2-10 Nomination and selection of the highest governance body	Refer to Annual Report
	2-11 Chair of the highest governance body	4
	2-12 Role of the highest governance body in overseeing the management of impacts	13, 15
	2-13 Delegation of responsibility for managing impacts	13, 15
	2-14 Role of the highest governance body in sustainability reporting	15
	2-15 Conflicts of interest	Refer to Annual Report
	2-16 Communication of critical concerns	16
	2-17 Collective knowledge of the highest governance body	15
	2-18 Evaluation of the performance of the highest governance body	/
	2-19 Remuneration policies	Refer to Annual Report
	2-20 Process to determine remuneration	Refer to Annual Report
	2-21 Annual total compensation ratio	/
	Strategy, policies and practices	
	2-22 Statement on sustainable development strategy	15
	2-23 Policy commitments	18-19, 22, 24
	2-24 Embedding policy commitments	18-19
	2-25 Processes to remediate negative impacts	19, 48, 55
	2-26 Mechanisms for seeking advice and raising concerns	19
	2-27 Compliance with laws and regulations	18
	2-28 Membership associations	38

GRI Standards	Disclosure Contents	Page
	Stakeholder engagement	
	2-29 Approach to stakeholder engagement	16-17
	2-30 Collective bargaining agreements	/
GRI 3: Material Topics 2021	3-1 Process to determine materials topics	17
	3-2 List of material topics	17
	3-3 Management of material topics	17
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	6
	201-2 Financial implications and other risks and opportunities due to climate change	30-32, 38-40
	201-3 Defined benefit plan obligations and other retirement plans	55, 59
	201-4 Financial assistance received from government	/
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	/
	202-2 Proportion of senior management hired from the local community	/
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	22-23
	203-2 Significant indirect economic impacts	27
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	/
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	19
	205-2 Communication and training about anti-corruption policies and procedures	19
	205-3 Confirmed incidents of corruption and actions taken	19
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	N/A (The Bank was not involved in any litigation during the reporting period)
GRI 207: Tax 2019	207-1 Approach to tax	Refer to Annual Report
	207-2 Tax governance, control and risk management	Refer to Annual Report
	207-3 Stakeholder engagement and management of concerns related to tax	Refer to Annual Report
	207-4 Country-by-country reporting	N/A (The Bank only operates in China)
GRI 301: Materials 2016	301-1 Materials used by weight or volume	32
	301-2 Recycled input materials used	N/A (The Bank does not manufacture any products)
	301-3 Reclaimed products and their packaging materials	N/A (The Bank's operations do not involve the use of packaging materials)

GRI Standards	Disclosure Contents	Page
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	32
	302-2 Energy consumption outside of the organisation	/
	302-3 Energy intensity	/
	302-4 Reduction of energy consumption	/
	302-5 Reductions in energy requirements of products and services	/
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	32
	303-2 Management of water discharge-related impacts	/
	303-3 Water withdrawal	32
	303-4 Water discharge	/
	303-5 Water consumption	/
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in or adjacent to, protected areas of high biodiversity value outside protected areas	N/A
	304-2 Significant impact of activities, products and services on biodiversity	38, 41
	304-3 Habitats protected or restored	N/A
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
GRI 305: Emissions 2016	305 -1 Direct (Scope 1) GHG emissions	32
	305 -2 Energy indirect (Scope 2) GHG emissions	32
	305-3 Other indirect (Scope 3) GHG emissions	/
	305-4 Total GHG emissions intensity	/
	305-5 Reduction of GHG emissions	/
	305-6 Emissions of ozone-depleting substances (ODS)	N/A (The Bank's operations do not involve ODS emissions)
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	33
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	33
	306-2 Management of significant waste-related impacts	33
	306-3 Waste generated	33
	306-4 Waste diverted from disposal	33
	306-5 Waste diverted to disposal	33
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	33
	308-2 Negative environmental impacts in the supply chain and actions taken	33

GRI Standards	Disclosure Contents	Page
GRI 401: Employment	401-1 New employee hires and employee turnover	55
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	55
	401-3 Parental leave	55
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	N/A (The Bank strictly abides by relevant laws and regulations)
GRI 403: Occupational health and safety	403-1 Occupational health and safety management system	58
	403-2 Hazard identification, risk assessment, and incident investigation	N/A (The Bank mainly provides financial services and is not subject to any serious occupational health and safety factors)
	403-3 Occupational health services	58
	403-4 Worker participation, consultation, and communication on occupational health and safety	/
	403-5 Worker training on occupational health and safety	58
	403-6 Promotion of worker health	58
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58
	403-8 Worker covered by an occupational health and safety management system	58
	403-9 Work-related injuries	54, 58
	403-10 Work-related ill health	N/A (The Bank mainly provides financial services and is not subject to any serious occupational health and safety factors)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	The Bank plans to disclose information in this regard step by step
	404-2 Programs for upgrading employee skills and transition assistance programs	56-57
	404-3 Percentage of employees receiving regular performance and career development reviews	/
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	13, 54
	405-2 Ratio of basic salary and remuneration of women to men	/
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	/
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	N/A

GRI Standards	Disclosure Contents	Page
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	N/A
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	N/A
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	N/A
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	64
	413-2 Operations with significant actual and potential negative impacts on local communities	N/A
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	/
	414-2 Negative social impacts in the supply chain and actions taken	/
GRI 415: Public Policy 2016	415-1 Political contributions	N/A (The Bank only operates in China)
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	N/A (The Bank's operations are not subject to this requirement)
	416 -2 Incidents of non-compliance concerning the health and safety impacts of products and services	N/A (The Bank's operations are not subject to this requirement)
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	19
	417-2 Incidents of non-compliance concerning product and service information and labeling	N/A (There were no incidents of non-compliance identified during the reporting period)
	417-3 Incidents of non-compliance concerning marketing Communications	N/A (There were no incidents of non-compliance identified during the reporting period)
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	51

Third-party assurance report

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

畢馬威華振通字第2300064號

We were engaged by the Board of Directors of Bank of Qingdao Co., Ltd. (the “Bank”) to provide limited assurance on the 2022 Corporate Social Responsibility (Environmental, Social and Governance) Report of the Bank for the year ended 31 December 2022 (the “CSR Report”).

Responsibilities of the Board of directors

The Board of Directors of the Bank is solely responsible for the preparation and presentation of the CSR Report, including the information and assertions contained therein, in accordance with the disclosure recommendations of the *No. 1 Guidelines of SZSE on Self-regulation by Listed Companies — Regulated Operations of Main Board-Listed Companies* (the “SZSE’s Guidelines”) and the *Stock Exchange of Hong Kong Limited’s Environmental, Social and Governance Reporting Guide* (the “SEHK’s Guide”).

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

Responsibilities of KPMG

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

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

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

Summary of work performed

A limited assurance engagement on a CSR report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the CSR report, and

applying analytical and other procedures, as appropriate. Our procedures included:

- Enquiries of management to gain an understanding of the Bank’s processes for determining the material issues for the Bank’s key stakeholders;
- Interviews with management and relevant staff at the Bank concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff at the Bank responsible for providing the information in the CSR Report;
- A media analysis and an internet search for references to the Bank in 2022;
- Enquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the CSR Report;
- Comparing the information presented in the CSR Report to corresponding information in the relevant underlying sources by limited testing to determine whether key information contained in such underlying sources has been included in the CSR Report;
- Reconciling key financial data and figures with the audited financial statements; and
- Reading the information presented in the CSR Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Bank.

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

Conclusion

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

KPMG Huazhen LLP

Beijing

31 March 2023

Feedback from readers

Thank you for reading the 2022 Corporate Social Responsibility Report of Bank of Qingdao. For the purpose of enhancing information communication, better understanding and meeting your expectations and demands, providing more valuable information for you and other stakeholders and improving the Bank's ability to perform its corporate social responsibilities, we hope that you can share with us your valuable comments and suggestions on this report. Please fill out the feedback form below. You may send us your feedback using any of the following methods.

Tel: +86(532) 8175 8305

Fax: +86(532) 8175 8888

Email: bgs@qdbankchina.com

Address: Bank of Qingdao Building, No. 6 Qinglin Road, Laoshan District, Qingdao City, Shandong Province, China

Postal code: 266061

1. Which kind of stakeholder are you?

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

2. Your general evaluation on this report:

☐ Poor ☐ Average ☐ Good ☐ Excellent

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

☐ Poor ☐ Average ☐ Good ☐ Excellent

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

☐ Poor ☐ Average ☐ Good ☐ Excellent

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

☐ Poor ☐ Average ☐ Good ☐ Excellent

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

☐ No ☐ Average ☐ Yes

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

☐ No ☐ Average ☐ Yes

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

☐ No ☐ Average ☐ Yes

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

☐ No ☐ Average ☐ Yes

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

Thank you for your feedback and support!

青島銀行股份有限公司
BANK OF QINGDAO CO., LTD.