

2021

**Corporate Social
Responsibility Report**
(Environmental, Social and Governance Report)



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About This Report

Report coverage

The report takes Dongguan Rural Commercial Bank Co., Ltd. as the main subject, covering its head office, branches, sub-branches, subsidiaries, etc. For convenience, “Dongguan Rural Commercial Bank”, “the Bank” or “parent company” are used in the report to refer to Dongguan Rural Commercial Bank Co., Ltd., and “the Group”, “Group” or “we”/ “us”/ “our” refer to the Bank and its subsidiaries.

Time frame: January 1, 2021 to December 31, 2021 (the “Reporting Period”), some content exceeds the above time frame.

Reporting cycle: This report is published once per annum.

Reporting Guidelines

This ESG report has been prepared in accordance with the

Opinions on Strengthening the Social Responsibility of Banking Financial Institutions issued by the China Banking Regulatory Commission (Y.J.B.F. [2007] No. 252),

Environmental, Social and Governance Reporting Guide (Appendix 27 to the *Rules of Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*) (the “Guide”),

Guidelines on Corporate Social Responsibility of Banking Financial Institutions in China issued by China Banking Association, *Sustainability Reporting Standards* issued by the Global Reporting Initiative (GRI).

About the Data

The financial data in this report mainly come from the Bank’s 2021 Annual Report, and other data mainly come from the Bank’s internal documents and relevant statistical data.

Certain data may be inconsistent with the data in the 2021 Annual Report due to statistical scope factors (such as the scope of consolidated statements and parent company statements). In such cases, please refer to the data in the 2021 Annual Report.

Unless otherwise specified, the reporting currency is RMB.

Some contents and data are appropriately dated to previous years for coherence of the report.

Reporting Principles

Materiality: This report identifies and responds to important Environmental, Social and Governance (“ESG”) issues that affect the Bank’s sustainable development based on combining the relevant requirements of the Guide of Hong Kong Stock Exchange, and industry characteristics, stakeholders’ expectations, and its own development plans, as detailed in page 20;

Quantitative: This report has disclosed the Bank’s key ESG quantization performance, as detailed in Appendices;

Consistency: The indicators used in different reporting periods are as consistent as possible in this report. In case of any change in indicators, the changed indicators will be explained;

Balance: This report reflects the objective facts and discloses the positive and negative indicators at the same time.

Assurance

The Board of Directors and all directors of the Bank guarantee that the contents of this report do not contain any false statements, misrepresentation, or material omissions, and assume individual and joint responsibility for the truthfulness, accuracy and completeness of the contents.

Reporting Language

This report is prepared in Chinese and English. If there is any inconsistency between the two versions, the Chinese version shall prevail.

Access to the Report

The report is published electronically:

Website of the Hong Kong Stock Exchange: www.hkex.com.hk

Website of the Bank: www.drcbank.com

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Chairman's Statement

The year 2021 was the start of the 14th Five-Year Plan period. Standing at the historical intersection of the "two centenary goals", Dongguan Rural Commercial Bank actively integrated its own growth into the overall development of the country, continued to improve the ability and level of serving the real economy, fully implemented the rural revitalization and development strategy, and increased innovation and resources input in green financial products. The Bank played an active role in easing the difficulties of businesses and benefiting people's lives, gave back to the society with actions, actively shouldered responsibilities, and strove to enhance economic value, environmental value, and social value.

We stuck to our role in the market as a supporter of the real economy. We provided constant support to agriculture, small businesses and industries, and continued to increase financial support for the real economy. **Focusing on rural revitalization, the Bank vigorously developed "Sannong" financial services.** We established the first rural revitalization financial service center in Dongguan banking industry, launched the "Rural Revitalization Card" with local characteristics, carried out the "133" project of rural revitalization financial services, and fully implemented the "Three Major Personnel" stationing system. Nearly 4,000 inclusive finance personnel were sent to villages, neighborhoods, streets and alleys, factories and shops, offering "door-to-door" financial services, or the "last-meter" inclusive financial services to the businesses and the public. As of the end of 2021, the balance of loans to "modern Sannong" customers was RMB 56.312 billion, representing an increase of 21.02% as compared with that at the beginning of the year. **We exerted great effort to ease the difficulties of businesses and benefit the public in the pandemic.** We launched innovative products, such as "SMEs Relief Package", "Industry Supporting Loan", "Venture Capital Loan" and "Loan for Excellent Businesses" to meet the needs of small and micro customers and improve the accessibility of financial services for SMEs. As of the end of 2021, the balance of full-coverage SMEs loan of the Bank was RMB 119.775 billion, an increase of 27.78% over that at the beginning of the year. **Targeting**

advanced manufacturing, the Bank vigorously developed industrial finance. We launched a comprehensive industrial finance service plan to fully support the transformation and upgrading of advanced manufacturing, new-generation information industry, biomedical industry, environmental protection, education, and other key industries related to people's livelihood. By the end of 2021, the balance of loans supporting manufacturing and related industries amounted to RMB 39.379 billion, representing an increase of 35.94% as compared with that at the beginning of the year.

We deepened digital transformation and improved customer service in all respects. Adhering to the business philosophy of "customers are our greatest wealth", we continued to increase investment in fintech, upgraded and built a "three-in-one" channel service system integrating mobile banking, smart counters and smart customer service. To solve the inconvenience caused by the pandemic, we launched cloud banking remote services and smart counter self-service services, and strengthened the system construction of digital outlets and intelligent equipment configuration of 5G outlets. By building a "network +" intelligent service ecosystem, we constantly promoted the digital transformation of operation at the outlets to bring more intelligent and convenient service experience to customers. In the post-pandemic era, we constantly improved our business processes and standard service system, and strove to rank among 1000 best demonstration units for civilized and standardized service of banking outlets, and to achieve the goal of "creating greater value for customers". Besides, we also provided warm and convenient services for special groups by carrying out barrier-free transformation at the outlets and online service channels. We launched the "Happy Life Version" of mobile banking and the "Caring Version" of personal online banking for the elderly, constantly improved the mechanism for protecting consumers' rights and interests and upgraded financial services for special groups.

We focused on the "double carbon" goals and pursued green development. In response to the national strategy of "carbon peaking and carbon neutrality" goals, we took the building of a "green bank" as an overall objective. We launched the innovative carbon emission quota mortgage financing products, and continuously improved the

"Green Financing" comprehensive financial service plan for environmental protection industry. We provided high-quality credit resources to green and low-carbon enterprises with low energy consumption, low pollution and low emissions, and helped improve and upgrade the industrial structure. As of the end of 2021, the balance of green credit of the Bank was RMB 7.334 billion, an increase of 20.35% from that at the beginning of the year. We supported more than 60 environmentally-friendly businesses and green projects throughout the year, and achieved the goal of "zero" loan balance to industries with high energy consumption and high emissions. Green finance bonds with principal of RMB 3 billion were issued to inject fresh impetus into green projects featuring energy conservation, environmental protection, pollution prevention and control, etc. We carried out the concept of green office, and promoted the paperless work style, online meeting, and low-carbon travel. We further improved the online electronic approval process by embedding paperless electronic receipts, image capture and other functions into all kinds of business. By making business smart and paperless, we implemented the new development concept of green and low-carbon with practical actions.

We fulfilled our social responsibilities as a financial institution. On the front line of fighting against the pandemic, while ensuring "uninterrupted" and "round-the-clock" financial services, we set up a pandemic prevention squad in "little blue vest" with a total of 1,080 members. Distributed in towns, streets, villages and neighborhoods, they set an example in the anti-pandemic by participating in volunteer activities, such as material donation, pandemic prevention publicity and logistics support. To ease the difficulties of businesses, we set up special credit lines, which provided over RMB 97 billion of additional credit to enterprises fighting against the pandemic and businesses affected by it, and over RMB 60 billion of medium and long-term loans to SMEs. In this way, we strengthened financial support and service guarantee for both pandemic prevention and control and economic and social development. In terms of social welfare, we actively get involved in poverty alleviation. We launched scenarios such as "consumption assistance" through mobile banking,

and took actions to support the development of agricultural assistance. We continued to carry out social welfare activities such as "Salute the Angels in White", "Guard your Money Bag" and "Finance for the People and Respect the Elderly Month", so as to send love to the society with a sense of responsibility. We initiated the establishment of the first public education foundation in financial industry in Dongguan, donating a total of RMB 28 million to support the development of education in the region.

Looking back, we know where we came from, and remain true to our original aspiration. Looking forward, we know where we are headed, and we will forge ahead unswervingly. The year 2022 will witness the convening of the 20th National Congress of the CPC, and also marks the 70th anniversary of the establishment of the Dongguan Rural Commercial Bank. When Dongguan has just reached a new starting point (a trillion-level GDP and a population of 10 million), the Dongguan Rural Commercial Bank is stepping into a new stage, which is new in two senses, the new group management system and the new mechanism of listed banks. We will firmly follow the "1+12348" strategic plan, seize historical opportunities, provide solid services to businesses, promote the green finance, and fulfill our social responsibilities. With the ambition for greater achievements, we will work with all parties to achieve sustainable development, and contribute more value to high-quality economic, environmental, and social development. In the end, we will make greater financial contribution to the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and Dongguan's goal of building a modern metropolis!

Dongguan Rural Commercial Bank Co., Ltd.

Chairman:





01

About Us

-  Company Profile
-  Organizational Chart
-  Honors and Awards



About Us

Company Profile

Dongguan Rural Commercial Bank Co., Ltd. (hereinafter referred to as “DRC Bank” or “the Bank”), as an independent legal entity, is a headquarter-level local joint-stock commercial bank. The Bank’s development history can be traced back to 1952 and the predecessor is Dongguan Rural Credit Cooperative Association. The Bank completed the reformation as unified legal person in 2005, reformed as joint-stock company in 2009, and successfully listed on the Hong Kong Stock Exchange on September 29, 2021 (stock code: 9889.HK).

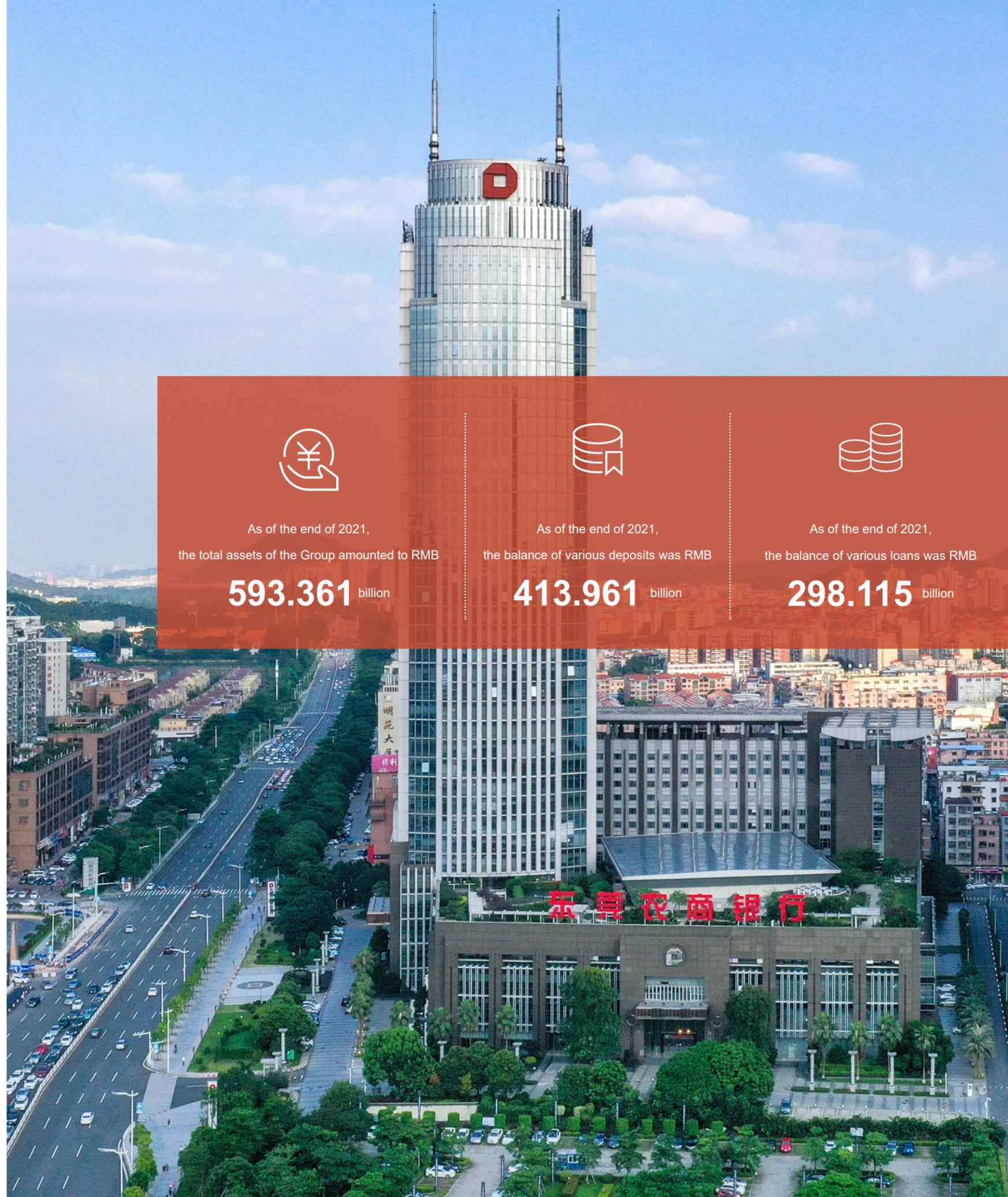
Since the reformation from a rural credit cooperative to a rural commercial bank in 2009, DRC Bank has been growing rapidly. In particular, since the promotion of the third transformation in 2016, the Bank has achieved sustained and coordinated development of efficiency, quality and scale, and its operation has reached a higher level. As of the end of 2021, the total assets of the Group amounted to RMB 593.361 billion, the balance of various deposits was RMB 413.961 billion, and the balance of various loans was RMB 298.115 billion, indicating that we have entered the rank of medium-sized bank.

According to the statistics of the international journal *The Banker* in 2021, in terms of tier-one capital as of December 31, 2020, DRC Bank ranked 261st in the global banking industry, staying at the top 300 in the global banking industry. DRC Bank ranked 43rd in the “Top 100 Banks in China of 2021” released by China Banking Association in terms of net core tier-one capital and other statistical indicators as of December 31, 2020, and 6th among rural commercial banks in the PRC. In terms of brand reputation, DRC Bank won the “Dongguan City Government Quality Award”, the “Dongguan City Benefit Contribution Award” and the “Dongguan Civilized Unit” issued by the Dongguan Municipal Party Committee and Municipal Government. The Bank was awarded as the “National Role Model Bank of Rural Commercial Bank” by the CBIRC, “China Top 500 Private Enterprises” by All-China Federation of Industry and Commerce, and “2020 China Top 500 Enterprises of Service Industry” by China Enterprise Confederation and China Entrepreneurs Association. In the banking awards initiated and organized by the most trusted domestic media, Dongguan Rural Commercial Bank won various awards, including the “Best Rural Commercial Bank of the Year” and the “Annual Special Contribution Award for Supporting Local Economic

Development”, etc. According to CCICR and other credit rating institutions, our corporate credit rating has remained at AAA since October 2017, which is the highest credit rating in China, and the rating outlook maintained stable.

As of the end of December 2021, DRC Bank has established a total of 505 business units (including the headquarter), with 39 tier-one branches, and has developed a variety of onsite and offsite financial services such as 7*24-hour telephone banking, online banking, mobile banking, and WeChat banking. In addition, DRC Bank has been boosting financial cultural innovation. The Dongguan Numismatic Museum, elaborately built by the Bank, has nearly 20,000 pieces (sets) in its collection, and has been awarded as the “National Grade III Museum”, “Top Ten Folk Collections in Guangdong Province” and the “Dongguan Patriotism Education Base”. The Bank has also built the bank heritage museum that inherits its nearly 70 years of development history, demonstrating the charm of local finance.

In recent years, DRC Bank has further developed into a regional group. The Bank established four branches outside Dongguan including Nansha branch in Guangdong Pilot Free Trade Zone, Hengqin branch in Guangdong Pilot Free Trade Zone, Huizhou sub-branch and Qingxin sub-branch, as well as four county banks, namely, Huizhou Zhongkai, Yunfu Xinxing, Dongguan Dalang and Hezhou Babu, and strategically became the controlling shareholder of Zhanjiang Rural Commercial Bank and Chaoyang Rural Commercial Bank, and invested in Shunde Rural Commercial Bank, Xuwen Rural Commercial Bank, Lechang Rural Commercial Bank and Yaan Rural Commercial Bank, which has preliminarily formed a new regional group development pattern of “One Core with Two Wings” with Dongguan as center, Guangdong-Hong Kong-Macao Greater Bay Area as the core, and East Guangdong and West Guangdong as two complements. The Bank radiated financial services to customer groups in the Greater Bay Area, built customer ecosystem in the Greater Bay Area, and fully contributed to the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and the integrated development of Guangdong, Hong Kong and Macao.



As of the end of 2021,
the total assets of the Group amounted to RMB

593.361 billion



As of the end of 2021,
the balance of various deposits was RMB

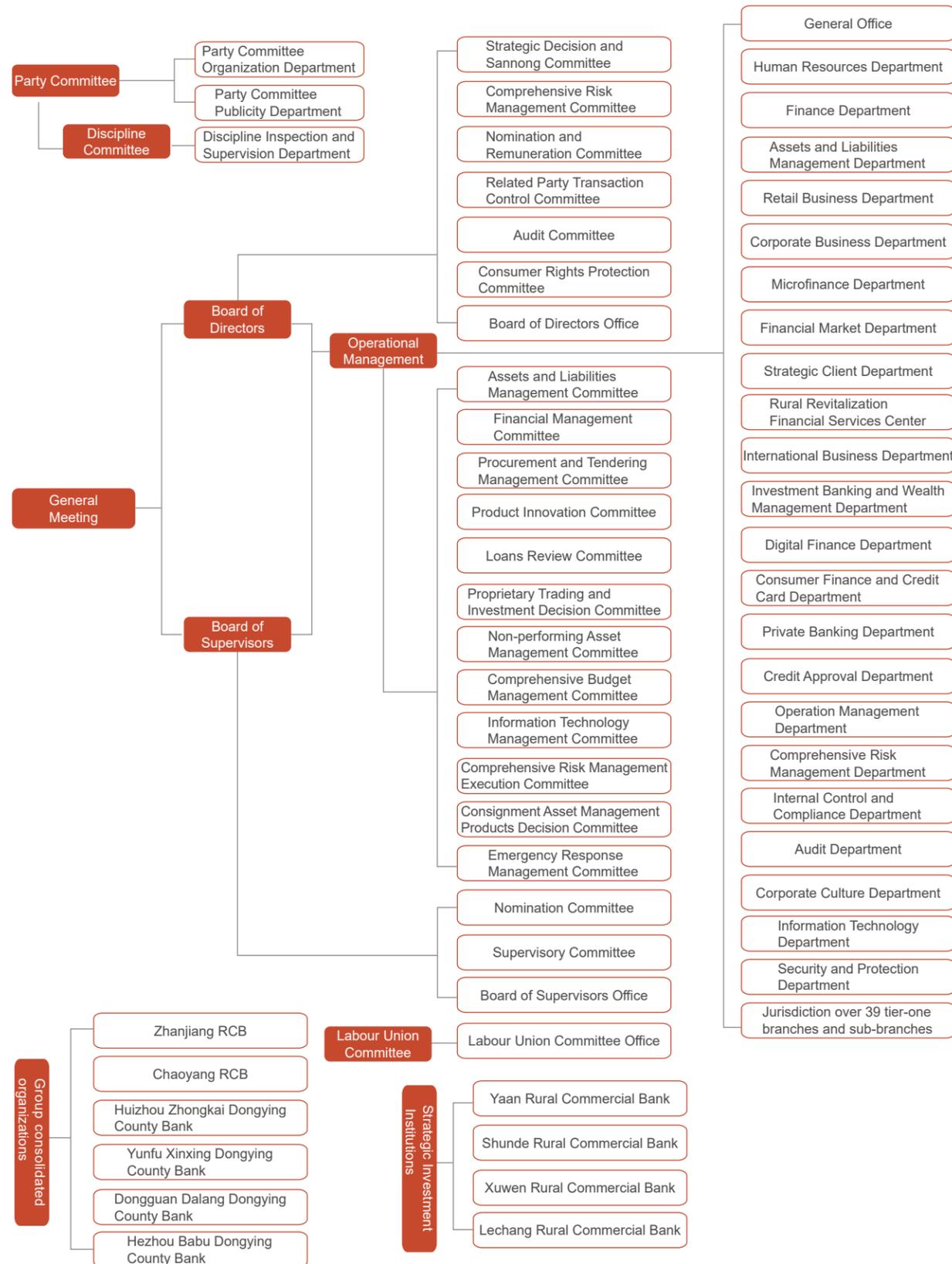
413.961 billion



As of the end of 2021,
the balance of various loans was RMB

298.115 billion

Organizational Chart of the Bank



Honors and Awards





客户是我们最大的财富

贵宾理财中心
PREMIER WEALTH CENTER

自助服务区
SELF-SERVICE AREA

非现金
NON-CASH SER

02

Our Environmental, Social and Governance (ESG) Philosophy and Management

- ESG Philosophy
- ESG Management System
- Stakeholders Communication
- Annual Dominance Analysis



ESG Philosophy

DRC Bank takes “building a regional modern rural commercial banking group” as the development vision. Adhering to the enterprise tenet of “accompanying, trusting, and growing together”, the Bank takes “creating maximum value for inclusive finance” as its core values, “rule-based management” as the management guideline, “sustainable development and social commitment” as the entrepreneurial spirit, and “respect for the superiors, be friendly to the inferiors, be sincere to people, be truthful to things” as the corporate atmosphere. The Bank went back to basics to support rural revitalization, integrated industry and finance to promote regional development, developed green finance to support carbon peaking and carbon neutrality goals, strengthened services for pandemic prevention and easing difficulties of enterprises, and took the responsibilities in consolidating poverty alleviation. The Bank gave back to society with practical actions, actively fulfilled its corporate social responsibility, promoted high-quality sustainable development of the economy, environment, and society, and supported in achieving the goal of common prosperity.

Development Vision

Building a regional modern rural commercial banking group

Six-In-One Corporate Culture System

Business philosophy:

customers are our greatest wealth

Management guidelines:

rule-based management

Corporate atmosphere:

respect for the superiors, be friendly to the inferiors, be sincere to people, be truthful to things

Enterprise tenet:

accompanying, trusting, and growing together

Core values:

creating maximum value for inclusive finance

Entrepreneurial spirit:

sustainable development and social commitment

Development vision: building a regional modern rural commercial banking group

The Bank's regionality refers to the initial formation of a regional bank development pattern that takes Dongguan as center, the Guangdong-Hong Kong-Macao Greater Bay Area as the core. It radiates throughout Guangdong Province, and takes east and west Guangdong as two wings. A group refers to a banking group that builds the parent company into a single new entity of value bank based on the concept of capital and market value, and controls several banks and other institutions. The modern rural commercial bank refers to adhering to the principle of putting agriculture the first, business as the principle, and operation as the foundation, and improving the level of modern operation and management, to build into a modern rural commercial bank with more adequate capital marketization, more obvious digital transformation, and more distinctive group management.

Business philosophy: customers are our greatest wealth

Adhering to the business tenet of “customer first”, the Bank points the business coordinate axis to customers, and regards meeting customer needs as its own business principles, focusing on the goal of creating greater value for customers through high-quality services, and always carries out banking businesses around customer operation.

Management guidelines: rule-based management

The Bank takes rule-based management as the prerequisite for transformation and development, insisting on making decisions, operating, and acting in accordance with regulations. Through scientific formulation and strict implementation of systems, it restrains relevant stakeholders and maintains the behavioral order of daily operation and management.

Corporate atmosphere: respect for the superiors, be friendly to the inferiors, be sincere to people, be truthful to things

The Bank actively promotes the “four pairs” corporate culture of “respect for the superiors, be friendly to the inferiors, be sincere to people, be truthful to things”, and strives to create a warm, harmonious, united, and upward home atmosphere. Specifically, “respect for the superiors” means to respect the superiors, leaders, and seniors, and ask for advice with an open mind; “love the inferiors” means to be more tolerant, understanding, caring, and helping employees, be tolerant of their shortcomings, and believe in their capabilities. “Be sincere to people” means to treat people with sincerity, to be honest with colleagues, and to be consistent in words and deeds; “Be truthful to things” means to insist on seeking truth from facts and pragmatism in work.

Enterprise tenet: accompanying, trusting, and growing together

Because of companionship, we believe; because of belief, we can achieve common growth.

“Accompanying”: means that this is a long-standing and always-accompanying bank;

“Trusting”: means that this is a consistent and trustworthy friend;

“Growing together”: means a vision to grow together for a lifetime.

In the course of growing from grass-roots finance to “Top 300 World Banks”, and growing hand in hand with customers for 70 years, the Bank has always interpreted this purpose with a sincere attitude and excellent service.

Core values: creating maximum value for inclusive finance

As a social public bank under the leadership of the party, the core value of “creating maximum value for inclusive finance” fully reflects the original mission of the bank, “serving the real economy wholeheartedly”, and adheres to the market positioning of “supporting agriculture, SMEs, and real economy”.

Entrepreneurial spirit: sustainable development and social commitment

Sustainable development: we strive to be a “marathon” type of bank, promoting the balance between risk management and value creation, innovation and change and stability and compliance, not seeking “progress” without risk management foundation, not divorcing professionalism from the market position, and not competing in developing speed but in sustainable growth.

Social commitment: we adhere to the combination of strict management and love, pay equal attention to incentives and restraints, employ cadres based on actual performance, and use talents based on quality. We adopt the employment guideline of “the capable ones get promoted, and the high-performers get rewarded”. In this way, we build a good atmosphere of taking responsibility, taking initiative in capacity-building, and taking pride in work, so as to promote the common growth of employees and the enterprise.

ESG Management System

DRC Bank strictly abides by laws and regulations, actively implements the social responsibility disclosure regulations and requirements of regulators, and fulfills the responsibilities and obligations of social responsibility information disclosure in accordance with regulations. By formulating the Social Responsibility Management Measures(《社會責任管理辦法》), the Bank incorporates social responsibility indicators into the annual performance appraisal index system, and continuously improved the information disclosure system and process to ensure that information disclosure is true, accurate, complete, and promptly, and effectively protects the legitimate rights and interests of investors, customers, shareholders, and other stakeholders. At the same time, we actively conduct dialogues and exchanges by participating in the "Seminar on the Latest Regulatory Update of Hong Kong Listing" organized by the Hong Kong Institute of Chartered Secretaries, and the "Seminar on Corporate Governance Practice of Listed Companies" organized by the Bank's company secretary for the Bank to strengthen ESG management capabilities.

The Bank has formulated and continued to improve its social responsibility management system to continuously improve the quality of ESG management.



Social Responsibility Management System Hierarchy	Responsibility and Division of Work
Board of Directors	<ul style="list-style-type: none"> Take responsibility and participate in corporate social responsibility management, periodically consider social responsibility risk. Review and make decisions on major ESG issues of the Bank , including assessing important issues and reviewing the annual social responsibility report. Take full responsibility for the Bank's social responsibility strategy and reporting.
Senior Management	<ul style="list-style-type: none"> Ensure that the procurement process is fair, just and open, prevent corruption and bribery, and avoid potential conflicts of interest. Incorporate corporate social responsibility factors into the procurement process and effectively promote green procurement. Implement environmental protection laws and regulations, investigate and rectify potential environmental protection and safety hazards. Responsible for statistical work related to corporate social responsibility. Promote the good values of environmental protection, anti-corruption, honesty and trustworthiness, and enthusiasm for public welfare.
Corporate Social Responsibility Working Group	<ul style="list-style-type: none"> Supervise and evaluate the implementation of the Bank's corporate social responsibility work, and urge the implementation of relevant laws, regulations and policies on corporate social responsibility. Maintain communication with stakeholders and report to the Board of Directors on the management results in the area of corporate social responsibility.
Office of the Board of Directors	<ul style="list-style-type: none"> Coordinate the Bank's corporate social responsibility work.

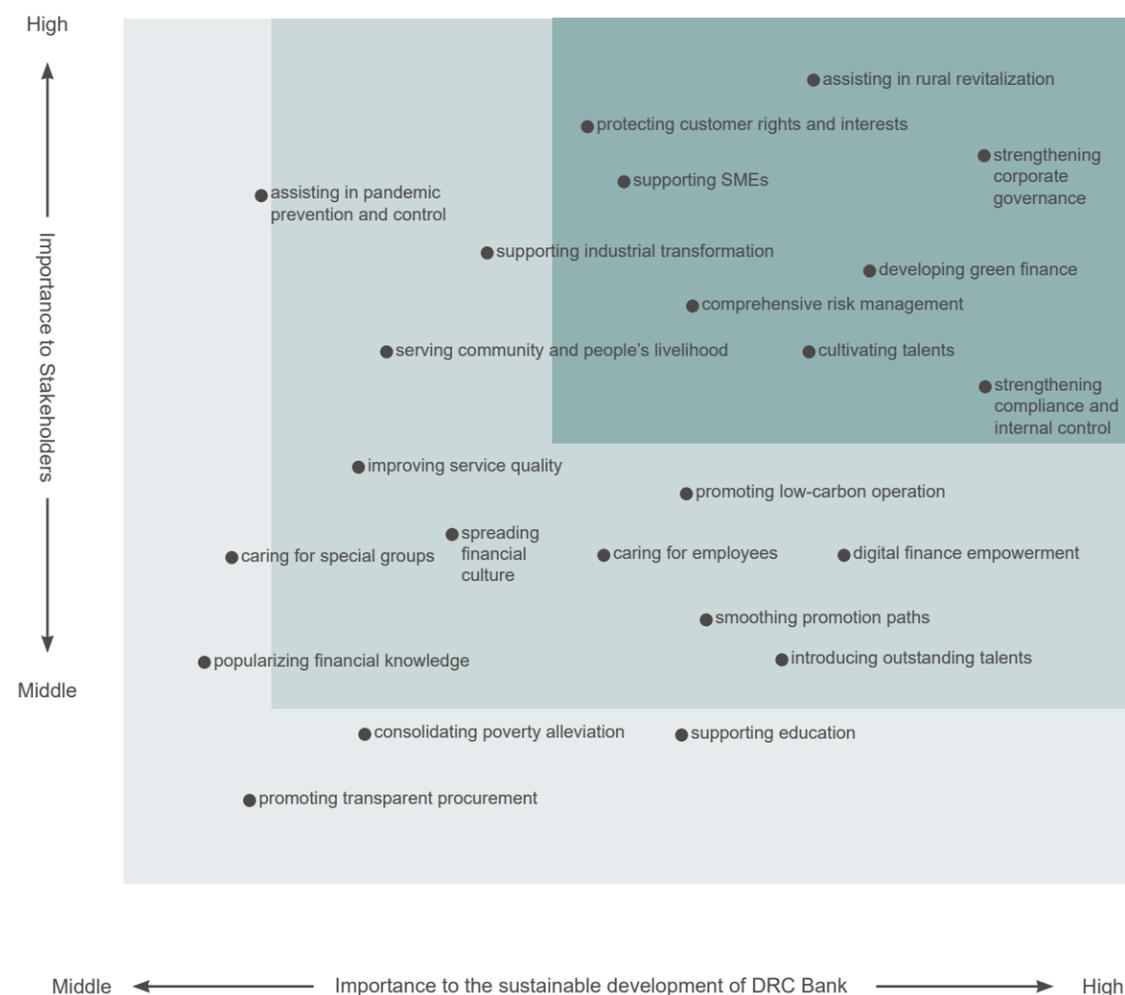
Stakeholders Communication

DRC Bank attaches great importance to and continuously strengthens the communication with various stakeholders. The Bank improves the communication mechanism, broadens the communication channels, and improves the communication efficiency. The Board consists of Strategic Decision and Sannong Committee, Comprehensive Risk Management Committee, Nomination and Remuneration Committee, Related Party Transaction Control Committee, Audit Committee, and Consumer Rights Protection Committee, to continuously deepen the understanding of various stakeholders and identify their needs and expectations. During the Reporting Period, all committees under the Board of Directors actively performed their relevant duties and effectively safeguarded the legitimate rights and interests of various stakeholders.

Stakeholders	Needs and Expectations	Communication Channels
 Government and Regulatory Authorities	Serving the national strategy; Compliance and stable operation; Strengthening corporate governance; Developing inclusive finance; Assisting in green finance; Work on climate change; Assist in the carbon peaking and carbon neutrality goals.	Accurate interpretation and implementation of national and regulatory policies; Conducting special sessions and daily meetings; Disclosing information promptly and accurately.
 Shareholders and Investors	Protecting the rights and interests of shareholders and investors; Strengthening corporate governance; Strengthening risk management; Making continuous and stable operation.	Conducting shareholder and investor communication meetings; Periodic reports; Timely update of information disclosure; Setting up various investor communication channels such as investor hotline and email.
 Customers	Improving products and services; Information and Privacy Protection; Popularizing financial literacy; Protecting customer rights.	Conducting customer satisfaction surveys; Improving customer communication channels such as telephone hotline, official website, WeChat official account and mobile banking; Identifying customer needs and requirements; Conducting investor education activities.
 Employees	Protecting the rights and interests of employees; Reasonable salary and benefits system; Carrying out vocational training; Promoting career development; Improving work environment; Enriching the life of employees.	Conducting employees' satisfaction survey; Workers' congress; Enriching employee culture and health activities; Conducting employee training.
 Suppliers	Fair cooperation; Compliance and legal; Cooperation and mutual benefits.	Bidding activities; Daily communication; Business exchange.
 Community	Promoting community development; Participate in social welfare and charity.	Community public welfare; Volunteer activity; Special poverty alleviation.

Annual Dominance Analysis

During the Reporting Period, the Bank referred to the relevant requirements of the Guide of Hong Kong Stock Exchange, and combined with industry characteristics, stakeholders' expectations, and its own development plans. 23 important issues of concern to DRC Bank and its stakeholders have been screened and identified, and have been reviewed by the Board of Directors of the Bank. Specifically, there are 8 core topics, including strengthening corporate governance, strengthening compliance and internal control, assisting in rural revitalization, supporting SMEs, supporting industrial transformation, developing green finance, improving service quality and assisting in pandemic prevention and control. There are 12 important topics, including comprehensive risk management, serving community and people's livelihood, digital finance empowerment, promoting low-carbon operation, protecting customer rights and interests, caring for special groups, introducing outstanding talents, cultivating talents, smoothing promotion paths, caring for employees, consolidating poverty alleviation, supporting education, and three other topics which are promoting transparent procurement, popularizing financial knowledge and spreading financial culture.





03

Base on Robust Governance and Ensure Stable Operation

-  Improve Corporate Governance
-  Comprehensive Risk Management
-  Strengthen Compliance and Internal Control
-  Promote Transparent Procurement



Improve Corporate Governance

Improve the Governance Structure

DRC Bank strictly follows the modern enterprise management system, and has formed a “five-in-one” corporate governance mechanism, featuring “core leadership of the Party Committee, decision-making power of the Shareholders’ Meeting, strategic decision-making of the Board of Directors, supervision by the Board of Supervisors in accordance with the law and implementation by the Senior Management”. In this way, the Bank effectively ensures that each governance body performs its own duties, balances the powers and responsibilities, and operates efficiently.

Party Committee

The Party Committee of the Bank resolutely implements the Party’s theory, guidelines and policies. It plays its core leadership role of overseeing the overall situation and coordinating all parties to exercise overall leadership over the Bank’s reform and development. Adhering to the principle of “discussion within the party first, then submission later”, the Bank takes the study and discussion of the Party Committee as the pre-procedure for the review of important matters at the General Meeting of Shareholders and the Board of Directors. In 2021, the Party Committee of the Bank held a total of 59 meetings, considering and listening to a total of 564 proposals, of which there were 176 pre-research issues. Thus, it effectively gave full play to the party organization’s role in setting direction, managing the overall situation and ensuring implementation.

General Meeting of Shareholders

The General Meeting of Shareholders is the highest authority of the Bank, and its rights and responsibilities include but are not limited to determining the Bank’s business policies and investment plans, considering the reports of the Board of Directors and the Board of Supervisors, approving the Bank’s budget and final financial accounts, and electing directors and non-employee supervisors. In 2021, one General Meeting of Shareholders was held, which considered and approved 13 proposals, listened to three reports, and effectively safeguarded the legitimate rights and interests of shareholders.

Board of Directors

The Board of Directors reports to the General Meeting of Shareholders and shall take the ultimate responsibility for operation and management of the Group. The main duties of the Board of Directors include implementing the resolutions of the General Meeting of Shareholders, determining the operation and development strategies of the Group, formulating the Bank’s budget, appointing the Bank’s President and other senior management personnel, considering matters that have significant impact on the Bank’s day-to-day management and operation, and supervising the senior management of the Bank. The Board of Directors consists of the Strategic Decision and Sannong Committee, Comprehensive Risk Management Committee, Nomination and Remuneration Committee, Related Party Transaction Control Committee, Audit Committee, and Consumer Rights Protection Committee. In 2021, the Board of Directors held a total of 19 board meetings and considered and approved 229 proposals.

Board of Supervisors

The Board of Supervisors is responsible for overseeing the performance of the Group’s Board of Directors and the Senior Management, the Bank’s financial performance, internal control systems and risk management. The Nomination Committee and the Supervisory Committee are set up under the Board of Supervisors to exercise their functions and powers independently and effectively in compliance with laws and regulations. In 2021, the Board of Supervisors held a total of 8 meetings and considered and approved 137 proposals.

Senior Management

During the Reporting Period, the Senior Management of the Bank consisted of one president and three vice presidents. The President is employed by the Board of Directors and is fully responsible for the daily operation and management of the Bank. The Bank implements a one-tier legal person management system. Branches do not have the status of legal persons. They conduct business in accordance with the law within the scope of authorization of the Head Office, and the Head Office shall bear the civil liability. Under the Senior Management, there are Assets and Liabilities Management Committee, Financial Management Committee, Product Innovation Committee, Loans Review Committee, Proprietary Trading and Investment Decision Committee, Non-performing Asset Management Committee, Comprehensive Budget Management Committee, Information Technology Management Committee, Comprehensive Risk Management Executive Committee, Consignment Asset Management Products Decision Committee, Procurement and Tendering Management Committee and Emergency Response Management Committee. Each committee operates independently according to their respective functions.

Rational Selection of Directors

Strictly following the requirements of the Hong Kong Stock Exchange to formulate a diversity policy of board members, DRC Bank focuses on maintaining the diversity of board members, including but not limited to gender, age, region and industrial experience, skills, knowledge and educational background. As of the end of 2021, the Bank’s Board of Directors has a total of 17 directors, including four executive directors, seven non-executive directors and six independent non-executive directors. The four executive directors have been engaging in the banking industry over a long period of time and have rich professional experience in banking management. The seven non-executive directors have held important positions such as the chairman and general manager of companies, and have rich experience in operation and management. The six independent non-executive directors are all with professional skills in law, accounting or finance, and one of them is from Hong Kong, who is familiar with international accounting standards and Hong Kong capital market rules. There are two female directors in the Board of Directors. The diversified structure of the Board of Directors is conducive to promoting scientific decision-making and independent judgment of the Board of Directors of the Bank.

Improving the Quality and Efficiency of Duty Performance

During the Reporting Period, the Board of Directors of the Bank has effectively fulfilled its responsibilities related to the environment, society, and governance. The Board of Directors and relevant committees considered and approved the Outline of the Second Three-Year Development Plan for the Third Transformation (2021-2023), Enterprise Social Responsibility Management Measures, Consumer Rights Protection System and Mechanism Construction Work Plan, Revision of the Consumer Rights Protection Work Management Measures, Revision of the Implementation Rules for Handling Consumer Complaints, Implementation Rules for Quick Handling of Financial Disputes and Quick Compensation, 2020 Annual Report on Green Credit Work, 2020 Consumer Rights Protection Work Report, and the Bank’s 2020 Corporate Social Responsibility Report, 2020 Annual Report, 2021 Interim Report and other related proposals. The Board of Directors further builds and improves the Bank’s ESG management system, and actively promotes the Bank’s fulfillment of social responsibilities in order to achieve long-term sustainable development of the bank.

Strengthening Information Disclosure

In strict accordance with the provisions of laws and regulations, the Bank releases various periodic reports and non-periodic reports in compliance with laws and regulations to ensure that information disclosure is true, accurate, complete, prompt, and standardized, and to protect the legitimate rights and interests of investors. During the Reporting Period, dozens of documents including periodic reports and non-periodic announcements were disclosed on the website of the Hong Kong Stock Exchange and the official website of the Bank.

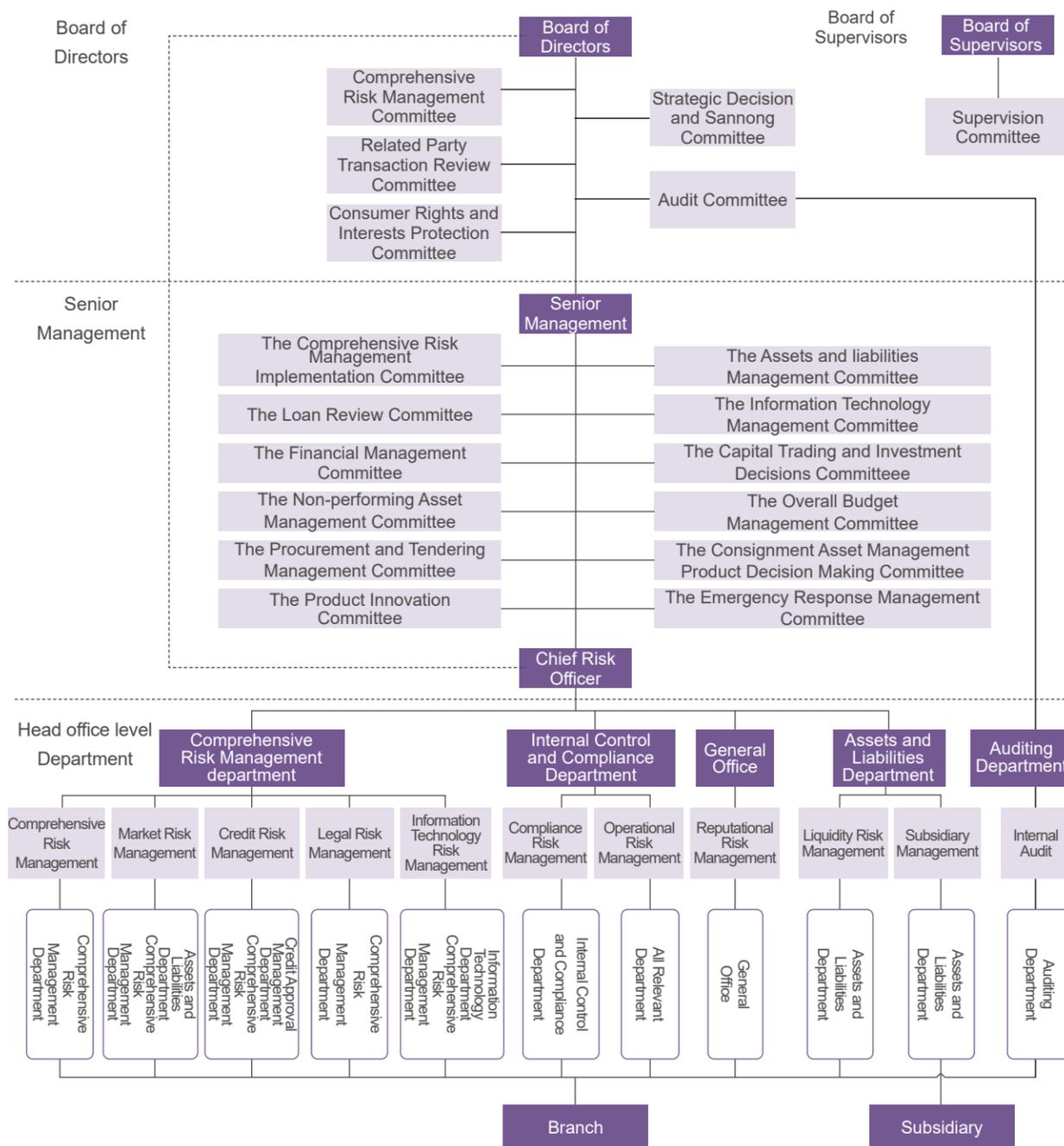
Strengthening the Protection of the Rights and Interests of Minority Shareholders

The Bank attaches great importance to the protection of the rights and interests of minority shareholders, continues to strengthen communication and interaction with them, and safeguards their rights and interests. In terms of system, the Bank has formulated shareholder equity management systems, such as Measures for Equity Management, Measures for the Management of Major Shareholders’ Commitment, Measures for the Management of Shareholders’ Communication to define the rights and obligations of shareholders, regulate their behavior constraints, and safeguard their legitimate rights and interests, especially for the minority shareholders. In 2021, while preparing for the H-share listing, the Bank made scientific plans and arrangements, steadily promoted the change of custodian institutions for non-overseas listed shares in strict accordance with regulatory requirements, and effectively guaranteed the legal validity of shareholders’ rights and interests. Since the Bank was restructured in 2009, it has continued to maintain a scientific and compliant dividend distribution policy, which has achieved a good interaction between shareholders’ investment returns and the Bank’s long-term stable operation.

Comprehensive Risk Management

DRC Bank has established a comprehensive risk management as the support system for its strategic goals, strictly fulfilled the responsibility of risk prevention, and followed the risk appetite of “long-term sustainable development, profit growth in compatible with scale expansion” . In accordance with the “steady and prudent” principle, the Bank correctly handles the relationship between “steady growth” and “risk prevention” . In addition, the Bank focused on digitalization and conglomeration to improve the efficiency of capital use, achieve a balance between risk, capital, and return, and strive to maximize long-term returns for shareholders.

Organizational Structure of Risk Management of DRC Bank



In terms of risk governance structure, the Bank has established a comprehensive risk management system suitable for its own operation. The Board of Directors, Senior Management and its subordinate professional committees perform their respective risk management responsibilities and continue to improve the “Three Lines of Defense System for Risk Management”.



The first line of defense The second line of defense The third line of defense

- The first line of defense:** refers to the Bank's front line business department and business outlets, which identify and report risk exposures at the front end of operation.
- The second line of defense:** refers to the departments responsible for risk management, who are responsible for designing risk management mechanism, policies and procedures.
- The third line of defense:** refers to the Audit Department which conduct independent supervision and assessment of the effectiveness and adequacy of overall risk management procedures and measures.

In terms of risk preference management, the Bank formulates a clear “risk preference statement”. The bank applies a comprehensive risk management system and various risk management and measurement tools to monitor and measure all kinds of risks to ensure that it conducts business within the framework of DRC Bank's risk appetite and risk limit.

Strengthen Compliance and Internal Control

Improving the Construction of Internal Control System

DRC Bank is able to abide by laws, regulations and regulatory requirements and establish the concept of law-based compliance operation and high-quality development. Adhering to risk management and compliance management, the Bank always strengthens the compliance awareness of all employees and takes it as the bottom line of innovative transformation, service and operation. Through the collaborative working mechanism of the three lines of defense, the Bank's effectiveness of risk management has been effectively improved, and no accidents of operation occurred in 2021.

DRC Bank has established a relatively complete internal and compliance control system, and built a compliance management mechanism suitable for its operation. It mainly includes the following, first, the Bank builds a flat management structure, sets up an independent compliance department, and establishes a compliance management structure that is compatible with the Bank's business development. Second, in accordance with the management principle of “rule-based management”, the Bank continues to promote the “establishment, reform and abolition” of the system, which makes the internal control system more robust and effective. Third, the Bank strengthens the performance of the compliance management department, prudently carries out compliance review of systems, new products and new businesses, and adheres to legal compliance, integrity, and innovation. Fourth, through the establishment of corresponding monitoring indicators and highlighting the supervision and inspection of key areas, the Bank actively identifies, quantifies and evaluates the main compliance risks that it faces, and strengthens the implementation of the system. Fifth, the Bank promotes the digital strategy. Relying on IT technology to support compliance management, it carries out self-assessment of operational risk and control, and improves the intelligence of compliance risk management.

Case

Carrying out the Theme Activity of “Internal Control and Compliance Management Construction Year”

Examination of compliance management system for cadres and staff

The Bank actively organized cadres and staff to conduct comprehensive study of key systems, and carried out centralized online examinations. After careful study, careful preparation, and calm answers, the pass rate reached 100%. It gave full play to the exemplary role of compliance of cadres and employees, and promoted the management thinking of “rule-based management” to be further rooted in the hearts of the people.

Carrying out compliance “cloud” reading

In order to make compliance information readily accessible to all staff and strictly implement regulatory requirements, the Bank has set up the “Compliance Express” column on the OA office platform, which publishes the “Regulatory Updates”, “Supervisory Penalty Updates” and “rule-based management Updates” periodically. During the Reporting Period, a total of nine issues of “Regulatory Updates”, four issues of “Supervisory Penalty Update” and four issues of “rule-based management Updates” were released.

Launching the “Compliance Practices” project competition

In order to mobilize the thinking of all employees to perform their duties in compliance, we launched the “Compliance Practices” project competition in the Bank. We also participated in the provincial finals of rural commercial banks with the “Intensive Management Model of Credit Business” project, and showcased the “compliance and practical measures” of DRC Bank in the field of credit business through video, PowerPoint and project reports, etc, and the Bank won the “Second Prize”.

 Anti-Corruption

With the political consciousness that full-fledged exercise of strict Party self-governance is an on-going endeavor, we deepen the treatment of both symptoms and underlying causes, systematically promotes punishment, prevention, and education. Meanwhile, by continuously improving the mechanism of “don’t dare to, are unable to and have no incentive to commit acts of corruption” the Bank makes every effort to build a clean financial culture, actively creates a clean and positive atmosphere, and provides a strong guarantee for winning the tough battle of preventing and resolving financial risks. In 2021, the Bank conducted one anti-corruption training, covering 5,670 people, and there were no corruption lawsuits.

Enhancing integrity reminders at key nodes

Before major holidays, the Bank will guide employees to consciously abide by the rules of integrity, continuously improve their “immunity”, and strictly prevent “holiday sickness” by formulating and issuing notices and sending SMS reminders.

Carrying out special inspections

Through the combination of supervision and inspection, self-examination and self-correction, the Bank will seriously investigate and rectify the “Four Forms of Decadence” (formalism, bureaucratism, hedonism, and extravagance), and strive to create a good atmosphere of integrity.

Smoothing communication and reporting channels

Through the official website, internal office system and other channels, the Bank provides mailboxes for supervision and problems reporting, and anti-commercial bribery reporting hotline. Supported by internal reporting incentive mechanism, employees are encouraged to supervise and report suspected corruption and commercial bribery giving full play to the supervision and restraint role of employees. Besides, the Bank sets up a work mechanism for the Discipline Inspection Commission’s monthly visit day to accept the supervision of internal employees.

Case

The working conference on anti-corruption talks for newly appointed (newly promoted) middle-level cadres in 2021

In October 2021, DRC Bank organized a talk on anti-corruption for newly appointed (newly promoted) middle-level cadres in 2021, and. The Bank also reminded 22 new middle-level cadres on the requirements of “one post with two responsibilities” and urged them to establish a correct view of power, to achieve democratic and transparent exercise of power.



Case

Carrying out the party day activities with the theme of “Learning Party History and Abiding by Discipline”

From July to September 2021, DRC Bank organized and carried out discipline education and learning month activities. Where, the grassroots Party organizations carried out Party Day activities with the theme of “Learning Party History and Abiding by Discipline”. Through intensive study, watching warning films, and reviewing the pledge of joining the Party, the Bank integrates discipline education into party history learning and education, and guides party members and cadres to consciously enhance their legal and discipline concepts and improve their sense of integrity and self-discipline.



Anti-Money Laundering

In 2021, DRC Bank abides Anti-Money Laundering Law of the People’s Republic of China, Provisions on Anti-Money Laundering of Financial Institutions, Management of Large and Suspicious Transaction Reports in Financial Institutions, Guidelines for Assessment and Customer Classification of Money Laundering and Terrorist Financing for Financial Institutions, and strictly fulfilled its anti-money laundering obligations, incorporated money laundering / terrorist financing risk management into the comprehensive risk management system. The Bank incorporated the implementation of anti-money laundering / anti-terrorist financing work into the “1+12348” new three-year strategic development plan.

By establishing a money laundering risk management structure and operation mechanism with clear responsibilities, clear levels and coordination, DRC Bank continued to improve the three-level management system of the anti-money laundering / anti-terrorist financing system, and improved the anti-money laundering monitoring system. Enhancing the lists monitoring and management, the Bank established a supervision and inspection mechanism of “investigation - rectification - investigation - rectification”. In addition, the Bank also strengthened the management of high-risk customers and businesses (including products and services), promoted the anti-money laundering publicity and training, and actively cooperated with anti-money laundering administrative investigations and other measures, so as to continuously improve anti-money laundering compliance management and money laundering risk prevention capabilities.

Carrying Out Anti-Money Laundering Publicity and Education

In 2021, the Bank actively fulfilled its corporate social responsibility by carrying out various forms of anti-money laundering training and publicity activities. It organized 17 anti-money laundering training, and the number of trainees reached 20,870. About 100,000 copies of publicity materials were distributed in the seven major themed publicity activities, covering about 4.1 million people. The publicity received positive response from the public, which created a good public opinion atmosphere for anti-money laundering performance, and helped maintain social and financial stability.



Protection of Intellectual Property Rights

In order to standardize trademark management, the Bank has formulated the Trademark Management System of Dongguan Rural Commercial Bank Co., Ltd., in strict compliance with the Advertising Law of the People’s Republic of China, Patent Law of the People’s Republic of China, Copyright Law of the People’s Republic of China, Trademark Law of the People’s Republic of China and other laws and regulations.

In 2021, the Bank organized a total of 128 publicity managers from various departments and branches to carry out intellectual property knowledge training. The training content mainly covered the business overview, importance and knowledge of relevant laws and regulations of trademarks, copyrights, and patents. As of the end of 2021, the Bank had three patents, 16 copyrighted works, and 236 registered trademarks. During the Reporting Period, no major intellectual property violations occurred.

Promote Transparent Procurement

To ensure a fair, just and open procurement process, prevent corruption and bribery, and avoid potential conflicts of interest, DRC Bank formulated and issued the Notice on Further Regulating the Management of Procurement, Tendering and Business Cooperation between Dongguan Rural Commercial Bank and External Cooperative Units in accordance with Tendering and Bidding Law of the People’s Republic of China to further strengthen the norms and constraints of cooperation with external parties. The Bank is also committed to building a new type of “friendly” and “clean” cooperative relationship with external partners to prevent commercial bribery and clean up corporate culture and jointly create a positive organizational climate.

The Bank adheres to green procurement and takes corporate social responsibility into consideration in the procurement process.

Geographical Division of Suppliers in the Past Three Years

Supplier		2021	2020	2019
Number of suppliers by region	Total	615	498	477
	Inside Guangdong province	472	412	411
	Outside Guangdong province	143	86	66

The Bank’s procurement management work is implemented in accordance with the Procurement and Bidding Management Measures of Dongguan Rural Commercial Bank Co., Ltd. (2020 version). It follows the basic principles of fairness, integrity, economic benefits and separation of evaluations. According to the scale and complexity of the project, the winning bidders will be selected through different procurement methods, such as public bidding, invitation bidding, inquiry, competitive negotiation and single source procurement.

The Bank adopts hierarchical and classified management for suppliers, which can be divided into key suppliers and general transaction suppliers. For key suppliers, the Bank will take active tracking management and monitor performance risks and market price changes in real time. For general transaction suppliers, the Bank will discover and deal with performance problems in a timely manner. For suppliers with unsatisfied records, the Bank will record the reasons through the procurement system and terminate the cooperation.

- By adding safety management requirements to suppliers in procurement needs, the Bank requires the suppliers to provide proof of social security payment for major project personnel, and urges them to strengthen labor management and ensure labor health and safety.
- The Bank will give priority to energy-saving and environmentally friendly products under equal conditions of meeting procurement requirements, quality and service standards. If there are environmental protection requirements for the procurement, suppliers with ISO environmental management system certification, China Environmental Labeling Product Certification or other relevant qualifications will be given points for providing qualification certificates in the procurement scoring.



04

Adhere to Our Positioning and Serve the Economy and People's Livelihood

-  Rural Finance Promotes the Deep Cultivation of Modern Sannong
-  Small and Micro Finance Demonstrates Responsibility
-  Industrial finance promotes transformation and upgrading
-  Retail Finance Serves People's Livelihood in Communities
-  Digital finance reshapes customer experience



Rural Finance Promotes the Deep Cultivation of Modern Sannong

With the fundamental service tenet of supporting agriculture, supporting small and micro-sized enterprises and supporting real economy, the Bank has continuously innovated the methods, products and services of rural revitalization finance, comprehensively improved the efficiency and level of rural revitalization services, and promoted the overall upgrading of agriculture, the overall progress of the countryside, and the overall development of farmers.

Improving the Rural Revitalization Service Mechanism

Improving organizational structure

In order to fully align with the national rural revitalization strategy and establish an organizational structure that matches the strategies of the Bank, the Strategic Decision and Sannong Committee was set up at the board level. Meanwhile, DRC Bank has also established the first "Rural Revitalization Financial Service Center" at the Head Office level in April 2021 in Dongguan city to comprehensively improve the organizational efficiency of the Bank.

Innovating service mechanism

The Bank has formulated the "133" Project of Rural Revitalization Financial Services of Dongguan Rural Commercial Bank Co., Ltd., in order to strengthen the professional working mechanism of rural revitalization and provide broader and more efficient financial services for "Modern Sannong" at multiple levels and in all directions.

Implementing three major personnel stationing systems

The Bank has comprehensively established three major dispatch systems for financial services to rural revitalization. The Bank dispatched rural revitalization financial instructors and party building and co-construction liaison personnel to 592 village committees (neighborhood committees) throughout the city, and dispatched nearly 4,000 inclusive financial service personnel to 2,348 village groups under all village committees, through which the Bank deeply served approximately 465,000 local households of villagers.

Carrying out party building and joint building

Guided by party building in the new era, the Bank has actively carried out the work of "thousands of villages and party branches" to "promote rural revitalization" in party organizations at all levels of the Bank. During the year, the Bank successfully connected with 597 village party organizations in Dongguan City (excluding non-real economy neighborhood committee party organizations) with a connection coverage rate of 100%.

Strengthening modern financial support for Sannong

DRC Bank continued to innovate the rural revitalization service mechanism, promote innovative agricultural support service products, and strengthen the credit support for modern Sannong, so as to help Dongguan realize "Industry-prosperous villages, beautiful villages, and inclusive villagers". As of the end of December 2021, the balance of the Bank's agriculture-related loans was RMB 32.277 billion, an increase of RMB 3.447 billion or 11.96% over the beginning of the year. In 2021, the Bank applied for a re-lending for agricultural of RMB 52 million to support agriculture for the first time, becoming the first financial institution in Dongguan to receive the structural monetary policy fund of "re-lending for agricultural", further expanding the coverage of agriculture and small enterprises services.

In addition, in order to strengthen support for agriculture and small businesses and improve the quality and efficiency of financial services for "Sannong", the Bank promoted the issuance of "Sannong" special financial bonds project, and successfully issued "Sannong" special financial bonds of RMB 2 billion in 2020. As of the end of 2021, all the funds raised from bonds have been put into agriculture-related loans, which effectively guarantees the sufficient supply of funds for agriculture-related customers, alleviates the financing problems of agriculture-related customers, and accurately supports rural revitalization and development.

Supporting the development of rural collective economy

The Bank proactively grants credit lines to eligible village groups, which are used to specifically support village groups and collective enterprises to upgrade and transform collective plant properties and build beautiful villages. It helps village groups revitalize property rents, increase collective asset income, and achieve transformation and upgrading of the collective economy. As of the end of December 2021, the Bank's balance of loans to village groups and village collective enterprises was RMB 3.226 billion.

Cultivating and expanding leading agricultural enterprises

The Bank continues to support provincial and municipal agricultural leading enterprises and their upstream and downstream small and medium-sized enterprises or individuals with "agricultural leading loans" to drive the healthy and vigorous development of the agricultural industry chain. As of the end of December 2021, the Bank supported 10 provincial and municipal leading agricultural enterprises with a loan balance of RMB 910 million.

Assisting Sannong customers to start their own businesses

the Bank refines and improves the system of small-amount business loans, focuses on solving the problem of insufficient funds for the Sannong customer group in the process of starting a business, and provides interest-free business loans of up to RMB 500,000 to qualified business entities. As of the end of December 2021, the loan balance of Entrepreneurial Loan was RMB 533 million, of which 759 rural households were supported, and the loan balance was RMB 163 million.

Helping the consumption upgrade of Sannong residents

The Bank has launched the rural revitalization financial service package. The products cover two categories of villagers' operation and consumption scenarios, including eight products, such as Rural Revitalization Credit Card, Guanxiang Loan, Happy House Loan, Adding Gold Card and Card E Loan. At the same time, a new online comprehensive credit product "Rural Revitalization Loan" was developed for the villagers. The Bank innovated and launched credit cards exclusive for Dongguan villagers and residents with the theme of rural revitalization and featured card design based on the characteristics and elements of villages and towns, made "one card for one village, one code for one village", and supported and enriched the rights and interests of users. As of the end of December 2021, the Bank had issued a total of around 23,000 credit cards with the theme of rural revitalization.

Innovating and launch the "whole village credit" model

The Bank innovated and launched the "whole village credit" model with the goal of "every village has credit" and "every household has credit", and implemented "village-customized credit", "village-tailored pricing". As of the end of 2021, the Bank has completed the whole village credit extension scheme for 460 village groups, with a villager loan credit extension of RMB 292 million and a loan balance of RMB 155 million.

Promoting the reform and innovation of the collection mode

The Bank has actively connected with the "Easy Village Payment" platform, provided online payment and batch collection functions for village collective economic organizations, to further improve the efficiency of collection for village groups and the convenience of public payment. As of the end of December 2021, the Bank has provided online rent collection services for 431 villages (communities) in Dongguan City, generated a total cash flow of RMB 348 million.

Case Three major dispatch personnel to serve in rural communities

In September 2021, the Bank's Rural Revitalization Financial Service Center, together with the three major dispatch personnel of Wanjiang Sub-branch, paid visit to each and every household in the Dafen Neighborhood, Gonglian Neighborhood and Wanjiangxu Neighborhood of Wanjiang Community. Through face-to-face conversation, they publicized the national rural revitalization strategy and the Bank's rural revitalization financial services to villagers. At the same time, they also know about the family situation and financial needs of villagers, and tried their best to achieve full coverage of the Bank's rural financial services. As of the end of December 2021, DRC Bank had filed a total of around 317,000 villager households and visited around 128,000 villager households.

Case Loans to agriculture-related enterprises

In 2021, the Bank issued an additional small and micro loan of RMB 4.5 million to an agricultural and sideline products company in Dongguan to support the enterprise in solving the problem of lotus root cultivation. After obtaining the loan, the company quickly purchased a batch of lotus root seedlings and fertilizers, laying a solid foundation for the annual sales of lotus root, and the company's sales and annual profits have steadily increased.

Case Promoting rural credit work

In September 2021, Chashan Sub-branch and a villager group in Chashan Town jointly signed the "Rural Revitalization, Whole Village Credit" agreement, which granted the villagers with credit up to RMB 700 million, and became the city's first whole-village credit project. By the end of 2021, the whole town's credit extension work has been completed, and financial products such as Card E Loan and Happy House Loan to effectively meet the needs of the villagers, which helps improve the financial ecosystem in rural areas and enhance the level of financial services for rural revitalization.



Dalingshan Town Financial Assistance Signing Ceremony for Rural Revitalization



Hengli Town Financial Assistance Signing Ceremony for Rural Revitalization

Case Assisting in the construction of beautiful villages

In 2021, DRC Bank continued to provide targeted donations to the renovation and upgrading projects of beautiful villages within its jurisdiction, including but not limited to assisting in the comprehensive upgrading of street nameplates and road signs in a community in Dongcheng District, Dongguan City, and the construction of a small park in Qiaotou Town, Dongguan City, the reconstruction of the basketball court in Hongmei Town, Dongguan City, and the upgrading of the green belt in a community in Huangjiang Town, Dongguan City.

Case Issuing credit cards with the theme of rural revitalization, and "village-customized card" helps cultural inheritance

DRC Bank takes the rural revitalization credit card as the main service carrier, and delivers rural revitalization financial products and preferential policies to the doorstep of the people.

First, "village-customized card" helps cultural inheritance. The "village-customized card" for rural revitalization gives full play to the financial support for revitalization of rural culture, and the rich and diverse card designs promote the culture of hundreds of villages in Dongguan. This special service has created special card design for 60 villages since promotion.

Second, "benefiting rights and interests of the people" creates convenient services. In order to create a rich package of preferential rights and interests, DRC Bank has established a benefit network covering 32 towns and sub-districts, and cooperated with merchants to launch activities such as local delicacies, car fuel, and popular business districts exclusively for DRC Bank's Rural Revitalization Credit Card. By doing so, the Bank provided personalized and heart-warming financial services for villagers in towns and streets.

Third, "village-tailored pricing" empowers inclusive finance. DRC Bank actively developed "village-tailored pricing" rural revitalization instalment products, and strove to deliver rural revitalization financial services to reach customers. Through the digital transformation of inclusive finance, it accurately and effectively introduced financial "running water" into thousands of rural households.



"Village-customized Card" Special Card Design

Small and Micro Finance Demonstrates Responsibility

As the main force of independent innovation and employment, SMEs play an irreplaceable and important role in domestic economic development. In view of the problems of “difficult financing, expensive financing” for SMEs and its causes, DRC Bank provides financial services such as financing, settlement, fee reduction and interest concession for SMEs to improve the availability of financial services for them, and works together with them to serve the real economy and effectively improve the quality and efficiency of inclusive financial services.

As of the end of December 2021, the balance of full-caliber SMEs loan of the Bank was RMB 119.775 billion, a net increase of RMB 26.04 billion or 27.78% over the beginning of the year. The balance of SMEs loans of no more than RMB 10 million each (including small and micro enterprise loans, individual commercial loans as well as SMEs owner loans, and excluding discounts) was RMB 26.6 billion, an increase of 33.88% over the beginning of the year, representing an increase of 17.86 percentage points over the growth rate of various loans at the beginning of the year. The number of customers, to which loans have been granted, was 21,346, representing an increase of 2,654 over the beginning of the year. In the past two years, special financial bonds for SMEs of RMB 5 billion have been issued, and all the funds raised from the bonds have been put into small and micro enterprise loans.

In order to promote the development of SMEs and improve the effectiveness of inclusive finance, the Bank has implemented measures, such as professional team, innovative products, convenient processes and a grid-based marketing model, to fully meet the service needs of SMEs from settlement to credit.

01

forms a small and micro professional service team linked by the Head Office and branches. At the Head Office level, leading by the Microfinance Department, the work of inclusive finance has been jointly promoted under the coordinated efforts of different departments. At the branch level, 28 small and micro franchise centers were established, creating a “full-time, professional, dedicated, special” team to serve the SMEs and to provide institutional guarantee for more inclusive finance work.

02

established a diversified, multi-category and full-coverage small and micro product system. The products include mortgage, credit, lines of credit, batch, policy, card loan and other products, covering the development needs of SMEs in their entire life cycle. The Bank also focuses on key customer groups, strengthens credit support for the “three innovations” groups of medium, small and micro enterprises featuring innovation, entrepreneurship, and creation. The Bank supports the growth and development of local start-up enterprises through “entrepreneurship loans”. The Bank supports the asset-light enterprises to solve the problem of difficult financing and expensive financing through products like “Science-Insurance Loan”, “Government Project Loan” and “Three Fusions”. The Bank helped accelerate the recovery of the local real economy in the post-pandemic period through medium-and long-term loan products called “Industry Supportive Loan” to meet the financing needs of advanced manufacturing and strategic emerging enterprises. Through external cooperation, it has effectively connected service platforms such as “Guangdong Credit Financing”, “SME Financing”, “Credit Easy Loan”, strengthened policy transmission, and comprehensively improved the coverage of inclusive financial services of the Bank.

03

established an efficient and convenient service process that continues to empower the front line. It has set up a direct approval process for small and micro credit, which implements professional management and fast-track credit granting for SMEs under RMB 15 million. Besides, the Bank has also continuously optimized the credit approval process, improved interest rate pricing rules, and followed up on the post-loan management requirements, etc.

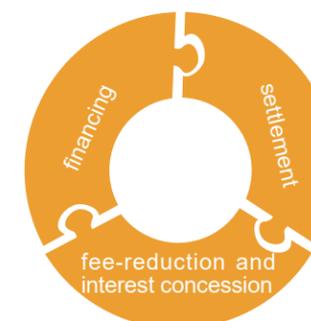
04

set up the “1+3+N” grid-based marketing model. Through the bank-wide full participation on assessment, resources and personnel, the Bank fully mobilizes the outlet marketing forces. By means of extending the services to streets, factories and villages, it accelerates the expanding of the bank’s inclusive finance service network, and effectively broadens the coverage of inclusive finance. The Bank has also developed the “one branch, one platform” project in batches, targeting leading enterprises in the city or leading projects such as new industrial parks, industrial zones, and transformation and upgrading houses for business purposes, etc. With the industrial chain, supply chain and value chain as the links, the Bank promotes customer group interaction, business linkage, chain expansion and batch services for small, medium and micro enterprises.

Case

Providing a package of financial services of “financing + settlement + fee-reduction and interest-concession”

Shilong Branch provided a company with a package of financial services of “financing + settlement + fee-reduction and interest-concession”. In October 2021, the branch successfully granted RMB 8 million of “Industry Supportive Loan” to the company established by it to support its construction of plants and put its equipment into production. In this way, the Bank helps the company grow and develop. Meanwhile, Shilong Branch also introduced settlement tools for the company, including small and micro services all-in-one card, corporate online banking, corporate mobile banking and other transactions tools, to provide convenient fund settlement services. In addition, Shilong Branch applied for fee reduction for the company’s corporate online banking annual fee, corporate inter-bank remittance fee, and corporate USB Key cost to reduce financial costs for it, and put the social responsibility of DRC Bank into practice.

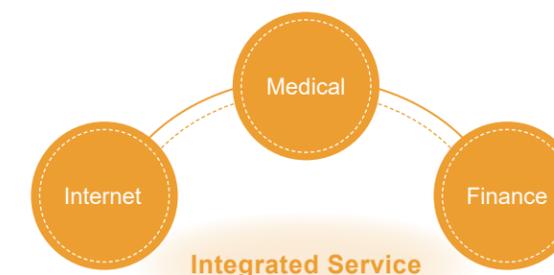


Case

Opening “Internet + Medical + Finance” integrated service

In order to support the local economic development of Dongguan City and help the healthy development of Dongguan City’s health industry, the Bank gave full play to its financial advantages and assisted in improving the digital level of Dongguan’s medical services and accelerated the building of a convenient “Bank-Hospital Financing” platform, by taking into consideration the actual needs of digitalization of medical services under the new situation.

In May 2021, the Bank and a hospital in Songshan Lake, Dongguan signed a strategic cooperation agreement on the smart hospital operation and construction project of “Bank-Hospital Financing” platform, jointly opening a new chapter of “Internet + Medical + Finance” integrated services. The signing of a strategic cooperation agreement fully reflects the high innovation and deep integration of bank payment, settlement technology and medical information technology, and is a beneficial exploration of the extension of inclusive finance to the medical field.



Case

“Science-Insurance Loan” fully supports the development of small and micro technology enterprises

The Bank innovatively created the “Science-Insurance Loan” product, and creatively introduced the guarantee insurance model to provide financial support for asset-light and unsecured small and micro technology enterprises. For instance, a company is one of the enterprises that have obtained the credit support of “Science-Insurance Loan” from our bank. When the pandemic stabilized, the number of orders has increased, and there is an urgent need to purchase a batch of raw materials. In order to solve the company’s financing problem of capital shortage and lack of collateral, DRC Bank took the initiative to introduce and handle the “Science-Insurance Loan” business, and successfully issued RMB 3 million loan funds. The Bank has vigorously promoted “stability on the six fronts” and “security in the six areas”, and assisted the enterprises to develop steadily in the post-pandemic period. The product case was successfully selected as the “Typical Case of Inclusive Finance in China’s Banking Industry (2021)”.

Industrial Finance Promotes Transformation and Upgrading

Following the pace of industrial restructuring, DRC Bank fully supported high-end manufacturing industry, new generation information industry, biomedical industry, environmental protection, education and other livelihood and key industries. The Bank boldly broke through traditional business bottlenecks, and launched comprehensive industrial financial service solutions for key industries, and fully promoted the development of Dongguan in fields such as people's livelihood, urban modernization and manufacturing industry. As of the end of 2021, the balance of industrial finance loan of the Bank was RMB 116.866 billion. Among them, the balance of loans supporting manufacturing and related industries amounted to RMB 39.379 billion, representing an increase of RMB 10.412 billion or 35.94% as compared with the beginning of the year, of which the balance of medium and long-term loans supporting manufacturing and related industries was RMB 21.887 billion, representing an increase of RMB 7.261 billion or 49.64% as compared with the beginning of the year, accounted for 55.58% of the balance of loans to manufacturing and related industries.

The Bank offered eight comprehensive financial service plans

Green Financing	As a pioneer and advocate of green finance, the Bank especially launches a comprehensive financial service plan of "Green Financing" for the environmental protection industry, in order to promote the integrated development of the environmental protection industry and finance.
Campus Financing	The Bank designs and launches comprehensive financial service solutions for the education industry covering various products and services such as financing, settlement and asset management for educational institutions, teachers, parents and other educational industry customers.
Bank-Hospital Financing	This is a comprehensive financial service plan designed and launched for various massive health industry customers such as medical institutions, medical technology, pharmaceutical circulation, traditional Chinese medicine, health preservation, and medical talents.
Smart Financing	This is a comprehensive financial service plan for the high-end manufacturing industry. Designed and launched by the Bank, it aims to support the transformation and upgrading of Dongguan's manufacturing industry and fully promote the development of Dongguan's advanced manufacturing industry.
Park Financing	This is a comprehensive financial service plan for the industrial park. Designed and launched by the Bank, it aims to accelerate the industrial economy of the park and promote the development of industrial agglomeration.
Bay Area Financing	The Bank actively responds to the state's planning and construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and fully supports the infrastructure construction, industrial transformation and upgrading, and improvement of people's livelihood in the Guangdong-Hong Kong-Macao Greater Bay Area. For such purpose, the Bank designs and launches this comprehensive financial service plan.
City Financing	The Bank focuses on serving the urban renewal industry chain. To promote the urban renewal process and expand the industrial development space, the Bank has designed and launched a package of comprehensive financial services solutions, including pre-service, single entity, relocation and resettlement, development and construction and end customer sales, etc.
Listing Financing	This is a comprehensive financial service plan designed and launched by the Bank to support the smooth listing of the companies planning to go public, and for listed enterprises to grow bigger and stronger. It covers a wide range of products and services including asset management, trade finance, investment banking, derivatives, retail credit and cash management.



"City Financing" financial solution

In 2021, DRC Bank issued a financial service plan for "specialized and innovative" corporate customers. For the "specialized and innovative" enterprises in Dongguan, especially the "small giant" enterprises, the Bank conducted multiple rounds of negotiations to learn more about development plans and needs of the enterprise. By doing so, the Bank provides enterprises with a full range of financial products and services in settlement, credit, and value-added, promotes the progress of key "specialized and innovative" enterprises, and therefore, they drive the steady development of the industrial chain.

Case Assisting the production and development of "specialized and innovative" enterprises

DRC Bank provided a high-end manufacturing enterprise that develops, produces and sells power transformers, distribution transformers, box-type transformer equipment and other power-related equipment with a working capital loan of RMB 20 million to help the company ease the financial tension caused by rising raw material copper prices.

At the same time, DRC Bank also provided other financial products and services such as letters of guarantee, bank acceptances, domestic letters of credit and others according to the company's participation in project bidding and trade financing, so as to help the company carry out various business activities. The Bank has established a long-term cooperative relationship with the company. As of the end of 2021, the company's on- and off-balance sheet loan balance in DRC Bank was RMB 142 million.

Case Industrial Financial Service Platform

In order to better help SMEs in the industrial chain to finance and to serve the healthy development of the industrial chain in the Greater Bay Area, DRC Bank built an “industrial financial service platform” in 2021. The platform includes three major modules, namely, intelligent risk control modules, intelligent industry chain financing and smart bills, and it also takes advantage of advanced technologies such as big data analysis, OCR text recognition, automatic invoice verification and online electronic signatures, to provide financing products covering upstream and downstream for the entire life cycle of industrial chain enterprises. The platform meets the demand of enterprises to settle bills and guarantee products, and provides all-round, one-stop comprehensive financial services for corporate customers. As of the end of 2021, the platform has signed 1,436 customers, and the total flow reached RMB 2.615 billion.

The construction of the Guangdong-Hong Kong-Macao Greater Bay Area is a major national development strategy and a new measure to promote the formation of a new pattern of opening-up in the new era. DRC Bank actively responds to the national strategy and contributes to the construction of the Guangdong-Hong Kong-Macao Greater Bay Area. As of the end of 2021, it supported the construction of 71 major projects in Dongguan, with a cumulative credit line of RMB 28.925 billion.

DRC Bank takes supporting the development of Dongguan's real economy and promoting the construction of new urbanization as its own responsibility, and continuously increases the input of credit resources to support the high-quality development of new urbanization. The “City Financing” financial solution plan was launched. The solution focuses on serving the Dongguan urban renewal industry chain, and provides full-process and all-round financial services for the entire urban renewal industry chain. As of the end of 2021, a total of 32 credit-granting applications have been supported for urban renewal projects, with a cumulative credit amount of RMB 13.291 billion.

Case Supporting the development of industrial clusters in Dongguan and promoting the construction of new urbanization

Through financial assistance, DRC Bank assists in the construction and operation of various industrial parks in Dongguan, promotes industrial agglomeration and development, supports the development of real economy, and promotes the construction of new urbanization. Located in Dongguan City, a “Science and Technology Wisdom Valley” project is positioned as an ecological intelligent manufacturing industrial park, which is committed to creating five industrial clusters dominated by intelligent manufacturing, electronic information, new energy and new materials, modern service industry and Numerical Control equipment. DRC Bank granted credit of RMB 600 million to the main body of the project to support the construction of the project and the development of industrial clusters in Dongguan.

Case Supporting Infrastructure Construction and Expressway Networks

We are committed to supporting infrastructure construction and urban public utility development, and providing strong financial support for local economic development. As of the end of December 2021, the Strategic Client Department supported an expressway company with a credit amount of RMB 2.2 billion, of which RMB 1.64 billion of funds was used, and a loan balance of RMB 940 million, which was used for the development, construction and operation of a section of the expressway Project in Guangdong. This project is a key planning project of Guangdong Province's “13th Five-Year Plan” and a key construction project of Guangdong Provincial Development and Reform Commission. This project plays an important role in further improving the planning of provincial and municipal expressway networks and building a regional comprehensive transportation system. The project is of great significance to improve the transportation conditions and investment environment of Longmen County, to promote the development of tourism resources along the route, and to drive economic development.

Case Supporting the local economy, provide comprehensive financial credit support and services to Songshan Lake Science City

In April 2021, a number of financial institutions including DRC Bank and the Songshan Lake Management Committee jointly signed the “Supporting and Serving the Greater Bay Area Comprehensive National Science Center Pioneering Zone (Songshan Lake Science City Construction Planning Cooperation Agreement)”. The Bank provided a comprehensive financial support quota of RMB 20 billion for the construction of Songshan Lake Science City, and assisted in the development of the technology industry in the Bay Area. Songshan Lake Science City is an important strategic platform for Dongguan to participate in the construction of an international science and technology innovation center in the Guangdong-Hong Kong-Macao Greater Bay Area in the new era. Relying on high-tech scientific research institutions,

such as Spallation Neutron Source, Southern Advanced Light Source, and Songshan Lake Materials Laboratory, a new journey is about to begin. The Bank also actively implemented the national strategic deployment, assisted the development of the science and technology industry in the Guangdong-Hong Kong-Macao Greater Bay Area, made every effort to provide financial services for the construction project of Songshan Lake Science City, and seized the historical opportunity of Dongguan's “superposition of three districts” to promote the high quality development of the Bank.



Retail Finance Serves People's Livelihood in Communities

The branches of DRC Bank cover all towns and streets in Dongguan. In addition, the Bank also has four branches in Huizhou, Qingyuan, Guangzhou and Zhuhai. As of the end of 2021, the Bank has set up 39 first-tier branches (including 4 remote branches), a total of 504 business outlets (excluding headquarter).

In terms of self-service channel construction, as of the end of 2021, the Group had 1,809 self-service equipments, among them, there are 1,072 automatic teller machines (ATMs), 365 self-service enquiry terminals, 53 self-service card issuing terminals and 319 intelligent service terminals. The number of self-service equipment ranks in the forefront of Dongguan's banking industry, covering all towns in the city, various types of commercial, industrial, and residential areas, providing customers with 24-hour uninterrupted services.

In terms of online channel construction, the Bank has established online service channels such as telephone banking, online banking, mobile banking, and WeChat banking to provide customers with convenient electronic services. As of the end of 2021, the total number of personal mobile banking customers of the Bank was approximately 3,364,400, an increase of approximately 334,000 over the beginning of the year. The number of accumulated account transactions for the year were approximately 20,465,100 million, with an accumulated transaction amount of approximately RMB 403.495 billion. The engaging 896,800 interactions with the Smart i customer service hotline was around 896,800. The total number of manual calls reached 936,000, and the satisfaction rate of seat service reached 99.64%.

The Bank gave full play to the advantages of “multi-points, long-lines, wide-range” in its business outlets, and mobilized nearly 4,000 grass-roots service staff to continuously organize and carry out grid-based marketing activities. The Bank takes the outlets as the service center, the grid as the service coverage, and integrates online and offline into the first-line villages, communities, enterprises and institutions, village-and-township enterprises, etc. to further promote the inclusive financial services to the countryside. In addition, the Bank provides the villagers with convenient, preferential, and timely financial services through activities such as online lectures, outlet salons, door-to-door card application, and special business presentations. As of the end of December 2021, DRC Bank has organized more than 3,300 grid marketing activities.

Digital Finance Reshapes Customer Experience

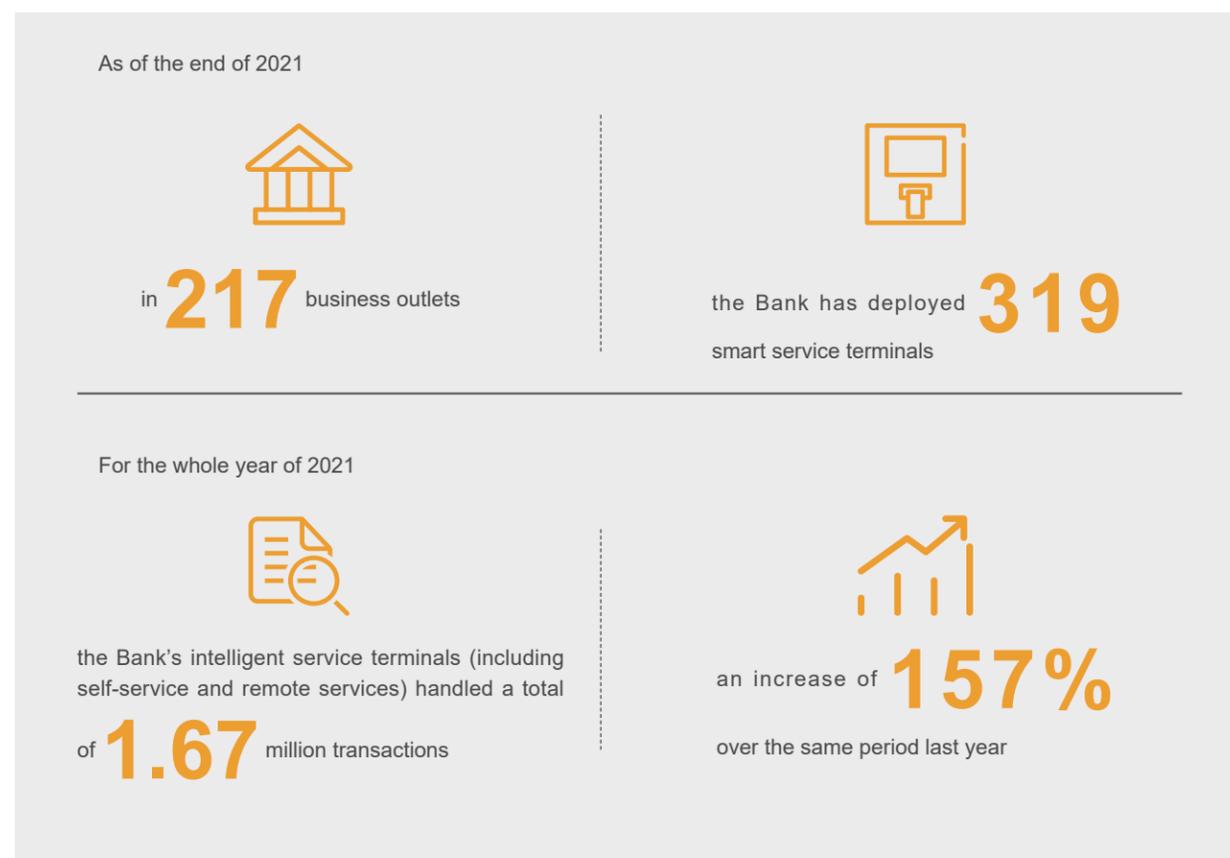
DRC Bank embraces financial technology in an all-round way, continuously improves customer experience, and builds a “three-in-one” channel service system of mobile banking, smart counters and smart customer service, comprehensively promotes the integration of online and offline, and promotes the bank-wide digital transformation step by step.

In the construction of mobile banking, taking the “flow-based online business platform” as the transformation direction, combining with the comprehensive positioning of “mobile financial service portal”, the Bank connects internal systems and platforms, breaks down online and offline business barriers, and introduces advanced technologies such as artificial intelligence, big data and image and biometrics recognition, with the aim of reshaping business scenarios and user journeys, promoting diversified non-financial services for convenience and age-appropriate service scenarios, and improving the intelligent and open comprehensive service level of mobile banking.

In the construction of intelligent outlets, the Bank takes the launch of intelligent service terminals as an opportunity to promote smart counter self-service and cloud banking remote services. Combining the construction of digital outlet system and intelligent equipment configuration of 5G network, the bank constructs “network +” intelligent service ecology and promotes the digital transformation of outlets, so as to further improve their productivity and efficiency. In terms of intelligent customer service, the bank introduces intelligent technologies, such as voice detection, knowledge base and semantic analysis to provide one-stop basic intelligent services.

As of the end of 2021, the Bank has deployed 319 smart service terminals in 217 business outlets, and supports two service modes, smart counter self-service and cloud banking remote service. The self-service mode makes business processing more convenient and faster, and the remote service mode makes the customer experience more humane and more considerate.

For the whole year of 2021, the Bank’s intelligent service terminals (including self-service and remote services) handled a total of 1.67 million transactions, an increase of 157% over the same period last year. The replacement rate for the same type of business was about 61%, namely nearly 61% of the same type of business at the counter has been transferred to the smart service terminals.



Case One smart terminal, two business models

In order to further enhance the customer experience and improve the business efficiency of the outlets, the Bank upgraded the functions of the intelligent service terminal system. Based on customer self-service, the Bank added cloud banking remote services, and made one intelligent terminal to support two business modes and provide intelligent and humanized financial services for customers of different ages and different needs.

01 Smart counter self-service business

Smart counter self-service business refers to the use of smart service terminals as the carrier and the paperless processing mode to provide customers with comprehensive financial services in the form of self-service or semi-self-service. It supports more than 50 services, such as personal card opening, electronic banking, account management, transfer and remittance, credit cards, etc.

Business features: simple and efficient, fully functional, safe and convenient.

02 Cloud Banking Remote Services

Cloud Banking Remote Services refers to contactless comprehensive financial services, such as business consultation and business handling provided by remote tellers “face to face” to customers through remote video.

The cloud banking remote business breaks through the physical limitations of outlets, and realizes “remote service and counter experience”. It supports more than 50 services, such as personal card opening, electronic banking, account management, transfer and remittance, and credit card.

Business features: warmer service experience, more professional in the shared operation, more secure in the risk control methods.





05

Take the Environment as Our Responsibility and Protect the Lucid Waters and Lush Mountains

DRC Bank actively responds to the national "carbon peaking and carbon neutrality" and "3060" goals, vigorously develops green finance, and establishes the overall goal of building a "green bank". For this purpose, we carry out green finance business, actively support the development of green and environmental protection industries through investment and financing activities, and promote energy conservation and emission reduction in business activities through the practice of green operation concepts.

-  Develop green finance
-  Promote low-carbon operation
-  Address climate risks



Develop green finance

DRC Bank is deeply aware that the financial industry plays an important role in the realization of “carbon peaking and carbon neutrality”, and it is stated clearly in the Outline of the Second Three-Year Development Plan for the Third Transformation of Dongguan Rural Commercial Bank Co., Ltd. (2021-2023) to practice the concept of green development, optimize the incentive mechanism, enrich the multi-level green financial product system such as green credit and green bonds, and increase the market share of green finance. The Bank has formulated a green finance development plan and medium and long-term goals. With a clear goal of building a modern “green bank”, the Bank will continue to expand the scale of green financial assets, and to boost the growth rate of green credit scale to be higher than that of other loans.

DRC Bank has prioritized green and environmental protection industry as the key industry to be supported by industrial finance. A green finance promotion team and a green finance implementation team have been established to coordinate and promote the low-carbon transformation of DRC Bank’s internal management, explore low-carbon operation models, and promote the green finance business development within the entire bank. At the same time, to promote support for green finance, the Bank has launched a complex financial service plan of “Green Financing” for the green environmental protection industry. It aims to actively support key environmental protection projects and enterprises and expand the depth and breadth of services for environmental protection enterprises so as to effectively promote the development of green finance.

DRC Bank continues to innovate and enrich green financial products and services, expand the depth and breadth of green financial services to the real economy. Taking advantage of the “Green Financing” service plan, the Bank vigorously supports the green, low-carbon and circular economy projects, such as sewage treatment, waste disposal, water supply and gas supply, energy conservation and emission reduction, as well as cleaning and gardening work, so as to provide strong supports for the green environmental protection industry and the construction of ecological civilization city in Dongguan. At the same time, DRC Bank has closely followed the pace of national policies, and has innovatively launched a carbon emission quota mortgage financing product according to the relevant policy documents on carbon emission quota mortgage and trading. By using carbon emission quota mortgage as guarantee, the Bank provides green credit services to enterprises included in the scope of carbon emission management and trading to support their production and operation. The credit line provided shall be based on the assessed value of the enterprise’s carbon emission quota and relevant collateral.

DRC Bank has improved and standardized the green credit business process by optimizing the green credit approval process, implementing the intensive transformation of the credit business process, improving the credit review efficiency, and strengthening risk control. At the same time, the Bank provides “green channels” for green credit business, especially “Direct Train” service channels for green project financing, including small and medium-sized environmental protection enterprises and the construction of major environmental protection projects, so as to improve the efficiency of green credit loans.

As of the end of 2021



the balance of green credit of the Bank
was RMB **7.334** billion



representing an increase of RMB
1.240 billion



representing an increase of **20.35%**
over the beginning of the year



supporting more than **60** environmental protection
enterprises and green projects

high-emission industries has returned to **zero**

As of the end of 2021, the Bank issued RMB 3 billion of green financial bonds in aggregate, with all proceeds raised in loans to green projects as certified by third party institutions, and utilized in pollution prevention and treatment, resources conservation and recycling, clean energy and other green projects. The principal of green bonds held by the Bank as of the end of 2021 totaled RMB 2.668 billion, representing an increase of 349.16% year-on-year.

Case Launched carbon emission quota mortgage financing product

In 2021, DRC Bank issued the carbon emission quota mortgage financing products in accordance with relevant policy documents on carbon emission quota mortgages and transactions. By using carbon emission quota mortgage as guarantee, the Bank provides green credit services to enterprises included in the scope of carbon emission management and trading to support their production and operation. The credit line provided shall be based on the assessed value of the enterprise’s carbon emission quota and relevant collateral. In this way, the Bank provides diversified financial products and services for enterprises.

Case Providing loans to environmental protection enterprises by using charging rights pledged products

Using the charging rights pledged product, a credit of RMB 410 million was granted to Dongguan S New Energy Co., Ltd. for the construction of the “Machong Waste-to-Energy Environmental Protection Thermal Power Plant “ project. The project is mainly responsible for the disposal of household garbage in the five townships of Dongguan City, Machong, Zhongtang, Wangniudun, Daojiao, and Hongmei Water Village, as well as the “eight towns and one port” of Humen, Chang’an, and Shatian (Humen Port). It can handle 1,500 tons of household garbage daily and 547,500 tons of garbage annually.

Case Measures to support the development of energy-saving and environmental protection industries

The Bank provided a fixed asset loan of RMB 160 million to an engineering company in Dongguan to carry out the ammonia nitrogen reduction renovation project of a water purification plant. The investment in this project will improve the water purification capacity of the water purification plant in Dongguan City. When influent ammonia nitrogen concentration is < 6.0 mg/L, the effluent ammonia nitrogen concentration can be reduced to be ≤ 1.0 mg/L. When influent ammonia nitrogen concentration is ≥ 6.0 mg/L, the effluent ammonia nitrogen concentration can be reduced to be ≥ 5.0 mg/L. The sewage amm

Case Innovative products drive fishery to open the road to green transformation

DRC Bank opened up the road of green transformation by driving fishery with innovative products, developed aquaculture pond transformation financing products, and provided special financing services for projects in line with the green development policy plan for the upgrading and transformation of one million mu of aquaculture ponds in the Pearl River Delta. The Bank also invested projects like upgrading and reconstruction of aquaculture ponds, tail water treatment construction and transformation, upgrading of aquaculture technology, large-scale aquaculture transformation, construction of beautiful fishing grounds, healthy aquaculture and ecological aquaculture demonstration area construction and other directions. By doing so, the bank helped promote the green development of the industry and jointly build a new pattern of modern fishery development featuring “efficient output, safe product, resource saving and environmentally friendly”.

Promote low-carbon operation

Improving channel construction and start a green service model

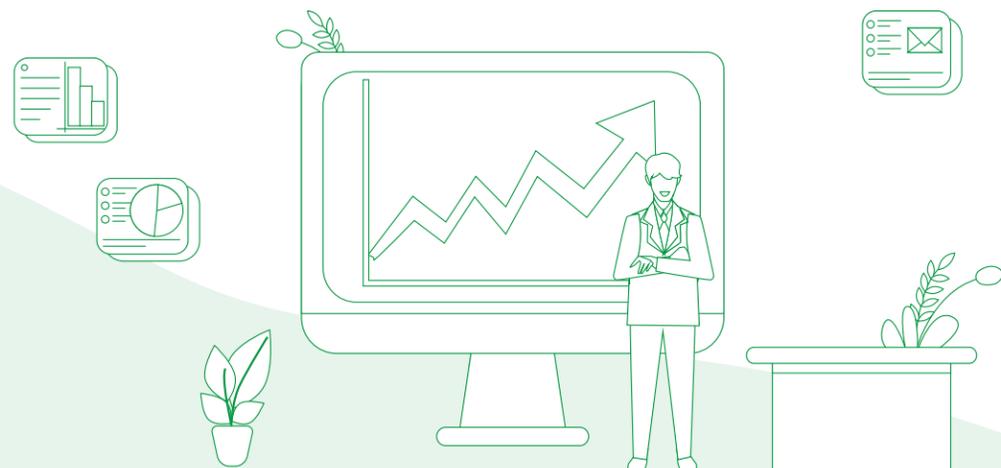
DRC Bank vigorously advocates online financial services to customers in the operation of outlets, and strengthens the construction of online service channels such as mobile banking, online banking, and WeChat public accounts, in the aim of bringing customers a convenient experience without leaving home and reducing customer transportation costs. At the same time, it can reduce carbon emissions and achieve the dual goals of convenience and energy saving.

Case Promoting the service intellectualization

Since 2018, the Bank has continued to optimize business processes, practicing the “green services”. Successively, we have launched mobile marketing platforms, smart counters, and cloud banking projects. Besides, in the related business processes, we realized such functions, including paperless electronic vouchers, electronic seals, OCR certificate identification and image collection. By doing so, we transferred the banking business to the channel of intelligent equipment for processing, realizing low-carbon means such as no paper receipts, no physical seal and no photocopying of certificate in the handling of business. We realized paperless office in the whole process of business handling, intelligent processing, reducing the use of paper receipts, and further improve the effectiveness of green and environmental protection work.

Case Opening online social security card business handling service

The Bank advocates shifting the social security card application process to online intelligent processing. We innovatively launched the H5 all-online one-stop social security card application service, striving to realize the whole process of social security card application in the H5 online operation interface, which not only shortens the application time of social security card, but also improves the card application efficiency of Dongguan residents. On the basis of the existing functions of WeChat online banking, the Bank continuously developed and launched new functions, such as the social security card activation function, which further improves the activation efficiency of social security cards and continuously improves the online processing and activation service experience of social security card business.



Going paperless and insist on low-carbon and energy-saving office

DRC Bank abides by the Environmental Protection Law of the People's Republic of China, Energy Conservation Law of the People's Republic of China, Environmental Protection Regulations of Guangdong Province, Energy Conservation Treaty of Guangdong Province, and other relevant regulations. It attaches great importance to energy conservation and emission reduction, and adheres to the concept of sustainable development. As a financial banking institution rather than a manufacturing institution, the major impacts of the Bank's business activities on the environment and natural resources come from energy consumption and greenhouse gas emissions involving in the operation of offices and business premises and the use of official vehicles, which do not directly cause significant negative impacts on the environment.

The Bank promotes the concept of green office and insists on advocating paperless office. By gradually expanding the scope of application for paperless meetings, it greatly reduces waste in materials preparation, printing, binding, distribution, recycling, destruction and other links, and controls the use of paper and consumables from the source, so as to achieve the real green, environmental protection and energy with actions.

The bank gives priority to green and energy-saving design to promote green operation.

Construction of business buildings

Energy-saving technologies like the roof thermal insulation are actively adopted to reduce operating energy consumption.

Electricity consumption

Various operating modes are set for the lighting and air-conditioning systems of office buildings. Besides, an intelligent power consumption management system is applied on a pilot basis to achieve real-time perception of electrical equipment, early warning, intelligent diagnosis, high efficiency and electricity saving.

Water usage

the Bank promptly checks and eliminates the phenomenon of dripping and leaking water pipes, and strengthens daily water management.

When purchasing official vehicles, the Bank tries its best to choose models that are economical, safe, energy-saving and environmentally friendly. The Bank also promotes the use of energy-saving and new energy vehicles, and reduces gasoline consumption. Strictly abiding by the relevant national standard system for automobile scrapping, the Bank promptly eliminates and scraps vehicles with high fuel consumption, poor vehicle condition and exhaust emissions that do not meet the target. In the management of official vehicles, the Bank adopted a centralized and unified management and dispatch of vehicles. In order to improve the efficiency of vehicle utilization, when people can share an official car, they shall not take a car separately. When a car is enough to meet the needs, a station wagon will not be used.

Case Promoting paperless business handling

Since the introduction of the paperless business system, the Bank has been implementing a paperless business processing model, advocating electronic signatures, and providing electronic bills. The Bank supports electronic receipts, and gradually realizes that we do not generate paper receipts, do not use physical seals, and do not photocopy certificates in the business processing, effectively reducing the waste of paper. According to statistics, the use of general counter paper vouchers at the counter has been reduced by about 53% compared with that before the launch of the paperless and stamp electronic project in 2016. Specifically, the use of paper receipts for deposits and withdrawals has been decreased by more than 84%, and the overall voucher printing cost has been reduced by about 52%.



In 2021, the use of paper certificates at the counter has been reduced by about

53% compared

with that before the launch of the paperless project in 2016.

Hazardous and non-hazardous waste

In terms of hazardous and non-hazardous waste management, the recyclable wastes such as paper wraps, plastic bottles and iron generated from the Head Office building are handed over to the resource recycling unit for recycling. The non-recyclable wastes, such as kitchen garbage in the canteen, shall be cleaned daily by the garbage collection unit. The hazardous waste shall be recycled by a qualified third party.



Raising awareness of environmental protection and advocating green and healthy life

DRC Bank actively calls for recycling of resources so as to reduce trash, promotes and popularizes knowledge on green, low-carbon, and ecological environmental protection, and organizes various forms of green-themed lectures and training for its business.

Advocating a green and healthy life, the Bank has carried out various environmental protection activities, including organizing employees to participate in sanitation activities, green hiking, etc., and actively engaged in beautifying the surrounding ecological environment.

Case Organizing green activities

In September 2021, Daojiao Branch of DRC Bank organized an online “low carbon” life and “I exercise, I am healthy and I am happy” walking activity. In conjunction with this event, the Party branch of Daojiao Branch organized the volunteer service activity of “doing public welfare and promoting environmental protection”. We summoned the party members and cadres to carry out environmental protection cleaning work on the road of walking, and actively responded to the call of “I do practical things for the people” volunteer service.

Address climate risks



Climate risk management

DRC Bank pays attention to environmental issues and actively responds to the “dual carbon” goal. By combining its own business characteristics and business radiation scope, the Bank identifies and evaluates environment-related risks and opportunities by referring to the Central Bank’s Green Financial System Network (NGFS) and Climate-related Financial Information Disclosure Task Force (TCFD) recommendation reports. At the same time, in accordance with relevant policy guidelines and external market needs, the Bank proposes measures to address the climate change.

Qualitative Analysis

DRC Bank has regarded environmental and climate risks as one of the important challenges for its development, and the climate risks it faces are mainly divided into physical risks and transition risks.

Physical risks are mostly caused by natural phenomena, and have the characteristics of strong uncertainty and wide range of impact, which pose a great challenge to China’s ecological protection, social production and economic development. Short-term physical risks include acute extreme weather such as rainstorms, floods, earthquakes, tsunamis, and mudslides, and long-term physical risks include global warming, sea level rise, and other progressive climate changes over the years.

The impact of physical risks on the structure of financial institutions can be reflected in two aspects: loss of assets and stability of business. Physical risks represented by major natural disasters can destroy the infrastructure of the organization and interrupt the operation, thereby indirectly reducing profits. Meanwhile, the maintenance, reconstruction and insurance compensation costs will increase the operating costs. The related business interruption caused by the disaster will affect the continuity of services of financial institutions and bring uncertainty to short-term financing.

Transition risks are financial risks caused by policy adjustments, technological innovations, and changes in investor and public sentiment in the process of social low-carbon economy transformation and adjustment. Under normal circumstances, transition risks often appear together with various external pressures, such as the pressure brought by supervision institutions at all levels, pressure from investors, public opinion, etc. In the process of transition, the cost of carbon forces “high-carbon” industries to face revaluation, deteriorating profits, solvency and valuations, which leads to the non-performing loans or investment losses for financial institutions.

Quantitative Analysis

The paper industry is one of the industries included in the scope of carbon emission management and trading in Guangdong Province, and it is also a key industry concerned by the national environmental protection policy. Therefore, the Bank selected the paper industry as the pilot object to carry out stress tests on environmental factors to enhance the Bank’s ability to identify and prevent environmental risks.

Stress Scenario Settings

The stress test takes carbon quota prices and the proportion of paid carbon quota as pressure factors to test the pressure-bearing capacity of sample companies within ten years. According to the time setting of China’s “dual carbon” target and the current performance of the domestic carbon market, the current carbon market quota price in China is selected as the low pressure scenario. The “orderly below 2°C” in the NGFS model is selected as the medium pressure scenario on the change of the carbon price. The “Carbon Neutral 2050” is selected as the high stress scenario.

Stress Test Results

The stress test results prove that, for the paper industry, the impact of environmental risks cannot be ignored. The low-pressure scenario in 2025 is close to the real risks faced by paper-making enterprises in Guangdong Province, and the increase in carbon emission costs will result in a decline in corporate profitability and repayment ability. In the future, DRC Bank will strengthen its environmental risk management capabilities and gradually conduct environmental stress tests for other high-carbon industries.

In order to study the impact of climate risk on business development, DRC Bank actively conducts environmental risk stress tests, quantifies the impact of environmental factors on itself or its investment goals, and directs the pre-loan and post-loan related work to have practical significance for risk control.

Environmental impact of investment and financing activities

In order to support the goal of achieving carbon peak by 2030 and carbon neutrality by 2060, DRC Bank actively explores the disclosure of carbon emissions and emission reductions related to investment and financing activities in accordance with the Technical Guidance on Carbon Accounting for Financial Institutions (Trial) and other guidance documents newly released by the People's Bank of China in 2021. The estimated balance of credit business is RMB 87,047,006,800.

Project financing business

According to the "National Economic Industry Classification (GB/T 4754-2017)" standard, the carbon emission measurement involves 63 industry groups and 187 industries. The projects are distributed in dozens of investment directions such as solar power generation, construction machinery, and equipment operation and leasing. For the project financing business involved in carbon emission measurement, the total greenhouse gas emission is about 352,825 tons of carbon dioxide.

Analysis of the total emissions of various industries: the water production and supply industry has the largest emissions, with carbon dioxide emissions of 116,000 tons. The business service industry has carbon dioxide emissions of 59,000 tons, ranking second. The metal products industry ranks in the third place, with carbon dioxide emissions of 34,000 tons.

Non-project financing credit business

The calculation of carbon emissions covers nearly 600 non-project financing credit businesses, with a total carbon emission of 390,785 tons of carbon dioxide. Taking the industry as the basis for division, the carbon emissions of the machine-made paper and cardboard manufacturing industry ranked first, with carbon emissions of 163,400 tons of carbon dioxide. The carbon dioxide emissions of the tap water production and supply industry was 78,600 tons, and the carbon dioxide emissions of real estate leasing operations was 61,100 tons.



Taking proactive measures

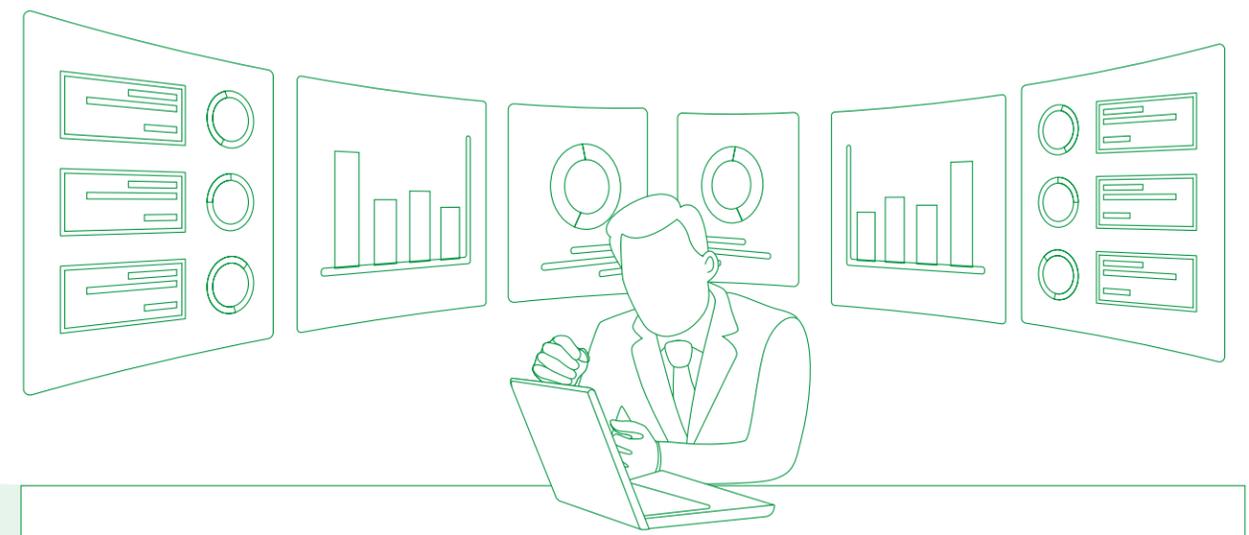
DRC Bank actively develops green financial business, acts as a "service provider" and "leader" for the transformation of the real economy, supports technological innovation in green industries, and guides carbon-intensive enterprises to reduce carbon emissions.

The Bank's policies

The Bank will actively respond to national and regional policies on ecological civilization construction, clarify development goals, and take green and low-carbon development as an important concept in its development strategy. The Board of Directors and the Senior Management should take the lead to improve the awareness of climate risk, strengthen staff's concern and understanding of climate risk, and gradually make green awareness deeply rooted in people's hearts, so as to better promote the construction of ecological civilization.

Adaptability of the Bank

The Bank will actively pay attention to the changing objective environment and policies and regulations in the industry, and continue to increase the release of green credit, to facilitate the transformation of green finance, and walk in the forefront of green. At the same time, the Bank plans to gradually establish an excellent talent team with professional quality and ability, which is especially responsible for the identification and assessment of environmental risk. The Bank will also regularly carry out banking stress tests to accurately assess development risks, so as to better grasp the new pace of development.





06

Put Customer First and Provide Quality Customer Service

-  Improve service quality
-  Care for groups with special needs
-  Protect the rights and interests of customers
-  Enhance financial literacy



Improve service quality

The Bank always adheres to the business philosophy of “customers are our greatest wealth”, adheres to the business tenet of “customer first”. Taking meeting customer needs as our operating principle, we focus on high-quality services to achieve the goal of creating greater value for customers. As of the end of 2021, DRC Bank has three “Top 1000 Outlets”, two “Five-star Outlets”, three “Four-star Outlets”, five “Three-star Outlets”, and 34 “Service Certification National Standards Achieving Units”. Among them, the Business Department of Changping Branch stood out from more than 220,000 bank branches in China, and was successfully awarded as one of the “Top 1000 Demonstration Units for Civilized and Standardized Services of Banking Outlets in 2021”, becoming one of the three award-winning units in the province’s rural credit system in 2021.

1 improving the outlet service standard system

Based on a comprehensive analysis of the current status of the service of outlets in the bank, combined with the China Banking Industry Counter Service Standard and the China Banking Outlet Civilized and Standardized Service Standard Evaluation Index System, the Bank revised the Outlet Service Standard of Dongguan Rural Commercial Bank Co., Ltd., continued to optimize the service process and service language, upgrade the service facilities of business outlets, and provide customers with a good counter service experience.

2 organizing service skill training and communications

The Bank has organized multiple service skill training for service managers of branches, principals of branches and key staff of branches enabling them to learn the 6S branch management, practice service process, and inspire service innovation. By doing so, we aim to inspire service innovation, improve the branch employees’ service awareness and comprehensive service capabilities. The Bank has launched 2020 Service Management Special Issue and Top 1000 Banking Outlets Establishment Documentary in 2021 to share service experience and management experience, and build a service management communication platform.

3 strengthening service supervision and inspection

DRC Bank continues to monitor the bank’s services through remote video spot checks and on-the-spot inspections. In 2021, the Bank has carried out 951 all-round monitoring and inspection of the services of sub-branches, including 736 remote video spot checks and 215 on-the-spot inspections. The inspection coverage rate of business outlets throughout the year reached 200%.

4 improving service assessment management

Following the principle of “encouraging the excellence and spurring the stragglers”, the Bank has established an inspection mechanism of “double check, and instant reminder on low performance” to improve the service awareness and service skills of front-line employees timely. The Bank has enhanced the self-inspection coverage of outlets, simplified the data for reference, reduced the management pressure of branches, and empowered the front-line. In addition, the Bank also extended the scope of service supervision and build a service mechanism of “middle and back office serve the front desk, head office serves the branches, branches serve the customers” within the banking system.

5 conducting customer satisfaction surveys

In order to deepen employees’ service awareness and improve their service levels in a targeted manner, the Bank carries out comprehensive customer satisfaction surveys through the outlets’ business window to dynamically supervise and understand customers’ satisfaction and expectations for the Bank’s outlet services. As of the end of December 2021, we have received nearly 3.22 million customer service evaluations through outlet windows, and customer satisfaction has reached 99%.

6 optimizing the business process

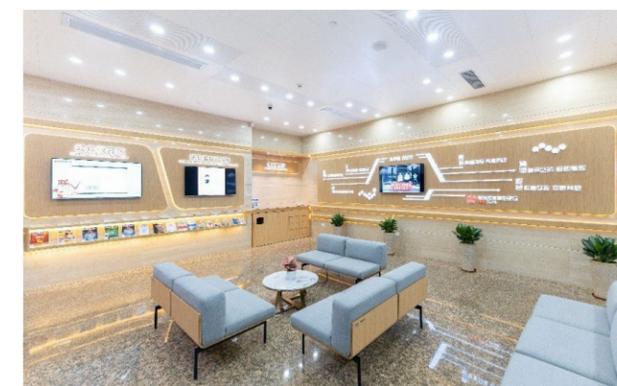
Throughout 2021, the Bank vigorously promoted digital transformation, continuously improved the service efficiency of various channels, and carried out systematic optimization and upgraded focusing on the processes with concentrated user needs and feedback. Specifically, a total of 558 counter business processes and 282 intelligent device processes were optimized to continuously improve user experience.

Offline Channels	Optimize remote video process	For the witness business of the same customer, repeated information entering is reduced, and the witness of different business types can be completed in the same video, which further improves the service efficiency.
	Optimize current account process for corporate clients	For corporate customer account opening business, the Bank optimizes the account opening process, and uses the platform-integrated management model of “WeChat online pre-opening + 9 popular business synchronization + smart account review” to provide corporate customers faster, time-saving and efficient convenient account opening services with less form filling, less waiting and less legwork.
	Optimize the barrier-free facilities of outlets	Setting up barrier-free channels, optimizing the business processes and prompting of self-service terminals and intelligent service terminals, the Bank provides high-quality, characteristic, safe and humanized services for special needs groups, and strives to build a “barrier-free bank”.
	Enrich intelligent service terminal functions	The Bank continues to add convenient transaction functions to its intelligent service terminals for the purpose of enriching the range of services on the terminals and further improve the efficiency of business processing.
	Optimize the queuing reservation	The reservation function of mobile banking has been optimized, and the electronic form filling function and the branch inquiry function have been upgraded, which simplifies the operation process and improves the experience for customers.
Online Channel	Serve elderly customers	The “Caring Version” of personal online banking and the “Happy Life Version” of mobile banking are launched to provide the elderly with a simple and convenient interface and process for using online banking and mobile banking, and to enhance user experience.
	Upgrade mobile banking functions	Multiple features of the D+Bank APP are migrated and integrated into mobile banking, so that customers can enjoy various services of the original direct banking by simply downloading and using our mobile banking, which significantly improves the convenience.
	Improve the efficiency of business account opening	The Bank establishes a service model of “WeChat pre-filling and pre-review”, providing corporate customers with corporate account opening services through the Bank’s WeChat official account, which shortens the time for account opening, realizes the “one-stop” process of account opening, and effectively improves the efficiency of corporate account opening.

Case Changping Branch establishes the first “Outdoor Worker Caring Station” in the province’s rural credit system

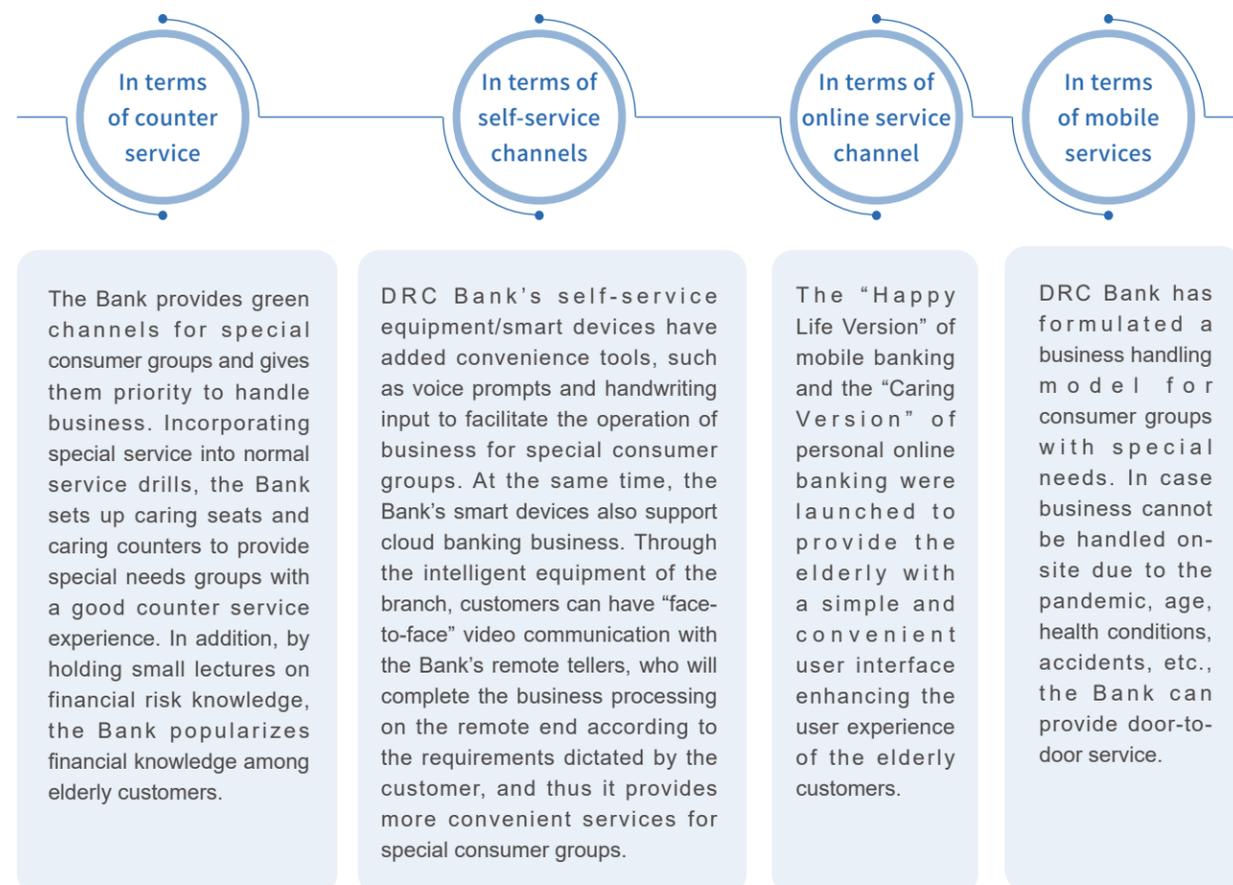
In order to improve customer experience, the Business Department of Changping Branch of DRC Bank started from SI design, zoning layout, service support and other aspects to upgrade and transform the business environment of the branch. In addition, in order to allow customers to fully feel the welcoming atmosphere during the waiting period, Changping Branch has set up a tea corner, a miniature coin hall, a public education area and the first “Outdoor Worker

Caring Station” of the province’s rural credit system in the branch. Customers can enjoy tea here leisurely and learn about coin culture and financial knowledge, while the Caring Station provides conveniences like drinking water, free WiFi, and mobile phone charging for outdoor workers including sanitation workers and construction workers. In 2021, the Business Department of Changping Branch took the lead in the high-quality development with party building in the new era, continuously improved the quality of customer service, and was awarded as one of the “Top 1000” outlets in China’s banking industry.



Care for groups with special needs

DRC Bank continuously optimizes various business processing channels and improves the level of financial services for special consumer groups.



Protect the rights and interests of customers

Improving the consumer protection system

In 2021, the Bank further deepened its understanding of the importance of the protection of financial consumers' rights and interests. Fully establishing the subject consciousness of the first person responsible for protecting the rights and interests of financial consumers, the Bank took the protection of the rights and interests of financial consumers as an important part of its business strategy and corporate culture, and strictly implemented the subject responsibility for the protection of the rights and interests of financial consumers.

In order to further improve the system and mechanism of consumer protection work, the Bank revised the management measures for consumer rights protection, the implementation rules for handling consumer complaints, and the implementation rules for quick settlement of financial disputes and quick compensation in accordance with Consumer Rights and Interests Protection Law. The Bank strictly implemented pre-process, in-process and post-process control of products and services to effectively identify risks. We innovated the forms of financial knowledge publicity and education and constantly improved the financial literacy of consumers. We also further standardized the complaint handling process and promoted diversified settlement of financial disputes.

Managing customer complaints

The Bank actively and deeply cultivates customer relationships, adheres to the principle of "listening attentively and serving wholeheartedly", smoothes online and offline request channels, and carefully listened to the voice of each customer. In 2021, the Bank vigorously promoted the "Consumer Rights Protection Complaint Reception Day" mechanism to quickly settle the customer's "urgent, difficult and anxious" requests and resolve customer financial disputes on the spot.

In 2021, the Bank accepted and handled a total of 782 consumer complaints, with a settlement rate of 100%. From the regional distribution of consumer complaints, complaints were mainly in Dongguan. The complaints in Dongguan, Qingyuan, Huizhou and Zhuhai accounted for 99.48%, 0.26%, 0.13% and 0.13% respectively.

In terms of complaint management improvement, the Bank further improved the complaint management system, standardized the complaint handling process, and promoted the diversified resolution of financial disputes. The Bank amended the Implementation Rules of Consumer Complaint Handling of Dongguan Rural Commercial Bank Co., Ltd. (2021 version) to improve the comprehensive ability of handling customer complaints. The bank issued the Implementation Rules for Quick Settlement and Quick Compensation of Financial Disputes of Dongguan Rural Commercial Bank Co., Ltd. (2021 version) to quickly resolve minor consumption disputes. In addition, to build an effective buffer zone between our business and financial consumers, the Bank and the Dongguan Financial Consumer Rights Protection Association signed an agreement on the Memorandum of Understanding on Cooperation in Establishing a Quick Resolution Mechanism for Minor Disputes, which provides a more efficient and convenient dispute settlement channel between customers and the bank.



Protection of Customer Information

The Bank formulated the Administrative Measures for the Protection of Consumer Rights and Interests of Dongguan Rural Commercial Bank Co., Ltd., which stipulates that the providing of financial products or services to financial consumers shall strictly follow the principles of voluntariness, equality, fairness, and integrity. It also states that the Bank shall earnestly undertake the subject responsibility of protecting the legitimate rights and interests of financial consumers, keep the financial information of consumers strictly confidential, and shall not divulge or illegally provide to others. At the same time, the Bank also formulated the Personal Financial Information Protection System of Dongguan Rural Commercial Bank Co., Ltd. which regulates the Bank's collection, use and external provision of personal financial information, effectively protecting the legitimate rights and interests of financial consumers and ensuring that the Bank operates in accordance with the law.

DRC Bank has always attached great importance to customer information protection, and has taken a series of measures to strengthen information protection. First, establish and improve the personal financial information protection mechanism and the hierarchical authorization management mechanism of personal financial information database. The Bank sets user permission management system in accordance with the principle of "least permission". Through network isolation, terminal management and control, bastion machines, and data center personnel access management, the Bank effectively controls the security of system data usage. Second, follow the legal, reasonable and necessary principles to collect personal financial information. The Bank clearly states the purpose, method, scope and rules of collecting and using personal financial information of customers. Third, comply with the provisions of laws and regulations and the purposes agreed by both parties. The Bank uses the customer personal financial information within the scope of their consent based on actual business needs. During the use of information, the internal authorization and approval procedures are strictly implemented, and the Bank takes effective technical measures to ensure the safety of the circulation and prevent the leakage of sensitive data. Fourth, strictly implement the security management measures for personal financial information archives. The Bank strengthens the technical protection of personal financial information and data security, and properly keeps the collected personal information.

Enhance financial literacy

In 2021, through the integration of online and offline activities, DRC Bank entered the front line of business in village groups, communities, enterprises and institutions, village and township enterprises, etc. to further strengthen the promotion of inclusive financial services to the rural areas. Through online lectures, outlet salons, door-to-door card application, special business publicity and other activities, the Bank provided the villagers with convenient, preferential and timely financial services and financial knowledge publicity to improve the villagers' financial knowledge.

The Bank is devoted to popularizing financial knowledge for investors. On the one hand, taking advantage of its numerous and wide distribution of outlets, the Bank established daily education and publicity areas in all outlets, creating a "public education area" with a strong publicity atmosphere. On the other hand, the Bank continued to innovate methods of education, and enriched the forms of online and offline activities. Through a series of live activities such as "Watch Live Broadcast of Finance 3.15" and "Keep an Eye on Your Money Bag", the Bank innovated the channels of publicity and education. In addition, the Bank organized various forms of activities targeting at groups with special needs such as "the elders, the children" and migrant workers. The Bank's publicity and education team went to communities, schools, factories and rural areas to actively popularize account security management for consumers, identifying illegal online loans, cherishing credit records, fraud prevention, personal information protection and other financial security knowledge.

Case Live broadcasting

In 2021, the Bank launched a series of live broadcasting activities such as "Watch Live Broadcast of Finance 3.15", "Keep An Eye on Your Money Bag", "Upgrade Consumers Protection", "Safeguard Bank Deposits with Deposit Insurance", "Seize Youth, Rational Consumption" and a series of live broadcasting activities, each activity has approximately 40,000 viewers with more than 60,000 likes.



Case Building a financial book corner

The Bank actively promotes the incorporation of financial knowledge into the national education system and comprehensively improves students' financial literacy. In September 2021, the Bank built the first primary school financial reading corner in a school in Shilong Town. It provided a good environment for teachers and students to improve their financial education literacy, and built an educational base of financial knowledge popularization.



Case An educational activity of guarding the "money bag" for the elders

In order to further spread financial knowledge and promote the prevention of financial risks, the Bank actively carried out activities of sending financial knowledge to the university for the elderly, and solidly promoted the facilitation of financial services for the elderly group. In May 2021, under the joint guidance of the Dongguan Bureau of China Banking and Insurance Regulatory Commission and Dongguan Central Branch of the People's Bank of China, Dongguan Financial Consumer Rights Protection Association and DRC Bank launched the "I Do Practical Things for the People Financial

Knowledge Enters the University for the Elderly, Keeping An Eye for the Elders' Money Bags" campaign. By holding small classes for intensive publicity and education, setting up financial knowledge publicity booths, distributing publicity materials, and holding prize quizzes, the event spread financial knowledge among the elderly and guided the elderly to pay attention to preventing illegal financial activities. Meanwhile, it also enhanced the ability of the elderly to identify and avoid financial fraud and better protected their legitimate rights and interests. In this way, the Bank helped build a better and harmonious society with practical actions.



Case Won the award of financial consumer rights protection skills competition

In the "2021 Dongguan Vocational Skills Competition - Financial Consumer Rights Protection Skills Competition", two employees from the Bank stood out from 164 contestants in the city and won the first and second place in the finals respectively. Specifically, Ms. Wu Yuqing won the honorary title of "Dongguan May 1st Labor Medal" and "Dongguan Employee Technical Pacesetter", and Ms. Li Yanling won the honorary title of "Dongguan Employee Technical Pacesetter".





07

Employee-oriented and Work Together for a Shared Future

-  Introduce high-quality talents
-  Development and training of talents
-  Smooth promotion channels
-  Care for Employees



Introduce high-quality talents

Abiding by the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China* and other national laws, regulations and requirements, DRC Bank formulates employee recruitment management measures covering campus recruitment, experienced hires, and intern recruitment. The Bank carries out various recruitment work in strict accordance with the relevant laws and regulations and staff recruitment management measures. Meanwhile, the Bank takes the legal compliance, strategic orientation, flexibility and efficiency, and merit-based admission as the main principles, ensuring that all recruitment work are legal and compliant, and the talent team construction conforms to the requirements of the bank's strategic development plan and talent policy.

In terms of employee recruitment, DRC Bank strictly abides by relevant laws and regulations, clearly stipulates anti-discrimination, anti-forced labor and anti-child labor clauses in the recruitment process, and is committed to creating a fairer employment environment.

Anti-discrimination

We are committed to eliminating discrimination in terms of gender, age, ethnicity, family status, etc., and stipulate that the discriminatory descriptions shall be strictly prohibited in the recruitment announcements, and at the meantime all discriminatory practices shall be eliminated in actual recruitment processes to create a fair and equal employment environment.

Anti-forced labor

We strictly control the selection and employment of personnel, effectively protect the rights and interests of employees, and insist that the labor contract signing rate and social insurance coverage rate reach 100% in accordance with *Social Insurance Law*. There is no forced or compulsory labor. In addition, in terms of remuneration and benefits, the Bank pays employees' salaries in a timely and accurate manner, accrues and pays statutory benefits in full, and withholds and pays individual income tax for employees in accordance with the law. The Bank also implements considerate attendance management and vacation management, and encourages employees to arrange work reasonably. Employees are entitled to national statutory holidays and paid vacations.

Anti-child labor

In order to prevent the occurrence of child labor, we strictly control the selection and employment of personnel. The Head Office will coordinate the management of employee recruitment. Those not in conformity with relevant laws and regulations will not be included in the recruitment scope in the resume screening process. Meanwhile the Bank signs labor contract with each employee in a timely manner. As of the end of December 2021, there are no violations of laws and regulations on child labor and forced labor issues.

In 2021, we continued to build a high-quality employer brand. To achieve this, we dug deep into the value of employer brand and transformed publicity strategies. Besides, we innovated organizational forms, optimized interview experience and created a recruitment model centering on talent experience, so as to further increase the attraction to outstanding talents. We recruited nearly 200 new employees in the whole year.

Development and training of talents

DRC Bank always adheres to the concept of "building a talent forest" and attaches great importance to the development of talents. By improving the internal supply chain of talents, it accelerates the growth of potential talents, builds multi-level compound talents, and comprehensively builds a high-quality talent team to promote the sustainable and high-quality development of the industry. Focusing on building a talent-driven organization, the Bank creates an innovative talent growth and development mechanism, builds a training system featuring "leadership, professionalism and new potential", and establishes a three-dimensional and full-coverage talent cultivation system. Combining with the growth trajectory and competency requirements of cadres, the Bank builds a four-level cadre training system with complete system, rich forms and remarkable achievements. The Bank also focuses on the core business sector to carry out special training and situational training to empower business development, enhance the efficiency of key positions, and enhance the innovation ability in core business. In addition, the Bank also innovates the training model of new employees, namely, a three parallel cultivation mode of "talent identification, empowerment training and job rotation experience", to deeply exploit the potential of young employees. As of the end of December 2021, a total of more than 380 training programs have been organized, covering more than 38,000 employees across the bank. The Bank has also boosted the construction of online learning platform and organized about 5500 employees to participate in online learning, with the average learning time exceeding 90 hours.

As of the end of December 2021,



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Case "Foundation Building Program" Supervisor Competency Special Training Camp

In order to improve the cadre echelon growth system, help new management cadres with role transition and management skills improvement, DRC Bank launched the "Foundation Building Program" Supervisor Competency Special Training Camp, focusing on business management, team management, management of others and self-management, etc. Through lectures, practical tasks and other learning methods, the program aims to achieve the combination of training and practice, as well as creatively learning and using.

Case "P100" business trainee talent selection project

In 2021, the Bank launched the "P100" program for business trainees for the first time. This project aimed to select graduates with outstanding learning ability and innovation ability as the first batch of business trainees, and comprehensively empower them through cross-department job rotation and other methods. The Bank strives to bring in a total of 100 business trainees within the next two to three years to support these interdisciplinary young talents to play the leading role in various professional fields.

Case Providing targeted special training

In order to fully enhance the innovation capability of core business, the Bank has provided professional and targeted training services for business personnel in different positions.

“G30” Fintech Training Camp

DRC Bank launched the “G30 Fintech Training Camp” in October 2021, which was closely connected to the strategic deployment of digital transformation. The program includes a series of fintech courses. Through systematic course learning, integrated interactive learning and scenario-based topic research, it aims to enhance trainees’ digital thinking ability, innovation awareness and insight and to cultivate comprehensive digital talents, which can help promote the high-quality development of fintech application in the Bank.



Wealth “TOP50”

In order to better empower the frontline, improve the wealth business skills of all ranks, and set up benchmark talents, the Bank launched the “Top 50 Retail Wealth Program” to cultivate 10 talents in each of the five wealth business categories, and to advance operation in the entire Bank by sharing the experience of selected personnel. The training targets cover branch presidents, heads of retail centers, retail business managers in charge of wealth business, branch managers, retail customer managers, etc. The program provides specialized training content and diversified training forms to empower business transformation and upgrading.

Private Banking “T Plan” Elite Training Camp

In order to enhance the professional ability of marketing personnel in wealth management and reflect their professional value, the Bank has launched the private banking “T Plan” elite training camp. Starting from the wealth management needs of private banking customers, the Bank has established a hierarchical maintenance and marketing process concerning private banking customers. It aims to improve the marketing personnel’s ability of KYC (Know Your Customer) and enable them to exploit the underlying needs of private banking customers.

Case “New Momentum” training camp for new employees

In 2021, in order to fully exploit the potential of new employees and give full play to their personality and creativity, the Bank innovated a three-line parallel cultivation model of “talent identification, training empowerment, and job rotation experience”. The training was carried out by focusing on three dimensions of “content, experience and operation”, through diversified training forms that combine online and offline training, internal and external training, as well as learning and practice. Through the training, it aims to injecting new energy into the high-quality development of DRC Bank.



Smooth promotion paths

DRC Bank adheres to the “use-oriented” human resources theory, promotes the innovation of talent development mechanism, and continuously optimizes the growth path of employees. The Bank sets up two unblocked career development paths of “job sequence” and “technical sequence”, being committed to building a career growth mechanism for employees that matches their personal abilities, performance and contributions.

Construction of job sequence

1. Clarifying standards and building a solid foundation

The Bank adheres to the cadre selection criteria of “absolute loyalty, commitment, and efficient execution” and follows the principles of “four priorities”:

The Bank establishes an incentive mechanism that links personal promotion and team performance, and guide employees and enterprises to develop together by focusing on performance contributions, and incorporate the effectiveness of strategy implementation into the incentive elements for talent development. We take business development as the guidance to direct employees and enterprises to grow together.

2. Selecting the best to create a strong and powerful team

<p>First, constructing the mainstay of the Bank</p>	<p>By means of democratic recommendation and open competition and selection, the Bank accelerates the deployment of the operating force of the front-line branches, strengthens the middle-level management force of the newly established departments, core business departments and key management departments of the Head Office, and activates the work motivation of the key employees.</p>
<p>Second, consolidating management at the grassroots level</p>	<p>By organizing open competition and promotion for department managers and junior managers of the whole Bank, we promote a group of outstanding talents in the Head Office and branches, and consolidate the grass-roots management teams of various business lines.</p>
<p>Third, strengthening the reserve of core cadres</p>	<p>The Bank selects and dispatches managers with potentials to serve as assistant to the president in branch offices strengthening the construction of middle-level reserve echelon.</p>

3. Inheriting and passing on the spirit of strive

The Bank implements the Striver Project, continues to “bring in talents” to investment institutions in different places, ensuring that the career development path of “Strivers” is unblocked. We pass on the enterprising spirit of being proactive and not afraid of difficulties, so that officials can be cultivated in practice, tested in difficulties, and trained to take responsibility, be willing to do things, and be able to succeed. As of the end of December 2021, the Bank has dispatched more than 40 “strivers” to investment institutions in different places.

Construction of technical sequence

1. Build seven sequences

The Bank has established a technical sequence evaluation mechanism, which is a career development path parallel to the job sequence. It reflects the professional ability, experience and contribution of employees, and encourages employees to take initiative and take responsibility through the mechanism of being able to go up and down. The technical sequence of employees is divided into seven sequences: management sequence, IT technique sequence, marketing sequence, business sequence, risk management sequence, operation sequence, and expert sequence.

2. Selection and training of “Young Talents”

In 2021, the Bank organized and implemented the “Young Talents” training scheme, which selected a group of professionals based on dimensions of professional ability, potential of cultivation and suitability for targeted position and so on. The selected talents were sent to various business lines in relevant institutions for targeted training. At the same time, the Bank also provided the trainees with slanting incentives, performance tracking and mentor support.

The implementation of the “Young Talents” project promotes the spread of an open and diverse talent culture within the organization, quickly matches the demand side and the supply side of talents. It pays attention to listening to employees’ career development needs, reduces employees’ job burnout, and revitalizes employees’ personal internal drive. As a result, it realizes a positive internal flow of the diverse skills, experiences and perspectives of employees who have been transferred, which has a positive pulling effect and stimulates the vitality of the organization.

Care for Employees

The Bank has formulated the *Rules of Procedures for the Staff Representative Meeting of Dongguan Rural Commercial Bank Co., Ltd.*, established and improved the staff representative meeting system, and effectively guaranteed the rights of all employees to know, participate, express, and supervise. For major matters involving the vital interests of employees, such as vacation, performance review etc., they are all reviewed by the employee representative meeting to protect the relevant rights and interests of employees. All employees shall participate in the election of staff representatives and expressing of opinions and suggestions.

The Bank abides by *Occupational Disease Prevention Law*, *Fire Prevention Law* and other laws and regulations. We attach great importance to safety and health of employees and carry out fire evacuation drills and fire fighting drills periodically. The Bank formulated *Measures for Supplementary Health Insurance Management for the Dongguan Rural Commercial Bank Co., Ltd.*, constructing multiple-dimension health insurance system for employees. Also, the Bank organizes annual checkup for employees and help employees to have insights into their physical health conditions.

We have established a health consultation room and hired professional doctors to conduct health consultation for the employees every week. At the same time, in order to improve the health awareness of all the staff, the Bank has carried out diabetes screening health care activities and pre-disease care activities in 2021.

DRC Bank has continued to promote the construction of “Employees’ Home” in order to enrich employees’ cultural life in their spare time, promote work-life balance of employees, increase employees’ happiness, enhance employees’ communication, and build morale. Through a series of activities like interest groups and badminton matches, the Bank tries to enrich employees’ leisure life.



Case Conducting the training of first-aid skills

The Bank carried out the training of first-aid skills in order to improve employees’ first aid knowledge, enhance their self-protection awareness, enable them to understand basic emergency first-aid skills and calmly respond to unexpected safety incidents. As of the end of December 2021, about 3,261 employees of the Bank have obtained first aid certificates, which not only improve employees’ awareness of self-protection, but also make corresponding contributions to the public welfare activities of the Red Cross.

In 2021, the Bank further improved the long-term assistance mechanism for employees in difficulty, helping employees in difficulty solve their actual difficulties and problems in a timely manner. The Bank organized visits and caring work for employees in difficulty.

DRC Bank attaches great importance to the protection of the rights and interests of female employees. In order to further protect the relevant rights and interests of female employees, the Bank has established a female employee committee and built baby care rooms to provide safe, convenient and comfortable environment for breastfeeding female employees.

Diversified employee activities



Spring Festival “Sending Blessings”



Women’s Day Walking Activities in Zhangmutou branch



Yoga Training Activities of Huizhou branch



Fenggang branch organized mountain climbing and hiking trips for employees



Shipai branch and Qishi branch held friendly basketball games



Wanjiang branch launched frisbee team building activities



08

Fulfill Social Responsibilities and Practice Public Service

-  Assist in pandemic prevention and control
-  Consolidate poverty alleviation
-  Support educational undertakings
-  Spread financial culture



Assist in pandemic prevention and control

In 2021, in the face of the situation of local and multiple outbreaks of COVID-19, the Bank actively implemented various arrangements of the Party Central Committee and the provincial and municipal governments, focused on pandemic prevention and control, and placed the support for resumption of work and production of enterprises in more prominent position. The Bank was the first in the industry in Dongguan to launch the reservation private service, and immediately launched a series of policy measures such as "Nine Measures for Financial Support to Fight the Pandemic" and "Sixteen Measures to Support Resumption of Work and Production". The Bank has also offered innovative financial products such as "SMEs Relief Package", "Work Resumption Loan", "Production Resumption Loan" and "Industry Supportive Loan". Through the "1+3+N" grid-based financial service model, the Bank focused on increasing the support for difficulties easing for SMEs in the manufacturing industry and industrial chain, fully demonstrating the responsibility of financial institutions.

We made solid efforts in the prevention and control of the pandemic, and took it as an important measure to further promote the practicing of "I do practical things for the people". The Bank quickly issued a proposal letter and mobilized party members, cadres and youth league members to form a "little blue vest" pandemic prevention vanguard with a total of more than 1000 people to assist in the front line of anti-pandemic action in Dongguan. They made an overall investigation into the actual needs of front-line pandemic prevention in towns, villages and communities, and assisted in voluntary services, such as maintaining order at the spot of nucleic acid testing, information entry, guidance and material delivery. At the same time, the Bank actively donated surgical masks, protective clothing, disinfectant, hand sanitizers, tents, and other pandemic prevention materials, and sent our salute and support to medical staff. Further promoting the activity of "I do practical things for the people", the Bank fully contributed to win the battle of pandemic prevention and control, and helped towns to beat the clock with "Dongguan acceleration".

Case Pandemic prevention vanguard assisted in the front line of anti-pandemic action

There was a new round of large-scale nucleic acid testing in June 2021 in Dalingshan Town of Dongguan. DRC Bank Dalingshan Branch actively responded to the call of "I do practical things for the people", quickly built up a pandemic prevention pioneer team which was divided into three groups and went to three locations in Dalingshan Town to help in the nucleic acid testing. On the same day, with no fear for the wind, rain, and heat, the pandemic prevention vanguard team of the Dalingshan Branch actively obey the unified command and arrangement of the local village group and maintained the order of nucleic acid screening work. They actively assisted local villagers and migrants to input nucleic acid screening information, and successfully helped elderly with disabilities and villagers with limited mobility in nucleic acid sampling. In addition, they also actively disseminated information on the COVID-19 prevention and control to the general public and patiently answered their questions.



Pandemic prevention vanguard assists in Daojiao Town - materials donation



Pandemic prevention vanguard assists in Daojiao Town - "little blue armor"

Consolidate poverty alleviation

In order to respond to the call of the national rural revitalization strategy and fulfill the requirements of the Party Committee and the government to promote rural revitalization, the Bank has actively implemented poverty alleviation and assistance work. As of the end of 2021, the total amount of relief aid provided by the Bank reached RMB 7,426,200. In 2021, the Bank donated RMB 1 million in the "Guangdong Poverty Alleviation Day and Dongguan Charity Day" charity fundraising event to support the construction of typical demonstration village. The Bank actively participated in the rural revitalization work, consolidated the achievements of poverty alleviation, promoted the effective linkage between the achievements of poverty alleviation and rural revitalization, and promoted the construction of "Bay Area City, Quality Dongguan".

In addition, in December 2021, the Bank launched mobile banking "consumption assistance" and other consumption scenarios, providing the mobile banking customers with purchasing of the selected agricultural poverty alleviation products, so as to broaden the sales channels of poverty alleviation products, and practice inclusive finance.

Support educational undertakings

DRC Bank continued to promote education support and actively carried out various public welfare and charity activities in the field of education. The Bank initiated the set up of the first educational public welfare foundation in financial industry in Dongguan in 2019, and supported educational undertakings through the foundation, such as supporting school infrastructure, subsidizing students in need of financial aid, donating school supplies, and continuously promoted the development of education public welfare in relevant regions.

Case Donating schoolbags to primary school students in Songtao County, Guizhou Province

In November 2021, Dongguan Rural Commercial Bank Education Public Welfare Foundation arranged 1,000 schoolbags to be delivered to Songtao County, Guizhou Province through logistics. The beneficiaries include Luoman Elementary School in Zhaying Town, Mijiang Elementary School in Dalu Town and Ganchuan Elementary School in Dapingchang Town, Songtao County. In order to help with alleviation of the main livelihood problems of limited educational resources in the county, the foundation actively responded to the call of the state, extended a helping hand to care for children in unprivileged mountainous areas, donated schoolbags to them, and helped the revitalization of rural education.



Spread financial culture

The Dongguan Numismatic Museum is a dedicated financial museum that promotes currency culture and popularizes financial knowledge. Invested and founded by DRC Bank in 2002, the museum opened in 2012. At present, the museum has a total construction area of 3,000 square meters, and an exhibition area of 2,400 square meters. The museum has about 12,000 pieces (sets) of collections, and more than 3,000 pieces (sets) of coins and historical collections from banks. Since its establishment, the Dongguan Numismatic Museum has been open to the public for free. It is a patriotism education base and a social science popularization base in Dongguan.



"Red Finance, Eventful Years" special exhibition at the Dongguan Numismatic Museum



Appendices

Social Performance

Employment

Indicator	Unit	2021	2020	2019
Total number of employees	Persons	7962	8049	7964
By gender of employees				
Number of male employees	Persons	4732	4773	4729
Number of female employees	Persons	3230	3276	3235
Ratio of male employees	%	59.43	59.30	59.38
Ratio of female employees	%	40.57	40.70	40.62
By employment type				
Number of part-time employees	Persons	0	0	0
Number of full-time employees	Persons	7962	8049	7964
Ratio of part-time employees	%	0.00	0.00	0.00
Ratio of full-time employees	%	100.00	100.00	100.00
By employment age				
Number of employees under the age of 30	Persons	1668	1927	2203
Number of employees aged 30-50	Persons	5491	5352	5090
Number of employees over 50 years old	Persons	803	770	671
Ratio of employees under the age of 30	%	20.95	23.94	27.66
Ratio of employees aged 30-50	%	68.97	66.49	63.91
Ratio of employees over 50 years old	%	10.09	9.57	8.43
By employment region				
Number of employees in Dongguan where the Head Office is located	Persons	5624	5629	5507
Number of employees outside Dongguan, but in other regions in Guangdong province	Persons	2274	2350	2386

Indicator	Unit	2021	2020	2019
Number of employees outside Guangdong province	Persons	64	70	71
Ratio of employees in Dongguan where the Head Office is located	%	70.64	69.93	69.15
Proportion of employees outside Dongguan, but in other regions in Guangdong province	%	28.56	29.20	29.96
Proportion of employees from outside Guangdong province	%	0.80	0.87	0.89
Employee turnover rate by gender				
Male employee turnover rate	%	1.73	1.52	1.82
Female employee turnover rate	%	2.24	1.75	2.32
By age				
Turnover of employees under the age of 30 compared to the previous year	Persons	71	60	87
Turnover of employees aged 30-50 compared to the previous year	Persons	79	65	73
Turnover of employees aged over 50 compared to the previous year	Persons	5	4	1
Turnover rate of employees under the age of 30	%	3.95	2.91	3.95
Turnover rate of employees aged 30-50	%	1.46	1.24	1.43
Turnover rate of employees over 50	%	0.64	0.56	0.15
By geographical region				
Turnover rate of employees in Dongguan where the Head Office is located	%	1.42	1.22	2.22
Turnover rate of employees in other parts of Guangdong province	%	2.98	2.41	1.42
Turnover rate of employees outside of Guangdong province	%	8.96	5.67	7.04
Employee Health and Safety				
Number of work-related fatalities	Persons	0	0	0
Ratio of work-related fatalities	%	0	0	0
Days lost due to work-related injuries	Days	376	357	197

Note:

1. The scope of employment indicator statistics is the Group.
2. Male employee turnover rate in 2021 is calculated as the turnover of male employee in 2021 divided by the average of the number of male employee in 2020 and the number of male employee in 2021.
3. Female employee turnover rate in 2021 is calculated as the turnover of female employee in 2021 divided by the average of the number of female employee in 2020 and the number of female employee in 2021.

Training and Development

Indicator	Unit	2021	2020	2019
Average training hours for all employees	Hours	91.85	93.64	67.98
By employment type				
Average training hours for senior management	Hours	72.24	80.96	52.11
Average training hours for middle management	Hours	81.48	68.11	47.65
Average training hours for junior staff	Hours	92.16	93.59	66.31
By gender				
Average training hours for male employees	Hours	85.79	91.28	63.93
Average training hours for female employees	Hours	95.29	97.24	68.66

Note:

1. The scope of employment indicator statistics is the Parent company.

Labor Standards

Indicator	Unit	2021	2020	2019
Confirmed incident of discrimination	Cases	0	0	0
Confirmed forced labor incidents	Cases	0	0	0
Confirmed incidents of child labor	Cases	0	0	0
Confirmed incident of discrimination	Cases	0	0	0
Confirmed forced labor incidents	Cases	0	0	0

Note:

1. The scope of employment indicator statistics is the Group.

Environmental Performance

Indicator	Unit	2021	2020
Direct Greenhouse Gas Emissions and Resource Consumption			
Own transportation			
Gasoline consumption of official vehicles	L	23,777	34,900
Diesel consumption of official vehicles	L	7,660.8	-
Water usage			
Office water consumption	tons	232,078	261,900
Office water consumption per capita	tons/person	36.84	No data is available
Direct greenhouse gas emissions	tons of carbon dioxide (in 10,000)	0.007	0.007
Direct greenhouse gas emissions per capita	tons of carbon dioxide/person	0.01	0.01
Indirect greenhouse gas emissions and resource consumption			
Outsourced electricity	kWh	48,922,741	32,145,410
Office paper consumption	10000 pcs	149	142.36
Office paper consumption per capita	pcs/person	237	258
Indirect greenhouse gas emissions	tons of carbon dioxide (in 10,000)	2.86	2.59
Indirect greenhouse gas emissions per capita	tons of carbon dioxide/person	4.53	4.38
Total greenhouse gas emissions	tons of carbon dioxide (in 10,000)	2.87	2.60
Greenhouse gas emissions per capita	tons of carbon dioxide / person	4.54	4.39

Notes*: (indicator definition and reference calculation method)

- The scope of greenhouse gas emissions statistics from business activities in 2021 is the Head office and branches within its jurisdiction.
- Gasoline/diesel consumption: the total amount of gasoline/diesel consumed by the Bank's vehicles during the reporting period.
- Scope 1 (direct greenhouse gas emissions) includes the consumption of oil and gas resources of transportation vehicles owned by the Head Office and branches within its jurisdiction.
- Scope 2 (indirect greenhouse gas emissions) includes power consumption for office activities of the Head Office and its branches.
- The calculation of per capita emissions is based on the statistical scope corresponding to the total emissions, that is, the headquarter building and branches within the jurisdiction.
- The Bank is listed on the Hong Kong Stock Exchange in September 2021, thus no relevant data for Office water consumption per capita in 2020 was collected.

HKEX Environmental, Social and Governance Reporting Guide KPIs

Subject Areas, Aspects, General Disclosures and KPIs	Description	Location in the Report
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) 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.	Promote low-carbon operation
KPI A1.1	The types of emissions and respective emissions data.	Environmental Performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The Group is mainly conducted in banking business, and does not produce a lot of waste; and the waste produced by the headquarter building and branches are recycled by the third party, thus no data is available and this indicator is not included in the reporting scope
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The Group is mainly conducted in banking business, and does not produce a lot of waste; and the waste produced by the headquarter building and branches are recycled by the third party, thus no data is available and this indicator is not included in the reporting scope
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Promote low-carbon operation
KPI 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.	The Group is mainly conducted in banking business and does not produce a lot of waste, thus this indicator is not included in the reporting scope
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Promote low-carbon operation
KPI 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).	Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Performance
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Promote low-carbon operation
KPI 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.	Promote low-carbon operation; The Group does not have any issue in sourcing water and thus this indicator is not included in the reporting scope
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The main business of the Group, a financial service institution, does not involve massive packaging material, thus this indicator is not included in the reporting scope

Subject Areas, Aspects, General Disclosures and KPIs	Description	Location in the Report
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Promote low-carbon operation
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Promote low-carbon operation
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Address climate risks
KPI 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.	Address climate risks
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) 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.	Introduce high-quality talents, Smooth promotion paths
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Social Performance
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social Performance
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) 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.	Care for employees
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social Performance
KPI B2.2	Lost days due to work injury.	Social Performance

Subject Areas, Aspects, General Disclosures and KPIs	Description	Location in the Report
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Care for employees
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and training of talents
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social Performance
KPI B3.2	The average training hours completed per employee by gender and employee category.	Social Performance
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Introduce high-quality talents
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Introduce high-quality talents
KPI B4.2	Description of steps taken to eliminate such practices when	Introduce high-quality talents
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Promote transparent procurement
KPI B5.1	Number of suppliers by geographical region.	Promote transparent procurement
KPI 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.	Promote transparent procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Promote transparent procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Promote transparent procurement
Aspect B6: Product Responsibility		

Subject Areas, Aspects, General Disclosures and KPIs	Description	Location in the Report
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Protect the rights and interests of customers
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group does not provide physical products, thus this indicator is not included in the reporting scope
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Managing customer complaints
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	The Group does not provide physical products, thus this indicator is not included in the reporting scope
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Protection of customer information
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption, Anti-Money Laundering
KPI 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.	Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
Community		
Aspect B8: Community Investment		
General Disclosure	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.	Fulfill Social Responsibilities and Practice Public Service
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Support educational undertakings
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Fulfill Social Responsibilities and Practice Public Service

Global Reporting Initiative GRI Standards

	Description	Chapter
Organizational profile		
G102-1	Name of organization	About Us
G102-2	Activities, brands, products, and services	About Us
G102-3	Location of headquarters	About Us
G102-4	Location of operations	About Us
G102-5	Ownership and legal form	About Us
G102-6	Markets served	About Us
G102-7	Scale of the organization	About Us
G102-8	Information on employees and other workers	Social Performance
G102-9	Supply chain	Promote Transparent Procurement
G102-10	Significant changes to the organization and its supply chain	Promote Transparent Procurement
G102-11	Precautionary Principle or approach	Comprehensive Risk Management
G102-12	External initiatives	About This Report
G102-13	Membership of association	About Us
Strategy		
G102-14	Statement from senior decision-maker	Refer to 2021 Annual Report
G102-15	Key impacts, risks, and opportunities	Annual Dominance Analysis. Refer to 2021 Annual Report
Ethics and integrity		
G102-16	Values, principles, standards, and norms of behavior	ESG Philosophy
G102-17	Mechanisms for advice and concerns about ethics	ESG Philosophy

	Description	Chapter
Governance		
G102-18	Governance structure	Strengthen Compliance and Internal Control
G102-19	Delegating authority	Strengthen Compliance and Internal Control
G102-20	Executive-level responsibility for economic, environmental, and social topics	ESG Philosophy
G102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholders communication
G102-22	Composition of the highest governance body and its committees	Strengthen Compliance and Internal Control. Refer to 2021 Annual Report
G102-23	Chair of the highest governance body	Strengthen Compliance and Internal Control. Refer to 2021 Annual Report
G102-24	Nominating and selecting the highest governance body	Strengthen Compliance and Internal Control. Refer to 2021 Annual Report
G102-25	Conflicts of interest	Refer to 2021 Annual Report
G102-26	Role of highest governance body in setting purpose, values, and strategy	ESG Philosophy
G102-27	Collective knowledge of highest governance body	ESG Philosophy
G102-28	Evaluating the highest governance body's performance	Refer to 2021 Annual Report
G102-29	Identifying and managing economic, environmental, and social impacts	ESG management system
G102-30	Effectiveness of risk management processes	Comprehensive Risk Management
G102-31	Review of economic, environmental, and social topics	Annual Dominance Analysis
G102-32	Highest governance body's role in sustainability reporting	ESG Philosophy
G102-33	Communicating critical concerns	Stakeholders Communication
G102-34	Nature and total number of critical concerns	Annual Dominance Analysis
G102-35	Remuneration policies	Introduce high-quality talents. Refer to 2021 Annual Report
G102-36	Process for determining remuneration	Introduce high-quality talents. Refer to 2021 Annual Report
G102-37	Stakeholders' involvement in remuneration	Introduce high-quality talents. Refer to 2021 Annual Report
G102-38	Annual total remuneration ratio	Refer to 2021 Annual Report

	Description	Chapter
G102-39	Percentage increase in annual total remuneration ratio	Refer to 2021 Annual Report
Stakeholder engagement		
G102-40	List of stakeholder groups	Stakeholders Communication
G102-42	Identifying and selecting stakeholders	Stakeholders Communication
G102-44	Key topics and concerns raised	Annual Dominance Analysis
Reporting practice		
G102-45	Entities included in the consolidated financial statements	Refer to 2021 Annual Report
G102-46	Defining report content and topic boundaries	About This Report
G102-47	List of material topics	Annual Dominance Analysis
G102-48	Restatements of information	About This Report
G102-49	Changes in reporting	About This Report
G102-50	Reporting period	About This Report
G102-52	Reporting cycle	About This Report
G102-53	Contact point for questions regarding the report	About This Report
G102-54	Claims of reporting in accordance with the GRI Standards	About This Report
G102-55	GRI content index	Global Report Initiative GRI Standards
Management approach		
G103-1	Explanation of the material topic and its boundary	Annual Dominance Analysis
G103-2	The management approach and its components	Improve Corporate Governance
G103-3	Evaluation of the management approach	Improve Corporate Governance
Economic performance		
G201-1	Direct economic value generated and distributed	About Us. Refer to 2021 Annual Report

	Description	Chapter
G201-2	Financial implications and other risks and opportunities due to climate change	Address climate risks
G201-3	Defined benefit plan obligations and other retirement plans	Care for Employees. Refer to 2021 Annual Report
Indirect economic impacts		
G203-1	Infrastructure investments and services supported	Adhere to Our Positioning and Serve the Economy and People's Livelihood
G203-2	Significant indirect economic impacts	Adhere to Our Positioning and Serve the Economy and People's Livelihood
Procurement practices		
G204-1	Procurement practices	Promote Transparent Procurement
Anti-corruption		
G205-1	Operations assessed for risks related to corruption	Anti-Corruption
G205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption
G205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption
Materials		
G301-1	Materials used by weight or volume	Environmental Performance
G301-2	Recycled input materials used	Promote low-carbon operation
Energy		
G302-1	Energy consumption within the organization	Environmental Performance
G302-2	Energy consumption outside of the organization	Environmental Performance
Emissions		
G305-1	Direct (Category I) GHG emissions	Environmental Performance
G305-2	Energy indirect (Category II) GHG emissions	Environmental Performance
G305-4	GHG emissions intensity	Environmental Performance
G305-5	Reduction of GHG emissions	Environmental Performance

	Description	Chapter
Supplier environmental assessment		
G308-1	New suppliers that were screened using environmental criteria	Promote Transparent Procurement
G308-2	Negative environmental impacts of the supply chain and actions taken	Promote Transparent Procurement
Employment		
G401-1	New employee hires and employee turnover	Social Performance
G401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	Care for Employees
Occupational health and safety		
G403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Social Performance
Training and education		
G404-1	Average hours of training per year per employee	Social Performance
G404-2	Programs for upgrading employee skills and transition assistance programs	Development and training of talents
Diversity and equal opportunity		
G405-1	Diversity of governance bodies and employees	Improve Corporate Governance. Introduce high-quality talents
Non-discrimination		
G406-1	Incidents of discrimination and corrective actions taken	Introduce high-quality talents
Local communities		
G413-1	Operations with local community engagement, impact assessments, and development programs	Adhere to Our Positioning and Serve the Economy and People's Livelihood
G413-2	Operations with significant actual and potential negative impacts on local communities	Put Customer First and Provide Quality Customer Service
Supplier social assessment		
G414-1	New suppliers that were screened using social criteria	Promote Transparent Procurement
G414-2	Negative social impacts of the supply chain and actions taken	Promote Transparent Procurement
Customer health and safety		
G416-1	Assessment of the health and safety impacts of product and service categories	Put Customer First and Provide Quality Customer Service

Readers' feedback form

Thank you for reading the *2021 Corporate Social Responsibility Report (Environmental, Social and Governance Report) of Dongguan Rural Commercial Bank Co., Ltd.*

In order to improve the Bank's social responsibility governance, we hope to obtain your valuable opinions and suggestions through questionnaires, and you can give feedback in the following ways.

Address: 2 Hongfu East Road, Dongcheng District, Dongguan City, Guangdong Province, the PRC

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Tel: (+86) 769-961122

1. Your overall evaluation of this report:

Not good Fair Good Very good

2. Do you think this report fully reflects the Bank's economic performance?

Yes General No

3. Do you think this report fully reflects the Bank's social performance?

Yes General No

4. Do you think this report fully reflects the Bank's environmental performance?

Yes General No

5. Do you think the information disclosed in this report is complete?

Yes General No

6. Do you think the content and format of this report are clear and easy to understand?

Yes General No

7. Your other comments and suggestions on improving the Bank's performance of social responsibilities and this report:

相伴 相信 相成长

