



鄭州銀行股份有限公司
BANK OF ZHENGZHOU CO.,LTD.

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

Stock Code:6196



2016

Environmental, Social and
Governance Report

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ABOUT THIS REPORT

This Environmental, Social and Governance Report (the “Report”) presents the achievements of Bank of Zhengzhou Co., Ltd.* (“Bank of Zhengzhou”, “Zhengzhou Bank”, “the Bank” or “we”) in social undertakings accomplished in 2016, and highlights our efforts made in sustainable development of economic, social and environmental areas, which helps our stakeholders to comprehensively understand the thoughts and practices of Bank of Zhengzhou in relation to corporate social responsibilities.

REPORTING PERIOD	January 1, 2016 to December 31, 2016, with some of the contents beyond this period.
REPORTING CYCLE	Annually
REPORTING SCOPE	This Report focuses on Bank of Zhengzhou Co., Ltd. as a main reporting entity, also covering its subsidiaries, branches, sub-branches and specific institutions, except otherwise specified.
BASIS OF PREPARATION	This Report is prepared according to the disclosure requirements of Appendix 27 《Environmental, Social and Governance Reporting Guide》 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and made reference to: the Sustainability Reporting Guidelines (G4.0) of the Global Reporting Initiative (GRI); Opinions on Strengthening the Social Responsibility of Banking Financial Institutions of the China Banking Regulatory Commission (“CBRC”); Guidelines on Environmental Information Disclosure of Listed Companies of the Shanghai Stock Exchange; and Guidelines on the Corporate Social Responsibility of Banking Institutions of China of the China Banking Association.
REPORTING DATA	Financial data in this Report is partly based on the 2016 financial statements prepared in accordance with the International Financial Reporting Standards and independently audited by KPMG. In case of any discrepancy in figures in this Report and the 2016 Annual Report of the Bank, the 2016 Annual Report of the Bank shall prevail. Other data is sourced from statistical data of the Bank’s internal systems and its branches. Cases cited are real cases in the Bank’s operations. Unless otherwise stated, Renminbi (“RMB”) is the functional currency throughout the Report.
REPORT ASSURANCE	The board of directors of the Bank (the “Board of Directors” or “Board”) and all directors of the Bank (the “Directors”) undertake that the information in this Report contains no false record, misleading statement or material omission, and assume individual and joint and several liabilities to the authenticity, accuracy and completeness of the information in this Report. KPMG Huazhen LLP was appointed to perform independent limited assurance on this Report in accordance with the International Standards on Assurance Engagements (ISAE) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information and issued an assurance report.
ISSUANCE FORM	This Report is issued in the form of printed and electronic versions. The electronic version may be accessed and downloaded from the following websites: http://www.zzbank.cn and http://www.hkexnews.hk This Report is available in Chinese and English. If there is any conflict between the Chinese and English versions, the Chinese version will prevail.
PREPARER OF THE REPORT	The office of the Board of Directors of Bank of Zhengzhou This Report was approved by the Board on July 21, 2017.
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* The Bank is not an authorised institution within the meaning of the Banking Ordinance (Chapter 155 of the laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on relevant banking/deposit-taking business in Hong Kong.

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CHAIRMAN'S STATEMENT

Bank of Zhengzhou commenced a new round of development plan in 2016, in which we gained excellent results in operations and achieved a great leap forward in our business development. Against the backdrop of the complicated economic climate and the intense market competition, we forged ahead towards our three major business positions – “financial services for commercial sector, financial services for small and micro enterprises and financial services for citizens (商貿金融、小微金融、市民金融)”. We also proactively responded to the economic movement and seized the development opportunities and persistently performed our social responsibilities. We have started a new chapter for the harmonious development of economy, environment and society.

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Take on More Responsibilities, Persist in Legally Compliant Operation. In 2016, our social responsibility management system was improved and we brought the concept of taking on social responsibilities into practice. Better internal control and construction of a comprehensive risks management system enabled us to further control the risks. Moreover, we listened to our stakeholders for their expectations and demands. We also disclosed information in compliant with rules and regulations in order to increase investors' satisfaction.

Focus on Real Economy, Support Local Development. In 2016, we followed closely on the state policy to serve the core areas of real economy, scientifically optimised the credit structure and strongly supported the development of Central Plains Economic Region. We developed ourselves as a "financing expert for small and medium enterprises", which provides diversified solutions to the problems of "difficult and costly finance" suffered by small and micro enterprises. In addition, we promoted the development of inclusive finance in rural areas to improve the financial services and well-beings for the local people.

Upgrade Financial Services, Improve Customer Experience. In 2016, we upheld the service philosophy of customer first and prioritised service upgrade for our transformation. We optimised the service process, innovated financial products and expanded service channels, serving customers with convenience and efficiency. We also played a proactive role in the social responsibility of educating the public by popularizing financial knowledge, enabling consumers to protect their rights and interests.

Develop Green Financial Services, Practice Green Banking. In 2016, we furthered the construction of a green credit system in an organised manner and exerted stringent control on the access to credits while providing more credit support to the energy saving and environmental protection areas. We built a green financial platform with diversified electronic channels, so as to increase the usage of electronic banking. Furthermore, the ideas of saving energy, reducing emission and protecting the environment were widely spread within the Bank, and these helped us to perform our undertaking to be a green bank.

Devote to Charitable Activities, Repay the Society with Sincerity. Taking financial precision poverty alleviation as one of our significant social responsibilities, in 2016, we provided more credit resources to the poverty areas in order to effect our poverty alleviation projects and improve the living standards of the vulnerable groups. We were also active in charitable activities, customer benefits and community development to show our gratitude to the society.

In 2017, Bank of Zhengzhou will continue to move towards our goals by upholding Bank of Zhengzhou's spirit of "Face and overcome difficulties and challenges. Strive for excellence". We will continue to establish new directions, think creatively and realise new accomplishments. Meanwhile, we will further communicate with the stakeholders so as to thoroughly create a new prospect where the social responsibilities and the growth of Bank of Zhengzhou coexist.

WANG Tianyu
Chairman

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PRESIDENT'S STATEMENT

In 2016, Bank of Zhengzhou dedicated to making contributions and creating more values to the shareholders and the society. Meanwhile, we were fully supporting the real economy, actively serving the state strategies, and repaying the society with good faith, which made us an accountable and responsible bank.

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Take on More Responsibilities to Serve Local Economy. Over the past year, we took actions and measures for the purpose of effectively “sharing prosperity and challenges with the local economy”. With a view to devoting to serve local real economy, we aligned our development with that of the Central Plains Economic Region by capturing opportunities arising from the rapid economic development in the region, further developing local economy, providing financial supports to various projects including shanty town reconstruction, new urbanisation and infrastructure construction. We are on the same side with the local economy and the social development and we will go through all storms and challenges together.

Develop Green Finance to Fuel Low-carbon Economy. Over the past year, we were committed to balancing the economic development and environmental protection. We were active in practicing the green finance concepts and promoting investment of financial resources in the ecology-friendly industry so as to contribute to a cleaner, fresher and better environment. Our loans for over-productive industries were lowered to RMB34.63 million for the year.

Perform Social Responsibilities to Repay the Society with Sincerity. Over the past year, we were enthusiastic about charitable activities and helping people in need. We donated approximately RMB3.62 million to, among others, Zhengzhou Charity Federation, Henan Youth Concern Foundation and Puyang Education Development Foundation, and sponsored various university students who were in financial need. Under the permitted scope of relevant policies, we lowered or exempted the housing mortgage registration fee, security value assessment fee and other costs for our existing customers. Moreover, we strongly supported the precision poverty alleviation by various ways such as introducing photovoltaic power generation to family homes, cooperating with agricultural guarantee companies and granting loans to the unemployed for their re-employment.

The 19th National Congress of the Communist Party of China will be held in 2017, which will be another milestone to the well-off society. Bank of Zhengzhou will keep accomplishing its missions and will be accountable to its shareholders, customers and employees, as well as the society. We will integrate the social responsibilities to our growth and return the society with outstanding results of operation and excellent services.

SHEN Xueqing
President

1

ENHANCING COMPREHENSIVE STRENGTHS AND BUILDING UP CHARACTERISTIC BANK OF ZHENGZHOU

- 1.1 COMPANY PROFILE
- 1.2 HONORS AND AWARDS
- 1.3 KEY PERFORMANCE INDICATORS



I. ENHANCING COMPREHENSIVE STRENGTHS AND BUILDING UP CHARACTERISTIC BANK OF ZHENGZHOU

1.1 COMPANY PROFILE

Bank of Zhengzhou was founded in November 1996. It was renamed as Zhengzhou Commercial Bank in February 2000, and Bank of Zhengzhou in December 2009. The Bank was listed on the main board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in December 2015, which was the first listed city commercial bank in Henan Province and the tenth in China.

Since its foundation, under its market positioning strategy of "commerce and logistics bank, financing expert for small and medium enterprises and boutique bank for citizens", the Bank of Zhengzhou has been focusing on the area of small and micro enterprises, serving the real economy and adhering to the development path with uniqueness and differentiation with the value proposition of "Being a good financial service partner of Small And Middle Enterprise ("SME")" and the brand idea of "serve with heart". In recent years, each of its business line achieved consistent historic breakthroughs and continuous enhancements of its competitive edge and comprehensive strengths. As present, the Bank has established Henan Jiuding Financial Leasing Co., Ltd. (河南九鼎金融租賃股份有限公司) and 4 county banks at Zhongmu, Xinmi, Yanling, Fugou and acquired Xinzheng Jingu County Bank (新鄭金穀村鎮銀行), and its comprehensive business operation has proceeded steadily.

As at the end of 2016, the Bank had 3,773 contracted employees and 142 branches in which 10 were located inside Henan Province. With its assets scale amounted to RMB366.1 billion, total deposits amounted to RMB216.4 billion, total loan amounted to RMB111.1 billion and its capital adequacy ratio of 11.76%, non-performing loan rate of 1.31% and allowance to non-performing loans of 237.38%, all major financial indicators of the Bank have met the regulatory requirements.

The Bank's operating and management ability continues to improve, receiving wide recognition from various sectors of the community. In the list of "Top 1000 World Banks 2015", the Bank ranked the 337th and 327th on Tier-1 capital and assets scale respectively, representing 102 and 49 places up year-on-year. In the Rank of Competitiveness of 2016 PRC Commercial Banks published by the Chinese magazine The Banker, the Bank ranked "No. 2 Among All City Commercial Banks With Assets RMB200-300 Billion in 2015 On Competitiveness". According to the "Top 40 Value-Creating Banks in China" issued by McKinsey, the Risk Adjusted Return on Capital ("RAROC") of the Bank in 2015 ranked third among the domestic banks. With its outstanding results and market performance, the Bank was awarded as the "Best Investment Value Award for Listed Companies" in the "China Securities Golden Bauhinia Awards" co-organised by Ta Kung Pao and several renowned institutions in Hong Kong and mainland China.



1.2 HONORS AND AWARDS

2016 Honors of Bank of Zhengzhou

Awarding Agencies	Name of Awards	Time being awarded
The Chinese magazine, The Banker, CCTV, Institute of Finance and Banking under Chinese Academy of Social Sciences, Internet Economics Research Institute of Central University of Finance and Economics	Best Financial Innovation Award, "Top Ten Internet Financial Innovation Award" (最佳金融創新獎·十佳互聯網金融創新獎)	May 2016
Research Society of Ideological and Political Work of China Financial Institutions	Best Photography in the 9th Internal Publications of National City Commercial Banks (第九屆全國城市商業銀行內部刊物交流會最佳攝影獎)	November 2016
	Best Art Editor in the 9th Internal Publications of National City Commercial Banks (第九屆全國城市商業銀行內部刊物交流會最佳美編獎)	November 2016
Finance.sina.com, China Center for Financial Research of Tsinghua University School of Economics and Management, Center for Internet Development and Governance of Tsinghua University School of Economics and Management, and Internet Finance Institute	Chinese Financial Brand Bauhinia Award – Innovative Online Financial Product (中國金融品牌紫荊花獎-創新網路金融產品)	November 2016
Hong Kong Ta Kung Wen Wei Media Group (香港大公文匯傳媒集團) joined together with major management institutes and securities institutes in Hong Kong and the PRC, and famous economists	"Best Investment Value Award for Listed Companies" in the "China Securities Golden Bauhinia Awards" (中國證券「金紫荊」獎-最具投資價值上市公司獎)	December 2016
Research Society of Ideological and Political Work of China Financial Institutions	2015-2016 Advanced Organisation in Corporate Culture Construction in China's Financial System (2015-2016 年全國金融系統企業文化建設先進單位)	December 2016
China Internet Weekly of Chinese Academy of Sciences, Institute of Information Studies under Chinese Academy of Social Sciences	2016 Best Mobile Bank Innovation Award (2016年度最佳手機銀行創新獎)	December 2016

I. ENHANCING COMPREHENSIVE STRENGTHS AND BUILDING UP CHARACTERISTIC BANK OF ZHENGZHOU

Awarding Agencies	Name of Awards	Time being awarded
China Banking Association	"Outstanding News Organisation Award" of 2016 China Banking Association Good News Award (2016年中國銀行業好新聞優秀新聞群組織獎)	December 2016
China Internet Weekly of Chinese Academy of Sciences, Institute of Information Studies under Chinese Academy of Social Sciences	Best Innovation Award of 2016 China Direct Banks (2016中國直銷銀行最佳創新獎)	December 2016
China Financial Certification Authority	2016 Best Internet Financial Business Innovation Award of Regional Commercial Bank (China E-Banking Award) (2016區域性商業銀行最佳互聯網金融業務創新獎(中國電子銀行金榜獎))	December 2016
China Online Bank Promotion Association	Excellent Mobile Bank of 7th Golden Tripod Award (鄭州銀行第七屆金鼎獎卓越手機銀行)	December 2016

1.3 KEY PERFORMANCE INDICATORS

Table of Key Performance Indicators

Type of Indicator	Name of Indicator	Unit	2016
Economic Indicators	Operating income	RMB100 million	99.81
	Net profit	RMB100 million	40.45
	Basic earnings per share	RMB	0.75
	Total assets	RMB100 million	3,661.48
	Total deposits	RMB100 million	2,163.90
	Total loans	RMB100 million	1,110.92
	Dividends to shareholders	RMB100 million	11.71
	Return on average total assets	%	1.28
	Return on equity	%	20.46
	Non-performing loan ratio	%	1.31
	Provision coverage ratio	%	237.38
	Capital adequacy ratio	%	11.76

Type of Indicator	Name of Indicator	Unit	2016
Social Indicators	Total paid taxes	RMB100 million	22.02
	Charity donation	RMB10,000	362
	Balance of loans to small enterprises	RMB100 million	590.24
	Balance of agricultural-related loans	RMB100 million	276.73
	Social contribution per share*	RMB	2.66
	Customer satisfaction rate	%	92.50
	Customers' complaints solution satisfaction rate	%	100
	Total headcount	Person	3,773
	Percentage of female employees	%	55.42
	Number of employees joining volunteering activities	Person	37
Environmental Indicators	Balance of green credit	RMB100 million	6.43
	Balance of loans to high-pollution, high-energy-consumption or overcapacity industries	RMB100 million	31.1
	E-banking replacement ratio	%	89
	Video conference	Times	38
	Head office power consumption	10,000 kWhs	859.02
	Head office water consumption	Ton	90,633
	Head office natural gas consumption	cubic metres	30,803.00
	Head office paper consumption	Ten thousand sheets	241.50

* Social contribution per share = (tax paid for the year + salaries paid to employees + interest for loans paid to creditors + external donations - other social cost due to pollutions) ÷ total number of shares + earnings per share.

2

CARRYING PHILOSOPHY OF RESPONSIBILITY, STRENGTHENING MANAGEMENT OF RESPONSIBILITY

- 2.1 SOCIAL RESPONSIBILITY
- 2.2 RESPONSIBILITY MANAGEMENT SYSTEM
- 2.3 PARTICIPATION OF STAKEHOLDERS
- 2.4 ANALYSIS OF MATERIAL ISSUES



II. CARRYING PHILOSOPHY OF RESPONSIBILITY, STRENGTHENING MANAGEMENT OF RESPONSIBILITY



2.1 SOCIAL RESPONSIBILITY

Vision: Build first-class competitive products and create excellence for hundreds of years

Mission: Support Central China; root in financing; improve people's livelihood; and achieve harmony and common prosperity.

Core Value: Standardized operations; Innovation development; and Adhere to integrity.

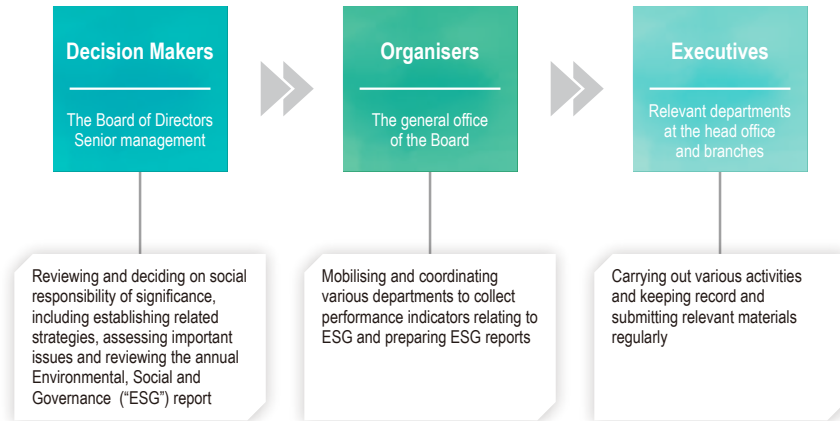
Enterprise Spirit: Face and overcome the difficulties and challenges. Strive for excellence.

Market Position: Financial services for commercial sector, for small and micro enterprises and for citizens

2.2 RESPONSIBILITY MANAGEMENT SYSTEM

Responsibility Management System

To ensure the social responsibilities to be carried out orderly, the Bank has established a social responsibility management system. Under which, all departments of the Bank perform their duties properly through coordination and collaboration, to implement related activities in daily operation and to fulfill social responsibility in practice.



2.3 PARTICIPATION OF STAKEHOLDERS

Participation of Stakeholders

The Bank values the communication to stakeholders and has built various communication channels and ensured maintaining regular communication with the stakeholders, listening fully to the feedback from the stakeholders and forging a positive interaction with the stakeholders.

Stakeholders	Expectations and requirements	Means of communication	Responses and measures
Government	<ul style="list-style-type: none"> Support the national development strategy Serve the real economy Develop inclusive finance 	<ul style="list-style-type: none"> Documents and guidelines on policies Specific topic reports Information distribution Working meetings 	<ul style="list-style-type: none"> Support the construction of Central Plains Economic Region Serve small- and micro-sized enterprises and the "three rural sectors" Help enterprises "go out"
Regulators	<ul style="list-style-type: none"> Comply with regulatory requirements Maintain financial stability Forge the development of the industry 	<ul style="list-style-type: none"> Regulatory policies Inspection, research and visits Work reporting 	<ul style="list-style-type: none"> Strengthen internal control Improve the overall risk management system

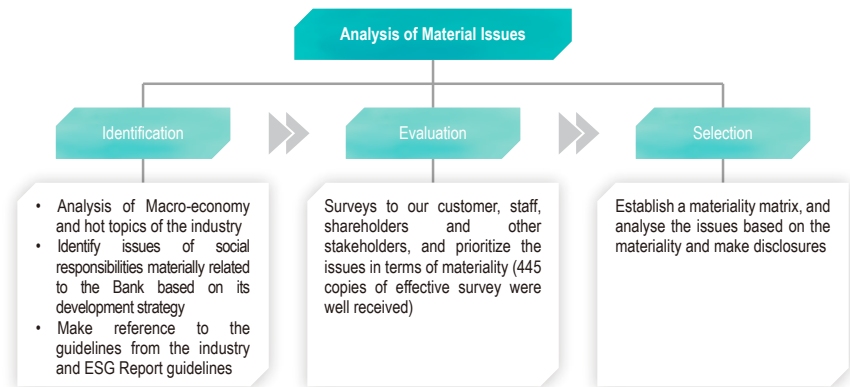
II. CARRYING PHILOSOPHY OF RESPONSIBILITY, STRENGTHENING MANAGEMENT OF RESPONSIBILITY

Stakeholders	Expectations and requirements	Means of communication	Responses and measures
Shareholders	<ul style="list-style-type: none"> Maintain a healthy operation enhance the overall abilities Improve investment return 	<ul style="list-style-type: none"> General meetings Information disclosure Performance roadshows 	<ul style="list-style-type: none"> Improve the corporate governance structure Implement development strategy Enhance the profitability Strengthen the management of investor relationship
Customers	<ul style="list-style-type: none"> Improve service quality and efficiency Provide a richer selection of financial products Protect the rights and interests of consumers 	<ul style="list-style-type: none"> Marketing activities Customer hotline Surveys 	<ul style="list-style-type: none"> Improve operation workflow Innovate financial products Enhance the quality of services Strengthen compliance review
Employees	<ul style="list-style-type: none"> Improve employees' benefits Protect the rights and interests of employees Provide career development opportunities Enrich free-time activities 	<ul style="list-style-type: none"> Trade union General meetings of employee representatives Suggestion boxes On-job trainings 	<ul style="list-style-type: none"> Improve the compensation and welfare system Improve staff training Care for the staff Organise various recreational and sports activities
Vendors	<ul style="list-style-type: none"> Fair procurement Honesty and dignity Cooperation for win-win outcomes 	<ul style="list-style-type: none"> Negotiation Cooperation agreement Tendering and bidding 	<ul style="list-style-type: none"> Build a procurement management system Enhance business cooperation
Partners	<ul style="list-style-type: none"> Mutually beneficial cooperation Communication and exchanges of ideas 	<ul style="list-style-type: none"> Seminars Joint projects 	<ul style="list-style-type: none"> Visits Enhance business cooperation
Communities	<ul style="list-style-type: none"> Support the development of communities Care for disadvantaged groups 	<ul style="list-style-type: none"> Visits Community services activities 	<ul style="list-style-type: none"> Financial aid to students Financial knowledge education for the public Setting up community branches Volunteer activities
Environment	<ul style="list-style-type: none"> Low-carbon and environmentally friendly operations Sustainable development 	<ul style="list-style-type: none"> Energy conservation and emission reduction Green procurement Green Finance 	<ul style="list-style-type: none"> Implement green credit policy Green office Promote E-Banking

2.4 ANALYSIS OF MATERIAL ISSUES

Analysis of Material Issues

The Bank identifies social responsibility issues on the basis of the expectations and needs of various stakeholders, as well as the development strategy of the Bank. The Bank performs a materiality assessment of issues, analysing and comparing the materiality of different social responsibility issues on the sustainability development of the Bank and the stakeholders and thus selecting issues of materiality.



Materiality Analysis Matrix



3

SERVING REAL ECONOMY AND SUPPORTING LOCAL CONSTRUCTION

- 3.1 OFFERING STRONG SUPPORT TO CONSTRUCTION OF
CENTRAL PLAINS ECONOMIC REGION
- 3.2 SERVING SMALL AND MICRO ENTERPRISES
- 3.3 SUPPORTING DEVELOPMENT OF THE “THREE RURAL
SECTORS”



III. SERVING REAL ECONOMY AND SUPPORTING LOCAL CONSTRUCTION

3.1 OFFERING STRONG SUPPORT TO CONSTRUCTION OF CENTRAL PLAINS ECONOMIC REGION

Contribute to Central Plains Economic Region

As stated in the Approval of the State Council Concerning the 13th Five-Year Plan relating to Promoting Rejuvenation of Central China (《國務院關於促進中部地區崛起“十三五”規劃的批覆》), Zhengzhou will build itself as a national core city and will support Zhengzhou Airport Economy Zone (鄭州航空港經濟綜合實驗區) to grow into an international logistic centre featuring multimodal transportation and a modern industry base driven by aviation economy. As a city commercial bank based in Zhengzhou, the Bank is committed to its mission of “Support Central China” and aligns its growth with development of Henan Province. As at the end of 2016, the Bank offered RMB20.531 billion of loans to support economic region construction in Central Plains, representing an increase of RMB8.531 billion from the balance at the beginning of 2016. In addition, the Bank supported local economic development via interbank investment and gave priority to shanty town reconstruction, new urbanisation and infrastructure construction. 62 financing projects were recorded with balances totaling RMB24.145 billion, among which 19 projects worth RMB8.99 billion were conducted in 2016. The Bank had in-depth research on the application of factoring and refactoring in public sectors, exploring refactoring business model to better serve real economy and realising RMB11.9 billion of refactoring balance in 2016.

Devote to Key Economic Domains

With the commitment of serving real economy, realising the national strategies and its objective of promoting economic region development in Central Plains, the Bank focuses on areas related to consumption and cultural education under the guidance of McKinsey's theory of nine-box industry attractiveness. While seizing opportunities brought by the Belt and Road Initiative and the progress of new urbanisation and infrastructure construction fueled by four major state-level strategies announced by Henan Province, the Bank helps enterprises engaged in high-end equipment manufacturing, biomedicine and modern logistics to grow, and makes green credit as its development priority and structural adjustment direction.

Case Study:

The principal business of a telecommunications company with limited liability is provision of mobile phone assembling services for ZTE, Coolpad, Qiku, Unicom and other brands. In 2016, the company commenced the production of its own brand products, accounting for around 10% of its total capacity. The company currently has 14 production lines, including ten assembly lines and four packaging lines. Its annual design capacity is assumed to be 10 million handsets, and its actual production is expected to be at least 12 million handsets. The Bank has offered RMB25 million of loans to the company for its development.

Make Great Headway in International Businesses

In 2016, the Bank established agent banking relationship with 29 overseas institutions. As at the end of 2016, the Bank had 104 agent banks both at home and abroad. Through business interaction and retention of agent banking relationship, the Bank acquired USD1.02 billion of facilities from overseas banking institutions and offered equivalent RMB2 billion of credit to overseas banking institutions. Riding on its advantage in interbank cooperation and opportunities brought by construction of Zhengzhou International Hub and Zhengzhou Airport Economy Zone, the Bank vigorously promoted foreign currency deposit, international letter of credit and other businesses, satisfying international business demands from many clients within Henan Province and realising USD4 billion of international settlement business volume.

3.2 SERVING SMALL AND MICRO ENTERPRISES

Strengthen Credit Support

In accordance with requirements set out in the Notice of General Administration Department of China Banking Regulatory Commission on Promoting Financial Services for Micro and Small Enterprises in 2017 (《中國銀監會辦公廳關於做好2017年小微企業金融服務工作的通知》), the Bank maintains a stable position while making progress and follows the principles of controllable risk and going concern, and ensures steady growth in loans to small and micro enterprises and compliance with regulatory requirements of “Three Minimum Thresholds”. While striving for increasing micro-enterprise credit balance, expanding service coverage and improving service satisfaction, the Bank is stepping up transformation from comprehensive banking sub-branch to specialised retail banking sub-branch. The Bank sets up specialised sub-branches including small and micro enterprise sub-branches and community sub-branches, establishes small-sized enterprise service centres of branch level and small-sized enterprise service sub-centres within prefecture branches. Thus, a specialised organisational system for small and micro enterprise service has taken shape. As at the end of 2016, RMB59.024 billion of loans were made to small and micro enterprises. Such loans covered 19,675 small and micro enterprises. 12 small and micro enterprise sub-branches and seven community sub-branches were established. Also, small-sized enterprise service sub-centres were set up within ten prefecture branches.

Bring Forth New Business Model

Bring forth new financial products

Taking initiatives to expand financing channels for clients, the Bank offers clients accessible financing services via internet platforms, providing Small and Micro Enterprise POS Loan (小微商戶POS貸), Taxation-linked Loan (稅聯貸), Wei Le Fen (微樂分) to finance small and micro enterprises in a more effective way.

Bring forth new guarantee model

Targeted at the breeding model of “enterprise + farmer”, CRC Loans Secured by Accounts Receivable (中徵應收賬款質押貸款) have receivables of core enterprises held by creditor under the cooperative relationship as collateral, and then offer loans to such creditor to meet capital requirements for subsequent production. The People's Bank of China named such product as “Zhengzhou Model”;

Xiao E Bao (小額寶), the first service launched through collaboration between the Bank and third-party financial institution, is a customised credit product for small and micro enterprises and privately or individually-owned businesses. Neither collateral nor guarantee is needed and its approval procedure is simplified and cost is low, and it also enjoys other competitive advantages.

III. SERVING REAL ECONOMY AND SUPPORTING LOCAL CONSTRUCTION

Bring forth new approval model

The Bank launches Credit Workshop (信貸工廠), which features batch, standardised, professional and streamlined operations. "Pipelined" operations on small and micro enterprise services help improve approval efficiency. Professional data model helps accurately identify risks, realise in-time information sharing, eliminate information island, and conduct in-depth cross marketing electronically, which greatly improves work efficiency of credit personnel.

Bring forth "batch business operation"

The operation model integrates design of product solution, appointment of designated approver, coordination between reviewer and after-sales service personnel, formulation of access criteria and standardisation of approval conditions and establishment of green approval channel for customised product solution. Such a model can enable effective implementation of cooperative projects.

Launch Customised Product

Loans Guaranteed by Insurance (保證保險貸款), a new product jointly launched by the Bank, the municipal government and insurance companies, is tailored for innovation-driven, entrepreneurial and growing small and micro enterprises in high technology and new information technology sectors, which are deemed to have sound development in the future. Financing cost stands at a low level, with loan interest rate not more than 20% of the benchmark rate. The product requires no deposits or charges. It has flexible guarantee solution and green approval channel to improve approval efficiency. Such features help address issues including inadequate collateral or guarantee, or lack of collateral or guarantee, which often blocks technology enterprises from financing.

Case Study:

A green engineering corporation is a beneficiary of Loans Guaranteed by Insurance. In 2014, the Bank brought in a new business model, a cooperative mechanism for the government, banks and insurance companies, and offered RMB1.5 million of facility to the company via the new model of “banks + co-insurers”. With the financial support provided by the Bank, the company recorded outstanding performance, and has recently established strategic cooperative relationship with Pubang Landscape, Alliance of Sustainable City Design Master (世界生態城市設計大師聯盟) and Suzhou Science and Technology Bureau (蘇州科技局).



III. SERVING REAL ECONOMY AND SUPPORTING LOCAL CONSTRUCTION

Reduce Financing Costs

In strict implementation of relevant national policies, the Bank keeps reviewing charging items and standardises service charges on small and micro enterprises. In 2014, the Bank undertook to pay all property collateral registration fees. In 2015, the Bank advanced reform in charges on “collateral evaluation” (押品評估). For new secured credits related to small and micro enterprises, collateral evaluation charges are borne by the entrustor (which, in principle, is Bank of Zhengzhou). In case of home collateral, the Bank determines values of collaterals by negotiation with clients, rather than determining values via professional evaluation, which has substantially reduced financing costs for clients.

3.3 SUPPORTING DEVELOPMENT OF THE “THREE RURAL SECTORS”

Expand Coverage of Agriculture-related Financial Services

The significant principle the Bank follows in organisational construction is “to expand across the whole province and to penetrate into communities”. In Zhengzhou, the Bank established sub-branches in 6 counties, including Xingzheng, Gongyi, Xinmi, Dengfeng, Xingyang and Zhongmu. The Bank also set up one to two secondary sub-branches in the regions stated above. With branches and sub-branches covering all county areas, the Bank keeps penetrating into towns and village communities. In addition, the Bank takes a leading role in the establishment of four town and village banks in Zhongmu, Xinmi, Yanling and Fugou, and has acquired Xingzheng Jingu County Bank (新鄭金穀村鎮銀行), aiming to offer better financial services to township and rural residents. As at December 31, 2016, the Bank had 142 branches and sub-branches in operation, including 92 in Zhengzhou urban areas (including Shangjie and Zhengzhou Airport Economy Zone), 19 in county areas, ten prefecture branches, 11 urban sub-branches affiliated to branches, and ten county-level sub-branches affiliated to branches.

Enhance Innovation of Agriculture-related Financial Products

In order to realise rural economic development backed by the financial sector and to improve agriculture-related financial services, the Bank keeps cultivating agriculture-related financial products and streamlining service procedures for development of the “three rural sectors”. The Bank launched “Cooperation Win” (結伴贏), “Forest Rights Pledged Loans” (林權質押貸款) and “Producers-Traders-Banks Loan” (廠商銀貸款). The Bank also launched “Agricultural Loan” (農家樂) products, which consolidate supply chain information for core enterprises, upstream and downstream enterprises, insurance companies and financial institutions while relying on development information of core enterprises. By such activities, the Bank realises synergistic integration of real economy and financial sector, and becomes able to cater the financing demands of agriculture-related enterprises. As at the end of 2016, the Bank recorded RMB27.673 billion of agriculture-related loans.

Case Study:

CRC Loans Secured by Accounts Receivable (中微應收賬款質押貸款) is targeted at the breeding model of “enterprise + farmer”. A group consolidated over 6,000 farmers through its cultivation cooperative, and applied for cooperative facilities to the Bank. Accepting receivables of the group held by farmers under the cooperative as collateral, the Bank offered RMB400 million of cooperative facilities, granting loans to farmers to meet their capital requirements for subsequent production. Under the support of the Bank, the group has developed into a large modern livestock and poultry farming and processing enterprise primarily engaged in pig raising and terminal sales. It has 23 subsidiaries and two branches, and its sales reach more than 20 provinces and regions in China, including Hong Kong and Macau. As at the end of 2016, the Bank recorded RMB1.545 billion of balance, covering 51 cooperatives and serving 2,124 farmers. The People’s Bank of China named such product as “Zhengzhou Model”.



Enhance Agriculture-related Financial Service Capability

In response to the call of “supporting small and micro enterprises and agriculture-related entities” under the inclusive finance policy of China, the Bank stays focused on local economy and keeps improving agriculture-related financial services, so as to address “financing difficulty” and “high financing costs” in relation to development of the “three rural sectors” and to make contribution to rural economic development. On one hand, the Bank streamlined credit approval procedures and improved credit approval system and credit management based on operation characteristics of agriculture-related enterprises and individual entities and in accordance with principles of controllable risks, strict procedures and prudential authorisation. The Bank also simplified approval procedures to eliminate unnecessary approval levels, set up green channels and established Financial Supermarket, thus providing agriculture-related enterprises with effective and accessible credit services. On the other hand, the Bank improves pricing mechanism regarding loan interest rate risk, and determines interest rate in a reasonable manner by taking account of credit status of agriculture-related enterprises, risk exposure, comprehensive income and the means of guarantee. The Bank also launched specific solutions to ensure agriculture-related enterprises to enjoy real benefits, which include offers to enterprises with sound credit status, preferential product offers and offers to long-term cooperation.

4

OPERATING IN COMPLIANCE WITH LAWS, MAINTAINING SOUND AND SUSTAINABLE DEVELOPMENT

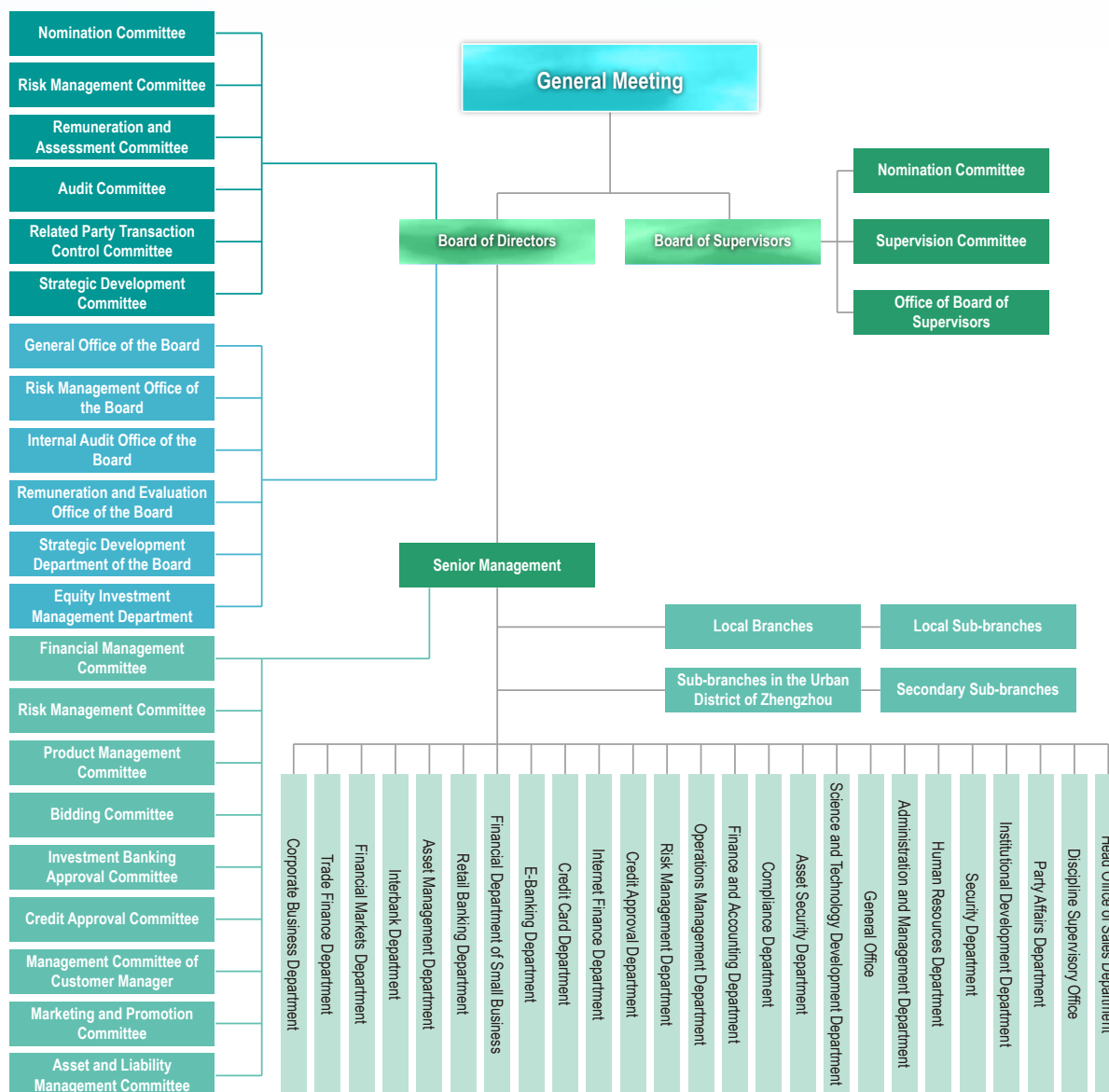
- 4.1 IMPROVING CORPORATE GOVERNANCE
- 4.2 STRENGTHENING INTERNAL CONTROL
- 4.3 REINFORCING RISK MANAGEMENT
- 4.4 FOCUSING ON INVESTOR RELATIONS



IV. OPERATING IN COMPLIANCE WITH LAWS, MAINTAINING SOUND AND SUSTAINABLE DEVELOPMENT

4.1 IMPROVING CORPORATE GOVERNANCE

Organisation chart of the Bank (as of December 31, 2016)



According to the business development needs of the Bank, and with reference to the recommendations of the external advisory institution, the Bank decided to rename the Trade Finance Department to Transaction Banking Division I, set up a new department of Transaction Banking Division II, upgrade the Investment Banking Center under the Interbank Department to an Investment Banking Department and separately manage the Financial Service Centre for Small Business as branch level operating institution, as considered and approved at the board meeting of the Bank on January 19, 2017.

Introduction of the general meeting, the Board, the Board of Supervisors and senior management

The Bank has been committed to high standards of corporate governance. In accordance with both the domestic and overseas corporate governance requirements, the Bank has established a sound corporate governance system in which the duties of the general meeting, the Board, the Board of Supervisors and senior management are clearly defined and operated separately, and with effective check and balance in place to ensure efficient coordination and scientific decision-making, thereby fully protecting the interests of Shareholders and enhancing corporate value. As at the end of 2016, the Board of Directors of the Bank consisted of a total of 14 members, with three executive Directors, six non-executive Directors and five independent non-executive Directors. The Board of Supervisors consisted of nine Supervisors, three for each of shareholder Supervisors, employee Supervisors and external Supervisors. The Bank has one president and several vice presidents.

Meetings convened by the following three organs during 2016

General Meeting	A total of two general meetings were held to consider and approve 29 resolutions
Board of Directors	<p>A total of 11 meetings were held by the Board of Directors to consider and approve 85 resolutions</p> <p>A total of 28 meetings were held by the six special committees under the Board of Directors to consider and approve 49 resolutions</p>
Board of Supervisors	<p>A total of eight meetings were held by the Board of Supervisors</p> <p>Two meetings were held by the Nomination Committee under the Board of Supervisors</p> <p>Four meetings were held by the Supervision Committee</p>

4.2 STRENGTHENING INTERNAL CONTROL

Strengthen internal audit

The Bank has determined the major issues ("60 Items for Internal Audit") to be audited by its internal audit function. Those issues will be amended at the beginning of each year to keep abreast with the business development and change of risk characteristics of the Bank, so as to ensure the internal audit to be prompt, scientific and practicable. Meanwhile, the Bank conducts special audits each year against the major institutions and operations, including certain branches out of Zhengzhou, sub-branches in county regions and sub-branches in urban area in respect of the major operations like information technology, liquidity risk, market risk and asset management business, etc. The internal control of the sub-branches is evaluated by the Bank, and the results of the evaluation are linked with the benefits of the party being audited, which facilitated our internal functions to improve the effects of their internal control management, thereby to optimise the internal control management as a whole.

Reinforce compliance constraint on employees

The Bank has employed 110 part-time supervisors throughout its respective branches and sub-branches to carry out daily supervision. Monthly investigations are arranged to identify whether the employees perform abnormally. Also, the Bank arranges special investigation of the employees' identity cards, abroad documents, contact persons for emergency and whether the cadres serve paid part-time positions in other communities. Besides, employees have to sign letters of commitment, promising not to go to sheltered premises to enjoy meals or not to make or accept bribes in forms of money or gifts in violation of the internal regulations of the Bank. The Bank is open for public supervision through publication of the reporting telephone number, email address, distribution to customers the honest service supervision cards and mailing questionnaire.

IV. OPERATING IN COMPLIANCE WITH LAWS, MAINTAINING SOUND AND SUSTAINABLE DEVELOPMENT

Establish defense against anti-money laundering

Taking the principle of “dare to undertake the mission” as its duty, the Bank has made comprehensive works relating to anti-money laundering as stringently required by the national policies. In 2016, in accordance with the Anti-Money Laundering Law of the People’s Republic of China, the Provisions on Anti-Money Laundering through Financial Institutions, the Guidelines for the Assessment of Money Laundering and Terrorism Financing Risks and Categorised Management of Customers of Financial Institutions and other laws and regulations and regulatory requirements, the Bank continued to optimise its business operating procedures, constantly developed an automatic monitoring model against suspected transactions, increased the management authorities of its branches, and further defined the structure of functions at the headquarters, branch and sub-branch levels in connection with anti-money laundering. In addition, consistent efforts were made to strengthen talent construction and proactively organise different forms of anti-money laundering promotion, which enabled the Bank to reinforce its prevention of money laundering risk. Throughout 2016, the Bank has reported an aggregate of 301,091 significant transactions to China Anti-Money Laundering Monitoring & Analysis Center involving a total amount of RMB2,960.1 billion, among which, 10,040 transactions were suspected transactions involving a total of RMB90.4 billion.

Overall prevention and control of corruption risk

Our Party Committee and Discipline Committee were performing the Two Responsibilities earnestly by stringent requirement on construction of honest service accountability. At the beginning of the year, the middle level management and above of the Bank was required to sign the Responsibility Document for Construction of Honest Party Service for 2016, which expressly defined the particular responsibility of respective person being in charge of such construction in respective level. Education on anti-corruption and probity advocating was also emphasised. In case of certain important times, such as Spring Festival and Middle Autumn Day, we would send notice or short message to remind such employees as far as concerned to act honestly under disciplines, and if necessary, organise communication in relation to honest operation. With respect to new employees, the Bank would provide them special education on honest service prior to their taking positions so as to increase their awareness of honest service and compliance by laws. As for management and cadres, they were provided with the chance to visit the relevant anti-corruption and probity encouragement education bases and to watch TV series of such kind of themes, like Integrity Sustains in Ancient and Current Times (《正氣貫古今》) and Warning (《警醒》). Furthermore, family connection was efficiently used to assist probity construction through organising collection of traditional parental instructions, family rules and letters from home throughout the Bank.

In addition to establishment of the letters and calls office, the Bank has also released to the public certain reporting channels, including, among others, online suggestion box, email address, post box and telephone number for reporting. Besides, every washroom on each floor of the headquarters is equipped with a suggestion box to receive the letters and calls from our clients and the general public to facilitate honest operation of the Party. For any question and clue, the Bank would arrange investigation and verification immediately, and based on the investigation results, the Bank would make communist treatment or arrange admonishment talk against the person involved in such investigation, depending on whether the person is a member of the communist party or not. Any defect found during the investigation relating to our operation and management would be reported to the relevant departments or offices for prompt rectification. There is no corruption cases reported to the Bank during 2016.

Increase protection for intellectual property

The Bank pays great attention to application and protection of the in-house intellectual property. Therefore, it has further improved the Trademark Management System of the Bank of Zhengzhou, under which, patent, image, video, font and other forms of intellectual property are included for unified planning. Protection procedure is regulated by the Bank for intellectual property, with particular accounts set for registration and application of trademarks or patents. Besides, the Bank has increased relevant monitoring to make sure none of our intellectual property would be infringed. Meanwhile, the legal rights and interests of other persons are fully respected by the Bank with strictly observing the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other laws and regulations. There is no material infringement of intellectual property during the year 2016.

4.3 REINFORCING RISK MANAGEMENT

Establishment of general risk management system

In 2016, the Bank continued to optimise the general risk management system by improving the risk management governance structure and mechanism and enhancing the risk management capability in terms of both quality and quantity. The awareness of general risk management covering every aspect and every procedure of the business has been determined by the Bank which targets for stabilizing operating capability through cultivation of good risk management culture.

- Gradually formulate such risk management culture as cored by risk appetite to deliver the philosophy of risk management. The Risk Appetite Statement of the Bank of Zhengzhou has been initially prepared to define the risk appetite both qualitatively and quantitatively;
- Optimise organisational structure by additional establishment of the Asset Security Department and the Compliance Department. The former is particularly responsible for asset security and settlement and clearance business of the entire bank, while the latter is responsible for management of legal risk, compliance risk and operating risk of the whole bank;
- Accelerate implementation of the new capital agreement and build a leading team for the implementation of new capital agreement and set up office under the leading team. Thus, the Bank is more efficient to make general planning and organise implementation of the new capital agreement;
- Perfect market risk management structure and license management system, set up market risk management center for financial market related business lines and grant different dealers varied business authority based on their respective business capability and experiences, so as to minimise operating risk and ethic risk; and
- Increase business continuity management by amending and issuing the Measures of the Bank of Zhengzhou on Business Continuity Management, with special emergency plans issued for personal saving, corporate withdraw/deposit and other eight major businesses.



IV. OPERATING IN COMPLIANCE WITH LAWS, MAINTAINING SOUND AND SUSTAINABLE DEVELOPMENT

Consolidate prevention and control of major risks

Credit risk management. Further intensify unified credit management system to bring down concentration risk; strengthen credit business management of group clients and identify related information via scientific and technology tools; optimise credit risk rating model for legal person clients to achieve comprehensive and dynamic assessment.

Market risk management. Continue to increase investment in market risk management and to update the market risk management system; reorganise and perfect the organisational structure and risk management system; prepare market risk appetite and improve the quota index system thereof; carry out audit for market risk.

Liquidity risk management. Constantly optimise asset and liability structure and enhance the capability of managed liability; conduct liquidity pressure test on a quarterly basis; strengthen daily management on capital position, prepare relevant system to manage liquidity risk, determine liquidity risk appetite and set quota index thereof.

Operating risk management. Reinforce system establishment and strengthen compliance culture construction. Apply advanced information management system to update capability of operating risk management. Increase supervision and inspection to consolidate the corresponding prevention and control management system.

Information technology risk management. Perfect information technology operation, maintenance and management system from time to time to reduce operating risk of information system; establish new emergent backup system based on interactive operation of Internet and the Bank which provides strong IT supports for continuous business operation of the Bank; assess the safety of information system prior to official running of such system, to secure safe and stable operation of that system; improve emergency plans to maintain continuous operation.

Reputation risk management. Increase efforts in construction of network commentator team and perfection of press spokesman system. Continue to enhance the capability in monitoring public sentiment through launch of the relevant monitoring system “Hexuntong (和讯通)”, benefitting from which, the Bank is enabled to keep constant monitoring against the negative public sentiment by automatic capture, push and alert of information. Cooperation with press has been consolidated in order to leave certain space for managing and treating public sentiment.

4.4 FOCUSING ON INVESTOR RELATIONS

Increase management on investor relation

The Bank views communication with shareholders as essential factor for success. In detail, the Bank plays actively in responding to shareholders' complaints and demands through diversified forms of communication such as general meeting, road show and press release. Besides, understanding and communication between the Bank and the shareholders is also increased via official website, email, telephone and other channels prepared by the Bank which can enable it to increase interaction with its shareholders. In addition, the Bank continues to improve equity interest management, expecting to fully secure interests of the minority shareholders through offering comprehensive services.

Maintain interests of minority investors

All the shareholders of the Bank are secured with equal treatment. Especially for the minority shareholders, the Bank makes sure that they are entitled to all the shareholders' right as other shareholders. It is stated in our Articles of Association that votes from minority investors shall be separately counted at a general meeting where the transaction to be discussed at such meeting is material for the purpose of minority's interests. After the listing on the Hong Kong Stock Exchange in 2015, the Bank has arranged in 2016 the equity interests of Domestic Shares deposited with China Securities Depository and Clearing Corporation Limited for regulated management, so as to promise our minority shareholders would be served with professional equity management service. The Bank communicates with shareholders, especially the minority shareholders, via telephone, email and other approaches, and listens to their opinions, complaints and demands carefully. When making distribution, the Bank designates special persons and special lines to reply the issues as far as the minority shareholders concern.

Information disclosure in compliance with relevant regulations

Information disclosure is highly emphasised by the Bank which aims to provide investors assurance to acquire prompt and accurate information by virtue of the sound corporate governance and perfect internal control. The Bank has constantly improved the promptness, accuracy and completeness of information disclosure under the Listing Rules and the Measures on Information Disclosure of Commercial Bank. In 2016, the Bank has made available on the official website the download of its annual report and interim report in their entirety both in English and Chinese versions, and also provided those reports in the Board Office and major operating outlets of the Bank, available for inspection by the investors and stakeholders.



5

IMPROVING CUSTOMER EXPERIENCE AND ESTABLISHING BRAND IMAGE

- 5.1 IMPROVING SERVICE QUALITY
- 5.2 ENRICHING FINANCIAL PRODUCTS
- 5.3 INCREASING SERVICE CHANNELS
- 5.4 PROTECTING THE RIGHTS AND INTERESTS OF CUSTOMERS



V. IMPROVING CUSTOMER EXPERIENCE AND ESTABLISHING BRAND IMAGE

5.1 IMPROVING SERVICE QUALITY

Introduce 6S management project

The Bank has introduced 6S management in 42 outlets for ongoing popularisation of the content on normative services in the outlets. Personnel were dispatched to the sub-branches for a total of 42 on-site explanation and mentoring, giving full play to the subjective initiative of the employees and improving the service management. In return, this has improved the image and furthered the development of the outlets and enhanced the influence of high-grade normative services, which in turn improved the social image of the Bank.



Enhance service assessment

Monthly inspection by third parties was well arranged to improve the normative services of outlets. Satisfaction surveys were well proceeded to understand what customers want and the service was well managed. The Bank quarterly audited the management information of branches and sub-branches to improve their management capabilities and levels.

Select model units

The Sales Department of Head office and the airport zone sub-branch were awarded the title of "China Banking Association Top 1000 Model Outlets of High-grade Normative Services" (2016年中國銀行業協會優質規範服務千佳示範網點) by the China Banking Association, enhancing the brand influence of Bank of Zhengzhou. The Bank was also active in participating the activity for creating and selecting the civilised units of Zhengdong New District (鄭東新區區級文明單位), integrating the creation of civilised units into the works of the Bank for its brand building.

Skill contest

In November 2016, the Bank held the “13th Zhengzhou Workers’ Skill Contest – Bank of Zhengzhou Skill Contest” (鄭州市第十三屆職工技術運動會鄭州銀行技能大比武) for employees’ education and growth. This aimed to continuously improve the business skills and comprehensive competence of the staff, and build a team of skillful and experienced talents. In this contest, a total of 176 employees have participated in two competitions: currency-counting with one finger per one note as well as one hand for slip entry and the other for slip turning. All the participators were adept in those competitions, showing their strong skills as the front-line staff of Bank of Zhengzhou.



V. IMPROVING CUSTOMER EXPERIENCE AND ESTABLISHING BRAND IMAGE

5.2 ENRICHING FINANCIAL PRODUCTS

Build a featured bank card brand in Zhengzhou

The Bank has been upholding the service philosophy of "Base in the Central Plains, Contribute to the Society". For the purpose of securing the customers' money, the Bank has upgraded the bank cards and rolled out the financial IC cards of higher security that were made available to the public free of charge. Meanwhile, the Bank kept innovating as driven by the demands of the urban residents, to further the application of bank cards in public service areas. It researched and developed a series of industrial applications for the financial IC card that were directly connected to the lives of people, which integrated multiple functions in one card and benefited the people.

Case Study:

Issue the "Housing Security Card" for public housing projects

"Housing Security Card" refers to the financial IC cards issued jointly by the Bank and the Zhengzhou Administration of Housing Security and Real Estate, designed for the tenants of the public rental houses in Zhengzhou city. In addition to all the functions of a normal financial IC card, the "Housing Security Card" enables the distribution of rent allowance for all the public rental houses in Zhengzhou city, rent withholding in bulk and the access control of such houses.



Focus on the demand for bank cards in campuses and launch “Campus All-in-one Card” project

The “Campus All-in-one Card” project that integrates the campus and banking businesses can satisfy the demands of the students, parents and schools in finance, life and study. The project operates on the basis of the system of “Campus All-in-one round Card”. In terms of the campus services, it covers the in-campus consumption, check-in, identification, credit for load and campus card recharge. In terms of financial services, it provides the students and their parents with omni-services such as executing agreement for withholding the payments of living services and tuition payments. In terms of the management of campus group accounts, it covers the management of the credit-for-load accounts of the campus cards, the card-swiping accounts of the campus cards and multi-level accounts. In addition, by virtue of our big data analysis capabilities, the Bank can provide the schools and the parents with value-added services such as student growth curve, student behavior analysis as well as student study-and-rest graph. The successful rollout of “Campus All-in-one Card” has initiated a new mode for Bank of Zhengzhou to cooperate with middle schools which furthers our cooperation with school, providing all-round financial services and consulting services for Zhengzhou to develop its public education and create high-level middle schools.



V. IMPROVING CUSTOMER EXPERIENCE AND ESTABLISHING BRAND IMAGE

Issue “Yuche Card” for car services

“Yuche Card” is the first co-branded card issued by the Bank from August 2016. The partners of “Yuche Card” are based on the market of Henan Province. Cardholders are entitled to exclusive value-added services free of charge, including vehicle information, car washing, errand for vehicle review, tire assistance, roadside assistance, designated driving and change of the air, oil and fuel filters. The card services are provided in the cities (including the subordinate counties) where any of the branches of Bank of Zhengzhou operates. Besides, the card offers special discounts to cardholders in five sectors covering food and beverage, home furnishing and living, auto service, leisure and entertainment as well as hotel and accommodation, with a view to satisfy the demand of cardholders in vehicle services. The customers can use the aforesaid value-added service after downloading and registering the mobile APP “Trunk (後備箱)”, which is quick and easy. A 400 hotline exclusively for the users of “Yuche Card” has been set up to provide all-round services, which was well received by customers.



Focus on the needs of small and micro enterprises and issue the bank cards exclusively for them

The exclusive card provides an automatic electronic channel integrating loan application, self-help loan granting, self-help repayment and comprehensive inquiry. The electronic channel that integrates the internal and external systems opens the electronic channel for credit, which is conducive for promoting the model of approving the credits through electronic data online. As a result, it greatly extends the reach of retail customers, furthers the services to more small- and micro-enterprises in need of credits, and broadens the marketing channels to small and micro enterprises and the retail customers, accordingly improving the customers' experience and loyalty.



Launch of Henan Province union membership card

The first financial IC card that integrates financial services and public transport application – “Henan Province Union Membership Card” – is issued by the Bank in Henan Province, together with the general trade union of Zhengzhou and the Zhengzhou Traffic One-card Company, which provides high quality financial services and convenient living services for the union members. The Bank issues the wealth management products exclusively for the trade union members of Henan Province for the purpose of broadening the investment channels of working class and ensuring a legal and compliant investment and wealth management. Our wealth management products are designed for the union members across Henan Province, including principal-guaranteed products with floating interests and no-principal-guaranteed products with floating interests that are provided based on the risk appetite of the customers, so as to satisfy their demand in investment and wealth management.



V. IMPROVING CUSTOMER EXPERIENCE AND ESTABLISHING BRAND IMAGE

5.3 INCREASING SERVICE CHANNELS

Speed up outlets opening and allocation

In 2016, the Bank established two new branches and 23 sub-branches and obtained approval for opening another 17 sub-branches. In addition, three outlets were relocated and five were rebuilt or expanded. By the end of 2016, we had a total of 142 outlets, including ten branches and 132 provincial sub-branches (including five provincial community sub-branches in the province), which was in line with the regional development objective and provided convenience for customer's businesses.

Significantly increasing self-service facilities

By the end of 2016, the Bank had a total of 288 self-service outlets (including intra-branch and non-intra branch standalone ones) and a total of 1,291 self-service devices were installed, including 270 new ones in 2016, 22.37% higher than in 2015. There were up to 156 standalone self-service outlets that reached the downtown places visited by large amount of people, the development zones and ambient counties and cities as well as residential communities with the demand in withdrawal, inquiry and payment.

Case Study:

As of the end of 2016, the Bank has set up 30 Yin Tie Tong (銀鐵通) devices, including 25 installed in outlets and five standalone. Ten outlets opened the ticketing service. The Bank was publicised through roll up banners, posters and other means whilst the set-up of devices were accelerated in couple with the publicity by branches and sub-branches, with a view to increase the product popularity.



Further develop the electronic channels

In 2016, the Bank rolled out the HCE cloud quick pass (HCE雲閃付) in the mobile bank, upgraded the mobile bank to fully support Apply Pay, launched new version of WeChat banking, and further cooperated with the third party payment platforms, thus becoming the urban commercial bank which provides the most comprehensive support of payment channels in the province. Through the optimisation of the electronic channels, the Bank solved the cumbersome nature of offline customer businesses, enabling the completion of financial services at the fingertips.

Providing one-stop settlement services

In 2016, in order to accelerate the establishment of a unified payment and settlement system with the characteristics of Bank of Zhengzhou and to enrich the settlement products, our settlement system was connected to Tenpay and Alipay to provide contracting merchants with the prevalent WeChat and Alipay collection services, enabling the merchants to enjoy a more convenient one-stop payment and settlement services.

5.4 PROTECTING THE RIGHTS AND INTERESTS OF CUSTOMERS

Properly handle complaints

The Bank prioritises the implementation of systems and prevention of risks. As of the end of 2016, the Bank received a total of 144 complaints, all of which have been properly handled, and thus improving the customers' satisfaction.

- Continuously improve the Administrative Rules for Customer Complaints against new circumstances and new issues;
- Timely summarise and dissect multiple and frequent complaints arising from the operation and process of business lines, urge all departments to formulate corrective and preventive measures, and evaluate the effect of rectification, so as to avoid the recurrence of events of similar type or nature;
- Submit complaint data and cause analysis to the superior regulatory department on a quarterly basis, promoting the continuous improvement of complaint management;
- Smoothen the complaint handling channels such as correspondence, telephone, fax, direct visit and internet, and ensure that every complaint will be attended, handled responsively and responded seriously;
- Regularly check whether the opinions registered in the customer opinion books stored in the archives of the branches and sub-branches are timely handled, and implement an accountability system against the abnormalities related to complaints. The Bank is committed to earnestly supervising and handling every complaint from the customers, so as to nip it in the bud.

V. IMPROVING CUSTOMER EXPERIENCE AND ESTABLISHING BRAND IMAGE

Protect customer information

The Bank attached great importance to protecting customers' information and safeguarding customers' fundamental interests. It protected customers' privacy and upheld the legitimate rights and interests of its financial customers in strict compliance with the Guidelines on the Protection of Banking Consumer Rights and Interests and the Measures on the Assessment and Evaluation on the Protection of Consumers' Rights and Interests by Banking Financial Institutions (for Trial Implementation). For better protection of consumer privacy, the self-help facilities of the Bank is equipped with monitoring system, image information and materials are kept in accordance with rules to ensure a safe environment for customers to use their cards. Our marketing personnel strictly abides by the principle of confidentiality of customer information. Disclosure or improper use of customer personal information and transaction information records is prohibited. The application information to be transferred is properly kept. The information transfer process is recorded properly to avoid delay in transmission or loss of information.

Satisfaction rating via tele-banking

The Bank's tele-banking satisfaction rating system was launched on May 26, 2016. As of December 31, 2016, 184,400 calls were made by the customer service representatives for satisfaction ratings, of which 153,700 were rated by customers with a satisfaction rate of up to 99.82%.

Anti-counterfeit-currency promotion

In 2016, the Bank carried out various forms of activities for promoting anti-counterfeit-currency. In addition to the usual form of promotion, the Bank uses new promotional methods such as WeChat and video to reach more audience. Employees of the Bank took the initiative to explain the anti-counterfeit-currency knowledge to the customers on a face-to-face and step-by-step manner in the communities, campuses and marketplaces, allowing the public to further understand and treasure RMB banknotes and upholding the public image of RMB. It helps to improve the awareness of the public to treasure RMB banknotes and their ability to prevent and identify counterfeit currency, thus preventing fraud cases involving counterfeit-currency.

Case Study:

On May 15, 2016, the Bank actively participated in the "515 Economic Investigation Publicity Day" organised jointly by the Zhengzhou Center Branch of the People's Bank of China, the economic investigation department of the public security sector in Henan Province and other related units. During the event, our staff publicised the RMB banknotes through leaflets, posters, on-site consultation for the people's questions on new version of RMB banknotes and explained the difference between the new and old versions of RMB banknotes. This event increased the public awareness of RMB banknotes and the public's ability to prevent and identify counterfeit-money.



Popularise financial knowledge

During the “3 • 15” period in 2016, the Bank carried out the activity of “financial consumers’ rights and interests day” to enhance the financial customers’ awareness on self-protection awareness and risk responsibility and provided guidance on how to resolve disputes legally. The Bank also organised the activities of “Publicise Financial Knowledge to Households” and “Financial Knowledge Popularisation Month” to promote financial knowledge and fulfill its social responsibilities. In addition, the Bank carried out a number of special actions to prevent telecommunications fraud and fight against false information fraud, which enhanced the public awareness of self-prevention and risks, controlled the increasing number of telecommunications fraud and illegal fund-raising cases, safeguarded client’s funds, and maintained the stability of social and economic order.

Case Study:

On March 28, 2016, the Bank participated in the activity for promoting the peace of Zhengzhou organised by the Committee of Zhengzhou on Comprehensive Administration of Social Security. At the Greentown Square, our staff promoted the businesses and requirements of the Bank through booths and display panels and by dispatching small gifts. The Bank provided on-site Q&A session for questions from the public such as how to identify illegal fund-raising, prevent financial fraud and identify counterfeit-money. Moreover, the Bank issued more than 3,000 leaflets on financial security knowledge. The acts of the Bank were well received by the public.



6

CARING LIFE OF STAFF AND HELPING THEM GROW

- 6.1 PROTECTING THE RIGHTS AND INTERESTS OF EMPLOYEES
- 6.2 ASSISTING PROFESSIONAL GROWTH
- 6.3 CREATING A HARMONIOUS ATMOSPHERE

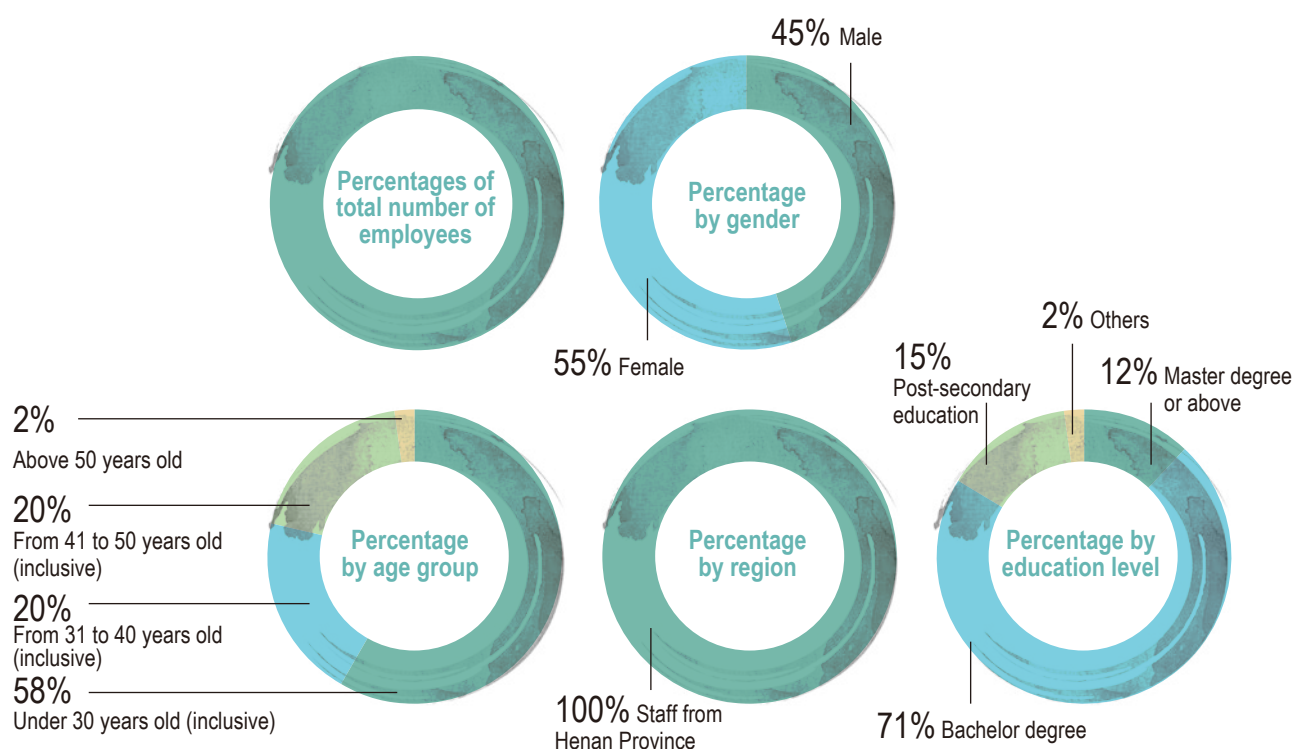


VI. CARING LIFE OF STAFF AND HELPING THEM GROW

6.1 PROTECTING THE RIGHTS AND INTERESTS OF EMPLOYEES

Composition of our employees

Category		As at December 31, 2016	
		Number	Percentage (%)
Total number of employees		3,773	100
By gender	Male	1,682	45
	Female	2,091	55
By age group	Under 30 years old (inclusive)	2,195	58
	From 31 to 40 years old (inclusive)	767	20
	From 41 to 50 years old (inclusive)	728	20
	Above 50 years old	83	2
By region	Within Henan Province	3,773	100
By education level	Master degree or above	467	12
	Bachelor degree	2,693	71
	Post-secondary education	522	15
	Others	91	2
New employees		537	14
Employees from ethnic minorities		47	1



Signing Labour Contracts which are legally compliant

The Bank has conscientiously implemented the requirements of the relevant laws and regulations in the PRC such as the Labour Law and the Labour Contract Law and constantly improved its employment systems. Prior to the commencement of recruitment, the Bank managed the negotiation and signing of labour contracts legally, the labour contract sets out the rights and obligations of both the Bank and employees in written form clearly, which provides a legal basis for the protection of employees' rights and interests. During the reporting period, the Bank did not employ child labour and forced labour. The Bank treats its employees equally, regardless of their ethnicity, sex, religion and cultural background. We adhere to our policy of fair and non-discrimination in every aspect such as employment, training, salary, career development and promotion. For termination of labour contracts of its staff, the Bank strictly complies with the Administrative Measures of Awards and Punishments of Bank of Zhengzhou, the Administrative Measures of Labour Contracts of Bank of Zhengzhou and related regulations. In addition, the Bank has established the Administrative Measures of Bank Staff of Bank of Zhengzhou to regulate and manage the holiday arrangement of its staff.

Standardised the Management of Dispatched Employment

The Bank has strictly implemented the national requirements of labour dispatch arrangement and enhanced its management of dispatched employees. The dispatched employees had vacation, induction and training under a unified management system of the Bank and were paid according to their position assessment results. Employees from certain positions who have worked for a year will be converted into regular workers proportionally through assessment. As of the end of 2016, the number of the Bank's dispatched employees was 352, representing 9% of the total number of employees.

Improved Staff Protection System

According to the relevant provisions of the Labour Law of the PRC, the Bank has strictly complied with the requirements of working hours, established a system and an operation guideline regarding work safety and hygiene and provided working environment which complies with the national work safety and hygiene regulations. The Bank has provided its employees with regular body check-ups and its female employees with the required protection in accordance with the laws and regulations. Clauses offering rights to employees to disobey orders from management which are illegal or attract risks are included in the labour contracts entered into between the Bank and its employees. The Bank has arranged regular safety checks of its workplaces locations by specified personnel to eliminate security risk.

The Bank has conscientiously implemented the national policies and requirements in respect of remuneration and benefits and established the Administrative Measures of Remuneration and Benefit of Bank of Zhengzhou. The Bank paid the employees' wages fully and timely. It also has strictly complied with the obligations required in the Social Insurance Law and Regulations on Management of Housing Provident Fund and timely and fully made contributions to the social insurance and housing provident fund for its employees. Also, in accordance with the relevant national policies, the Bank has established system for corporate annuity, supplementary medical insurance and other supplementary protection and gradually built a multi-level pension and medical protection system to effectively meet the diversified needs of its employees.

6.2 ASSISTING PROFESSIONAL GROWTH

Formulated the Performance Appraisal Method

The Bank has formulated the Administrative Measures for the Performance Appraisal of Head Office of Bank of Zhengzhou and the Administrative Measures for Balanced Score Cards Assessment of Branches of Bank of Zhengzhou in 2016 for its head office, branches and sub-branches, respectively. The departments of the head office have formulated their respective administrative measures for the performance appraisal for internal staff in accordance with the assessment and incentive measures for the staff of the Bank as set out in the Administrative Measures for the Performance Appraisal of Head Office.

VI. CARING LIFE OF STAFF AND HELPING THEM GROW

Opening Up the Career Development Path

In order to broaden and guide the path and direction of the Bank's employees' career development and solve the obstacles in its employees' career development, the Bank has formulated the Administrative Measures for Ranking Assessment of Professional Technical Staff to strengthen the construction of talents team, promote a rational development and utilisation of human resources and enhance its employees' core competence and professional knowledge and skills. Also, the Bank has established 6 position grades and 20 position categories in accordance with the positions attribute, providing its staff with choices for their career development and promotion according to their advantages, which provide a development path for the professional positions and management positions.

Established a Comprehensive Training System

The Bank keeps helping its staff to improve themselves. Employees' development path is expedited through optimising the position system; our comprehensive training system helped provide professional guidance to all levels of employees; prospective guidance is given according to their job development prospects, with an aim to assist the staff to grow fast and to provide talents for the development of the Bank. Through pocket college, video conference and live teaching, the Bank offers online and offline education which provides a comprehensive and full-coverage training environment to support talent training. During the reporting period, the Bank organised a total of 132 trainings on various topics and trained a total of 15,892 times with a total cost of RMB11.65 million. The expenditure per employee was RMB3,087, with a training coverage rate of 421%, and the evaluated average score for trainings was 98 marks.

Trainings in 2016

Training level	Level 1		Level 2		Level 3	
	person-times	Per capita length of time (hour)	person-times	Per capita length of time (hour)	person-times	Per capita length of time (hour)
Senior management	54	30.92	—	—	25	105.23
Middle management	1,046	25.96	934	44.66	31	1.57
Junior employees	1,606	16.49	12,080	50.34	116	0.65

6.3 CREATING A HARMONIOUS ATMOSPHERE

Sound Logistics Services for Staff

According to the needs of the employees, the Labour Union of the head office of the Bank satisfied their needs with full effort. The Labour Union timely sent birthday cards and blessings to the employees, regularly gifted laundry cards, shampoo, hand cream, toothpaste and other benefits to support the employees' daily needs. It also dispatched Zongzi and mooncakes and other welfare to the head office's employees to create rich festive atmosphere.



Strengthen the Feeling of Home for Staff

To serve its employees, the Bank strives to develop a harmonious home for its staff. We have set up a decompression room in the sales department of the head office for our employees so that they can release their work pressure and have created a relaxed, happy and positive working environment. The Bank established library for its staff to enrich their cultural life and to provide them with a spiritual home which enhanced the sense of belonging of our employees.

Care For its Employees

In 2016, the Bank visited 36 employees with deceased immediate family members and spent a total of RMB41,500, it also made 21 maternity visits to our female employees and spent a total of RMB10,500 and expressed condolences to 83 ex-servicemen and 346 employees' children of our head office on Children's Day. Meanwhile, the Bank's Labour Union gradually improved the information base of employees in need and implemented dynamic management, so as to timely get informed of the living situation of families in need. The Union successfully helped a total of 22 employees in need to apply to the Zhengzhou Charity Federation for relief money in a total of RMB0.145 million in the year. The Bank purchased mutual insurance for its employees' reimbursement of accidental injury and 5 employees' successfully claimed a total compensation of RMB27,210 in the year. The Bank encouraged its employees to donate more than RMB0.5 million to one of its employees who is suffering from leukemia.

Enrich Cultural And Sports Activities

The Bank organised a spring hiking for all its employees in March 2016 and nearly 1,400 people enjoyed the spring scenery at the Changshoushan Park Area of Zhulin Town. We held the third Staff Sports Day in April to exhibit the energetic attitude of our employees and a debate competition themed "SiJiangSiZhong" to strengthen the communication between the head office, the branches and sub-branches, which enhanced the collaboration among its employees. We arranged our employees to participate in the legal knowledge contest held by the Municipal Federation of Trade Unions for four consecutive months from July to October to establish the concept of rule by law and improve the legal awareness of its employees. In addition, our employees actively participated in the badminton training competition and the table tennis friendly match held by the fellow organisations under the state-owned enterprise system and other related activities organised by the Municipal Federation of Trade Unions.



Hiking activities



Debate competition



Sports competition

7

DEVELOPING GREEN FINANCE, PROTECTING ECOLOGICAL ENVIRONMENT

- 7.1 DEVELOPING GREEN CREDIT
- 7.2 PROMOTING ELECTRONIC BANKING
- 7.3 ADVOCATING LOW-CARBON OPERATIONS



VII. DEVELOPING GREEN FINANCE, PROTECTING ECOLOGICAL ENVIRONMENT

7.1 DEVELOPING GREEN CREDIT

Developing Green Credit Strategy

In September 2016, seven ministries including the People's Bank of China and the Ministry of Finance jointly issued the "Guidance on Building Green Financial System" encouraging financial institutions to establish a sound green financial system, give play to the functions of the capital market on optimising the resource allocation to serve the real economy and to support and promote the construction of ecological civilisation with a view of sustainable economic development. As of the end of 2016, the Bank officially established its Green Credit Committee to organise and manage the overall green credit policy of the Bank and a Green Credit Team in each branch to cooperate with the head office on integrated planning and overall implementation of the green credit policy. In order to implement the green credit policy in all aspects and throughout the whole process of the operation, the Bank formulated the "Green Credit Strategy for Bank of Zhengzhou" at the end of 2015 in accordance with the requirements of the "Circular on Issuing Key Performance Index (KPI) for Green Credit Implementation by the General Office of the China Banking Regulatory Commission". The strategy of the Bank identified its development objectives, industry trend, risk management and process management and other solutions, so as to build the Bank to become a commercial bank with good sense of social responsibility.

Implementing Green Credit Policy



In 2016, the Bank continued to strictly control its loans advanced to industries with high pollution, high energy consumption and overcapacity. Based on the general concept of "risk reduction, differential treatment and intensive implementation", the Bank effectively adjusted its credit granting structure by rigorously controlling the percentage of loan granting to industries with high pollution, high energy consumption and overcapacity and proactively reduced its loans to industries with high pollution, high energy consumption and overcapacity or enterprises with significant environmental and social risks. In addition, the Bank has established a green credit incentive and assessment mechanism covering all branches, the first-level managed banks and integrated sub-branches, and has launched green project trainings to strengthen green project certification and increase the proportion of green credit projects. As at the end of 2016, the balance of green credit loans of the Bank amounted to RMB643 million. The balance of loans to industries with high pollution, high energy consumption and overcapacity amounted to RMB3.11 billion.

Case Study 1:

A steel company with limited liability is principally engaged in ferrous metal smelting and pressing processing, with project investment mainly including blast furnace project, sintering project, raw material field project, and beyond red line of pre-iron system project. Due to the relative high consumption of energy and large amount of pollutants emission, which polluted the environment, the Bank has reduced its credit extended to this enterprise by RMB50 million in 2016.

Case Study 2:

A development and construction company with limited liability is a comprehensive company which is engaged in investment and development of infrastructure projects as well as investment and service of land consolidation and development related construction projects. By constructing the public green space, a certain artificial lake project is of a great significance to the enhancement of the urban green space systematic structure and the improvement of the ecological environment. The High Speed Railway Station sub-branch of the Bank has provided RMB300 million credit to the project in 2016 for supporting the enterprise project development, which not only effectively met the financing demands of this enterprise, but also drove the development of regional green industry.

Case Study 3:

A company with limited liability providing green engineering services is a diversified professional technical group company which integrated municipal, garden greening and landscaping gardening. The company has constructed boulevard, integrated landscape and general landscape roads. Zhengzhou Airport Economy Zone sub-branch of the Bank provided a loan amounting to RMB580 million to this enterprise to support the further improvement of the local basic environmental protection facilities and enhancing the ecological environment of the Bonded Zone.

Exploring the Green Bond Market

The Bank has embarked on applying for the issuance of not more than RMB5 billion green financial bonds in the national inter-banks bond market in 2016, with all the proceeds being proposed to be spent on green industry projects under the "Catalogue of Projects Supporting by Green Bonds" issued by Green Finance Committee of the China Financial Society. The Bank has obtained the approval document from Henan Office of China Banking Regulatory Commission and the pre-approved report from Zhengzhou Central sub-branch of the People's Bank of China in August 2016, and has reported to the head office of the People's Bank of China for approval in September 2016.

VII. DEVELOPING GREEN FINANCE, PROTECTING ECOLOGICAL ENVIRONMENT

7.2 PROMOTING ELECTRONIC BANKING

The Rapid Development of Electronic Banking Business

The Bank promotes electronic banking business to the daily work, with the priority of the work changed from expanding “volume” into upgrading “quality”, focusing on improving the replacement rate of electronic banking business, enhancing the trading volume of electronic channels, supporting low-carbon economy, constantly reducing the burden at the frontline, and extending usage rate of functions to achieve an orderly development of electronic banking business. As of the end of December 2016, the electronic banking business accounted for more than 80% of the total business volume of the Bank.

As at December 31, 2016, the number of accounts of mobile banking of the Bank accumulated to 442,900, representing an increase of 234,400 accounts in 2016 and an increase of 118.45% as compared to the same period of last year. The number of accounts of on-line payment accumulated to 2,901,100, representing an increase of 2,687,500 accounts in 2016 and an increase of 2,853.3% as compared to the same period of last year. The number of accounts of telephone banking accumulated to 152,300, representing an increase of 37,800 accounts in 2016. The Bank has 159,800 accounts registered for WeChat banking.

Online Banking

Our upgraded online banking was officially launched on January 11, 2016. We have constantly improved the functions of online banking based on the old version and optimised the business processes. New functions have been added, such as enterprise supply chain finance, electronic bills, corporate accounts overdraft, cash management, loan business, credit card function module, certificates of deposit, Huideli (惠得利) contracting, Yinxintong (銀信通) contracting, appointment business, reminder for expiration of certificate for personal clients. Meanwhile, in order to broaden our service channels, our customers can activate online banking function at the self-help smart counter, which facilitates our customers' transaction.

Category	2016							Category	2016	
	The number of customers as of the end of 2016 (10,000 accounts)	New customers (10,000 accounts)	Year-on-year growth rate (%)	Number of transfer transactions (10,000)	Year-on-year growth rate (%)	Transaction amount (RMB100 million)	Year-on-year growth rate (%)		The number of customers as of the end of 2016 (10,000 accounts)	New customers (10,000 accounts)
Online banking	44.69	16.29	62.9	404.19	38.41	3,584.86	38.28	Personal online banking	42.61	15.57
								Enterprise online banking	2.08	0.72

Mobile Banking

The Bank is committed to improving the functions and the innovation of the services of its mobile banking. In 2016, various functions of its mobile banking was gradually launched, such as fund purchase, Ritianli (日添利) of the mobile banking, certificates of deposit, time deposit and current deposit conversion and lending and repayment of revolving loans. It also provided services for application for the Bank's credit cards and interbank repayment. As a result of the continuous efforts, the Bank's mobile banking won different awards in 2016 including the "Excellent Mobile Bank of 7th Golden Tripod Award", the "2016 Best Mobile Bank Innovation Award" and the "Best Business Model Innovation Award".



WeChat Banking

At the beginning of 2016, the Bank's upgraded WeChat banking was officially launched. Our customers not only received account alerts for free, they also can check their account balance, account details and information about the surrounding Bank's outlets. In addition, our customers can purchase, redeem and repurchase wealth management products. Meanwhile, WeChat banking has introduced the loan account alert and credit card functions, through which users can bind credit cards to their accounts and use functions such as points checking, bills checking, instalment planning and repayment. WeChat banking has also introduced medical appointment function to help our customers to solve difficulties in medical appointments.

VII. DEVELOPING GREEN FINANCE, PROTECTING ECOLOGICAL ENVIRONMENT

Smart Robot

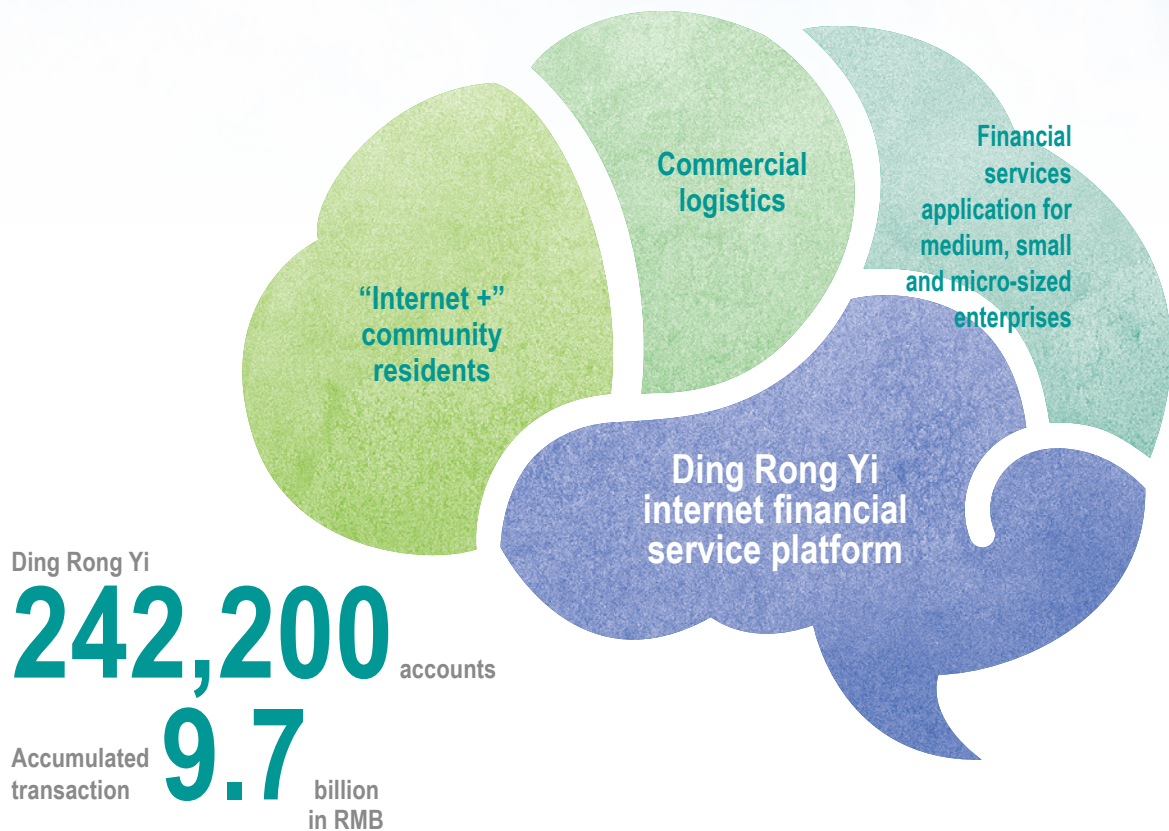
The Bank introduced online smart robot service which can connect to its online customer services, WeChat banking and mobile banking also laid a foundation for the comprehensive development of electronic banking business. After the introduction of this service, the number of communications and replies of the online smart robot kept increasing, which played a significant role in improving users' experience, easing manpower pressure and so on. As of December 31, 2016, we have added a total of 35 new items of knowledge to the knowledge base of our online smart robot and modified 2 items, with the total number of enquires reaching 19,859, the total number of replies reaching 43,885, the manpower replacement rate reaching 81.62%, and the accuracy of smart processing was 91.8%.

Electronic Bill

The Bank vigorously promoted electronic bills to reduce customers' cost, save social resources, and encourage the synergies between business development and environmental protection. In 2016, the Bank issued a total of 285,775 credit card bills, of which 79,184 were paper bills, accounting for 27.71%, 203,874 were e-bills, accounting for 71.34%; and 2,717 were mixed paper and e-bills, accounting for 0.95%.

Building the Internet Financial Service Platform

The internet financial service platform "Ding Rong Yi (鼎融易)" of Bank of Zhengzhou focuses on providing "Internet plus" financial services to community residents, business logistics, as well as medium, small and micro-sized enterprises. It provides online account opening, online wealth management, convenient payment, E-commerce service, order matching, online transactions, logistics and distribution, warehousing management and other diversified services features. It is a comprehensive internet financial service platform covering financial, utilities and social networking services. In 2016, the Bank had 170,200 new customers of Ding Rong Yi. As at December 31, 2016, the total number of Ding Rong Yi registered accounts reached 242,200, with an aggregate number of transactions of 525,000 and a total transaction amount of RMB9.7 billion.



Convenience Payment

Ding Rong Yi internet financial services platform added a universal payment function, providing convenient online payment services to convenient service agencies as well as small and medium enterprises, allowing customers or merchants with a need to collect payment in concentrated manner such as tuition fees, property management fees, membership fee of unions, party fees and professional market rent collection and to charge fees online in specific time or in specific occasion.

Ritianli – Bosera Fund (日添利 – 博時基金)

Ding Rong Yi internet financial services platform introduced a new product, Ritianli – Bosera Fund (日添利 – 博時基金), which was launched by Bank of Zhengzhou and Bosera Asset Management Co., Limited, providing customers with a financial management product similar to Yu'E Bao (餘額寶). The product is a convenient tool for customers to buy and redeem at any time within a limit, meeting the demand of financial customers with high liquidity or idle fund.

Developing “Internet Finance + Logistics” Model

The Bank positions itself as a “trade logistics bank” which offers services to medium, small and micro-sized enterprises by internet technologies and actively explores the development model of “Internet Finance + Logistics”. The Bank provides integrated financial services such as batch payment, information management of supply chain, as well as payment and settlement to logistics enterprises, all of which are simple, convenient and quick.

VII. DEVELOPING GREEN FINANCE, PROTECTING ECOLOGICAL ENVIRONMENT

7.3 ADVOCATING LOW-CARBON OPERATIONS

Advocating Green Office

In 2016, the Bank strictly complied with Environmental Protection Law of the People's Republic of China, Energy Conservation Law of the People's Republic of China and other related laws and regulations. The Bank promoted environmental protection and energy conservation in its daily work and strived to implement the concept of low-carbon operation. The staff across the Bank responded actively to the concept and strictly complied with the concept, reduced the consumption of resources and energy and controlled the emissions of greenhouse gas and pollutants, so as to minimise the impact of the Bank's business operation on the environment. The Bank vigorously promoted paperless operation, implementing electronic operation process by making full use of the Bank's internal office automation system so as to reduce the transmission of papers and the usage rate of consumables. We reminded our employees to turn off the power of electronic appliances such as computer and water dispenser before leaving the office in a timely manner in order to avoid causing waste. We also arranged professionals to carry out regular checks and repair equipment and facilities in our offices in a timely manner to reduce operating consumption and ensure an efficient operation.

Category	Unit	2016
Power consumption in the head office	10,000 kWhs	859.02
Water consumption in the head office	ton	90,633.00
Natural gas consumption in the head office	cubic metres	30,803.00
Paper consumption in the head office	ten thousand sheets	241.50



Building Green Office Building

In order to further improve the management standard of the equipment system in our office building and to reduce energy consumption and cost in our operation, we have actively implemented an upgraded automatic control and management system. The system has a set of advanced building automatic control and management system, which can control and manage systems on areas such as refrigeration, loop pump room, air conditioning, air exhauster, water supply and drainage, lighting and so on according to the operating needs. We have put the entire automatic control and management system into use to create a comfortable environment for different demands which helped enhance work efficiency and management of the equipment, so as to achieve energy saving and environmental protection and to reduce energy consumption and cost in our operation.

Strictly Control the Financial Approval

The Bank follows the concept of “being diligent and thrifty; cut cost and increase profit”, thus it strengthens its budget, standardises its management, and effectively monitors the implementation of its budget. The Bank has strengthened the examination of the bills of reimbursement and strictly controlled its expenditure in accordance with the “Administration Measures of the Financial Expenses in the Head Office”. The Bank focuses on the comprehensive audit of projects with large amount of expenditure and reports to the Finance Committee in a timely manner, it also strictly follows the approval procedures. The Bank strives to control not to deviate and exceed its budget for more than 10%. Through the careful and meticulous work of our financial staff and the effective supervision of the relevant departments, the Bank has achieved an error-free management of financial approval throughout the year 2016.

Strengthening the Management of Suppliers

The Bank conducted a reassessment of our suppliers under the principles of openness, fairness and impartiality, formulated tender or bargaining plan to reduce procurement costs, and further improved the Bank’s “Qualified Suppliers List” which was provided to all levels in order to strengthen the selection and evaluation of the suppliers in due time.

The Bank strictly followed the system requirements and seriously performed every procedure such as purchase approval, contract signing, cargo acceptance, performance assessment and after-sales service. The Bank also strengthened its bidding management with the aim to improve the implementation of bidding and tender process in relation to all kinds of bulk goods and strictly follow the “Bidding Law” and other laws and regulations. The Bank followed its “Administrative Measures of Tender and Purchase” to conduct its daily tendering management. Abuse of power, neglect of duty, corruption, accepting or soliciting bribe and breach of confidence are strictly forbidden during the process of procurement. The whole procurement process is under supervision of the supervisory department which handles complaints and report. The Bank also strengthened the risk assessment, process control and data management of its procurement and bidding processes.



8

DEVOTING TO CHARITY AND CONSTRUCTION OF HARMONIOUS SOCIETY

- 8.1 PROMOTING FINANCIAL SERVICES FOR POVERTY ALLEVIATION
- 8.2 ENGAGING IN CHARITABLE ACTIVITIES
- 8.3 CONTRIBUTING TO COMMUNITY DEVELOPMENT



VIII. DEVOTING TO CHARITY AND CONSTRUCTION OF HARMONIOUS SOCIETY

8.1 PROMOTING FINANCIAL SERVICES FOR POVERTY ALLEVIATION

Making Overall Plan for Precision Poverty Alleviation

In May 2016, the Central Committee of the Communist Party of China and the State Council jointly issued the Decision on Accomplishing the Arduous Task of Poverty Alleviation (《關於打贏脫貧攻堅戰的決定》), stressing the importance of promoting financial services for “precise poverty relief and precise poverty alleviation”. In response to the decision, the Bank set up “Bank of Zhengzhou Leading Group for Poverty Alleviation” (鄭州銀行金融扶貧領導小組) led by the Bank as the team leader, and heads of each department carry out their responsibilities as team members. The Bank also implemented the Implementation Plan of Bank of Zhengzhou on Promoting Financial Services for Poverty Alleviation 2016 (《2016年鄭州銀行金融扶貧工作實施方案》) which sets out the following objectives: allocating more capital resources to finance poverty alleviation, maintaining steady growth in facilities offered to poverty-stricken regions and families, launching credit cultivation scheme and offering more support to 2 million (4.6 million in total) poverty-stricken families recorded in the filing system (selected from 53 state- and provincial-level impoverished counties across the province) and urban residents in need. The Bank customises special offers for poverty-stricken families, aiming to relieve rural residents from financing difficulties and long-term fund shortage in the course of agricultural production and operation. As at the end of 2016, the Bank visited 182 poverty-stricken families recorded in the filing system, identified 164 families which had intention to borrow money from the Bank and were also qualified for credit granting, the Bank granted them RMB2.6 million of small-cap loans in total.

Designated the Primary Bank for Poverty Alleviation

The Bank designated its Weilai Road Sub-branch as Lankao County Credit Service Bank, exploring the possibility to include operating rights on rural contracted lands, farm houses, forest rights, usage rights on shallows-tidal-flat areas and large agricultural machines as pledge or security for loan to vitalise rural resources, assets and elements, and customising special offers for poverty-stricken families to relieve them from financing difficulties and long-term fund shortage in the course of agricultural production and operation.

Developed Multiple Poverty Alleviation Collaboration Models

The Bank adopted the “3+1” scheme (government, banks, enterprises + poverty alleviation targets) to achieve precise poverty alleviation. As at the end of 2016, a total facility of RMB1 billion was approved. The Bank cooperated with an agriculture guarantee company, which provided the Bank with a referral list of growers and livestock and poultry raisers within the province and launched a special poverty alleviation project to help the poverty-stricken families. As at December 31, 2016, loan balances under the project amounted to RMB4 million.

Case Study:

Fulfilling its social responsibilities, a company engaged in animal husbandry reacted to government policies and took the initiative to participate in the campaign of poverty alleviation through industrialisation. With sufficient research and market forecast, the company developed two new collaboration models (one involving “government + financial institutions + enterprises + cooperatives + poverty-stricken families” and the other involving “companies + farmers + local governments + financial support”) to help relieve families in adjacent villages and towns from poverty. This was guided by the principles of “taking precise measures for poverty alleviation, bringing benefits to people, following fair and voluntary rules, cooperating for win-win outcomes and insisting upon integrity” and by the overall outline for poverty alleviation through industrialization – “government building platforms, cooperatives seeking relationship establishment, and banks and enterprises jointly helping with specific implementation”. The Bank learnt about the company’s practice and provided a loan of RMB5 million in July 2016 after thorough investigation, it offered strong support to the company’s sound and rapid development. Since the end of March 2016, the “four in one” pattern practiced by the company has completed 300 income generating projects, helped over 300 poverty-stricken families in Fangcheng County and realised an average income growth of more than RMB7,000. The company made great contribution to the poverty alleviation campaign in the city where it belongs through the abovementioned activities.



Supporting “Mass Entrepreneurship and Innovation”

The Bank implemented Procedures on Small-cap Guaranteed Corporate Loans to Laid-off Workers (《下岗失业人员小额担保公司类贷款操作规程》) to support laid-off workers to start their own businesses and to contribute to economic development in Henan Province. As at the end of 2016, the Bank granted a total loan of RMB468 million to laid-off workers, including RMB43 million of small-cap guaranteed personal loans for 527 clients and RMB425 million of small-cap guaranteed corporate loans for 265 clients.

VIII. DEVOTING TO CHARITY AND CONSTRUCTION OF HARMONIOUS SOCIETY

8.2 ENGAGING IN CHARITABLE ACTIVITIES

Public Donations

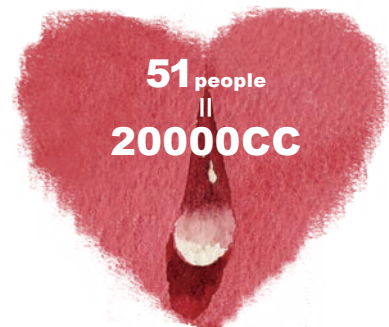
In June 2016, the Bank donated RMB0.3 million to Puyang Education Development Foundation, it further donated RMB1 million to Youth Care Foundation (關心下一代基金會) in August 2016. In September 2016, the Bank supported a number of college students in Zhoukou City and relieved them from pressure about education fees. In October 2016, the Bank donated RMB0.3 million to Xinmi Police Charity Foundation (新密市惠警公安救助基金會) and it further donated RMB2 million to Zhengzhou Charity Federation on “Zhengzhou Charity Day” in 2016. A series of charitable activities have built up the Bank as the charity leader among local enterprises, and it is attracting its peers in the industry to contribute to the charity as well.

Voluntary Services to College Entrance Examination

On June 7 and 8, 2016, Dengfeng Sub-branch organised the campaign of “Voluntary Services to College Entrance Examination”. Staff of the sub-branch made up a fleet of eight private cars divided into four groups and sent students to the four designated venues for college entrance examination. The sub-branch also provided students and their parents with exam supplies, necessary medication for emergency, umbrellas and bottled water. During the campaign, the sub-branch delivered its best wishes to a total of 4,473 students in Dengfeng area through voluntary services.

Blood Donation

On September 29, 2016, the Head Office Sales Department organised an activity themed “Warm-heartedness and Love Means More Than Blood Donation” (“獻血獻愛心·血濃情更濃”) and such activity attracted policemen working nearby, pedestrians, the Bank’s security guards and cleaning staff to donate blood voluntarily. The activity witnessed 51 people donating 20,000CC of blood in total, manifesting the Bank’s selfless dedication and its commitment to repaying the society.



8.3 CONTRIBUTING TO COMMUNITY DEVELOPMENT

Playing an Active Role in Community Activities

Committed to its social responsibilities, the Bank is striving for returning clients with more benefits and constructing a harmonious society with honesty, friendliness and vitality. In 2016, five community sub-branches of Bank of Zhengzhou made it a convention to launch campaigns when statutory holidays were up-coming. Based on the need of communities, they also had interactions with community residents on an irregular basis. On average, each community sub-branch held two to three activities every month. In aggregate, these community sub-branches organised over 100 activities each year.

“Happy Shopping” Campaign (“樂享購物節”活動)

Teaming up with large supermarkets, the Bank launched “2016 Bank of Zhengzhou Happy Shopping” (2016年鄭州銀行百姓樂享購物節) marketing campaign and it lasted for 60 days from December 25, 2015 to February 22, 2016. Such campaign offered extensive rewards to clients who paid with their credit cards of the Bank, which attracted cardholders of the Bank’s low limit credit cards to use their cards more frequently and actively. This also allowed the Bank to repay its customers for their long-term support.



Spring Festival Couplets

Before the Spring Festival of 2016, Yuan'Da Dreaming Community Sub-branch invited a member of the calligraphers association, Mr. Zhu, to different outlets of the Bank to write couplets for our customers. Community residents received over 500 sets of Spring Festival couplets in total and they were all highly appreciated.



VIII. DEVOTING TO CHARITY AND CONSTRUCTION OF HARMONIOUS SOCIETY

Giving-back Activity on Women's Day

In celebration of Women's Day, Jinyi New Times Community (錦藝新時代社區) Sub-branch held giving-back activities for our female clients, female clients who applied for credit cards were entitled to gifts prepared by the sub-branch and lucky draw. Those gifts, trifling as they might be, conveyed the bank's genuine blessing to all of its female clients.



"Improving Financial Literacy for All" Charity Salon ("金融知識進萬家"公益沙龍)

During the National Day Holiday of 2016, Er Qi Wanda Community Sub-branch held an "Improving Financial Literacy for All" Charity Salon ("金融知識進萬家"公益沙龍) with the cooperation of a property management company. Focusing on two issues which community residents were most interested in, "Basics on Personal Loans" (個人貸款小常識) and "Vigilance About Illegal Fund Raising" (時刻警惕非法集資), the salon offered a financial feast to community residents through professional interpretation and mutual interactions.



Fire Control Promotion

On May 16, 2016, Yuan'Da Dreaming Community Sub-branch invited a lecturer from the fire station to deliver a lecture on fire safety and fire prevention. The lecture covered all the basics about fire safety and community residents recognised it as a great help.



“

Facing harsher and more complicated economic conditions, the Bank will follow the national strategies and keep improving its corporate social responsibility system in 2017. With an open-mind and strong determination, the Bank will abide firmly by its development strategies and consistently enhance its innovation capabilities. It will align its growth with social development and strive for greater business value while boosting sustainable development, so as to repay more to shareholders, investors and the society for their strong support!

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INDEPENDENT LIMITED ASSURANCE REPORT

TO THE BOARD OF DIRECTORS OF BANK OF ZHENGZHOU CO., LTD.

We were engaged by the Board of Directors of Bank of Zhengzhou Co., Ltd. ("the Bank") to provide limited assurance on the 2016 Environmental, Social and Governance Report of the Bank for the year ended 31 December 2016 ("the ESG Report").

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors of the Bank is solely responsible for the preparation and presentation of the 2016 ESG Report, including the information and assertions contained within it, in accordance with the disclosure recommendations of The Stock Exchange of Hong Kong Limited's Guidelines for Environmental, Social and Governance Reporting ("SEHK's Guidelines").

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

RESPONSIBILITIES OF KPMG

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

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

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

INDEPENDENT LIMITED ASSURANCE REPORT

SUMMARY OF WORK PERFORMED

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

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

We did not perform attestation procedures on previous year data or comparative data disclosed in the ESG report.

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

CONCLUSIONS

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the ESG Report of the Bank for the year ended 31 December 2016 is not prepared, in all material respects, in accordance with the SEHK's Guidelines.

KPMG Huazhen LLP

Beijing
July 21, 2017

ESG INDEX

ESG REPORT INDICATOR COMPARISON TABLE

This Index describes Bank of Zhengzhou's compliance with the "Non-Compliance and Explanatory" indicators of the Environmental, Social and Governance Reporting Guidelines during the reporting period and the disclosure of the "Recommended Disclosure" indicator.

Subject Areas and Aspects	General Disclosures	Disclosure location	KPIs	Disclosure location
A. Environmental				
A1 Emissions	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	pages 60-61	A1.1 The types of emissions and respective emissions information A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) A1.5 Description of measures to mitigate emissions and results achieved A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Note 1 Note 1 Not applicable Note 1 pages 60-61 Note 1
A2 Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials	pages 60-61	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) A2.2 Water consumption in total and intensity (eg. per unit of production volume per facility) A2.3 Description of energy use efficiency initiatives and results achieved A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	page 11, page 60 page 11, page 60 Note 1 Note 1 Not applicable
A3 Environment and Natural Resources	Policies on minimizing the issuer's significant impact on the environment and natural resources	pages 54-61	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	pages 54-61

ESG INDEX

Subject Areas and Aspects	General Disclosures	Disclosure location	KPIs	Disclosure location
B. Social				
B1 Employment	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	page 49	B1.1 Total workforce by gender, employment type, age group and geographical region B1.2 Employee turnover rate by gender, age group and geographical region	page 48 Note 2
B2 Health and Safety	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	page 49	B2.1 Number and rate of work-related fatalities B2.2 Lost days due to work injury B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored	Note 2 Note 2 pages 49-50
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	pages 49-50	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management) B3.2 The average training hours completed per employee by gender and employee category	Note 2 Note 2
B4 Labour Standards	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	page 49	B4.1 Description of measures to review employment practices to avoid child and forced labour B4.2 Description of steps taken to eliminate such practices when discovered	page 49 Not applicable
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain	page 61	B5.1 Number of suppliers by geographical region 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	Note 2 page 61
B6 Product Responsibility	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	page 31, pages 43-44	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons B6.2 Number of products and service related complaints received and how they are dealt with B6.3 Description of practices relating to observing and protecting intellectual property rights B6.4 Description of quality assurance process and recall procedures B6.5 Description of consumer information protection and privacy policies, and how they are implemented and monitored	Not applicable page 43 page 31 Not applicable page 44

Subject Areas and Aspects	General Disclosures	Disclosure location	KPIs	Disclosure location
B7 Anti-corruption	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	page 29-30 page 45	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 B7.2 Description of preventive measures and whistle blowing procedures, and how they are implemented and monitored	Not applicable page 30, page 45
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	pages 64-69	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport) B8.2 Resources contributed (e.g. money or time) to the focus areas	pages 64-69 pages 64-69

Note 1: The Bank has not yet established the related statistical systems and plans to establish gradually in the future

Note 2: The Bank plans to gradually disclose in the future



GRI 4.0 INDEX

GRI 4.0 INDICATOR COMPARISON TABLE

No.	Content	Disclosure location
Strategy and Analysis		
G4-1	Provide a statement from the most senior decision-maker of the organisation (such as CEO, chairman, or equivalent senior position) about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.	pages 2-5
G4-2	Provide a description of key impacts, risks and opportunities.	pages 2-5, pages 10-11, page 70
Organisational Profile		
G4-3	Report the name of the organisation.	page 8
G4-4	Report the primary brands, products and services.	page 8
G4-5	Report the location of the organisation's headquarters.	
G4-6	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the Report.	page 8
G4-7	Report the nature of ownership and legal form.	page 8
G4-8	Report the markets served by the organisation.	page 8
G4-9	Report the scale of the organisation.	page 8
G4-10	Report the total number of employees by employment contract, gender, region and etc.	page 48
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	page 48
G4-12	Describe the organisation's supply chain.	page 61
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain.	page 8, pages 10-11
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation.	page 54
G4-15	List externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses.	page 1, page 20, page 49, pages 54-55, page 64
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation participates in.	

No.	Content	Disclosure location
Identified Material Aspects and Boundaries		
G4-17	a. List all entities included in the organisation's consolidated financial statements or equivalent documents.	page 1
	b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the Report.	page 1
G4-18	a. Explain the process for defining the Report content and the Aspect Boundaries.	page 1
	b. Explain how the organisation has implemented the Reporting Principles for Defining Report Content.	page 1
G4-19	List all the material Aspects identified in the process for defining report content.	page 17
G4-20	For each material Aspect, report the Aspect Boundary within the organisation.	
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation.	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	
Stakeholder Engagement		
G4-24	Provide a list of stakeholder groups engaged by the organisation.	pages 15-16
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	pages 15-16
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	pages 15-16
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	pages 15-16

GRI 4.0 INDEX

No.	Content	Disclosure location
Report Profile		
G4-28	Reporting period for information provided.	page 1
G4-29	Date of most recent previous report.	
G4-30	Reporting cycle.	page 1
G4-31	Provide the contact point for questions regarding the report or its contents.	page 1
G4-32	Report the 'in accordance' option the organisation has chosen and GRI Content Index for the chosen option, and report the reference to the External Assurance Report, if the Report has been externally assured.	page 1
G4-33	Report the organisation's policy and current practice with regard to seeking external assurance for the Report.	page 1
Governance		
G4-34	Report the governance structure of the organisation, including committees of the highest governance body.	page 28
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	page 15
G4-36	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	page 15
G4-38	Report the composition of the highest governance body and its committees.	
G4-39	Report whether the Chair of the highest governance body is also an executive officer.	
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body member.	
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	page 15

No.	Content	Disclosure location
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	pages 15-17
G4-48	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered.	page 1
G4-49	Report the process for communicating critical concerns to the highest governance body.	
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	
G4-51	<p>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration.</p> <p>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.</p>	
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organisation.	
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	
G4-54	Report the ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	
G4-55	Report the ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	

GRI 4.0 INDEX

No.	Content	Disclosure location
Ethics and Integrity		
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	page 14
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines.	pages 29-30
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	pages 29-30
Economic		
DMA	Management approach related to economy	
G4-EC1	Direct economic value generated and distributed.	page 10, page 11, page 20
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	page 54
G4-EC3	Coverage of the organisation's defined benefit plan obligations.	
G4-EC4	Financial assistance received from government.	
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	page 48
G4-EC7	Development and impact of infrastructure investments and services supported.	page 20
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	pages 20-21
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	
Environmental		
DMA	Management approach related to energy	
G4-EN1	Materials used by weight or volume.	page 11, page 60
G4-EN2	Percentage of materials used that are recycled input materials.	
G4-EN3	Energy consumption within the organisation.	page 11, page 60
G4-EN4	Energy consumption outside of the organisation.	
G4-EN5	Energy intensity.	
G4-EN6	Reduction of energy consumption.	
G4-EN7	Reductions in energy requirements of products and services.	pages 56-58
G4-EN8	Total water withdrawal by source.	page 11, page 60
G4-EN9	Water sources significantly affected by withdrawal of water.	
G4-EN10	Percentage and total volume of water recycled and reused.	

No.	Content	Disclosure location
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	
G4-EN13	Habitats protected or restored.	
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1).	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2).	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3).	
G4-EN18	Greenhouse gas (GHG) emissions intensity.	
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	
G4-EN20	Emissions of ozone-depleting substances (ODS).	
G4-EN21	Nox, sox, and other significant air emissions.	
G4-EN22	Total water discharge by quality and destination.	
G4-EN23	Total weight of waste by type and disposal method.	
G4-EN24	Total number and volume of significant spills.	
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention 2 annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff.	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	page 11, pages 56-61
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce.	
G4-EN31	Total environmental protection expenditures and investments by type.	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	

GRI 4.0 INDEX

No.	Content	Disclosure location
Labour practices and decent work		
DMA	Management approach related to labour practices	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	page 48
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	pages 49-51
G4-LA3	Return to work and retention rates after parental leave, by gender.	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs.	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	page 49
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	page 50
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	page 50
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	page 49
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	page 48
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.	
G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms.	

No.	Content	Disclosure location
Human rights		
DMA	Management approach related to human rights	
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	page 49
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	page 50
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	page 49
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	page 49
G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations.	
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	
Society		
DMA	Management approach related to anti-corruption	
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	pages 66-69
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	page 30
G4-SO4	Communication and training on anti-corruption policies and procedures.	page 30

GRI 4.0 INDEX

No.	Content	Disclosure location
G4-SO5	Confirmed incidents of corruption and actions taken.	
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	
Product responsibility		
DMA	Management approach related to service labelling	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements.	page 38
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	
G4-PR5	Results of surveys measuring customer satisfaction.	page 11, page 36, pages 43-44
G4-PR6	Sale of banned or disputed products.	
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	

No.	Content	Disclosure location
Specific aspects of the industry		
FS1	Specific environmental and social policies applied in business activities	pages 54-55
FS2	Procedures to evaluate and monitor environmental and social risks in the business	pages 54-55
FS3	Monitoring of the customers' environmental and social compliance	pages 54-55
FS4	Capabilities and procedures to improve staff's executive environment and social policies	page 60
FS5	Interaction with customers, investors and partners regarding environmental and social risks and opportunities	page 54
FS6	Business proportion by region, size and industry	page 8, page 11, pages 20-21, page 24
FS7	Value of products and services designed for specific social purposes (Categorised by purpose)	page 11, pages 20-21, page 24
FS8	Value of products and services designed for specific environmental purposes (Categorised by purpose)	page 11, pages 54-55
FS9	Frequency of the audit aiming to evaluate the environmental and social risks evaluation policies and procedure execution	
FS10	Percentage and number of the companies which have interaction of environmental and social elements with the organisation in the investment portfolio	
FS11	Percentage of assets under screening of positive and negative environmental and social impacts	
FS12	Policies of the organisation for applying environmental and social topics into voting rights and rights of voting suggestions	
FS13	Cut-in point of areas with a sparse population or underdevelopment economy by type	page 64
FS14	Actions to improve the capability of disadvantaged groups in obtaining financial services	pages 64-65
FS15	Policies of fair design and sales of financial products and services	pages 38-42
FS16	Actions to improve financial knowledge education by type of benefits	pages 44-45

READER'S FEEDBACK

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Thanks for reading the 2016 Environmental, Social and Governance Report of Bank of Zhengzhou Co., Ltd.. In order to meet your needs more efficiently and provide you with more valuable information, we expect your valuable comments and suggestions to our Report by filling out the feedback form below and choosing any of the following ways to send us your opinions.

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1. Which kind of stakeholder are you:

- | | | | | |
|-------------------------------------|---|--------------------------------------|--------------------------------------|---------------------------------|
| <input type="checkbox"/> Government | <input type="checkbox"/> Regulatory institution | <input type="checkbox"/> Shareholder | <input type="checkbox"/> Customer | <input type="checkbox"/> Staff |
| <input type="checkbox"/> Supplier | <input type="checkbox"/> Cooperation partner | <input type="checkbox"/> Community | <input type="checkbox"/> Environment | <input type="checkbox"/> Others |

2. Your general evaluation on this Report:

- ☐ Poor ☐ Average ☐ Good ☐ Excellent

3. Your evaluation of Bank of Zhengzhou in performing social responsibilities for stakeholders:

- ☐ Poor ☐ Average ☐ Good ☐ Excellent

4. Do you think this Report reflects the impact on economy, environment and society for practices of social responsibility of Bank of Zhengzhou?

- ☐ No ☐ Average ☐ Yes

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

- ☐ No ☐ Average ☐ Yes

6. Do you think the content and layout of this Report is clear and easy to understand?

- ☐ No ☐ Average ☐ Yes

7. Do you have any other comments or suggestions on this Report and on the improvement and development of Bank of Zhengzhou for performing social responsibilities?

Thank you for your care and support for Bank of Zhengzhou!