



中原银行股份有限公司

ZHONGYUAN BANK CO., LTD.

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

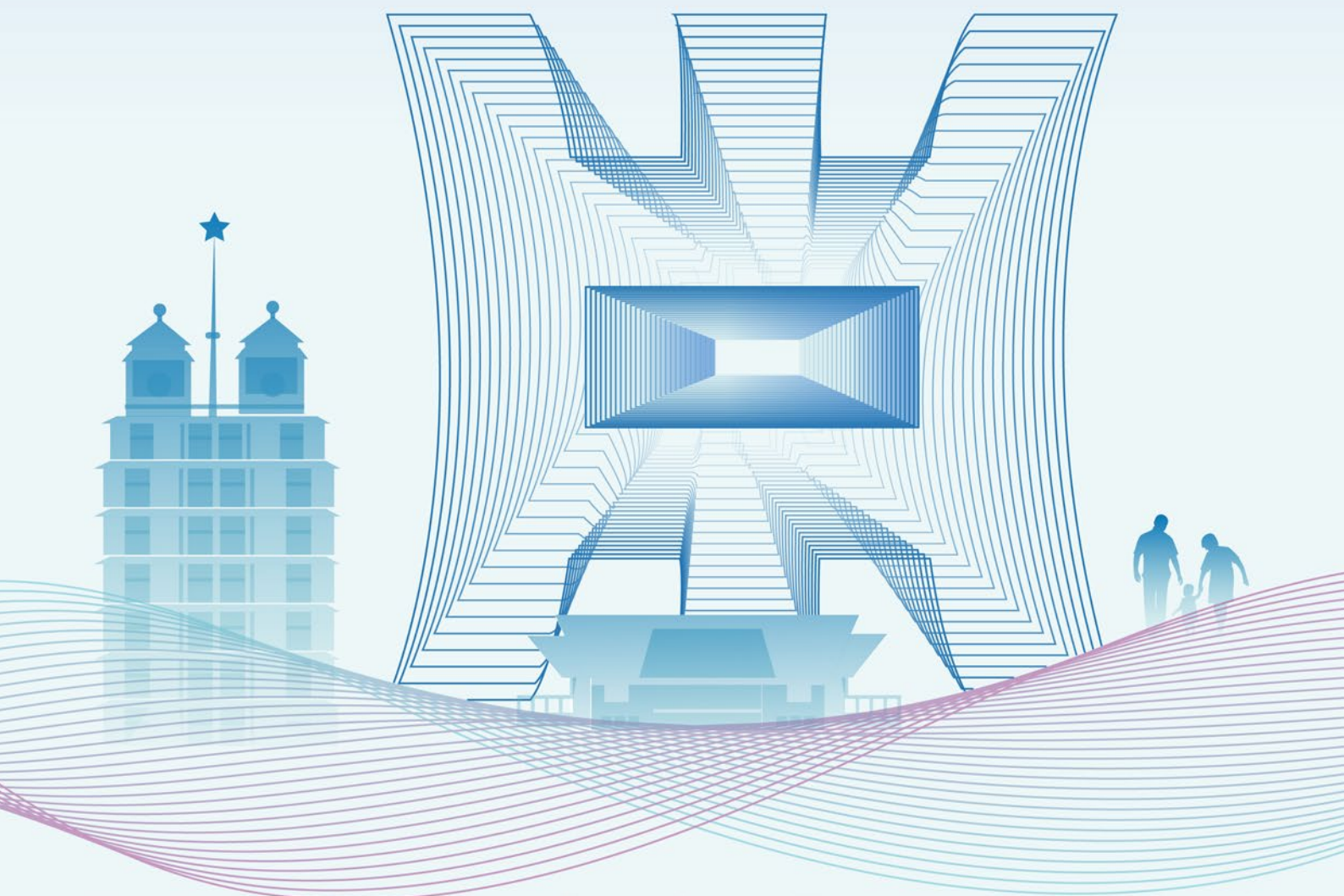
Stock Code: 1216

Preference Shares Stock Code: 4617

2020

ZHONGYUAN BANK

Environmental, Social and Governance Report



CONTENTS

Notes to Report Preparation 01

About Us 03

Corporate Profile	03
Data in 2020	05
Honors and awards	09
Optimizing the ESG management	11

Improving Corporate Governance 13

Improving governance structure	15
Strengthening internal control and compliance management	17
Comprehensive risk management	20
Standardizing supplier management	22

Assuming CSR as a Financial Institution 23

Actively participating in targeted poverty alleviation	25
Fighting against COVID-19	27
Ensuring stability on the six fronts and security in the six areas	34
Contributing to public welfare	36

Driving Local Economic Development 37

Promoting the development of the Central Plains Economic Region	39
Supporting rural revitalization	46
Practicing inclusive finance	56

Improve Product and Service 59

Developing fintech	61
Optimizing products and services	63
Publicizing financial knowledge	64
Protection of consumer rights and interests	65
Protecting privacy	66

Promoting Employee Development 67

Protecting the basic rights and interests of employees	69
Employee career development	70
Ensuring employee health and safety	71
Improving work-life balance	72

Supporting Environmental Protection 73

Promoting green finance	75
Building green operation	75
Tackling climate change	76
Carrying out eco-friendly public welfare events	76

Annexes 77

Appendix 1 Independent Assurance Engagement Report of the ESG Report	77
Appendix 2 Index of Environmental, Social and Governance Reporting Guide-HKEX	80
Appendix 3 Index of Global Reporting Initiative ("GRI")	83
Appendix 4 Feedback	89

Notes to report preparation

This is the fourth ESG report (hereinafter referred to as the “report”) issued by Zhongyuan Bank Co., Ltd. (hereinafter referred to as “Zhongyuan Bank”, “the Bank”, or “our Bank”).

This report will be an open and transparent response to stakeholders' concerns related to sustainable development, presenting to stakeholders the ESG actions and performance of Zhongyuan Bank. The report should be read in conjunction with the section of “Corporate Governance Report” on pages 100-130 of the Bank's 2020 Annual Report to provide a comprehensive picture of the ESG performance of the Bank.

Reporting Scope

Unless otherwise specified, the report covers the head office of Zhongyuan Bank (hereinafter referred to as the “head office”) and 18 branches and 2 directly affiliated branches.

Head Office (including 2 directly affiliated branches)	
Zhengzhou Branch	Shangqiu Branch
Kaifeng branch	Hebi Branch
An'yang Branch	Xinyang Branch
Zhumadian Branch	Xuchang Branch
Nanyang Branch	Zhoukou Branch
Xinxiang Branch	Sanmenxia Branch
Puyang Branch	Luohe Branch
Pingdingshan Branch	Jiaozuo Branch
Jiyuan Branch	Luoyang Branch

Reporting Period

The reporting period is from January 1, 2020 to December 31, 2020. For data not occurring within the reporting period, no explanation will be given.

Preparation Standards

- China Banking and Insurance Regulatory Commission (the former China Banking Regulatory Commission)
Opinions on Strengthening Social Responsibility of Banking Financial Institutions (2007)
- China Banking Association
Guidelines on Corporate Social Responsibility of Banking Financial Institutions (2009)
- China Securities Regulatory Commission
Code of Corporate Governance for Listed Companies (2018)
- Hong Kong Exchanges and Clearing Limited
Environmental, Social and Governance Reporting Guide (2020)
- Global Reporting Initiative (“GRI”)
Sustainable Development Reporting Standards (2016)

Information Source

The report sees no significant change in the methodology for obtaining and calculating data compared with previous annual reports. The financial data provided in this report are from the annual report. Unless otherwise specified herein, the currency used in this report shall be RMB.

Reporting Principles

Materiality principle: The report identifies and responds to important ESG issues affecting the Bank's sustainability based on online stakeholder surveys, data analysis, etc. The materiality analysis process and results are detailed in this report P12.

Quantization principle: The Bank's quantitative key ESG performance has been disclosed in this report P5-P8 .

Consistency principle: The report keeps indicators used in different reporting periods as consistent as possible and explains changed indicators to present changes in performance.

Balance principle: The report reflects objective facts while disclosing positive and negative indicators.

Reporting language

The report has been prepared in traditional Chinese with an English version attached. In case of any discrepancy, the traditional Chinese version shall prevail.

Third Party Attestation

To ensure its authenticity and reliability, the Bank has engaged Ernst & Young Hua Ming LLP (Special General Partnership) to perform limited assurance engagement on the key selected information disclosed in the report in *International Standard on Assurance Engagements 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (ISAE 3000 Revised)* with a third-party assurance report provided.

Report Availability

The e-report is available on the official website of Zhongyuan Bank (www.zybank.com.cn) and HKEX (www.hkexnews.hk) for public reference and download.

Contact Information

Readers are welcome to send their comments on this report through the follows:

Address: Zhongke Jinzuo Building, 23 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou City, Henan Province, China

Tel: (86) 0371-85519796

Fax: (86) 0371-85519888

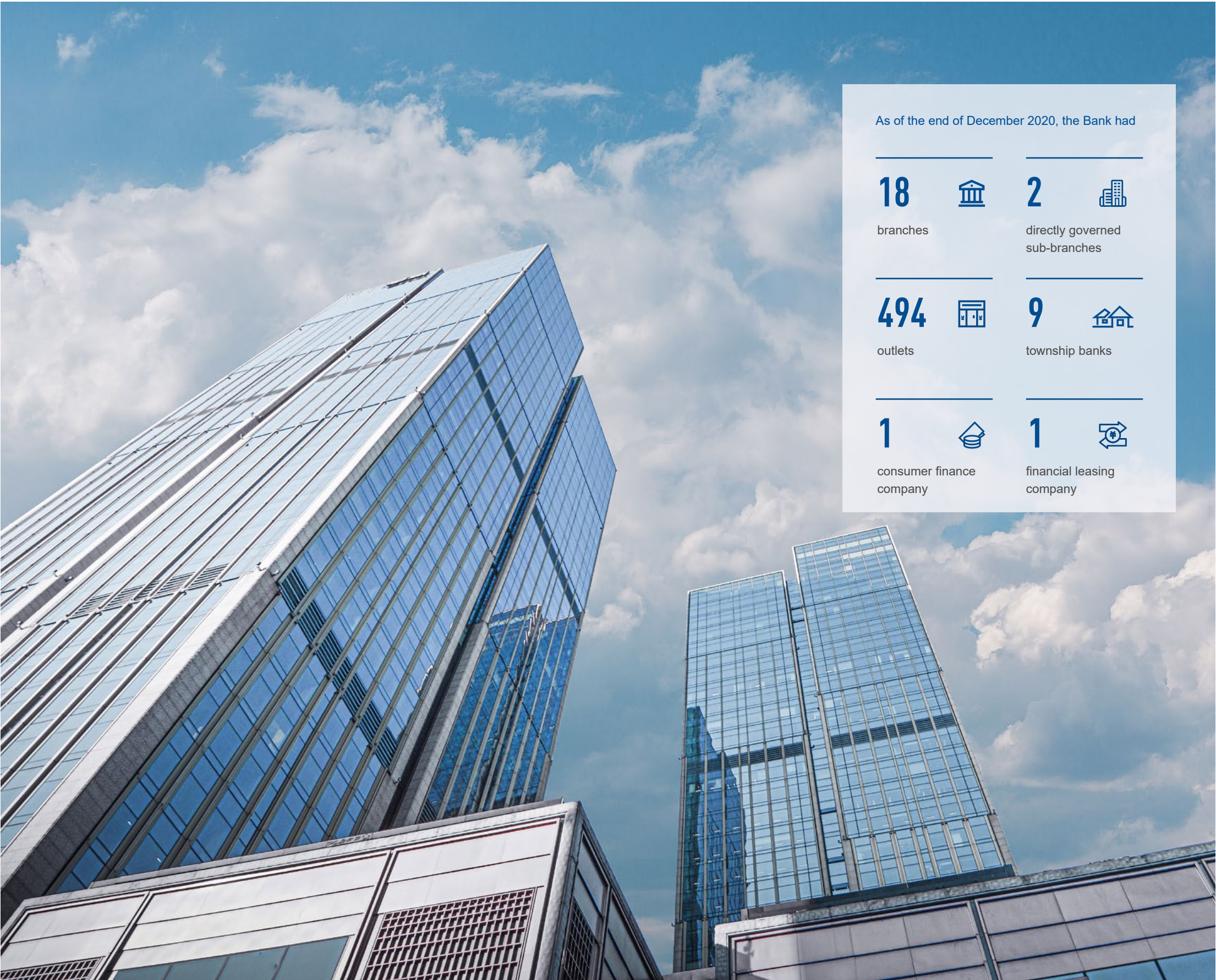
Email: Dongjianban@zybank.com.cn

About Us

Corporate Profile

Zhongyuan Bank is headquartered in Zhengzhou City, Henan Province, China. On December 23, 2014, Zhongyuan Bank was incorporated, opening a new page in the history of Henan's financial sector. On July 19, 2017, Zhongyuan Bank went public on the HKEX's Main Board. As of the end of December 2020, the Bank had 18 branches, 2 directly governed sub-branches, and 494 outlets. It is also the main promoter of 9 township banks and one consumer finance company, and the controlling shareholder of a financial leasing company. It has been named as one of the Top 10 Urban Commercial Banks of the Year by *Financial News* for six consecutive years, and was listed among the World's Best Banks by *Forbes* in 2020.

Since its foundation, Zhongyuan Bank has been always following the goal of "growing into a leading commercial bank" set by the CPC Henan Provincial Committee and People's Government of Henan Province. Following the strategies of "distinctive traditional banking, striking innovative banking, and competitive future banking", and "Online + Offline Rural Banking", Zhongyuan Bank has taken active reform and innovation measures, greatly supported local economic growth, and served communities dedicatedly. We believe that technology underpins and promotes development, and put "steadiness, innovation, aggressiveness and efficiency" at the core of corporate culture. We have also greatly promoted mobile finance, online finance and comprehensive financial service transformation. All these efforts were made to build Zhongyuan Bank into a customer-centric, technology-driven leading commercial bank providing distinctive products and services.



Data in 2020

Economic performance

Indicator	Unit	2020	2019	2018
Total assets	RMB (100 million)	7,574.83	7,098.85	6,204.44
Operating revenue	RMB (100 million)	194.28	190.22	167.84
Net profit	RMB (100 million)	33.55	32.06	23.65
Deposit balance	RMB (100 million)	4,249.82	3,850.46	3,461.89
Total loans	RMB (100 million)	3,570.26	2,992.05	2,543.70
Provisioning coverage ratio	%	153.31	151.77	156.11
Micro and small loan balance	RMB (100 million)	508.13	420.28	343.61
Agriculture related loan balance	RMB (100 million)	667.00	698.00	552.00
Green loan balance	RMB (100 million)	46.15	24.17	16.02

Social performance

Indicator	Unit	2020	2019	2018
Employment				
Total number of employees	Person	13,396	13,491	13,575
Total workforce by gender				
Male employees	Person	6,567	6,482	6,367
Female employees	Person	6,829	7,009	7,186
Total workforce by employment type				
Full-time employees	Person	13,396	13,491	13,575
Part-time employees	Person	0	0	0
Total workforce by age group				
≤ 30	Person	4,247	4,851	5,477
30-50	Person	7,986	7,573	7,170
≥ 50	Person	1,163	1,067	928
Total workforce by region				
Zhengzhou where the head office is located	Person	2,635	2,427	2,249

Indicator	Unit	2020	2019	2018
Inside Henan except Zhengzhou	Person	10,761	11,064	11,326
Outside Henan	Person	0	14	107
Employee turnover rate by gender				
Male employees	%	1.72	1.68	2.11
Female employees	%	1.57	2.23	2.25
Employee turnover rate by age group				
≤ 30	%	1.34	1.42	1.16
30-50	%	1.87	2.41	3.12
≥ 50	%	0.08	0.08	0.07
Employee turnover rate by region				
Zhengzhou where the head office is located	%	1.00	1.26	1.61
Inside Henan except Zhengzhou	%	2.29	2.65	2.75
Outside Henan	%	0	0	0
Health and safety				
Work-related deaths	Person	0	0	0
Proportion of work-related deaths	%	0	0	0
Work-related injuries	Person	17	14	17
Lost days due to work injury	Day	1,699	1,923	1,586
Development and Training				
Proportion of trainees by gender				
Male employees	%	100	100	100
Female employees	%	100	100	100
Proportion of trainees by employee category				
Senior management	%	100	100	100
Middle management	%	100	100	100
Employees	%	100	100	100
Average training hours of employees by gender				
Male employees	Hour	117	95	89
Female employees	Hour	117	94	89
The average training hours completed per employee by gender and employee category				
Senior management	Hour	45	77	66.50
Middle management	Hour	60	88	76
Employees	Hour	118	96	89

Indicator	Unit	2020	2019	2018
Supply chain management				
Total number of suppliers ¹	No.	309	733	\
Inside Henan	No.	122	537	\
Outside Henan	No.	187	196	\
Supplier review coverage	%	100	100	\
Product liability				
Received number of complaints about product and service	No.	592	479	314
Customer satisfaction				
Incoming call	%	99.56	99.60	99.50
Online customer service	%	94.10	94.75	94.00
Community investment				
Total charitable donations	RMB (10 thousand)	1,157.89	\	\
Duration of volunteer activities	Hour	3,959.00	\	\

Environmental performance

Indicator	Unit	2020	2019	2018
Emission ²				
Air Pollutant Emission ³				
NOx emissions	Kilogram	3,073.22	3,176.70	3,330.48
SOx emissions ⁴	Kilogram	123.08	128.28	134.77
Carbon monoxide emissions	Kilogram	1,162.94	930.03	1,352.69
PM emissions	Kilogram	11.39	4.99	6.84
Total greenhouse gas emissions ⁵ (category one and category two)	Ton	18,971.63	25,752.32	25,401.63
Greenhouse gas emissions per square meter of floor area (category one and category two)	Ton/Square meter	0.03	0.05	0.05
Direct emission ⁶ (category one)	Ton	1,024.48	909.31	944.39

¹ Data in 2020 refers to the number of suppliers winning the bid, and data in 2019 refers to the number of alternative suppliers.

² Since the emission data, energy and resource consumption data of the computer room cannot be measured separately, the intensity of greenhouse gas emission, hazardous waste emission, non-hazardous waste emission, energy consumption and daily water consumption are all included the office area and the computer room according to the floor area.

³ The emission sources of air pollutants include fixed sources and mobile sources. The emission caused by fixed sources is calculated according to the *Handbook of the First National Pollutant Survey on the Production and Discharge Coefficient of Urban Domestic Sources*; the emission caused by mobile sources is calculated according to the *Technical Guidelines for the Compilation of Air Pollutant Emission Inventories of Road Motor Vehicles (Trial)*. The calculation standard of emissions caused by mobile sources does not include the emission coefficient of the sixth national emission standard, so we use the fifth national emission standard for the calculation of related mobile sources.

⁴ In 2020, the SOx is mainly the emissions of sulfur dioxide.

⁵ The greenhouse gas inventories contain carbon dioxide, methane and nitrous oxide, which are mainly produced from purchased electricity power and fossil fuel combustion. Emissions of greenhouse gases are presented in terms of carbon dioxide equivalent, and calculated in accordance with the *2011 and 2012 Power Grid Baseline Emission Factors in China* released by the National Development and Reform Commission (NDRC) and *2006 IPCC Guidelines for National Greenhouse Gas Inventories* released by the Intergovernmental Panel on Climate Change (IPCC).

⁶ The direct emission of greenhouse gases mainly comes from natural gas, facility diesel oil, coal gas and motor gasoline consumption.

Indicator	Unit	2020	2019	2018
Indirect emission ⁷ (category two)	Ton	17,947.15	24,843.01	24,457.24
Total hazardous waste ⁸	Ton	262.22	230.11	185.89
Total amount of hazardous waste per square meter of floor area	Ton / Square meter	0.0005	0.0004	0.0003
Waste toner	Ton	57.24	52.20	57.84
Waste toner cartridge	Ton	65.50	71.00	74.00
Waste ink cartridge	Ton	19.47	18.21	21.35
Total amount of non-hazardous waste ⁹	Ton	120.01	88.70	32.70
Total non-hazardous waste per square meter of floor area	Ton / Square meter	0.0002	0.0002	0.0001
Office waste	Ton	59.40	44.90	32.70
Kitchen garbage	Ton	60.61	43.80	\
Resource Use				
Total energy consumption ¹⁰	tce	4,773.91	6,411.36	6,422.76
Energy consumption per square meter of floor area	tce/Square meter	0.01	0.01	0.01
Total direct energy consumption	tce	578.16	603.47	705.06
Total indirect energy consumption	tce	4,195.75	5,807.89	5,717.70
Direct energy consumption				
Natural gas	Cubic meter	294,541.77	306,684.00	315,635.80
Facility diesel oil ¹¹	Liter	5,167.00	\	\
Coal gas	Cubic meter	7,026.00	5,600.00	8,046.00
Fuel consumption of official vehicle ¹²	Liter	166,398.92	181,464.00	264,719.00
Indirect energy consumption				
Purchased electricity	Kilowatt-hour	34,139,534.88	47,257,015.00	46,523,195.18
Daily water consumption ¹³	Ton	359,463.53	375,932.00	345,899.57
Daily water consumption per square meter of floor area	Ton/Square meter	0.65	0.66	0.63
Total consumption of copy paper ¹⁴	Ton	102.57	145.44	192.25

⁷ Indirect emission of greenhouse gases mainly comes from the consumption of purchased electricity.

⁸ The hazardous wastes involved in the bank's operation are all handled by qualified professional companies, mainly including office printing equipment like waste ink cartridge, toner and toner cartridge. The data disclosed this time are waste generated by the head office in 2018, 2019 and 2020.

⁹ The bank's non-hazardous wastes are handled by recyclers, mainly including office waste, kitchen waste, etc.

¹⁰ Calculation of energy consumption data is based on relevant conversion coefficients provided in the national standards of *General Rules for Calculation of Comprehensive Energy Consumption (GB/T 2589-2008)* published by Standardization Administration of the People's Republic of China, which includes purchased electricity, natural gas, facility diesel oil, coal gas and motor gasoline consumption of official vehicles .

¹¹ Facility diesel oil refers to the diesel oil consumed by the backup generator and small amount of usage for stoves.

¹² The fuel consumption of official vehicles includes ethanol gasoline and gasoline.

¹³ Daily water consumption mainly refers to tap water meter reading data.

¹⁴ Copy paper mainly refers to A4 office paper.



Honors and awards 2020

June

- In June 2020, listed as one of the World's Best Banks by *Forbes*.



August

- In August 2020, ranked 94th on the list of "Top 200 Employers 2020" published by *China Internet Weekly* in conjunction with Deben Consulting and eNet Research Institute.
- In August 2020, won the "Best Supply Chain Finance Product Innovation Award" at the China Supply Chain Finance Annual Conference.



November

- In November 2020, awarded as one of the 2020 Asia Excellent City Commercial Banks at the 21st Century Asian Financial Competitiveness of the 21st Century Annual Finance Summit of Asia.



For more information about our Bank's awards and honors, please refer to our 2020 annual report.

January

- In January 2020, Zhongyuan Bank's digital transformation was rated as one of the "Top 10 Financial Informatization Events in 2019" by *Financial Computerizing*.
- In January 2020, included in the "Golden Penguin" 2019 Overall List of Financial Institutions in Henan as a "Public Welfare Contributor".
- In January 2020, won the "Retail Banking Award for Top Ten City Commercial Banks" at the 2019 China Retail Finance Innovation and Practice Awards.



September

- In September 2020, selected as one of the best institutional organizers in promoting financial education by banks and insurers in Henan.
- In September 2020, the Bank's Digital Transformation Fintech Innovation Case won the "Award for Top Ten Fintech Innovations" at the China Financial Innovation Forum.



October

- In October 2020, won "Organizations with Excellent Performance in Fighting against COVID-19 in Henan Province" awarded by the CPC Henan Provincial Committee and People's Government of Henan Province for the "One QR for One Community" registration and community access management system.
- In October 2020, won the 2020 Fintech Gamma Award by *Securities Times*.











Optimizing the ESG management

ESG management organizational structure

We specially established an ESG management organizational structure in which the Strategic Development Committee of the Board of Directors is responsible for ESG and CSR management, the research and formulation of CSR strategy and policy, and the supervision, inspection and evaluation of CSR performance. All branches actively implement ESG and social responsibility development concepts to effectively ensure the implementation of various tasks.

Engaging with stakeholders

Stakeholder engagement has always been a focus of us. Measures included constantly expanding engagement channels, establishing and improving the engagement mechanism, and listening and responding to stakeholders' demands and suggestions.

Stakeholder	Expectations and demands	Engagement channels	Zhongyuan Bank's responses
 The government	Responding to national strategies, supporting regional coordinated development, practicing inclusive finance, boosting rural, revitalization, Green finance, Green operations	Policies and regulations, special reports, seminars, daily communication reports	Implement the government's industrial and economic policies, support regional economic development, serve the real economy, practice inclusive finance, and promote green finance and green office
 Regulator	Operate in compliance with the law, prevent and mitigate financial risks, and maintain financial stability	Regulatory policies and documents, daily work reports, on-site and off-site supervision	Strict comply with regulatory policies, conduct effective internal control and compliance management, and ensure steady operations
 Shareholders	Good rewards on investment, complete governance structure and impeccable information disclosure	General meeting of shareholders, regular announcements, telephone, e-mail, fax and other means of engagement	Maintain continuous and robust operations, and improve profitability, corporate governance and information disclosure
 Clients	Provide premium financial products and services, safeguard the rights and interests of customers, promote financial education	Customer satisfaction surveys, customer service calls, customer activities, promotional and educational activities	Accelerate financial innovation, ensure data security and privacy protection, improve customer complaint management and customer satisfaction surveys, and provide financial training
 Employees	Competitive compensation and benefits, satisfactory working environment and atmosphere, enough space for growth	Workers' Congress, trade union, symposiums, interviews, home visits	Develop scientific compensation incentive and promotion systems, carry out various forms of training sessions, improve the incentive and restraint mechanism, and pay attention to employee welfare and physical and mental health
 Partners	Good faith and mutual benefit, fair procurement, ESG risk management for supply chain	Business cooperation, business exchanges, bidding meetings	Uphold good faith, mutual benefit and win-win strategy, comply with the law, be fair and just, and build sound long-term relationships with Strategic partners and suppliers
 The public	Fulfill social responsibility, care for vulnerable groups, serve communities, promote social welfare, popularize financial knowledge, fight against the COVID-19 epidemic, participate in environmental protection	Volunteering, charitable activities, sponsorship activities, green public welfare events, financial advocacy and training	Volunteer in communities, organize a variety of public welfare activities, sponsor cultural and sports projects, expand financial education
 Media agencies	Expand the platform for communication to the public, and create a stakeholder engagement mechanism	Annual report, SCR report, press conference, new media communication	Timely release the annual report and SCR report, and communicate operations and development information through media

Annual materiality analysis

To systematically identify material issues in ESG management, we collected materiality assessment results from stakeholders through questionnaires and received 115 valid feedbacks from shareholders, customers, employees, suppliers and partners. Based on the results of the survey, we identified the material issues of the year.

↑ Expectations of external stakeholders on Zhongyuan Bank's ESG	<ul style="list-style-type: none">•Practicing inclusive finance•Boosting rural revitalization•Communication with the stakeholders•Protect the rights and interests of minority shareholders•Information disclosure•Brand Building•Corporate culture•Community Investment•Security Education on Finance	<ul style="list-style-type: none">•Responding to national strategies•Targeted poverty alleviation•Participating in the fight against COVID-19•Product innovation•Customer rights and interests protection•Customer services and satisfaction•Strengthening customer complaint management•Comprehensive risk management Corporate Governance•Internal control and compliance	<ul style="list-style-type: none">•Supporting regional economic development•Corporate strategic planning•Fintech empowerment•Developing characteristic business•Data security and management•Customer privacy protection•Protecting client rights and interests•Employee rights•Employee benefits•Employees health and Safety
	<ul style="list-style-type: none">•Addressing climate change•Achieving the "30.60" goals•Support the development of green public welfare	<ul style="list-style-type: none">•ESG-integrated management•Responsible procurement•Supply Chain Management•Supply chain ESG risk management•Promoting green financial products	<ul style="list-style-type: none">•Anti-corruption•Industry competitiveness•Diversified team•Employment•Employee training and development
	<ul style="list-style-type: none">•Charitable donations	<ul style="list-style-type: none">•Organizing public welfare activities•Volunteering	<ul style="list-style-type: none">•Green operations•Party building•Helping needy employees•Supporting a better work-life balance for employees•Employee care•Employee communication
→ Expectations of internal stakeholders on Zhongyuan Bank's ESG			



Improving corporate governance

In strict accordance with the *Company Law of the People's Republic of China*, *Law of the People's Republic of China on Commercial Banks*, *Guidelines for the Internal Control of Commercial Banks of the People's Republic of China*, *HKEX Corporate Governance Code* and other laws and regulations, as well as regulatory requirements on listed companies, we took continuous measures to improve the corporate governance system, and manage operational compliance and risk, laying a solid foundation for the high-quality development of the Bank.

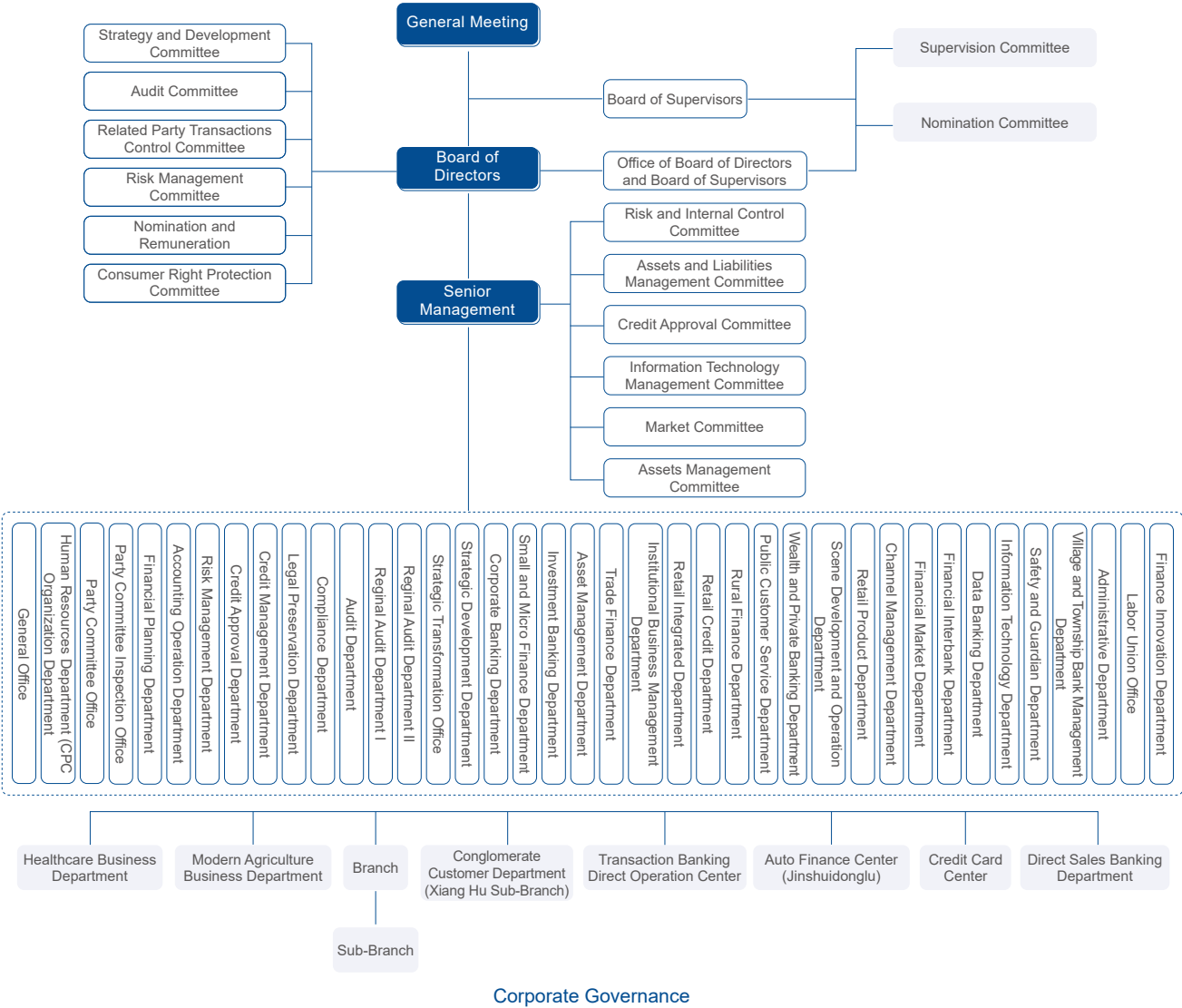


Improving governance structure

To further improve corporate governance, we created comprehensive and three-dimensional governance structure and system according to our development strategies and business plans, ensuring corporate governance reaches a new level.

The corporate governance structure

In accordance with the law and regulatory requirements, we clearly defined the responsibilities of GMS (the general meeting of shareholders), Board of Directors, Board of Supervisors and executive management. The GMS is an authority that exercises its functions and powers in accordance with the law. The directors are elected by the GMS, and the Board of Directors is responsible to the GMS. The management is responsible to the Board of Directors, and the Board of Supervisors supervises the Board of Directors and management. A functioning mechanism featuring scientific decision-making, and effective implementation and supervision has been created. As of the end of December 2020, the Bank's Board of Directors consists of 11 directors, including 4 executive directors, 3¹⁵ non-executive directors, and 4 independent non-executive directors. Independent non-executive directors account for more than one-third of the board members.



Compliance information disclosure

In accordance with relevant regulatory requirements, we formulated the *Administrative Measures of Zhongyuan Bank for Information Disclosure*, and disclosed information through statutory information disclosure media in line with the principles of authenticity, accuracy, completeness and timeliness. We prepared reports periodically to improve reporting quality. And, according to the latest regulatory requirements, we continuously make public announcements on major issues, including but not limited to official announcements, shareholder circulars, press releases, management's public speeches, and news released on our official website.

Protecting the rights and interests of minority shareholders

We think that the rights and interests of shareholders, especially minority shareholders, should be well protected. In accordance with relevant laws and the *Articles of Association of Zhongyuan Bank*, we took special measures to protect minority shareholders. We appointed an independent non-executive director to give fair and objective opinions on matters related to minority shareholders, such as profit distribution schemes, executive compensation and major related party transactions. We deepened engagement with minority shareholders through diverse channels such as official website, mail and telephone to improve interactions.

Diversity on the Board of Directors

We developed board diversity policy according to the requirements of HKEX. According to the policy, director selection shall consider diversity elements, including but not limited to gender, age, region, industry experience, skills, knowledge and educational background. All appointments to the Board shall follow the principle of merit, and fully and objectively take into account the benefits of board diversity. During the reporting period, both the Board of Directors and the Board of Supervisors had female members.



¹⁵ The qualification of one of the non-executive directors was approved by the China Banking and Insurance Regulatory Agency on January 21, 2021.

Strengthening internal control and compliance management

We created a scientific and standardized internal control system in line with the principles of full coverage, checks and balances, prudence and matching, in a bid to promote the development of compliance culture. During the reporting period, we greatly supported the review of market governance results, strengthened internal rectification and accountability, and improved the anti-money laundering compliance system to ensure compliant operations, and promote high-quality development across the Bank.

Improving internal control regulations

In accordance with regulatory guidelines, we developed a series of compliance risk management regulations including the *Measures of Zhongyuan Bank Co., Ltd. for Compliance Risk Management*, *Measures of Zhongyuan Bank Co., Ltd. for the Management of Rules and Regulations*, and the *Rules of Zhongyuan Bank Co., Ltd. for Compliance Assessment*. These regulations specify a range of compliance management measures, such as unified compliance risk management framework, division of responsibilities, compliance risk identification, monitoring, inspection and supervision, as well as requirements related the supply of related resources. In addition, we consolidated the “three lines of defenses” — business management, compliance risk management, and internal audit & discipline inspection, and improved tools for the management of internal control, compliance and operational risks, so as to effectively integrate the management of these risks.



Developing compliance culture

We promoted the development of internal control and compliance culture and relevant training. Institutionally, we formulated the *Guidelines of Zhongyuan Co., Ltd. Compliance Culture Construction*, clearly defining the vision, objectives, philosophy, maxims, measures and safeguards for the development of compliance culture.

Through meetings, training sessions, media, bulletin board, brochures and other channels, we promoted role models, analyzed cases, and organized a variety of entertainment and sports events related the compliance management. Specifically, first, we developed the *Zhongyuan Bank Co., Ltd. 2020 Compliance Culture Development Plan* to promote safe and steady internal control and compliance which are crucial for robust and harmonious development. Second, we published policy interpretations, case-based warnings, and compliance risk reminders on the intranet compliance platform to improve employees' compliance awareness. Third, we organized tiered compliance training for employees at different tiers — from executive management to frontline employees — to improve employees' compliance management and implementation capacities, improve the long-term mechanism of compliance education to further enhance the effectiveness of internal control.

Case

Actively carrying out compliance culture publicity activities

To further promote the business philosophy that “everybody is responsible for compliance, and compliance creates value”, the Bank has carried out various forms of compliance culture publicity activities. From May to June 2020, the Bank organized an essay contest themed as “Construction of a Compliance Culture Never Stops” and collected nearly a hundred essays, of which 5 employees' essays were selected and granted with Excellent Award by the Self-regulation Specialized Committee of Henan Banking Association; from July to October 2020, the Bank carried out “Compliance Culture Promotion Month” activity. Through special trainings on Civil Code compliance knowledge, collection of brilliant sayings on compliance and compliance fraud prevention oath-taking ceremony and other activities to make compliance awareness deeply rooted among the people. As a result of these various compliance culture publicity activities, we have actively advocated and practiced the compliance culture construction philosophy, enhanced the compliance awareness of all employees, and contributed to the formation of a fair and orderly market environment.



Compliance fraud prevention oath-taking activity



A lecture on compliance

Anti-corruption

We made new progress in improving Party conduct, promoting integrity and combating corruption, furthered integrated Party building into daily work, and deepened the reform of the discipline supervision and inspection. To institutionally improve anti-corruption and supervision, we formulated the *Zhongyuan Bank Co., Ltd. Catalogue of Integrity Risks Related to Important Positions and Key Areas*, and *Measures of Zhongyuan Bank Co., Ltd. for Handling Employee Violations*, which consolidated the foundation for daily supervision and management. In addition, we provided various whistle-blowing channels across the Bank through which the public may supervise and report violations. Reports were timely registered, reported and investigated by the discipline inspection department.



In May 2020, the head office held a meeting to communicate, study and implement the spirit of NPC and CPPCC.



In March 2020, Zhengzhou Branch held a meeting on ideological and reputational risk management research and analysis.



In June 2020, the Party Committee of Xuchang Branch organized Party members to provide training at the Jiaoyulu Executive Leadership Academy Lankao County, Henan Province.



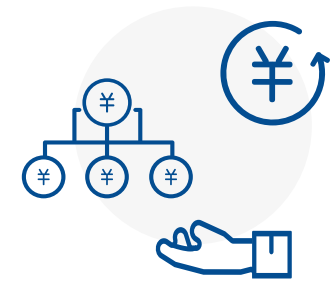
In June 2020, members of the Central Group of the Party Committee of Xinyang Branch followed in the footsteps of General Secretary Xi Jinping during his visit to Xinyang, Henan Province, visiting Tianpu Dawan Village, Tianpu Township, Xin County.

Anti-money laundering (AML)

We adopted the risk-based AML approach, continuously improved AML governance mechanism and management structure. We developed 11 sets of AML regulations on customer identification, reporting of large-sum transactions, recording of customer transactions and so on, to ensure effective AML.

Relying on fintech, we optimized the AML monitoring and reporting system and suspicious transaction monitoring model, improved the retrospective blacklist monitoring system, and increased the accuracy of AML data. In terms of AML education, we diversified media channels to achieve regular education. As for AML training, we established a comprehensive AML training system, to improve employees' AML capacities at the theoretical and practical levels more effectively. In 2020, Zhongyuan Bank

was cited by the Zhengzhou Central Sub-branch of the People's Bank of China and Henan Provincial Public Security Bureau for its impressive performance in AML suspicious transaction monitoring and reporting, and AML investigation.



Protecting intellectual property rights

In accordance with the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, *Copyright Law of the People's Republic of China* and other laws and regulations, we formulated the *Measures of Zhongyuan Bank Co., Ltd. for the Management of Intellectual Properties*. The Legal Protection Department led the implementation of the measures, supported by the head office and branches. The measures require the whole bank to attach importance to the development, protection and utilization of intellectual properties, actively protect the Bank's intellectual property rights, and at the same time, avoid infringing the intellectual property rights of others.

Comprehensive risk management

In line with regulatory requirements and the principles of "risk-based management and prudent operations", we took a range of measures to prevent and alleviate risks. These measures included optimizing the risk management structure, improving risk management capacities, and promoting the intelligent risk control system across the Bank. Other measures included enhancing credit management, consolidating the basis for full life-cycle loan management adjusting and optimizing credit authorization management, deepening industry risk research, and scientifically resolving non-performing assets, so as to continuously improve the quality of risk management.

Strengthen market risk management and control

To effectively promote delicacy market risk management, we improved the market risk management system, established a three-tier market risk limit management system, and investigated market risk as planned, effectively improving the ability of refined market risk management. In addition, we optimized the implementation process of the market risk management system, consolidated the foundation for market risk measurement, optimized the market risk management framework for risk identification, measurement, monitoring and reporting, and further integrated digital technology into market risk management. We also used stress testing to assess our interest rate and exchange rate risk tolerance in extreme cases, enhancing our forward-looking risk management capabilities.

Focusing on post-credit management

We promoted the construction and launch of the third-phase credit system, and integrated marketing management tools into the new credit system to improve the marketing efficiency and business process risk management capabilities of account managers. Our credit management covers the whole credit life cycle, especially underwriting, credit conditions, credit granting and credit recovery. Organizations and individuals failing to fulfill their duties were investigated and punished.

Enhancing loan concentration management

We optimized the loan structure and allocated credit resources rationally. Our risk management focuses on four types of loans — loans to non-local customers, real estate loans, loans to related party transactions, and loans to high-risk projects. As for loans to specific industries, we improved the management of loan portfolios, scientifically set credit limits, and changed the principle from “big long-term loans to a small number of customers” to “small loans to a large number of valued customers”, so as to reasonably spread credit risk. We also enhanced loan approval management — new loans must be approved by the head offices, and risk directors assigned to branches and directly governed sub-branches are responsible for managing rather than approving loans.

Deepening industry risk research

The head office set up an industry risk research team to conduct digital analysis of all customers in the industry, comprehensively considering marketing, risk management and other related elements, the team explored customer segmentation, and guided account managers in incorporating risk control into marketing and customer development, so as to achieve reasonable credit granting.

Resolving non-performing assets

We made steady progress in resolving non-performing assets according to science-based strategies and targets, guarded by dynamic monitoring and optimization. Targeting non-performing assets identified — especially those of key customers, we developed resolution strategies, the implementation of which was ensured by supervision, tracking, regular reporting and sufficient resources. The Non-Performing Assets Recovery Center recovered non-performing assets across the Bank, relying on their improved expertise and inter-departmental coordination.

Standardizing supplier management

In accordance with the *Invitation and Submission of Bids Law of the People's Republic of China*, *Regulations for the Implementation of the Invitation and Submission of Bids Law of the People's Republic of China*, *Provisions on Strengthening the Management of Centralized Procurement of State-owned Financial Enterprises*, and other relevant laws and regulations, we formulated the *Procurement Management Measures of Zhongyuan Bank Co., Ltd.* for in the light of the actuality of the Bank. These measures covered organizational structure and corresponding responsibilities, procurement methods, procurement process, supplier management, file management and other procurement-related aspects. The procurement process and supplier selection were regulated to ensure that the bidding process was open and fair. The Department of Centralized Procurement under the Administrative Office of the head office is responsible for the management, organization and implementation of the centralized procurement projects of the whole bank. We created supplier and evaluation expert databases, established centralized procurement files, and reported centralized procurement results to the head office's Financial Review Committee.



Assuming CSR as a Financial Institution

As a provincial incorporated bank in Henan Province, Zhongyuan Bank has always remained true to its original aspiration. In 2020, the deadline for poverty alleviation and a tough year to fight against COVID-19, Zhongyuan Bank strengthened bottom line thinking and took national situation into consideration. The bank gave insight into challenges, and ensured stability on the six fronts and security in the six areas, and engaged public welfare taking practical measures to assume CSR.



Actively participating in targeted poverty alleviation

2020 was a decisive year for winning the battle against poverty and building a moderately prosperous society in all respects, and marked the conclusion of the 13th Five-Year Plan. According to the Online + Offline Rural Banking strategy, Zhongyuan Bank created the “Internet + Consumption-driven Poverty Alleviation” model, expanding influence to areas not covered by offline outlets. Through online platforms and logistics network, we directly delivered agricultural products to dinner tables, realizing sell products, help the poor, and benefit the people’s livelihood through consumption-driven poverty alleviation.

As of the end of December 2020, RMB **5** billion loans had been granted to targeted poverty alleviation projects.



Creating free platforms

We Launched special online sections such as Central Plains Food Map and Local Specialties Fair. We take impoverished villages and poor households as the first targets of cooperation, and do not charge platform entry fees, handling fees and promotion fees, etc., so that farmers can settle in at zero cost and promote at zero cost.

Case

Cooperating with local governments in Foodie Live Streaming

Live streaming created an extremely flourishing market in 2020. Integrating videos and real-time interactions, live streaming shortens the distance between buyers and sellers, increasing order conversion rates. Seizing this opportunity, we cooperated with local governments to sell popular local goods through livestreams, an effort to fulfill our CSR and promote poverty alleviation.



Foodie Live Streaming’s first township-level livestream, joined by Yuan Bo, First Secretary of Baishiya Village, Dianzi Township, Shanzhou District, Sanmenxia City, Henan Province



Foodie Live Streaming’s first county-level livestream, joined by Wu Di, Deputy Head of Shangcheng County, Xinyang City, Henan Province

Case

Local Specialties Fair promoted poverty alleviation

Zhongyuan Bank helped branches to create booths for specialties from where they are located at, and opened the fair on Tuesdays, helping build local agricultural by-product and specialty brands, and supporting key industries. Internal and external channel, platform and customer resources were integrated, creating ways to promote and sell agricultural products.



Wankun Farming Cooperative sent a silk banner to Zhongyuan Bank

Concerted efforts across the Bank

The head office was responsible for event design and promotion, and the branches for field visits, product selection and pricing, order processing and after-sales service. Farmers only needed to concentrate on farming, and no human, material and learning costs were added. In this way, high-quality agricultural products were sold from fields and mountainous areas to cities.



Zhongyuan Bank helped Xidaizhuang Village in Xinxiang County sell unmarketable carrots.

Ensuring product quality

Online platforms sell products at lower prices as cost of sales is reduced, and ensure direct delivery from the place of origin and product quality, benefiting consumers while protecting their interests. Operators of online platforms need to ensure product quality and effective packaging, warehousing, sorting, delivery etc., and at the same time, help farmers develop quality awareness, thus protecting the basic interests of consumers while assisting farmers.

Supporting poverty alleviation in other provinces

According to the national strategy of consumption-driven poverty alleviation, Zhongyuan Bank actively participated in the poverty alleviation in other provinces in the model of “online platform selling + offline procurement by the trade union”, highlighting the power of the bank.

Case

Poverty alleviation in Xinjiang

The trade union of Zhongyuan Bank's head office launched Henan-Xinjiang Consumption-Driven Poverty Alleviation campaign as part of its targeted support to Xinjiang. Aside from internal procurement, the Bank worked with Xinjiang Hami 13th Division Huangtian Farm to help sell agricultural specialties in Xinjiang through Zhongyuan Food Map and Local Specialties Fair Xinjiang Booth.



A truck loaded with dates and raisins from Xinjiang arrived in Zhengzhou.

Fighting against COVID-19

In the face of the sudden COVID-19 outbreak, Zhongyuan Bank thoroughly implemented the spirit of General Secretary Xi Jinping's important instructions on winning the fight against the epidemic, fully implemented the epidemic control decisions and plans of the CPC Central Committee, State Council, CPC Henan Provincial Committee and People's Government of Henan Province, and well played its role in the fight as a financial institution. Aside from taking internal epidemic control measures, we provided financial support to the epidemic control across Henan, supporting the overall situation of epidemic prevention and control in the province, promoting local economic and social development.



Increasing financial supports to control epidemic

As a provincial incorporated bank with a strong sense of CSR, we opened a Financial Service Green Channel during the epidemic, ensuring that sufficient financial supports were provided to key organizations related to epidemic control in Henan.



Epidemic control organizations

We provided emergency financial services such as cash withdrawal and transfer of funds to governmental bodies, public institutions and enterprises related to COVID-19 control, and provided on-site services to medical institutions.



Small and micro enterprises

We launched ten service measures for MSEs, including not demanding early repayment, not suspending the granting of loans, not delaying the granting of loans, lowering rates, and temporarily increasing credit lines to qualified enterprises in needs, etc.



Medium-sized enterprise

We helped medium-sized enterprises through loan renewal and refinancing, providing sufficient financial support for companies to deal with the difficulties of the epidemic and to resume work and production.



Large and medium-sized enterprises

In accordance with regulatory requirements, we supported the resumption of production of qualified enterprises through online roadshows and market-oriented lending.

In addition, we explored a variety of financial tools to provide financial supports to companies affected by the epidemic and help companies resume production as soon as possible.



Underwrote RMB **1.81** billion of government bond for COVID-19 control



Issued first loan for COVID-19 control in Henan of RMB **100** million



Issued the first Re-lending of RMB **300** million for COVID-19 control in Henan



Underwrote RMB **500** million of ultra-short corporate bond for Muyuan Foods Co., Ltd., the first corporate bond related to COVID-19 control in Henan



Totally RMB **3.018** billion of loans were granted to enterprises related to COVID-19 control



Issued the **first** public welfare product for COVID-19 control in Henan

Zhongyuan Bank was praised by the Ministry of Finance for underwriting government bond for COVID-19 control

Case

In June 2020, the Ministry of Finance issued an announcement of issuing a special government bond in 2020 to fight against COVID-19 and promote economic and social development. As a member of the underwriting group, Zhongyuan Bank conscientiously performed its duties to fully support the issuance. The Bank bid for RMB30 billion of the bond, and won RMB1.81 billion, which reflected the strong CSR of responsibility of a provincial incorporated bank. Money raised through the bond targeted the construction of local infrastructure and projects related to COVID-19 control, to ensure employment, meet basic living needs, and protect market entities.

Zhongyuan Bank underwrote the first corporate bond for COVID-19 control in Henan

Case

Muyuan Foods Co., Ltd. (hereinafter referred to as "Muyuan Foods") is the second largest pig farm in China. During the COVID-19 outbreak, its operations were hit hard. Given this, Zhongyuan Bank quickly made the decision of providing a loan of RMB100 million to Muyuan Foods for one year at a rate of 3.15%, to ensure stable hog supply during the COVID-19 outbreak. The Bank also led the underwriting of RMB500 million of ultra-short corporate bond of Muyuan Foods in the inter-bank bond market, the first corporate bond related to COVID-19 control in Henan. Funds raised were mainly used as liquidity required by Muyuan Foods and its subsidiaries to ensure stable hog supply.

Case

Xinxiang Branch supported medical consumables manufacturer

Changyuan City is the "City of Medical Consumables in China". During the COVID-19 outbreak, many enterprises faced shortage of funds when they were producing anti-epidemic medical consumables at full capacity. Given this, Xinxiang Branch quickly set up a working group to customize credit schemes for medical consumables manufacturers in Changyuan together with the head office. They opened a green loan approval channel where the lending procedure was streamlined so that loans were provided to enterprises as soon as possible to meet their emergent needs.

Leveraging fintech to fight against COVID-19

Under the belief that technology underpins and drives development, we have been developing and leveraging fintech to drive our own and Henan's development since the very beginning. Soon after the COVID-19 outbreak, we launched innovative financial services, contributing to epidemic control and resumption of production.

Use fintech to develop technological solutions

Soon after the COVID-19 outbreak, we launched the "One QR for One Community" registration and community access management system that covered 3.8 million users from 100,000 organizations across Henan Province. The system applies to the digital management of multiple scenarios, such as community access, resumption of production, villager access, shopping mall registration, hospital access and urban travel. By the end of December 2020, the system had covered 104,000 communities, 1,874 property management companies, and 102,000 projects related to COVID-19 control. There were 4.206 million community users and 3.656 million users who registered online. The system made Zhongyuan Bank the only financial institution among the 300 organizations as winners of Organizations with Excellent Performance in Fighting against COVID-19 in Henan Province.



"One QR for One Community" online management system



The "One QR for One Community" system was used for community access management



Zhongyuan Bank won "Organization with Excellent Performance in Fighting against COVID-19 in Henan Province" for the "One QR for One Community" system

Create platforms to serve the public

For example, the Zhongyuan Food Map creates an online platform that links the demand and supply across Henan. During the COVID-19 outbreak, the platform provided fair-price goods and delivered food for free. At the same time, special activities to aid Hubei province were conducted through this platform to actively help Hubei's economic recovery.

Improving COVID-19 control capacities

Organizational management

We always put the safety and health of employee first after the COVID-19 outbreak. We took various control measures, and enhanced organizational management to provide a safe working environment for employees.

Case

Zhongyuan Food Map assisted Hubei in fighting against COVID-19 pandemic

To promote the economic recovery of Hubei, Zhongyuan Food Map worked with Wuhan University Henan Alumni Association to sell specialties of Hubei, such as tea and small potatoes from Enshi, crayfish from Jingzhou, navel oranges from Zigui online. Within three days, the platform received 1,170 orders for over 450 kg of products worth nearly RMB100,000. After the COVID-19 outbreak, the platform opened Hubei Specialty Booth for enterprises in Hubei, helping them recover from the epidemic.

Within three days, sold more than

900

kilograms of
goods

received

1,170

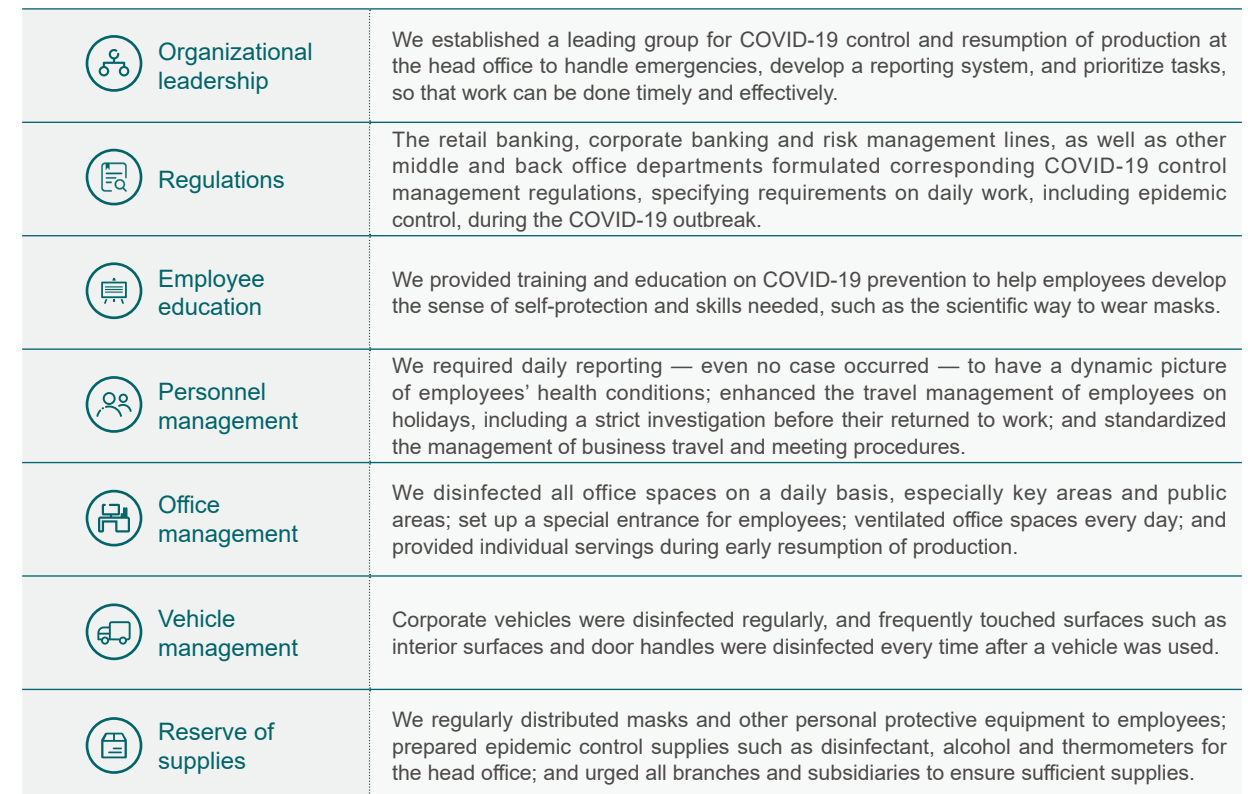
orders

has increased
the revenue
of Hubei
enterprises by
nearly RMB

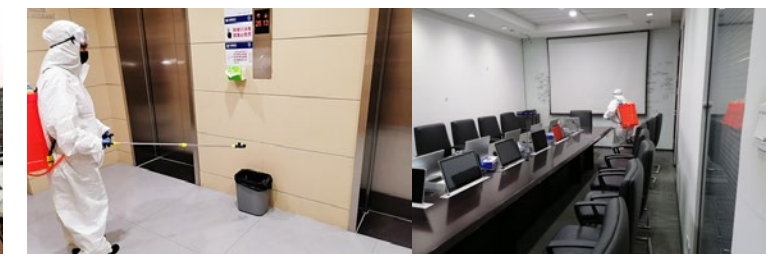
100,000



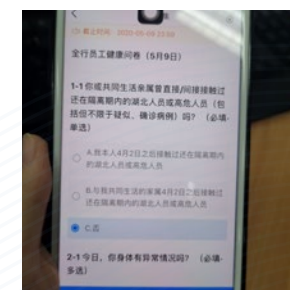
Zhongyuan Food Map helped enterprises in Hubei affected by COVID-19 outbreak



Employee access management



Office spaces were disinfected



Employees were required to report their health conditions on a daily basis



Employees were required to measure body temperatures.



We provided individual meal servings to employees.



Making donations

Soon after the COVID-19 outbreak, we donated RMB6 million to the Red Cross Society of Henan Province, an effort to assist COVID-19 control.

Case

Zhengzhou Branch donated for COVID-19 control

After the COVID-19 outbreak, Zhengzhou Branch responded quickly to superior COVID-19 control requirements and instructions. As for donations, the Bank organized “Zhongyuan Bank: Unity and Love” fundraising which received RMB224,475.1 from across the Bank within just one day; donated RMB2 million to 10 hospitals in Zhengzhou through the Red Cross Society of Zhengzhou for COVID-19 control; and donated supplies such as masks, disinfectants, alcohol and necessities of life to primary COVID-19 control organizations such as local red cross societies or their offices, and community organizations. County-level sub-branches and managers of rural banking service stations actively participated in COVID-19 control in communities and townships. Under the leadership of the Bank’s CPC Party committee, Party branches acted as “frontline bastions” in the fight against COVID-19 with Party members playing an example role.



Ensuring stability on the six fronts and security in the six areas

Zhongyuan Bank fully implemented important decisions and plans of NPC and CPPCC, took active measures to ensure stability on the six fronts and security in the six areas, raised its political awareness and fulfilled the responsibility of a provincial incorporated bank, and improved systems and mechanisms to make targeted efforts. Upholding the duty of serving the real economy, we were dedicated to promoting stable social and economic development, and effectively providing high-quality financial services for the growth of local real economy.



Comprehensive planning and decision making

Department heads at the head office assumed overall responsibility for making plans and decisions according to regulatory requirements, and branches and directly governed sub-branches implemented the plans and decisions. Special efforts were made to increase financial supports, reduce the cost of comprehensive financing, support enterprises to resume production, and prevent financial risks. In addition, long-term working mechanisms were developed to supervise the implementation of plans and decisions.



Focusing on COVID-19 control

We increased financial support for enterprises engaged in the research, production and selling of medicines, equipment and materials required for COVID-19 control; met the reasonable financing needs of enterprises seriously affected by the epidemic, including not demanding early repayment, not suspending the granting of loans, and not delaying the granting of loans; and financially supported sectors related to social stability and people’s wellbeing, meeting people’s basic needs during the COVID-19 outbreak.



Serving MSEs

We developed inclusive loan extension tools for MSEs to alleviate their pressure to repay due loans, reasonably extend their due loans, exempt their penalty interest, and didn’t downgrade the credit ratings of enterprises failing to repay due loans according to relevant policies.



Developing rural finance

We incorporated digital thinking into the innovation of rural financial products, expanded the scope of downgrade, optimized basic rural financial services, and improved the three-level financial services system.



Supporting the efforts against poverty

We strengthened macro-credit policy guidance, integrated a variety of monetary policy tools, mobilized the entire financial system to jointly address challenges, and guided financial institutions to bring more resources to poor areas.

Case

Zhongyuan Bank innovated lending model to ensure food safety

Henan is one of the key grain producers in China, with annual grain storage exceeding 50 billion kg. Every summer and autumn, grain trade and processing enterprises are facing a large amount of seasonal purchasing and storage capital needs. Most of these enterprises are MSEs who do not have sufficient pledges for loans, and on the other hand, banks have no effective grain supervision tools to ensure the safety of loans. Given this, Zhongyuan Bank adopted the “High Credit for High-quality Enterprises” and “Grain-pledged Loans” models, supporting grain procurement by MSEs which is essential for food safety.

High Credit for High-quality Enterprises

This platform is an online grain supply chain guaranteed financing platform created by Henan Grain Industry Investment Guarantee Co., Ltd. using the Internet of Things and blockchain technologies. Integrating various functions such as inbound and outbound process management, market monitoring and data monitoring, the platform is connected with Zhongyuan Bank’s banking system, so that secured loans are provided online to municipal and county-level grain depots, grain management agencies, forward reserve warehouses and food processing enterprises for specific purposes. The online lending process and closed capital operation can fully meet the needs of the business scenario of high-frequency, small-amount, and loan-on-demand grain purchases and storage.

Grain-pledged Loans

This model, which combines inventory pledge, core enterprise supervision and core enterprise redemption, allows borrowers to pledge grains for loans under the supervision of Zhengzhou Grain Wholesale Market Co. Ltd. A loan is granted after the warehouse receipt is pledged, and grains may be redeemed and delivered after the exposure is eliminated or the loan is repaid. If a receipt is not redeemed when expires, it would be bought by Zhengzhou Grain Wholesale Market Co. Ltd. unconditionally. The model provides financial supports to food processing and premium food trading enterprises such as flour mills, feed mills, alcohol factories and starch factories.

Contributing to public welfare

Assuming the CSR of a provincial incorporated bank, Zhongyuan Bank paid close attention to social needs, and took actions to fulfill its CSR in terms of COVID-19 control, poverty alleviation, assisting weak groups and difficulties, and subsidizing students.

In 2020, the Bank made RMB

11,578,900

of donations in cash and kind.



Case

Zhongyuan Bank joined hands with local governments to aid poor rural families

- In January 2020 when the Lunar New Year was around the corner, Zhongyuan Bank joined hands with county and township-level Party committees and governments of more than 90 counties in 18 prefectures and cities, as well as the People’s Bank of China to launch the second “Zhongyuan Bank — Aid to the Needy” program, sending daily necessities such as rice, flour and oil, together with good wishes, to more than 2,000 old people living alone and poor families in more than 400 villages across Henan. This embodies the strong sense of CSR of Zhongyuan Bank as a provincial incorporated bank.
- On January 13, 2020, Zhongyuan Bank was included in the “Golden Penguin” 2019 Overall List of Financial Institutions in Henan as a “Public Welfare Contributor”.

Case

Luohe Branch participated in “99 Giving Day” donation event

In October 2020, Luohe Bank participated in the “99 Giving Day” donation event co-organized by the Financial Work Bureau of Luohe County and Luohe Association of Heroism. A total of 461 employees donated RMB17,927.63 for needy children and people taking heroic actions through Tecent’s Matching Gift Program. Party Secretary of Luohe Branch was awarded the title of “Envoy of Heroism” by the Luohe Association of Heroism. Luohe Branch played an active role in spreading positive energy, promoting the general welfare, and driving cultural and ethical development in Luohe.

A total of **461**
employees donated



RMB **17,927.63**
for needy children and people
taking heroic actions through
Tecent’s Matching Gift Program





Driving Local Economic Development

As a financial institution, Zhongyuan Bank assumed our bounden duty of promoting the high-quality development of the real economy and serving the society, and aligned corporate plans with Henan's development strategies, in a bid to promote Henan's economic development. Our efforts wrote a new chapter in Henan's financial reform in the new era.



Promoting the development of the Central Plains Economic Region

Henan is one of the most populous provinces in China and a key producer of grains. Its high-quality economic development is thus of great strategic significance for China's stable, high-quality economic and social development. In recent years, aside from ensuring grain safety and agricultural product supply, Henan accelerated industrial upgrading, and greatly promoted digital economy, intelligent manufacturing, biomedicine and modern logistics, relying on its advantages in regional transportation, industrial base, human resources etc. These efforts promoted Zhengzhou's high-quality development and transformation into a National Central City.

Following the strategies of "distinctive traditional banking, striking innovative banking, and competitive future banking", and the tenet of "Meeting the needs of people, serving MSEs, supporting agriculture, rural areas and farmers, and promoting regional economic development", Zhongyuan Bank converged resources to improve people's wellbeing and promote the social and economic development of Henan and the bigger Central Plains.

Responding to national development strategies

Aligning with the Yellow River strategy

In recent years, we have taken a variety of measures to implement the "Yellow River Basin Ecological Protection and High-Quality Development" strategy (Yellow River strategy) and advance new infrastructure and new urbanization projects and major projects along the Yellow River Basin, particularly hydraulic engineering, environmental protection, and floodplain relocation projects related to ecological protection and high-quality development. The governments of cities and counties along the Yellow River Basin may apply for loans according to provided procedure. In 2020, we underwrote RMB4.5 billion of bonds for 7 projects included in the Library of Yellow River Strategy Projects developed by the Henan Provincial Development and Reform Commission. In March 2021, we issued RMB2 billion of financial bond to support ecological protection and high-quality development along the Yellow River Basin, with loans going to ecological protection, pollution control, efficient use of water resources, high-quality development, cultural tourism, etc.

Hydraulic engineering projects

We funded the construction of hydraulic engineering projects along the Yellow River Basin, including RMB210 million for the Xiaolangdi South Bank Irrigation Area in Luoyang City, and RMB500 million for the Xiaolangdi North Bank Irrigation Area. Our supports further improved the comprehensive benefits of the Xiaolangdi Water Control Project;

Ecological protection

We supported major ecological restoration and construction projects, pilot ecological corridor projects, and wetland park projects along the Yellow River Basin;

Floodplain relocation

We promoted the relocation of residents in Yellow River floodplains to improve their production and living conditions;

Cultural tourism

We greatly supported the creation of a cultural tourism belt along the Yellow River with international influence.

Promoting the rise of central China

In March 2021, the Political Bureau of the CPC Central Committee held a meeting to review the *Guiding Opinions on Promoting the High-quality Development of the Central Region in the New Era*. As part of the "dual circulation" development pattern in which domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement, the "Rise of Central China" strategy has entered a new stage. As the largest economy among the six central cities, Henan should seize historical opportunities to participate in national strategies, promoting high-quality economic development.

As a provincial corporate bank in Henan Province, Zhongyuan Bank was born with the mission of supporting local economic development and serving the society and people. Therefore, it is our duty to promote the "Rise of Central China". In the new stage of development, we will proactively promote the establishment of Henan's modern industry system supported by advanced manufacturing, the construction of green and beautiful central plains, the high-standard opening-up of central China, coordinated urban-rural development, and the creation of a better basic public service system. We will also promote the development of Central China City Cluster with Zhengzhou at the center. We will highlight the significance of the cluster as a strategic hub in central China, and deepen cooperation with Beijing, Tianjin and Hebei. Further, we will, according to national strategies, strengthen cooperation with the Yangtze River Delta and Pearl River Delta, bringing capital and technologies to the cluster from coastal areas.

Driving the development of Zhengzhou

Since the launch of the 13th Five-Year Plan, Zhengzhou has made many big breakthroughs in its strategic position and comprehensive strength, and has become a central city and a regional growth pole with high-quality development in China.

Zhongyuan Bank is an incorporated bank in Henan Province. In recent years, Zhengzhou Branch greatly supported the economic transformation of Zhengzhou, as "the partner of the local government, the first choice of MSEs, and the bank for people". It aligned its development map with that of Zhengzhou, and comprehensively promoted the transformation of Zhengzhou into a national central city. Through a series of comprehensive service models such as "commercial banking + investment banking", "financing + intelligence + credit", and "on-balance sheet + off-balance sheet", the branch provided RMB8.5 billion loans to key projects in Zhengzhou. As for microlending, the branch launched "Government Procurement Lending" and "Perpetual Lending" through which RMB51.8 billion loans were granted to MSEs and individual businesses. Since its establishment, Zhengzhou branch has invested more than RMB316.2 billion in various types of funds in Zhengzhou area, contributing to Zhengzhou's transformation into a national central city featuring high-quality development, strong cultural atmosphere, and high-quality citizens.

provided RMB

8.5 billion loans to key

projects in Zhengzhou



provided RMB

51.8 billion loans to MSEs

and individual businesses



provided RMB

316.2 billion in various

types of funds in Zhengzhou area



Case

Zhengzhou Branch signed strategic cooperation agreement with Zhengzhou Municipal Commission of Development and Reform

In April 2021, Zhengzhou Branch signed a strategic cooperation agreement with Zhengzhou Municipal Commission of Development and Reform, agreeing to greatly promote the Rise of Central China and Yellow River strategies, the transformation of Zhengzhou into a modern national central city, and high-quality regional development.





Honors and awards

Zhengzhou Branch was rated as “Excellent Organization for Promoting the Listing of Enterprises in Zhengzhou and Supporting Local Economic Development as a Banking Financial Institution”. The head of Weilai Road Sub-branch of Zhengzhou Branch was rated as “Excellent Individual for Promoting the Listing of Enterprises in Zhengzhou and Supporting Local Economic Development as a Member of Banking Financial Institution”.



Promoting the development of Three Zones and One Cluster

Under the belief that serving local economic and social development is our bounden duty, we greatly supported the development of Three Zones and One Cluster — Zhengzhou Airport Economic Comprehensive Experimental Zone, China (Henan) Pilot Free Trade Zone, Zheng-Luo-Xin National Independent Innovation Demonstration Zone, and Central China City Cluster.

We adopted various approaches, such as conventional lending models, non-standard investment, and issuance of bonds, to fund a large number of key enterprises in the Zhengzhou Airport Economic Comprehensive Experimental Zone and Zhengzhou Economic and Technological Development Zone, particularly logistics projects related to road infrastructure, aviation infrastructure, logistics parks, and municipal development.

Case

Supporting the development of China (Henan) Pilot Free Trade Zone

Since the China (Henan) Pilot Free Trade Zone was established in 2017, as the leader of the Financial Army in Henan, Zhongyuan Bank positively take action and greatly supported the free trade zone through various ways in a proactive and innovative manner, remaining true to its aspiration despite all the challenges. Through formulating the *Implementation Plan for Financial Services Targeting the China (Henan) Pilot Free Trade Zone*, we institutionally ensure effective supports for the zone and reduce loan interest rates or fee rates. Zhongyuan Bank has successively set up a number of branches in Zhengzhou, Kaifeng and Luoyang to provide high-quality comprehensive financial services for enterprises in the free trade zone. We have made joint efforts and multi-party cooperation to contribute to the development of the Free Trade Zone.



China (Henan) Pilot Free Trade Zone science and technology Sub-Branch of Luoyang Branch

Promoting high-quality economic development

As a financial institution, we assumed our bounden duty of promoting the high-quality development of the real economy, fulfilled our CSR as a provincial incorporated bank, and aligned with the development strategies of Henan, in a bid to promote high-quality local economic development.

Promoting the transformation of the traditional manufacturing industry

Given the regional economic characteristics of Henan, we put our focus on promoting the high-quality development of the manufacturing industry. We selected industry leaders boasting cutting-edge core technologies and apparent cost and scale advantages, and promoted their transformation through a series of customized financial services, such as syndicated loans, supply chain finance, and bond financing. In particular, we customized products according to the characteristics of different transaction links along the supply chain of the manufacturing industry, promoting the healthy development of the chain and the transformation of traditional manufacturing enterprises.

In the upstream procurement process, we used trade acceptance, reverse factoring etc. to meet the financing needs of core suppliers. The Zhongyuan Bank e-Chain platform makes banking more conveniently and effectively. For manufacturing enterprises using domestic LC for payment, we developed solutions such as “Interest Payment by the Buyer” and “Issuance of domestic LC by Corresponding Bank”, so as to provide more targeted services for enterprises.

In the downstream sales process, we provided services like “advance payment through transaction banking” and factoring to diversify sub-products and the types of factoring lending for clients to choose. For manufacturing enterprises, we also designed separated and electronic letters of guarantee so that clients may access services more easily.

Case

Zhongyuan Bank accelerated lending to the coal supply chain

Zhengzhou Coal Mining Machinery Group Co., Ltd. uses bank acceptance for payment which averaged around RMB100 million per month to a large number of payees. This means a great deal of work. Given this, we upgraded the lending system, optimized the lending process, and used the asset pool for lending, which greatly improved customer experience and satisfaction.

Since 2015, Zhongyuan Bank has issued RMB936.2 billion of corporate loans on and off-balance sheet in Henan, of which RMB190.2 billion went to key projects in various prefectures and cities, greatly supporting the implementation of Henan’s key strategies and the development of local economy; and RMB237.3 billion went to the manufacturing industry, driving the growth of Henan into a major manufacturing province. More than RMB3 billion of loans were provided to YTO Group, Zhengzhou Yutong Group, Zhengzhou Coal Mining Machinery Group Co., Ltd., Zhengzhou Nissan, and CITIC Heavy Industries for capacity expansion and technological innovation. In addition, through transaction banking products such as advance payment financing and discounting of trade acceptance, we lent RMB2 billion to companies like China Pingmei Shenma Group and Lomon Billions and their upstream and downstream enterprises, to ensure the safety of the supply chain, and effectively promote the development of upstream and downstream small, medium and micro enterprises.

Since 2015, Zhongyuan Bank has

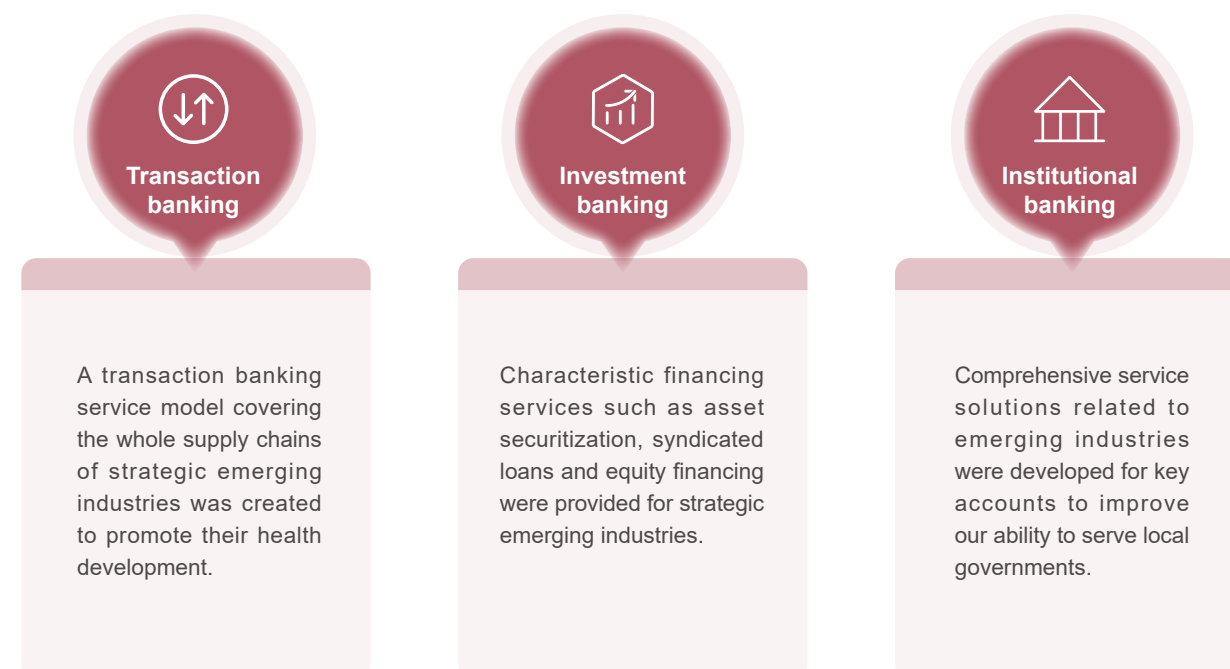
issued RMB **936.2** billion

of corporate loans on and off-balance sheet in Henan



Boosting the development of strategic emerging industries

Strategic emerging industries were another focus of us, primarily including new displays and smart terminals, biomedicine, energy efficiency and environmental protection, new energy and connected vehicles, new generation artificial intelligence, cyber security, new nylon materials, smart equipment, smart sensors and 5G. We strengthened cooperation with financial peers such as financial leasing companies, financing guarantee companies, insurance companies, venture capital institutions and private equity funds to provide IPO, bond issuance, M&A and other services for the supply chains of emerging industries and technological innovation enterprises, assisting the growth of enterprises in emerging industries.



Case

Zhongyuan Bank supported clean energy and new material enterprises in Hebi

At a meeting with clean energy and new materials companies in Hebi City in July 2020, Zhongyuan Bank signed cooperation intention agreements with a number of companies such as Hebi Coal Chemical Industry Co., Ltd. and Zhonghao New Materials Co., Ltd. Under these agreements, RMB142 million of loans and financing would be issued to promote the concentrated development of emerging industries, injecting new momentum into the high-quality development of Hebi.

Focusing on key projects

Supporting new infrastructure and new urbanization initiatives and major projects

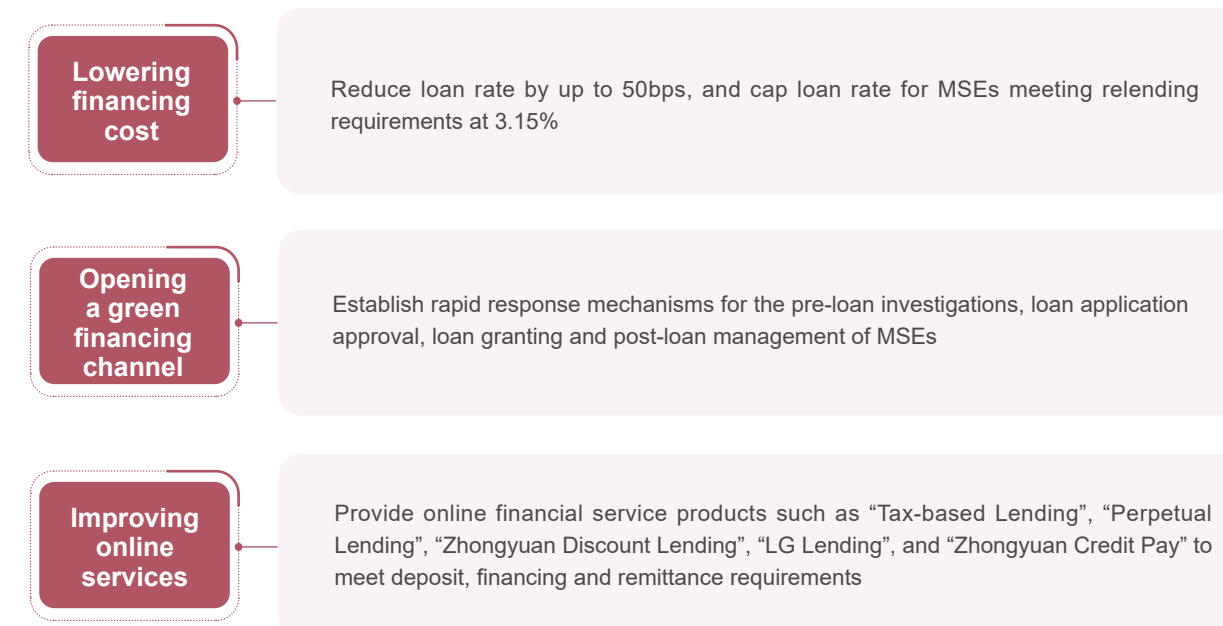
In 2020, Henan Province promoted new infrastructure and new urbanization initiatives and major projects, focused on project investment, and vigorously promoted the construction of major projects in the fields of new infrastructure, new urbanization, transportation, water conservancy, energy, etc. Seizing this market opportunity, we put our focus on projects related to people's wellbeing and the key strategies of Henan, ensuring stable financial supports for these projects.

Specifically, our supports went to "Two Thousands" Expressway Project, "Four-River Governance" Project, Clean Power Project, Yangtze to Huaihe Water Diversion Project, Grand Canal Cultural Protection and Inheritance Project, 5G Network Infrastructure Project etc., as well as new infrastructure projects, new urbanization projects and major projects which promote consumption, improve people's lives, and make structural adjustments to increase sustainability in line with China's industrial policies. Following the principles of compliance and business sustainability, we flexibly combined various products including "special loan portfolio financing", PPP, syndicated loans, asset securitization, REITs, traditional on-balance sheet loans, bond equity, trade acceptance /pledging/reverse factoring for construction companies, personal wealth management, thus liquidizing remnant assets and increasing supply. Relying on multiple channels and platforms, we provided governments, enterprises and individuals with closed-loop project lifecycle services that integrate commercial banking, investment banking, leasing and wealth management. As of the end of December 2020, we had issued RMB48.4 billion of loans to 305 new major projects, which strongly supports the development and construction of key projects in Henan Province.

Supporting the modern service industry

• Culture and tourism

We had intensive cooperation with the Culture and Tourism Department of Henan Province. Aside from strictly implementing the national relending policy for MSEs, we issued at least RMB1 billion of loans to cultural and tourism companies in Henan, particularly for the resumption of production of enterprises seriously affected by the COVID-19 pandemic. According to the *Notice of Supporting the Resumption of Production of Cultural and Tourism Enterprises in Henan Province* produced jointly by Culture and Tourism Department of Henan Province and Zhongyuan Bank, we took the following measures to promote cultural and tourism development in Henan.



Case

Supporting tourism development in Jiaozuo City

In July 2020, Zhongyuan Bank “Live. Love. Travel.” product launch was held at Mt. Yuntai Scenic Area in Jiaozuo. At the event, Zhongyuan Bank announced the geographical expansion of the “Annual Travel Pass” function of its star credit card “City Impression” from Jiaozuo City to Henan Province. Nearly one million existing and new card holders all had the opportunity to get free annual tickets covering 12 scenic spots in Jiaozuo City. The product was also promoted through its 467 outlets across Henan, and mainstream new media platforms in the province, for the purpose of promoting local tourism and economic recovery.



• Pension and medical insurance

Case

Xinxiang branch successfully helps medical enterprises to go public

In July 2020, Xinxiang branch successfully helped Hongli Medical Management Group Co., Ltd. (hereinafter referred to as “Hongli medical”) to be listed on the main board of Hong Kong stock exchange, becoming the first private medical service institution in Central China to land in Hong Kong stock market. As one of the nine enterprises participating in the activity of “Henan Hong Kong through train - entering the Hong Kong Stock Exchange”, Hongli medical has sold 150 million shares in this IPO, with an issue price of HK\$2.1 per share and raised a total of HK\$315 million.

With the strong support of the head office, Xinxiang branch will continue to play the role of financial link and bridge between Henan and Hong Kong, help the enterprises within its jurisdiction to connect with the capital market of Hong Kong efficiently, realize the interconnection and resource sharing with the international capital market, and make greater contribution to promoting the sound and rapid development of regional economy.



Case

Zhengzhou Branch set Zhongyuan Bank's first service point to collect pension and medical insurance premiums

Zhongyuan Bank cooperated with county-level tax bureaus in Henan to collect pension and medical insurance premiums in urban and rural areas through its large number of inclusive financial service stations widely distributed across Henan. In September 2020, Zhongyuan Bank set its first premium collection service point at Zhengzhou Branch's Xudian Inclusive Financial Service Station in Junzhao Township, Dengfeng City. Villagers may pay premiums quickly through the Rural Service POS System, using their ID cards or householder registers to log in. The service was well received by villagers.

Supporting rural revitalization

Henan Province is a major agricultural region with nearly 60 million farmers and an agricultural output exceeding RMB530 billion, accounting for 10.6% of China's total rural population and 6.9% of China's total agricultural output. In strict accordance with government and regulatory requirements, the rural revitalization strategy, and the general rural revitalization requirements of “building rural areas with thriving businesses, pleasant living environments, social etiquette and civility, effective governance, and prosperity”, Zhongyuan Bank persistently supported agriculture, rural areas and farmers, and advanced the Online + Offline Rural Banking strategy, to address unbalanced distribution of financial resources, thus promoting high-quality, high-efficiency agricultural development, building livable and business-friendly rural areas, and improving the wellbeing of farmers.

As of the end of December 2020, Zhongyuan Bank's agriculture related loan balance were RMB66.7 billion; the balance of agriculture-related personal loan was RMB1.33 billion, representing an increase of RMB956 million, or 256%, as compared with the beginning of the year; the amount released by the Bank for the year totally RMB2.377 billion with the number of loan business reached 67,600 in aggregate; the amounts balance of agriculture-related accounts was RMB27.31 billion, representing an increase of RMB8.39 billion, or 44.3%, from the end of last year.

As of the end of December 2020, agriculture related loan balance were RMB

66.7 billion



balance of agriculture-related personal loan was RMB

1.33 billion



the amount released by the Bank for the year totally RMB

2.377 billion



Promoting high-quality, high-efficiency agricultural development

Empowering agricultural development

Innovating financial products to promote agricultural development. We issued RMB720 million of grain procurement loans to large grain traders in Henan, such as Hong Yuan Grain Group, Zhengzhou Grain Wholesale Market, and Zhengzhou Grains and Oils Investment Co., Ltd. In addition, we launched “Henan Agricultural Loans” which allow loans ensured by grain orders and forest ownership, so that more loans were granted to farmers, non-farmers operating agricultural businesses, as well as rural and urban enterprises and institutions.

Creating grain management platforms. Our grain farming sub-platform designs and approves a group of loans ensured by orders of rural collective economic organizations. The grain procurement and circulation sub-platform supervises the entire grain management process, and offers innovative “High Credit for High-quality Enterprises” model, “Grain-pledged Loans” model (integrating inventory pledge, online core enterprise supervision, and balance compensation), and “Advance Payment Financing” model.

Supporting agricultural supply chain. We cooperated with Henan Agricultural Investment Co., Ltd. to explore the “Construction Manager” model, empowering leading farming enterprises to resume production; designed cold chain financing schemes for leading enterprises; and launched “Zhongyuan Bank e-Chain” reverse factoring to support the suppliers of leading enterprises, and “Business Loans” to meet the capital turnover needs of the dealers of core enterprises.

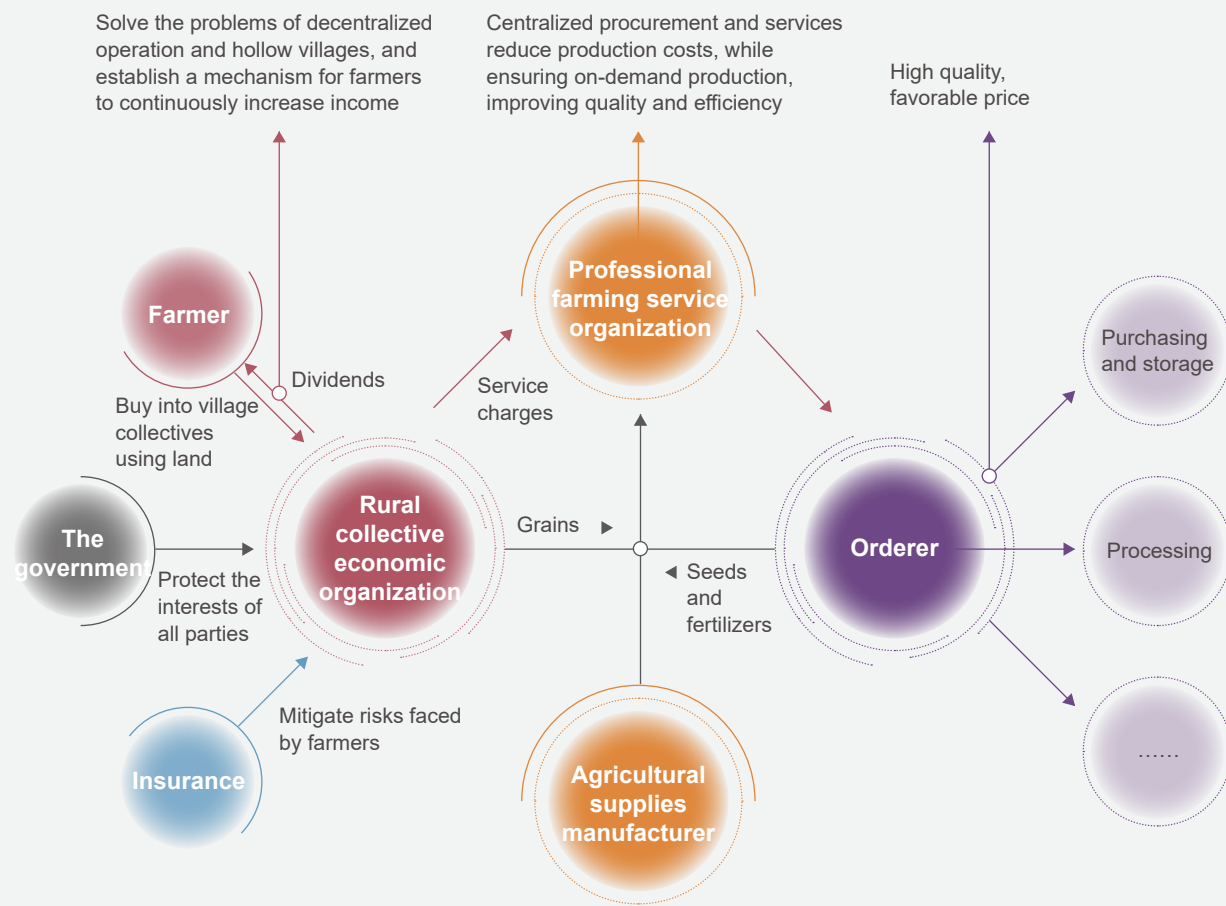
Exploring new models

Decentralized land management hinders urbanization and reduces the efficiency of land resource distribution. Furthermore, the massive transfer of rural labor has caused serious land abandonment and many hollow villages. In recent years, the government has attached great importance to agricultural production and food security. A great number of large growers and land transfer and trust companies have emerged, promoting large-scale cultivation, which, improving the quality and efficiency of cultivation, is a trend for the future of the agricultural sector.

We selected Lankao County as a pilot to explore the model of “Land Trust Loan for Rural Collective Large-Scale Cultivation”. Under the model, village collectives and trustees cooperate to manage land, improving the quality and efficiency of cultivation, so that farmers may share yields and live a better life.

Land trusts

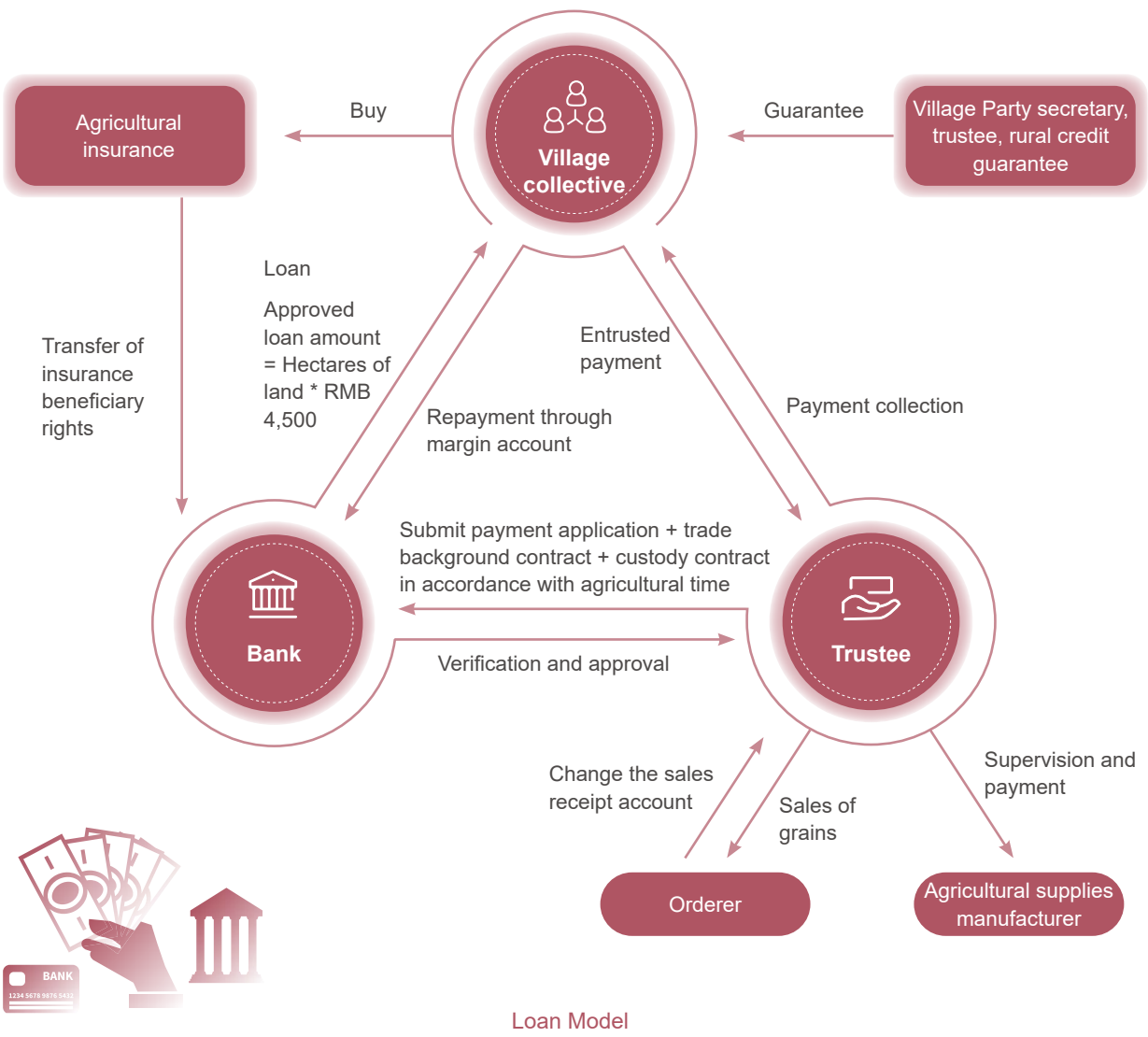
Town governments and village collectives jointly integrate resources by motivating farmers to buy into village collectives using land for the right to acquire dividends. Village collectives trust land to the trustee who manages land according to the requirements of the orderer. The expertise of the trustee ensures large-scale, intensified and scientific cultivation. Harvested grains are directly sold to the orderer, which solves the problem of asymmetry of supply and demand information and reduces intermediate links, maximizing sales revenue.



Logic diagram of land trusts

Land trust financing

When we issue a loan to a village collective, the amount is determined by the size of the trusted land, but shall not exceed RMB300/mu (approx. 4500/ha.), and the loan term shall not exceed 10 months if for the cultivation of wheat. The loan is transferred into the account of the trustee with Zhongyuan Bank for supervision, as the money can only be used to buy agricultural supplies and services. After grains are sold, the trustee shall repay the loan into a designated bank account. The legal person of the village collective and the trustee shall provide a full joint and several liability guarantee.



Loan Model

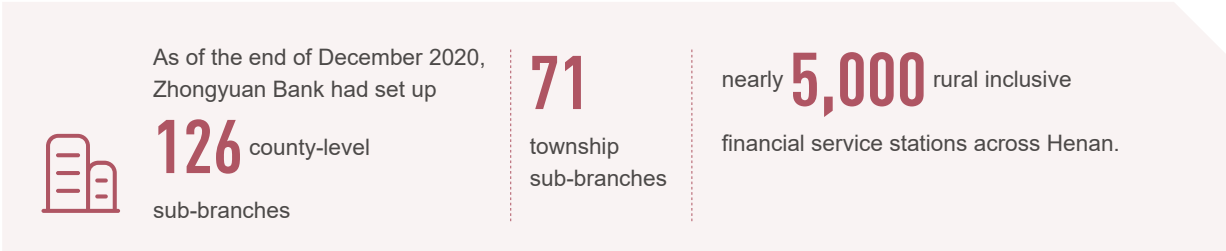
We issued our first land trust loan to Lankao County in 2020. Moreover, operation and marketing guidelines were issued to branches for them to copy and promote during the cultivation season.

Trial results show that the “Village Collective + Land Trust” model can effectively activate the village collective economy, increase the income of farmers by enabling them to do other jobs while earning from their land. The model also creates social benefits as the trustee hires local farmers and poor villagers. Lastly, the model is a meaningful step taken by Zhongyuan Bank towards Henan's food safety.

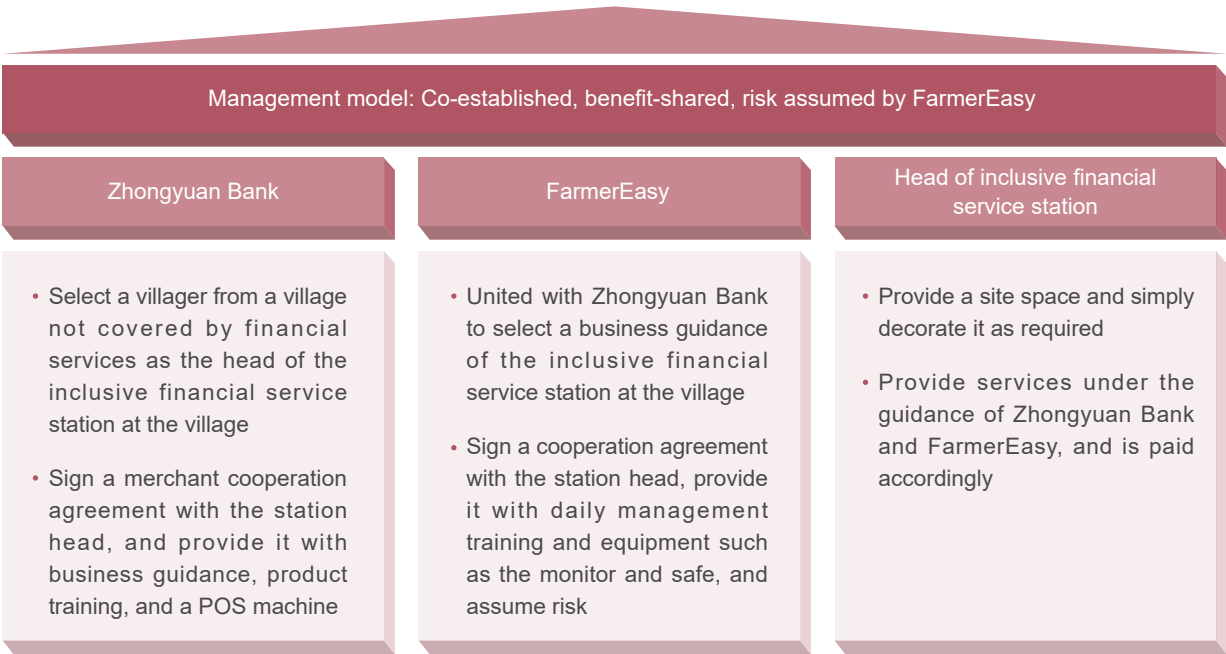
Building livable and business-friendly rural areas

We created a three-level rural banking system composed of county-level sub-branches, township-level sub-branches and inclusive financial service stations, to improve primary services, build a rural financial service system, and facilitate rural financial payment. Inclusive financial service stations were mainly set up at villages not covered by financial services and immigrant villages, in a bid to improve the rural financial service environment, solving the “last mile” problem in rural finance services.

As of the end of December 2020, Zhongyuan Bank had set up 126 county-level sub-branches, 71 township sub-branches, and nearly 5,000 rural inclusive financial service stations across Henan. The three types of outlets support and complement each other, and cooperate in a coordinated manner.



Setting up inclusive financial service stations



So far, Zhongyuan Bank has set up nearly 5,000 inclusive financial service stations in more than 75% of the towns and townships in 18 prefectures and cities in Hunan, serving more than 15 million rural people. The past year recorded 2.6771 million of transactions worth RMB9.696 billion. This greatly reduced the financial transaction costs of rural people, and enabled them to enjoy premium financial services conveniently without leaving their villages.

Preventing rural financial risk

While expanding the accessibility of rural financial services, we created a four-pronged risk management system co-operated by online, offline, third-party and mutual-help group, to guard against rural financial risks, ensuring healthy rural finance.

Standardizing business processes and clarifying risk management responsibilities

Specifically, we formulated rural financial risk management regulations; adopted the one-vote-down system for the evaluation of major rural financial risks; and controlled risk across the stages of site inspection, daily operations, and site exit. We also provided risk management training, and specified who should assume what responsibility based on an accountability standard.



Improving data-driven online risk control

We created an online early warning system, and incorporated early warning function into the self-developed Rural Finance Electronic Map. We installed a monitoring system at the head office to supervise inclusive financial service stations through real-time remote monitoring or replay.



Establishing an inspection framework to strengthen offline inspection

We created an offline inspection framework composed of self, mutual and random inspection systems, sub-branch monthly inspection system, branch quarterly inspection system, and head office unannounced and semi-annual inspection system. In addition, we incorporated “unannounced inspection” and “daily inspections” into the electronic map, so that risks identified are recorded, reported and analyzed online.

Collaborating with the third party to strengthen risk control

We cooperated with third-party companies in rural finance risk control, taking the measures of risk compliance training, daily inspection of the stations, phone visits to clients, etc.

Case

Establishing the Rural Revitalization School of Zhongyuan College

To improve the skills and risk awareness of the heads of inclusive financial service stations, we established the Rural Revitalization School of Zhongyuan College together with a third party, and created a lecturer training system. Systematic training was provided regularly to guide and manage station heads regarding risk control. As of the end of 2020, 15 rural finance personnel had obtained the qualification of internal rural finance lecturers.

Strengthening supervision over station heads through mutual assistance

We formulated the *Guidelines for Promoting Mutual Assistance*, *Guidelines for Mutual Assistance Team Leaders* and other regulations, and organized service stations within a certain area into an autonomous management group to learn from and supervise each other in terms of customer service, capacity improvement, and risk control, so as to further improve the risk management capacities of service stations. As of the end of 2020, we had set up 301 mutual assistance groups, of which 138 were excellent groups, accounting for 46% of the total.

Strengthening compliance education to prevent illegal fund raising

We took a range of measures, such as revising the *Rural Finance Risk Management Manual and Cases*, strengthening regular training, launching the “Rural Finance Compliance Risk Management Training” program, and placing advocacy materials at service stations, to arouse the interest of villagers in learning knowledge about anti-illegal fundraising, anti-financial fraud, anti-counterfeit money etc., and effectively improve advocacy effect.

Case

Rural Finance Compliance Risk Management Training program

In 2020, Zhongyuan Bank launched the “Rural Finance Compliance Risk Management Training” program. Participants learned regulations on rural finance risk management via the Yuanxin “Online Learning” system, and took an examination. Totally 708 participants took the examination, with a pass rate of 87.4%. The program also included a compliance management speech contest, and a rural finance video course competition at which 26 courses were rated as excellent courses. In addition, Yuanxin “Learning Garden” (rural finance version) was uploaded to be learned by branches, sub-branches and service stations.

708 participants
took the examination



with a pass rate of

87.4%



Setting up rural outlets

Zhongyuan Bank has set up 9 rural outlets across Henan. By virtue of the technological, product and management resources of Zhongyuan Bank, these outlets can provide better services to targeted clients, contribute to local rural revitalization.

Upholding the aspiration of supporting agriculture, rural areas and farmers, serving MSEs, sticking to the principle of “small loans, high liquidity and decentralized resource distribution”, the 9 outlets recorded growing assets, increasing reasonable loan-to-deposit ratios, and growing supports to targeted clients. As of the end of December 2020, their assets amounted to RMB13.875 billion, an increase of RMB1.824 billion or 15.14% from the beginning of the year, deposit balance stood at RMB11.666 billion, an increase of RMB1.344 billion or 13% from the beginning of the year, and loans amounted to RMB9.157 billion, an increase of RMB1.163 billion or 14.6% from the beginning of the year.

As of the end of December 2020,
rural outlets assets amounted to RMB

13.875 billion,



deposit balance stood at RMB

11.666 billion,



loans amounted to RMB

9.157 billion



Deepening
business
transformation

- Focus on credit operations, and innovate the service models of small loans, consumer loans, value chain loans and start-up loans;
- Provide differentiated and characteristic financial services according to the financial needs of local farmers, MSEs and villagers, following the principle of “village-specific policy and household-specific approach”;
- Provide credit products with terms determined according to the characteristics of the rural economy and farmers’ consumption behavior;
- Improve the rural credit evaluation system for screening by village and township, constantly increasing the credibility of villages and townships.

Applying
fintech

- Set up “Xingnong Station” intelligent self-service comprehensive financial service facilities, enabling villages to access banking services such as account opening, saving, and settlement within their own villages;
- Unified the 9 rural banks’ technological management systems to promote coordinated development and improve operational efficiency, and continuously diversify customer service channels, products and services.

Improving
risk control

- Enhance risk management advocacy by the initiating bank, improve the risk management system, and continuously improve comprehensive risk management capabilities;
- Enhance compliance management, improve the internal control system, and put risk compliance at the heart of corporate culture development;
- Adhere to the principle of “small and decentralized loans”, vigorously promote loans to MSEs, and prohibit the issuance of any new secured loan of more than RMB500,000.

Case

Lushi Zhongyuan Rural Bank engaged in financial poverty alleviation

Under the financial poverty alleviation policy, Lushi Zhongyuan Rural Bank supported 19 villages and townships in its jurisdiction, with account managers responsible for providing financial services, including financing service to local people. x According to the characteristics of Lushi's cash crops, the bank innovatively launched “Mushroom Loan” and “Tobacco Leaf Loan”, to provide high-efficiency and low-cost financial services for poverty-stricken areas, and create a favorable financial environment for farmers to get rid of poverty and become rich.

Improving the wellbeing of farmers

Optimizing customer services

Relying on inclusive financial service stations, we diversified payment methods and channels, providing rural clients with optimized payment service.



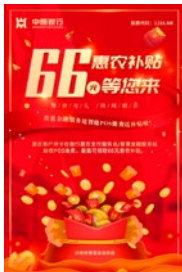
Promoting easy payment models via inclusive financial service stations

Relying on inclusive financial service stations, we innovatively launched the “Family Harmony Card” and “Family Wealth Card” for rural clients, and issued cards in the morning and at night for many villagers would leave their villages to work during the interval. This was well-received by local people. In 2020, more than **1,532** million cards were issued. We also promoted Unionpay APP at service stations, attracting more than **40,000** new effective users in 2020.



Payment of fees at inclusive financial service stations

Functions like “Proxy Payment” and “Cloud Payment” were incorporated into POS machines and self-service inquiry machines at service stations, enabling villagers pay pension and medical insurance premiums and utility bills without leaving their villages. As of the end of December 2020, the service stations had handled **507,300** payments worth RMB**101** million by nearly 200,000 rural clients.



Discount online shopping via inclusive financial service stations

Through mobile banking and POS machines, we launched “One Yuan Shopping” for villagers who may, in every quarter, buy one to three articles frequently used in that quarter at a price of RMB1 per article, enabling villagers to enjoy the convenience of online shopping without leaving their villages. As of the end of December 2020, **42,200** customers had bought **161,600** articles through the event.



Improving online services

We developed a variety of online products, and created online rural finance scenarios and systems, offering more rural financial options for clients.



Integrating the functions of Party building, management, villagers and services, the platform leverages technology to promote “digital rural finance”, and provides a new “financial + non-financial” service model that benefits farmers. As of the end of December 2020, the app had attracted 220,000 registered users, of which 200,000 had linked bank accounts, a rate of 90%.

It was designed according to the payment needs of MSEs in counties and rural areas, featuring free transfer fee and quick reconciliation. As of the end of December 2020, it had attracted 96,800 users in counties and rural areas.

The app integrates financial and non-financial functions. The former mainly include Borrowing, Transfer, and Paying Fees, and the latter include Job Finding, Discount Shopping, Express, etc.

Case

Rural Mobile Banking “Discount Shopping”

“Discount Shopping — Specialty Fair” helps farmers sell agricultural and sideline products online, and “Discount Shopping — Wholesale” provides cost-efficient daily necessities to farmers. As of the end of December 2020, “Discount Shopping — Specialty Fair” had recorded **817** transactions **162,550** kilograms by weight and RMB**2.2172** million by value, and “Discount Shopping — Wholesale” had provided more than **100** types of daily necessities for farmers, and registered **19,000** of transactions.



Thoughtful offline services

Based on inclusive financial service stations, Zhongyuan Bank cooperated with companies providing farmers with basic necessities and entertainment, to arrange utility facilities such as large water purifiers, noodle machines, copiers, express service stations, and bookstores. These measures brought convenience to local people's daily life, and deepened emotional connection between each other. As of the end of December 2020, more than **500** water purifiers had been installed at service stations, ensuring the drinking water safety of more than **1** million rural people.



Noodle machine at a service station



Bookstore at a service station



Express service at a service station



Water purifier at a service station

Vigorously publicizing financial knowledge

Relying on inclusive financial service stations, Zhongyuan Bank organized a series of events, including Financial Evening School, Revolutionary Song Singing Competition, Rural Healthcare Service, and Rural Cultural Promotion, to promote knowledge about mobile payment and improve the financial literacy of villagers. The education covered mobile payment, anti-illegal fundraising, anti-financial and telecommunication fraud, and anti-counterfeit money. As of the end of December 2020, more than **32,000** lectures had been conducted, benefiting more than 1 million rural clients.



Revolutionary Song Singing Competition



Financial knowledge promotion

Practicing inclusive finance

In 2020, Zhongyuan Bank took a variety of measures to provide more and better micro loans to more MSEs at lower rates, thereby promoting the steady and healthy development of MSEs. As of the end of December 2020, the balance of the Bank's small and micro loans reached RMB50,813 million, representing an increase of RMB8,785 million as compared to the end of last year, 100.66% higher than the target. The loans were issued to 63,900 clients, an increase of 27,500 from the beginning of the year.

Improving MSE loans delivery

In 2020, Zhongyuan Bank provided RMB43.844 billion of loans to 46,000 MSEs, issued RMB7.44 billion loans under the national relending policy for MSEs, and reduced funds transfer price (FTP) for MSE loans to 50BPs below that of general loans. For MSEs that had been seriously affected by the COVID-19 pandemic, we didn't demand early repayment or suspend the granting of loans; instead, we provided a series of bailout measures, like flexibly adjusting the frequency of interest repayment, changing installment plans, renewal, and refinancing. As of the end of December 2020, we had issued RMB16.962 billion of loans to 2,760 MSEs, including RMB2.963 billion to 2,422 MSEs covered by inclusive finance policy.

As of the end of December 2020, the balance of the Bank's small and micro loans reached RMB

50,813 million



In 2020, Zhongyuan Bank provided RMB

43.844

billion of loans to 46,000 MSEs



As of the end of December 2020, we had issued RMB

16.962 billion

of loans to



2,760 MSEs



including RMB

2.963 billion

to

2,422

MSEs covered by inclusive finance policy.





Working with external platforms

We joined the Henan MSEs Financing Platform called "Xinyurong", which is a comprehensive financing service platform based on big data, artificial intelligence, blockchain and cloud computing. The platform was created by the Henan Provincial Development and Reform Commission to provide more loans to MSEs at a lower cost, supported by data from the Henan Province Credit Information Center. Seven credit products have been launched on the platform, and 337 loans worth RMB1.8 billion have been issued.

We actively promoted quarterly marketing activities, and cooperated with multiple platforms such as the Department of Science and Technology of Henan Province, and provincial and municipal public resource trading centers. Moreover, we actively responded to the requirements of the China Banking and Insurance Regulatory Commission Henan Office, Local Financial Supervision and Administration Bureau of Henan Province, and Henan Big Data Administration, and connected to Henan online lending platform, a App called "Yuzhengdai", according to the instructions of building a financial service sharing platform required by CPC Henan Provincial Committee and People's Government of Henan Province. Through the App, we have issued 5,061 loans worth RMB15.693 billion to 3,366 companies, ranking first among the 27 financial institutions on the platform by the amount of loans, and third by the number of clients.

Through App "Yuzhengdai",
we have issued

5,061 loans



worth RMB

15.693 billion



to

3,366 companies

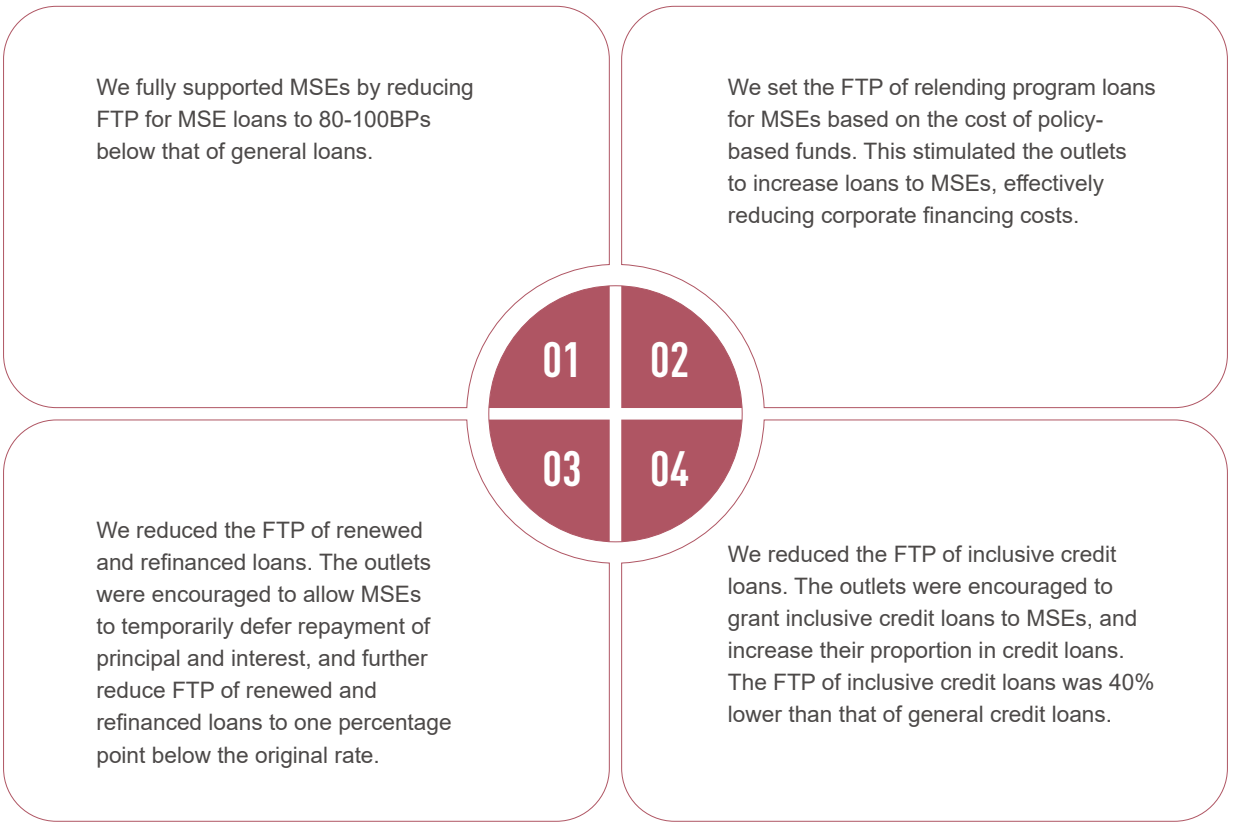


Promoting digital MSE banking

Based on an analysis of MSE clients using the power of fintech, internal and external data, and big data tools, we developed a series of measures — such as list-based marketing, cross-selling, and spreading marketing leads — to provide targeted loans to MSEs. Correspondingly, we established a digital MSE banking risk management system to improve risk control. Moreover, we streamlined MSE loan approval process by using the fintech-based online automatic approval system. Around 98% of the loans were approved by the system, which indicated a much higher approval efficiency.

Issuing more low interest rate loans

In strict accordance with policy requirements, we issued more low interest rate loans to MSEs, regulated the administration of finance charges, and made full use of low-cost policy-based funds to further reduce corporate financing costs.





Improve product and service

From the financial services and product supply side, Zhongyuan bank develops financial technology, improves product services and product innovation. At the same time, it adheres to the responsibility of financial institutions, popularizes financial knowledge, protects consumers' rights and interests, and maintains consumers' privacy and safety.



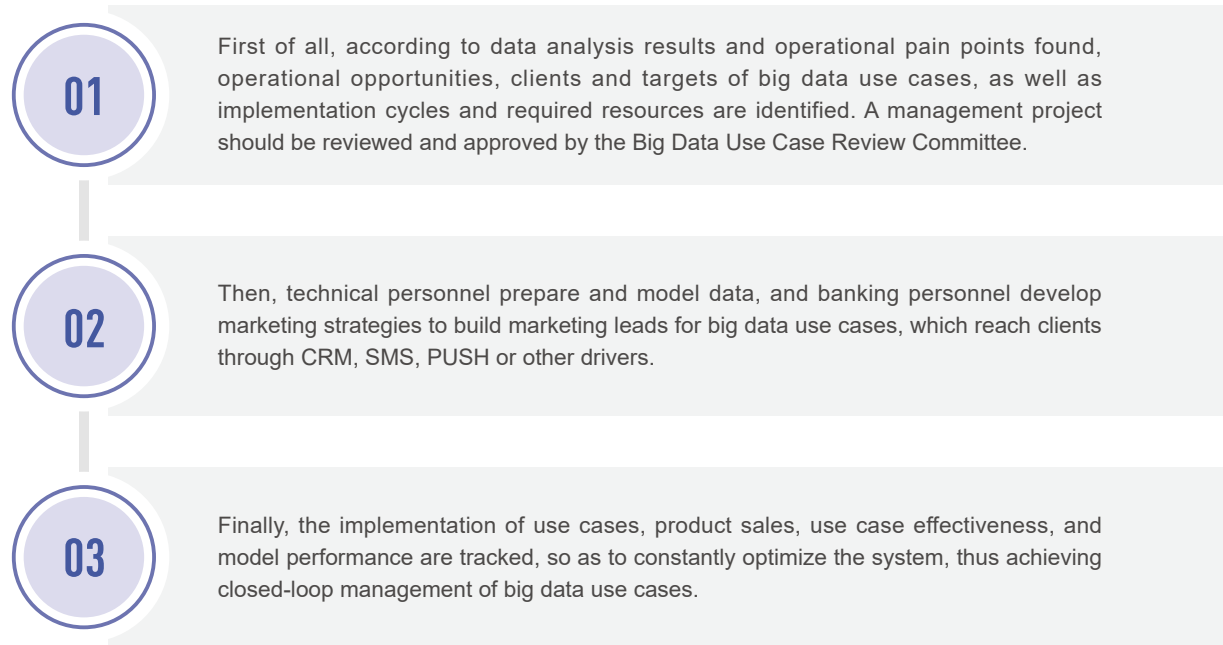
Developing fintech

Under the belief that technology underpins and drives development, we boosted “intelligent banking” using the power of technology and data. Since the launch of digital transformation in 2018, we have made apparent progress towards “becoming a technology company with financial attributes”.

Establishing a management system

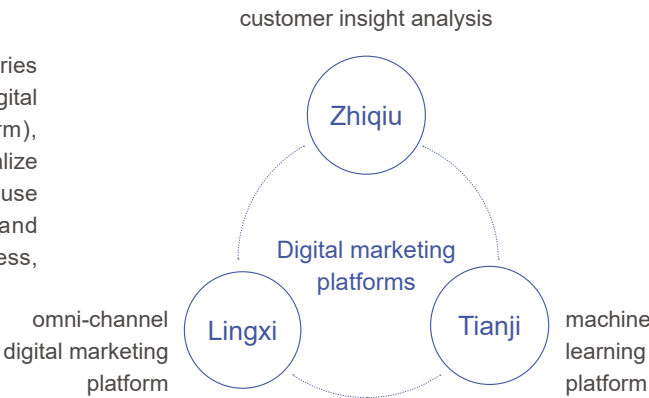
Through analyzing the operational profiles of retail clients, we identified their key pain points, and created a closed-loop big data use case management system that covers client life cycle, so as to promote the growth of retail banking.

Closed-loop big data use case management system



Digital marketing platforms

In terms of digital marketing platform construction, a series of digital basic platforms such as Lingxi (omni-channel digital marketing platform), Tianji (machine learning platform), Zhiqiu (customer insight analysis) have been built to realize visualized online closed-loop management of big data use cases related to marketing events, client screening and strategy development, leads distribution, channel access, and feedback iteration.



Building an interdisciplinary team

In the process of digital transformation, the IT and banking departments are in partnership. IT personnel need to know banking, and vice versa. According to the major duties of IT and banking personnel, we took several measures to create an interdisciplinary technical team.

First of all, at the head office, we matched competitive personnel with key positions, and expanded the team of basic technology platform and information security personnel, so as to independently control key technologies. Secondly, we adjusted the organizational structure, organizing technical personnel and banking personnel into a cross-functional team, so that they understand and learn from each other, and then grow during collaboration. These efforts created a more competitive technical team with nearly 2,200 members, of which 623 were from the head office and the rest from our suppliers.



Technical team in head office

623 members



Total number of technical team nearly

2,200 members



Developing technological culture

Digital transformation is driven by technology, and employees’ technological and cultural literacy determines the future of digital strategy development. We set up an agility center to develop agile capacity across the bank. The center took vigorous measures to build the Zhongyuan Agile Community, to promote agility culture, share practical experience, and create an agile atmosphere across the bank. Moreover, it created a bank-wide “Digital Banking” training system and a data-driven cultural community, to promote the development of data application capabilities and data culture, improve employees’ digital capabilities, and change employees’ way of thinking.

Empowering business development

Big data-based credit card risk control system

Case

Zhongyuan Bank explored the transformation to data-driven credit card risk control based on constant research of big data application. On the one hand, we collected and integrated all kinds of data throughout client life cycle, and then managed data in a planned and systematic manner. On the other hand, according to business actuality and the coverage and differentiation of various data, we introduced external data from diverse channels to create accurate client profiles. Improved capacity to use big data in risk control boosted the performance of the credit card division, and led to effective risk control at the same time.

Case

Zhongyuan Smart Community Comprehensive Service Platform

It is a mobile platform that brings community, property owners, government, businesses and urban service providers together, and provides "Internet + community" one-stop solutions to users. It integrates basic smart community services, including payment of utility bills, face recognition access control, release of notifications and announcements, online complaining and repair service requesting, online information registration etc., which are essential for the grid management, big data platform construction, and smart city construction in Henan.

Optimizing products and services

According to regulations on the quality of financial products and services and the promotion of financial products specified in the *Advertising Law of the People's Republic of China*, we formulated the *Measures of Zhongyuan Bank Co., Ltd. for Service Management* and other related internal management regulations to regulate financial products and services.

Specific measures included bringing all products into the management system, improving the product system, arranging product shelves, conducting product life cycle management, optimizing the products iteration process, and developing competitive product strategies. For the management of products, we promoted the online migration of products, improved multi-tiered shelves such as channels, products, services and solutions, and launched several shelf exhibits such as the "Zhongyuan Bank Corporate Finance" WeChat Official Account, and Zhongyuan Bank e-Manager, so that products can reach clients online.

Product description



For liability products, we quickly responded to market changes, continued to promote the iterative development and functional optimization of liability products, and launched functions such as transfer of corporate Certificate of Deposit and interest payment optimization, to improve the competitiveness of products.



For credit products, upholding the aspiration of supporting agriculture, rural areas and farmers, and serving MSEs, and sticking to the principle of "small loans, high liquidity and decentralized resource distribution", we launched a series of products for MSEs, such as "Property-Pledged Online Lending", "Tax-based Lending", "Government Procurement Integrity Lending", and "Technology Lending", meeting the production and operating financing needs of MSEs through various channels. Our assets grow in this process.



For investment banking products, we vigorously promoted the transformation from traditional investment banking to comprehensive service investment banking, continued to diversify investment banking products, and developed some innovative products such as underwriting of non-financial corporate debt financing instruments, asset securitization, and cross-border financing.



For transaction banking products, we advanced the digital transformation of transaction banking products, such as cash management, supply chain finance, international banking, and electronic banking, building the brand of "Zhongyuan Bank E" series. We also further improved the transaction banking product system.

While expanding the product system, we advanced the digital transformation driven by data and technology. Specifically, we accelerated the online migration of products and services and their matching with different scenarios, created a new mobile banking platform for account managers, and developed standardized toolkits. These measures promoted marketing and sales, supported internal channels, and improved the digital capabilities across all lines of business.



Publicizing financial knowledge

Through official website, WeChat Official Account and other channels, we educated consumers about deposit insurance, prevention of telecommunications fraud, treasury management, inquiry of credit reports, anti-money laundering, payment and bank cards, inclusive finance, RMB and anti-counterfeit currency, etc., in a bid to improve their financial literacy and risk awareness, an effort to serve the public as a responsible organization.

Case

Hebi Branch launched the Financial Education Month campaign

In June 2020, to continuously promote the popularization of financial knowledge and financial consumer education, and improve the public's awareness of financial risk prevention, Hebi branch specially formulated the *Implementation Plan of 2020 "Popularization of Financial Knowledge" Publicity Activities of Zhongyuan bank Hebi Branch*, elaborately produced H5 and videos to prevent illegal fund-raising and telecom network fraud, Through online channels, it provides rich and vivid financial knowledge for community residents and helps them understand how to protect their legitimate rights and interests, which has been highly praised by public.

Case

Shangqiu Branch "Safe Property, Happy Family" financial literacy campaign

To better serve people by protecting their property safety, in June 2020, Shangqiu Branch organized its sub-branches to carry out publicity activities on prevention of illegal fund-raising with the theme of "Safe Property, Happy Family". By receiving public consultation, distributing theme publicity materials, hanging banners, setting up display boards, playing publicity videos and other forms, we can enhance the people's identification ability, improve the public's legal awareness, guide the people to establish a correct concept of financial management, cultivate the public's rational investment, legal protection of rights and interests and self-protection awareness, and stay away from illegal fund-raising.



Protection of consumer rights and interests

We always attach great importance to consumer rights and interests, as well as the protection of such in a client-centric way.



Institutional framework



We formulated the *Administrative Measures of Zhongyuan Bank for the Protection of Consumer Rights and Interests*, specifying more than 20 items regarding consumer protection. These items include organizational structure and operating mechanism, product and service management, protection of personal financial information, emergency plans, reporting of major events, complaint acceptance and handling procedures, financial education, assessment and evaluation, auditing, employee behavior management, etc., which provide institutional guarantees for consumer protection. Moreover, we revised existing consumer protection regulations according to regulatory changes and development needs, further improving the applicability of these regulations.



Organizational structure



A consumer protection committee established by the board of directors was set up to develop strategies, policies and goals for consumer protection, and work out a general plan as guidance. A consumer protection leading group composed of executives was built to coordinate the work of consumer protection. Further, consumer protection departments are set up to implement strategies, policies and plans. We constantly improved the organizational structure and operating mechanism for consumer protection.



Application of technologies





We established a customer service center based on digital and AI technologies and big data. The center enables remote asset management of part of our clients, which indicates a shift from passive customer service center to active remote operating service center.



Improvement of skills

We continued to carry out consumer protection training, to improve employees' awareness of consumer protection and professional skills for consumer protection.

As of the end of December 2020:

	Number of incoming lines (10,000)	Connection rate/diversion rate	Customer satisfaction survey
 Operator service	160.43	89.89%	99.56%
 Online customer service	378.93	95.77%	94.10%

Case

Consumer protection and service improvement training at the head office

In October 2020, the retail department of head office conducted a two-day consumer protection and service improvement training session at the head office, to improve the expertise and awareness of consumer protection of employees in different positions, helping them develop capabilities required to meet increasingly diversified client demands and handle growing industry competition.



With excellent performance in protecting financial consumers in 2019, Zhongyuan Bank was rated as an A-level bank by the Zhengzhou Central Sub-branch of the People's Bank of China. It was the fourth consecutive year that we won the honor.

Case

Luoyang Branch launched the Consumer Rights Day campaign

The branch educated consumers about consumer rights protection by handing out brochures, answering questions, and explaining financial knowledge. The event focused on the education of old and young people, especially old people, aiming to help them develop the awareness of anti-fraud, self-protection and risk.



Protecting privacy

In accordance with regulatory and legal requirements, we formulated a series of internal regulations including the *Administrative Measures of Zhongyuan Bank Co., Ltd. for the Protection of Personal Financial Information*, and *Administrative Measures of Zhongyuan Bank Co., Ltd. for the Protection of Consumer Rights and Interests* to protect the security of clients' personal financial information, an effort to fulfill our responsibility to protect financial information. Following the principles of "public notification, necessary and sufficient information, personal authorization, and security protection", we incorporated personal financial information into the comprehensive risk management policy, defined the ownership of and responsibility for using information of each department, and promoted the establishment of the personal financial information protection system from top to bottom. As of the end of December 2020, no violations of laws and regulations related to privacy protection with a significant impact on the Bank had been found.



Promoting Employee Development

We believe that employees are essential for the healthy development of an enterprise. Therefore, we took active measures to protect the rights of employees, including providing them with competitive compensation and benefits, and safe and healthy workplaces, optimizing training and career development channels, and creating a diverse and inclusive working atmosphere.

As of the end of December 2020, Zhongyuan Bank had 13,396 employees, of which 1,649 were from the head office and 11,747 from branches (including directly governed branches). As of the end of December 2020, there were 10,589 employees with a bachelor degree or above, accounting for 79.05% of the total, with an average age of 36.5.



Protecting the basic rights and interests of employees

In strict accordance with the *Labor Law of the People’s Republic of China*, *Labor Contract Law of the People’s Republic of China*, and other laws and regulations related to the basic rights and interests of employees, we took a series of measures to protect and respect employees in terms of recruitment, promotion, salary and benefits, working hours and holidays, and communication with employees.



We formulated the *Administrative Measures of Zhongyuan Bank Co., Ltd. for Employee Hiring and Recruitment*, to standardize the employee recruitment process, and clarify the principles of “fairness, openness, merit, and compliance”. There are no policies or provisions discriminating against employees on ethnicity, gender identity, sexual orientation, religion and cultural background, which protects the rights and interests of employees while creating a diverse workforce. We improved the employee recruitment process, diversified recruitment channels, and made sure the openness and transparency of recruitment information.

During recruitment, identity documents and academic certificates were reviewed and backgrounds were investigated to prevent the employment of children and minors. The Supervision and Security Department was responsible for monitoring the entire recruitment process, to prevent unauthorized recruitment of unqualified personnel or the use of forced labor. Moreover, to protect the rights and interests of employees, we maintained the signing rate of labor contracts and social insurance coverage at 100%.

During the reporting period, Zhongyuan Bank strictly complied with the laws related to employee management and the prevention of child labor and forced labor, and no child labor or forced labor was employed.



We formulated the *Interim Provisions of Zhongyuan Bank Co., Ltd. on the Appointment and Removal of Leading Officials*, which propose the principles of “merit, virtue, public recognition, democracy, openness, competition, democratic centralism, and legal compliance”, and specify that all well-performed employees have the opportunity to be promoted.



We developed the *Administrative Measures of Zhongyuan Bank for Employee Compensation*, and customized a compensation system in line with the principles of “external competitiveness, internal fairness, performance-oriented, and prudent operations”.



We formulated the *Administrative Measures of Zhongyuan Bank Co., Ltd. for Leave and Attendance*, which specify the maximum daily and weekly working hours of employees, as well as related leave regulations. *The Administrative Measures of Zhongyuan Bank Co., Ltd. for Mandatory Leave* further ensure a good rest for employees.



We empowered the workers' congress to fully play its role in safeguarding the rights and interests of employees, strengthening democratic management, implementing democratic participation, decision-making and supervision, and building a harmonious work culture.

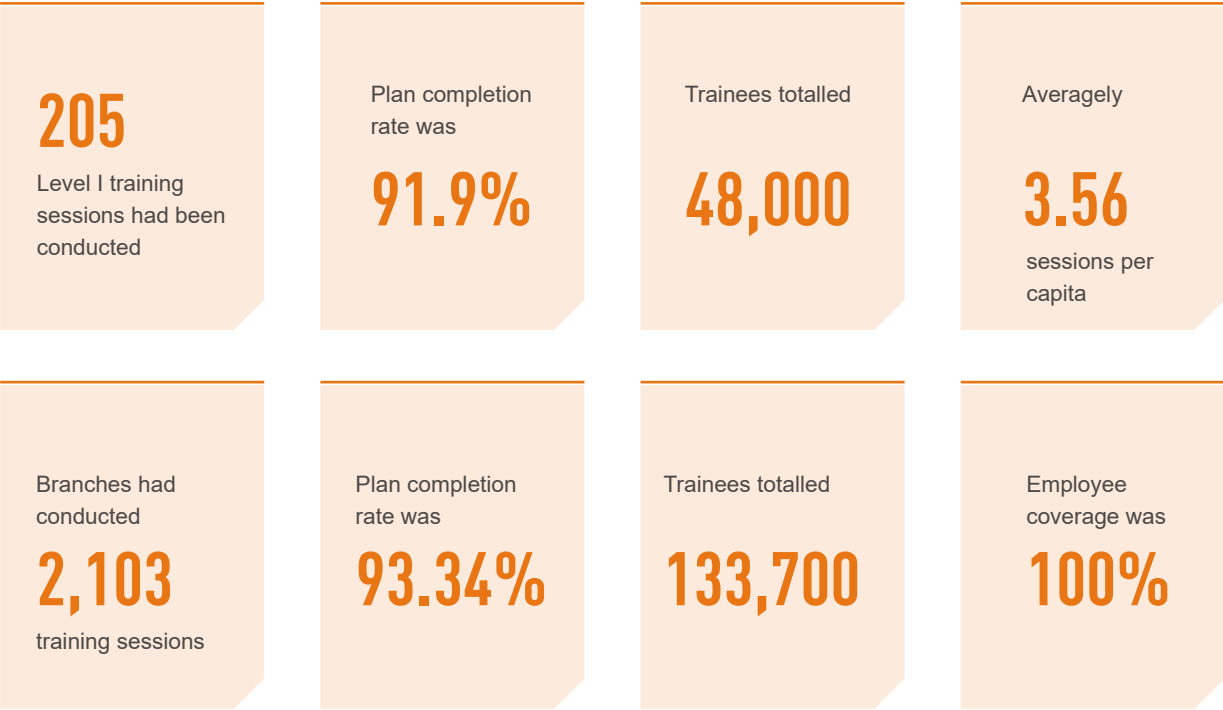
Employee career development

As an employee-centric company, we developed an annual training plan focusing on promoting the digital transformation and improving training quality and efficiency, and launched a training program in line with the principle of “bank-wide training by level and category”. Moreover, we established an online digital training academy that provides various forms of bank-wide regular “Digital Banking” training by level, for the purpose of developing employees’ digital thinking and capabilities, and improving their overall quality, expertise and management capabilities. These efforts ensure the long-term development of the Bank at the organizational and HR levels.

Training across Zhongyuan Bank followed the same principles and plans, and was managed and conducted at three levels of head office, branches and sub-branches. The training program was divided into Piloting, Voyage, and Sailing systems.

In 2020, affected by the COVID-19 pandemic, most training sessions were conducted online, accounting for 90.1% of the total.

As of the end of December 2020:



Ensuring employee health and safety

During the COVID-19 outbreak, we took various measures to ensure employees' workplace safety and physical and mental health, and visited employees having economic or other difficulties, so as to actively and steadily promote the resumption of work and production.

Case

Luoyang Branch visited female employees on the Women's Day

In March 2020, on the eve of Women's Day, labour union of the Luoyang branch, visited frontline female employees and brought gifts to them on behalf of the branch' Party committee, to thank them for their dedication and hard work during the COVID-19 outbreak, and celebrate the Women's Day.



Case

Kaifeng Branch conducted "Making the Return to School Safer" event

In April 2020, as the COVID-19 was under control, students in the third year of junior and senior high schools in Kaifeng City started to return to school, some of them were the children of our employees. To help these students well protect themselves at school, the trade union of Kaifeng Branch, with strong supports from the branch's Party committee, visited 42 employees whose children had returned to school, and prepared "Health Packages" containing blessing cards and individual protective equipment for them.

Improving work-life balance

To help employees improve work-life balance, and maintain physical and mental health, we conducted various types of sports and entertainment events which were well-received by employees.

Case

Kaifeng Branch held employee basketball competition

In September 2020, the Kaifeng branch of Zhongyuan bank will organize and carry out the staff basketball game of "Celebrating the National Day". With the active preparation and careful arrangement of the labor union of the branch, the five teams arranged their troops and organized them carefully. After 12 fierce competitions, the curtain came to an end in early November. The basketball game enlivens the amateur cultural life of employees, which is of great significance to enhance the physical fitness and cohesion of employees and cultivate excellent corporate culture.



Case

Hebi Branch organized brisk walking to celebrate the National Day

In September 2020, the trade union of Hebi Branch held the "Taking a Pleasant Brisk Walk on the National Day" event, to encourage employees to workout for a healthy life. More than 300 employees of the branch participated in the event.





Supporting Environmental Protection

Zhongyuan Bank adheres the concept of green sustainable development, made vigorous efforts to promote green finance, green office and green operations, and carried out green public welfare events, to address transition risks caused by climate change, and contribute to the “peak carbon dioxide emissions and carbon neutrality” goals.



Promoting green finance

We were active in implementing the national green finance strategy, promoting the establishment of a green finance system, and supporting the development of green economy, low-carbon economy and circular economy. Internally, we formulated documents such as the *Administrative Measures of Zhongyuan Bank Co., Ltd. for the management of proceeds of Green Financial Bonds*, and *Administrative Measures of Zhongyuan Bank Co., Ltd. for the Implementation of Green Credit*, promoting green credit at the policy and institutional levels. As an active implementer of the “Yellow River Basin Ecological Protection and High-Quality Development” strategy, we promoted the issuance of green financial bonds and special local government bonds to support related projects. As of December 31, 2020, green credit balance was RMB4.615 billion.

As of December 31, 2020,
green credit balance was RMB

4,615 billion



On April 24, 2018, Zhongyuan Bank issued RMB1.5 billion of green financial bond “18 Zhongyuan Bank Green Financial Bond” with a term of three years. As of the end of 2020, the outstanding balance of the green bond was RMB1.5 billion. We strictly controlled the growth of loans related to heavily polluting, energy-intensive and over productive industries. As of the end of 2020, the outstanding balance of such loans was RMB2.442 billion, accounting for 0.6% of the Bank’s total loan balances, a low level as before.



On April 24, 2018, Zhongyuan
Bank issued RMB

1.5 billion

of green financial bond

As of the end of 2020, the
outstanding balance of the green
bond was RMB

1.5 billion

Building green operation

In accordance with the *Environmental Protection Law of the People’s Republic of China*, *Energy Conservation Law of the People’s Republic of China* and other important laws and regulations, we improved measures related to green operations, promoted low-carbon services, encouraged employees to save energy, and actively promoted climate change management to mitigate climate change.

We formulated the *Notice on Advocating Diligence and Frugality*, and greatly promoted the implementation of requirements on saving electricity, water, paper and stationery, which laid a foundation for the implementation of green operation.

The non-hazardous and hazardous wastes generated during daily operation are recycled by professional suppliers to ensure the reasonable disposal of the non-hazardous and hazardous wastes.



Tackling climate change

The 13th Five-Year Plan period recorded China’s remarkable achievements in addressing climate change, and efforts to implement the new key strategies of “peak carbon dioxide emissions and carbon neutrality”. As a responsible financial institution, Zhongyuan Bank incorporated carbon neutrality into operations and management according to the “carbon neutrality” strategy, and took actions to address climate change, made arrangements for its own carbon neutrality. We implemented strategies and major decisions related to green finance and low-carbon operations, and reviewed the development of green finance, and monitored and reviewed energy and resource consumption data, and calculated greenhouse gas emissions and energy saved, and promoted the implementation of climate change actions.

Carrying out eco-friendly public welfare events

We carried out a variety of environmental events to promote a green and healthy lifestyle and the idea of green development, and to improve the environmental awareness of our employees and the public.

Case

“Walking: Your Steps to Health” urban brisk walking campaign

To encourage people to do exercise outdoors in the beautiful spring days, Zhongyuan Bank launched an urban brisk walking campaign in 18 cities in Henan. People can sign up for the event through mobile banking, WeChat Official Account and offline outlets, and had the opportunity to get generous gifts prepared by the Bank. This event attracted a large number of citizens from a wide age range, and improved people’s health awareness.



Annexes

Appendix 1 Independent Assurance Engagement Report of the ESG Report



Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower
Oriental Plaza
1 East Chang An Avenue
Dongcheng District
Beijing, China 100738

安永华明会计师事务所（特殊普通合伙）
中国北京市东城区东长安街1号
东方广场安永大楼16层
邮政编码: 100738

Tel 电话: +86 10 5815 3000
Fax 传真: +86 10 8518 8298
ey.com

Independent Assurance Report

On the Environment, Social and Governance Report

安永华明（2021）专字第61513727_A01号
Zhongyuan Bank Co.,Ltd.

To the Board of Directors of Zhongyuan Bank Co.,Ltd.

We have been engaged to express a limited assurance opinion on the selected data in the 2020 Corporate Environment, Social and Governance Report of Zhongyuan Bank Co.,Ltd (the "ESG Report") by Zhongyuan Bank Co.,Ltd ("ZYB").

I. The Board of Directors' responsibilities

The Board of Directors of ZYB are responsible for the preparation and presentation of the selected data in accordance with the standard for preparation of the ESG report. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the selected data; and making estimates that are reasonable in the circumstances.

II. Our responsibilities

Our responsibility is to express a conclusion on the selected data in the ESG Report based on our work performed. We report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work on the selected data in accordance with the *International Standard on Assurance Engagements 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance as to whether any matters have come to our attention that causes us to believe that the selected data as at 31 December 2020 and for the year then ended in the ESG Report is not prepared in all material respects in accordance with the standard for preparation of the ESG report.

III. Scope of work, approach, and limitation

The selected data in the ESG Report that is covered by this report is presented as follows:



Independent Assurance Report

On the Environment, Social and Governance Report (continued)

安永华明（2021）专字第61513727_A01号
Zhongyuan Bank Co.,Ltd.

- Micro and small loan balance (RMB100 million)
- Green loan balance (RMB100 million)
- Agriculture related loan balance (RMB100 million)
- Female employees (person)
- Total number of suppliers
- Online customer service customer satisfaction (%)

Our work was performed at the ZYB Head Office, which includes:

- 1) Interviews with personnel in the departments involved in providing information for inclusion in the ESG Report in relation to the selected data;
- 2) Analytical procedures;
- 3) Examination, on a test basis, of documentary evidence relating to the selected data on which we report;
- 4) Recalculation;
- 5) Other procedures deemed necessary.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material non-compliance of the selected data prepared in accordance with the standard for preparation of the ESG Report.

Our work was limited to the selected data as of 31 December 2020 and for the year then ended in the ESG Report. We have not performed any procedures over other data included in the ESG report, nor have we performed any procedures on other data or data for 2019 and years before. In addition, our work performed was not for the purpose of expressing an opinion on the effectiveness of ZYB internal controls.

IV. Conclusion

Based on the limited assurance work which we have performed, nothing has come to our attention that causes us to believe that the selected data as at 31 December 2020 and for the year the ended has not been prepared, in all material respects, in accordance with the basis of reporting listed in the ESG report.



Appendix 2 Index of Environmental, Social and Governance Reporting Guide-HKEX

Aspects, General Disclosures and KPIs	Description	Chapter
Aspect A1: Emissions		
General Disclosure	Information on: (a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to air ¹ and greenhouse gas ² emissions, discharges into water and land, and generation of hazardous and non-hazardous waste ³ .	P75-P76
KPI A1.1	The types of emissions and respective emissions data.	P7-P8
KPI A1.2	Direct (Category I) and energy indirect (Category II) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P7-P8
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P8
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P8
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	To be adopted in the future
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P75
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources ⁴ , including energy, water and other raw materials.	P75-P76
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P8
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P8
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	To be adopted in the future
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	To be adopted in the future
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	N/A
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	P75
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P75-P76

¹ Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations
² Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.
³ Hazardous wastes are those defined by national regulations.
⁴ Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.

Aspects, General Disclosures and KPIs	Description	Chapter
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P76
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P76
Employment and Labor Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P69-P72
KPI B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	P5-P6
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	P6
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P32,P71
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P6
KPI B2.2	Lost days due to work injury.	P6
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P32,P71
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training ⁵ activities.	P70
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P6
KPI B3.2	The average training hours completed per employee by gender and employee category.	P6
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	P69
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	P69
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	N/A

⁵ Training refers to vocational training, which may include internal and external courses paid by the employer.

Aspects, General Disclosures and KPIs	Description	Chapter
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	P22
KPI B5.1	Number of suppliers by geographical region.	P7
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P7,P22
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	To be adopted in the future
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	To be adopted in the future
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	P61-P66
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	P7,P65
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P20
KPI B6.4	Description of quality assurance process and recall procedures.	N/A
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P66
Aspect B7: Anti- corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P19-P20
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	To be adopted in the future
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P19-P20
KPI B7.3	Description of anti-corruption training provided to directors and staff.	P19
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P36
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	P36
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P7,P36

Appendix 3 Index of Global Reporting Initiative (“GRI”)

GRI Indicator	Description	Chapter
Organizational Profile		
G102-1	Name of the organization	P3
G102-2	Activities, brands, products, and services	P3
G102-3	Location of headquarters	P3
G102-4	Location of operations	P3
G102-5	Ownership and legal form	P3
G102-6	Markets served	P3
G102-7	Scale of the organization	P3
G102-8	Information on employees and other workers	P5-P6,P67-P72
G102-9	Supply chain	P7,P22
G102-10	Significant changes to the organization and its supply chain	P3
G102-11	Precautionary Principle or approach	P20-P22
G102-12	External initiatives	P1
G102-13	Membership of associations	P19-P10
Strategy		
G102-14	Statement from senior decision-maker	N/A
G102-15	Key impacts, risks, and opportunities	P3
Ethics and Integrity		
G102-16	Values, principles, standards, and norms of behavior	P3,P17-P20,P22,P65,P69,P75
G102-17	Mechanisms for advice and concerns about ethics	P17-P20
Governance		
G102-18	Governance structure	P15
G102-19	Delegating authority	P15
G102-20	Executive-level responsibility for economic, environmental, and social topics	P11
G102-21	Consulting stakeholders on economic, environmental, and social topics	P11
G102-22	Composition of the highest governance body and its committees	P15
G102-23	Chair of the highest governance body	P15
G102-24	Nominating and selecting the highest governance body	P15-P16
G102-25	Conflicts of interest	P11
G102-26	Role of highest governance body in setting purpose, values, and strategy	P11,P15

GRI Indicator	Description	Chapter
G102-27	Collective knowledge of highest governance body	P11,P15-P16
G102-28	Evaluating the highest governance body’s performance	P11,P15-P16
G102-29	Identifying and managing economic, environmental, and social impacts	P11-P12
G102-30	Effectiveness of risk management processes	P20-P22
G102-31	Review of economic, environmental, and social topics	P11-P12
G102-32	Highest governance body’s role in sustainability reporting	P11,P15-P16
G102-33	Communicating critical concerns	P11-P12
G102-34	Nature and total number of critical concerns	P11-P12
G102-35	Remuneration policies	P69
G102-36	Process for determining remuneration	P69
G102-37	Stakeholders’ involvement in remuneration	P69-P70
G102-38	Annual total remuneration ratio	N/A
G102-39	Percentage increase in annual total remuneration ratio	N/A
Stakeholder Engagement		
G102-40	List of stakeholder groups	P11
G102-41	Collective bargaining agreements	P70
G102-42	Identifying and selecting stakeholders	P11
G102-43	Approach to stakeholder engagement	P11
G102-44	Key topics and concerns raised	P11
Reporting Practice		
G102-45	Entities included in the consolidated financial statements	P1
G102-46	Defining report content and topic boundaries	P1
G102-47	List of material topics	P12
G102-48	Restatements of information	P2
G102-49	Changes in reporting	P2
G102-50	Reporting period	P1
G102-51	Date of most recent report	P1
G102-52	Reporting cycle	P1
G102-53	Contact point for questions regarding the report	P2
G102-54	Claims of reporting in accordance with the GRI Standards	P1
G102-55	GRI content index	P83-P88
G102-56	External assurance	P77-P79

GRI Indicator	Description	Chapter
Management Approach		
G103-1	Explanation of the material topic and its boundary	P11
G103-2	The management approach and its components	P11
G103-3	Evaluation of the management approach	N/A
Economic Performance		
G201-1	Direct economic value generated and distributed	P5
G201-2	Financial implications and other risks and opportunities due to climate change	P76
G201-3	Defined benefit plan obligations and other retirement plans	P69,P72
G201-4	Financial assistance received from government	N/A
Market Presence		
G202-1	Ratios of standard entry level wage by gender compared to local minimum wage	N/A
G202-2	Proportion of senior management hired from the local community	N/A
Indirect Economic Impacts		
G203-1	Infrastructure investments and services supported	P39-P58
G203-2	Significant indirect economic impacts	P39-P58
Procurement Practices		
G204-1	Procurement Practices	P22
Anti-Corruption		
G205-1	Operations assessed for risks related to corruption	N/A
G205-2	Communication and training about anti-corruption policies and procedures	P19
G205-3	Confirmed incidents of corruption and actions taken	P19
Anti-Competitive Behavior		
G206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A
Materials		
G301-1	Materials used by weight or volume	P8
G301-2	Recycled input materials used	N/A
G301-3	Reclaimed products and their packaging materials	N/A
Energy		
G302-1	Energy consumption within the organization	P8
G302-2	Energy consumption outside of the organization	P8

GRI Indicator	Description	Chapter
G302-3	Energy intensity	P8
G302-4	Reduction of energy consumption	P75-P76
G302-5	Reductions in energy requirements of products and services	P75-P76
Water		
G303-1	Water withdrawal by source	N/A
G303-2	Water sources significantly affected by withdrawal of water	N/A
G303-3	Water recycled and reused	N/A
Emissions		
G305-1	Direct (Category I) GHG emissions	P7
G305-2	Energy indirect (Category II) GHG emissions	P8
G305-3	Other indirect (Category III) GHG emissions	N/A
G305-4	GHG emissions intensity	P7-P8
G305-5	Reduction of GHG emissions	N/A
G305-6	Emissions of ozone-depleting substances (ODS)	N/A
G305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions1	P7
Effluents and Waste		
G306-1	Water discharge by quality and destination	N/A
G306-2	Waste by type and disposal method	P8
G306-3	Significant spills	N/A
G306-4	Transport of hazardous waste	N/A
G306-5	Water bodies affected by water discharges and/or runoff	N/A
Environmental Compliance		
G307-1	Non-compliance with environmental laws and regulations	N/A
Supplier Environmental Assessment		
G308-1	New suppliers that were screened using environmental criteria	P22
G308-2	Negative environmental impacts in the supply chain and actions taken	N/A
Employment		
G401-1	New employee hires and employee turnover	P6
G401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P69-P72
G401-3	Parental leave	P69

GRI Indicator	Description	Chapter
Labor/Management Relations		
G402-1	Minimum notice periods regarding operational changes	N/A
Occupational Health and Safety		
G403-1	Workers representation in formal joint management–worker health and safety committees	P71
G403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	P6
G403-3	Workers with high incidence or high risk of diseases related to their occupation	N/A
G403-4	Health and safety topics covered in formal agreements with trade unions	P71
Training and Education		
G404-1	Average hours of training per year per employee	P6
G404-2	Programs for upgrading employee skills and transition assistance programs	P70
G404-3	Percentage of employees receiving regular performance and career development reviews	N/A
Diversity and Equal Opportunity		
G405-1	Diversity of governance bodies and employees	P15-P16
G405-2	Ratio of basic salary and remuneration of women to men	N/A
Non-Discrimination		
G406-1	Incidents of discrimination and corrective actions taken	P69
Freedom of Association and Collective Bargaining		
G407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
Child Labor		
G408-1	Operations and suppliers at significant risk for incidents of child labor	N/A
Forced or compulsory labor		
G409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
Security Practices		
G410-1	Security personnel trained in human rights policies or procedures	N/A
Rights of Indigenous Peoples		
G411-1	Incidents of violations involving rights of indigenous peoples	N/A
Human Rights Assessment		
G412-1	Operations that have been subject to human rights reviews or impact assessments	N/A
G412-2	Employee training on human rights policies or procedures	N/A

GRI Indicator	Description	Chapter
G412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	N/A
Local Communities		
G413-1	Operations with local community engagement, impact assessments, and development programs	P36
G413-2	Operations with significant actual and potential negative impacts on local communities	N/A
Supplier Social Assessment		
G414-1	New suppliers that were screened using social criteria	P7,P22
G414-2	Negative social impacts in the supply chain and actions taken	N/A
Public Policy		
G415-1	Political contributions	N/A
Customer Health and Safety		
G416-1	Assessment of the health and safety impacts of product and service categories	P63-P66
G416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
Marketing and Labeling		
G417-1	Requirements for product and service information and labeling	P66
G417-2	Incidents of non-compliance concerning product and service information and labeling	N/A
G417-3	Incidents of non-compliance concerning marketing communications	N/A
Customer Privacy		
G418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A
Social and Economic Compliance		
G419-1	Non-compliance with laws and regulations in the social and economic area	N/A

Appendix 4 Feedback

Dear reader,

We highly appreciate your reading of the 2020 ESG Report of Zhongyuan Bank. To better meet your needs and provide you with information of greater value, and also to help us continuously improve our ESG performance and capability, we sincerely look forward to your comments and opinions on this Report given through the following contact information:

Address: Zhongke Jinzuo Building, 20 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou City, Henan Province, China
Tel: (86) 0371-85519796
Fax: (86) 0371-85519888
Email: Dongjianban@zybank.com.cn

Thank you!

Zhongyuan Bank
July 2021

1. What is your overall opinion on this Report?

☐ Very good ☐ Good ☐ Average
2. What is your opinion on Zhongyuan Bank in the field of creating economic value?

☐ Very good ☐ Good ☐ Average
3. What is your opinion on Zhongyuan Bank in the field of creating social value?

☐ Very good ☐ Good ☐ Average
4. What is your opinion on Zhongyuan Bank in the field of creating governance value?

☐ Very good ☐ Good ☐ Average
5. What is your opinion on Zhongyuan Bank in the field of creating environmental value?

☐ Very good ☐ Good ☐ Average
6. What are your further suggestions on Zhongyuan Bank’s performance of ESG?

Thanks for your support and help to Zhongyuan Bank.



Address Zhongke Jinzuo Building, 23 Shangwu Waihuan Road, Zhengdong
New District, Zhengzhou City, Henan Province, China

Tel 0371-85517900 *Fax* 0371-85517892 *Postal code* 450046

