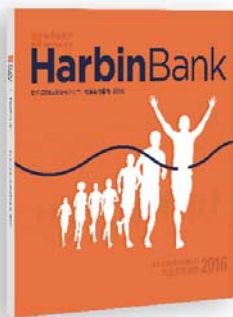




2019 HARBIN BANK CO., LTD.
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
Stock Code: HK6138

**TRUST / WARMTH
CONNECTED / COMMITMENT**





2014-2019 Environmental, Social and Governance Reports



2019

HARBIN BANK CO., LTD.

Environmental, Social and Governance Report

Explanation on Report Compilation

(1) Scope of the report

Organisation coverage: The report mainly covers Harbin Bank Co., Ltd., including the Bank's headquarters, domestic branches and sub-branches and subsidiaries.

Reporting period: 1 January 2019 to 31 December 2019 (with some content exceeding the above reporting period)

Reporting frequency: Annually

(2) Principle of report compilation

This report is compiled in accordance with the requirements of the "Environmental, Social and Governance Reporting Guide" of the Hong Kong Stock Exchange, and with reference to the "G4.0 Sustainability Reporting Guidelines" and "Financial Services Sector Supplement" of the Global Reporting Initiative (GRI), and in accordance with the "Opinion on Strengthening Social Responsibility of Banking Financial Institutions" of the CBRC, and the "Guidelines on Corporate Social Responsibility of Banking Institutions" of the China Banking Association and other standards, thereby ensuring that the report is in compliance with the general practice in the banking industry and the international prevailing practice.

(3) Report data explanation

All financial data in this report is taken from the 2019 Annual Financial Report, which was audited by Ernst & Young Public Accountants in Hong Kong and Ernst & Young Hua Ming LLP. The reporting data is mainly based on the year 2019. For data related to previous years and shown in this report, its year is explicitly specified in accordance with disclosure requirements. Monetary amounts shown in this report refer to the currency RMB, unless otherwise specified.

(4) Report assurance method

To ensure accuracy, authenticity and reliability, this report has been submitted to Ernst & Young Hua Ming LLP in accordance with the requirements of the International Standard on Assurance Engagements 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE3000") for a third party independent assurance on key performance indicators on corporate social responsibility with an independent assurance report issued.

(5) Report release method

This report is released in print version, with an electronic version for download. The electronic version can be downloaded from the HKEXnews website of Hong Kong Exchanges and Clearing Limited (URL: <http://www.hkex.com.hk>) and the Bank's official website (URL: <http://www.hrbb.com.cn>).

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“Fighting against the pandemic, we are in action”



Meaning of the Bank Logo

The shape of the logo is a square, meaning that Harbin Bank is financially stable and also a strong support for customer groups. The interwoven curves in the logo are interpreted from the shape of lilac's petals in the original logo, meaning hand in hand and heart to heart. The logo subtly conveys Harbin Bank's core philosophy of timely assistance, showing that the Bank always connects closely with its clients, no matter at present or in future.

The logo was officially announced and used in September 2015. The four petals in the logo respectively represent the deep meaning of "TRUST, WARMTH, CONNECTED and COMMITMENT". The colour theme of the logo is orange and red. The use of warm colour tones and gentle curves reflects Harbin Bank's image of being motivated and friendly as well as unlimited development possibilities in the future.



Chairman's Statement

The beginning of a new year is always a time of thankfulness for us.

We are thankful for all levels of government, regulatory authorities and all walks of life who showed their utmost support for Harbin Bank over the past year, as their encouragement and cheering, as well as criticisms and chastising, all serve to drive us towards a healthier and sustainable direction of development;

We are thankful for all shareholders, employees, families and partners. Whether we are united by trust or commitment, they warm our hearts, and inspire us to always remain calm and collected against changes in the external environment, remain true to our original aspiration and boldly stride forward.

At the same time, we also meticulously recap the past and plan for the future.

We look back at the various progress we made during the past year, whether in adhering to the operating philosophy of "Inclusive Finance, Harmonious Co-enrichment", providing more suitable financial products and warm financial services to customers by leveraging technological improvements, or corporate governance keeping pace with the time, business transformations being further evolved with time. Such progress laid a new foundation and new starting point for our future development;

We review the current shortcomings and assess more possibilities, whether in the execution of strategic planning or our level of Environmental, Social and Governance ("ESG"). We proactively identify problems, formulate strategies and respond to the challenges with a clear mind. This serves as the internal driving force for us to operate steadily in an increasingly complex external environment.

During the turbulent 2019, we remained in a mindset of gratitude and awe, and persisted in returning to the basics and serving the real economy; we remained hopeful and empowered to serve the "Good Society" with "Good Finance", to honour the warmth, trust, unity and commitment.

Kept a low profile, prevented and controlled risks, resolutely supported the development of the real economy and contributed to the "Belt and Road Initiative". For Harbin Bank, the challenges of 2019 were severer-than-before economic and financial situation, the impact of risk events of fellow financial institutions, the stricter and tighter

regulatory control, and the enormous pressure from the acceleration of credit stratification and business differentiation of small and medium banks. In spite of the above, under the leadership of the Board of Directors and supervision of the Board of Supervisors, we actively responded to national economic and financial policies, implemented regulatory requirements, actively addressed investor and public concerns and effectively controlled and resolved financial risks, with all key indicators meeting regulatory standards. Harbin Bank ranked 199th in the Top 1000 World Banks 2019 according to The Banker of United Kingdom, up by 18 from last year.

Centring on the work theme of "overall enhancement" in 2019, we continued to promote the microcredit core strategy, especially the digital inclusive finance strategy, in order to support "agriculture, rural areas and farmers", small and micro enterprises and people's livelihood. As at the end of 2019, the balance of microcredit loan amounted to nearly RMB180 billion, accounting for more than 65% of the total loans to customers for multiple consecutive years. We focused on supporting the Heilongjiang "Top Hundred Projects" and advancing industrial transformation and upgrading, in order to become the first choice for enterprises inside the province as well as the preferred bank for enterprises outside the province. This is our mission.

Giving full play to the regional endowment resource advantages, we consolidated the market position of Sino-Russia financial services with unique characteristics and the cross-border financial services, made due contributions to the "Belt and Road Initiative", and received the "2019 'Stars of China' The Best Chinese Bank for the 'Belt and Road Initiative' for the Year" from Global Finance, a US magazine. Notably, in 2015, Harbin Bank, as the Chinese promoter and the chairing company, together with Sberbank of Russia, initiated the establishment of the first platform for the cooperation and interaction among financial institutions of China and Russia, namely the Sino-Russia Financial Council, which was highly recognised by both nations, and was included in the Joint Statement of the Eighth Sino-Russian Dialogue Between Ministers of Finance, the first joint statement since the establishment of the Sino-Russian dialogue mechanism between Ministers of Finance in 2006. This is our glory.

With corporate governance evolving with time, and the unity in community relations deepening, the Bank enjoyed a popular image as a provider of warmth and emotional support with a sense of responsibility. To further improve the ESG management quality, we completed the amendments to the Articles of

Balance of micro credit loan amounted to nearly

RMB **180** billion

Accounting for more than

65%

of the total loans to customers for multiple consecutive years

Association of Harbin Bank Co., Ltd., solidified the top-level design of consumer rights protection and green credit management, and accelerated the setting up of an ESG work group under the Development Strategy Committee to strengthen the Board of Director's active participation in ESG management. Our shareholding structure became clearer, with Harbin Economic Development and Investment Company Limited and Heilongjiang Financial Holdings Group Co., Ltd., both local state-owned enterprises, acquiring an aggregate of 28.49% of our shares from six domestic shareholders and becoming a substantial shareholder of Harbin Bank.

During the past year, we continued our commitments to restructure new community relations. Seizing the opportunity of the "Happy Community Programme" co-initiated with United Charity Foundation, the Bank rooted itself in the communities surrounding its service points to provide warm and trustworthy financial and non-financial services to the communities. During the year, Harbin Bank teamed up with 23 non-profit organisations to conduct over 1,600 charity activities across seven cities, namely Shenyang, Dalian, Tianjin, Chengdu, Chongqing, Shenzhen and Harbin, providing services for over 100,000 residents. To date, "Happy Community Programme" invested public welfare funds of approximately RMB4.3 million in aggregate, effectively increasing the coverage rate and satisfaction of financial social workers.

Harbin Bank also achieved great progress in green financing, with the balance of green credit amounting to RMB2,411 million during the reporting period, increasing by RMB522 million compared with last year. On an equally gratifying note, in terms of targeted poverty alleviation, the industrial poverty alleviation project of the on-site poverty alleviation team of Harbin Bank stationed at Shuanglong Village of Liutuan Town in Yanshou, Heilongjiang, was awarded the "2019 Excellence Case of Targeted Poverty Alleviation in China" in the 21st Century Asian Financial Competitiveness selections. In its crossover exploration from financial service to city marathon, Harbin Bank solidified its brand influence, sponsoring Harbin International Marathon for the 4th consecutive year, which once again obtained the title of Golden Label Road Race. We also sponsored Chengdu International Marathon and Chengdu WNCH Marathon in 2019.

While our tireless efforts in the difficult year of 2019 were commendable, 2020 started with the outbreak of COVID-19, which has an ongoing effect on people's livelihood, economic order and the financial market. Harbin Bank immediately launched the "special times, special solutions" financial service program to battle the pandemic, and donated RMB5 million to four designated hospitals for treating COVID-19 patients in Heilongjiang Province. This is our responsibility.

We will overcome these difficult times by standing alongside the entire society. Centring on the work theme of "steady improvements" of 2020, we will strive to maintain steady operation, and prevent and control risks to provide customers with warmer and more efficient and quality inclusive finance services, and dedicate our maximum efforts to contribute to social and economic development. This is our commitment.



邵文

President's Statement

"Focusing on strategies, and being problem-oriented; seeking truth and practicability, and elevating value".

This is our working standards for 2019. This year marked an extraordinary year in the history of the development of city commercial banks in China. In spite of the extremely severe business conditions and the complex and difficult external environment, we upheld the operating philosophy of "Inclusive Finance, Harmonious Co-enrichment", adhered to the work theme of "overall enhancement", and insisted on the working standards, so as to stride ahead with solid steps.

This year, by investing undivided efforts and being committed to our initial positioning, we firmly advanced the implementation of the core microcredit strategy, comprehensively enhanced the integrated financial service capability, strictly adhered to the risk bottom lines, consolidated our own foundation for sustainable development, and served the real economy and people's livelihood.

As at the end of 2019, Harbin Bank's (the Group's) total assets exceeded RMB583.0 billion; customer deposits exceeded RMB425.6 billion, representing an increase of RMB30.0 billion as compared to the end of last year; total loans amounted to RMB263.6 billion, representing an increase of nearly RMB10.0 billion as compared to the end of last year, and the balance of microcredit continued to exceed 65% of the Bank's total loans for the sixth consecutive year; operating income exceeded RMB15.0 billion and net profit exceeded RMB3.6 billion.

Consolidated the foundation of technological operations, upgraded digital inclusive financial services, and sought new breakthroughs in green credit. Focusing on the digital inclusive financial strategy and the development trend of financial technology, in 2019, we accelerated the technological infrastructure construction and management mechanism innovation, optimised the technology and business collaboration mechanism, restructured the technological research and development system, and improved the speed of respond to the market, efficiency of product iteration and customer service standards. We also promoted the construction of disaster recovery systems of the three centres in two regions by putting application-level disaster backup in place for all key information technology systems as required by the regulatory authorities. In particular, the disaster recovery of the same city with different places and emergency drills of core systems and second-generation payment system met regulatory authorities' highest requirements for business continuity of city commercial banks.

With consistent implementation of the national strategic guidance of "revitalising the Northeast" and "revitalising rural areas", we introduced comprehensive financial services such as "agricultural finance loan + Harbin Bank Agricultural Machinery financial lease" and "agricultural finance loan + Wealth Management for Farmers", satisfying the diverse financial needs of farmers. We debuted the "Agricultural Flash Loan", becoming one of the few financial institutions providing fully online loan products for farmers in Heilongjiang Province. The business relating to agricultural service covered the majority of rural markets of 11 cities and 6 major Agricultural Cultivation Bureau of Heilongjiang and some rural villages of Shenyang, Chengdu and Chongqing outside the province. We introduced financial support policy for disaster-stricken farmers, demonstrating our image as a bank with warmth and emotional support.

We actively responded to the national green credit policy, gradually promoted green finance and made solid progress. During the reporting period, the green credit balance was RMB2,411 million, representing an increase of RMB522 million over the previous year. Notably, Shenyang Branch firstly initiated the five systematic projects of "Blue Sky, Clear Water, Green Mountain, Pure Land, and Rural Environmental Remediation" in Liaoning Province, and subsequently engaged in active cooperation with Liaoning Environment Protection Industry Association to provide a comprehensive package of financial services for its member companies, which received warm response. We were awarded the honors of "2019 Most Influential Green Development Enterprise Brands" and the "Top Ten Inclusive Banks".

Focused on risk management and control capabilities, continuously improved the awareness of compliance management, and strengthened the top-level design of anti-money laundering and consumer rights protection. In 2019, we continued to deepen the refined management of risk and rigid management and control, paid attention to the promotion of active risk management philosophy, focused on risk diversification and scale control during the economic downturn, and comprehensively enhanced various risk management capabilities. We established an anti-fraud alert model and a new credit loan model, focused on maintaining liquidity security, strengthened our online security defence, and achieved overall controllability under the premise of the sustainable development of supporting business.

We formulated and executed a risk-based compliance

Customer deposits exceeded

RMB **425.6** billion

Representing an increase of

RMB **30.0** billion

as compared to the end of last year

management plan which integrated prevention, control, examination and correction. We intensively performed special governance, risk investigation as well as inspection and self-inspection on internal control compliance, rectification and accountability for the comprehensive implementation of supervision on the work requirements of ensuring a successful substantial risk prevention and resolution effort in a determined manner. We strengthened the top-level design of anti-money laundering and consumer rights protection. We completed the launch of the second-generation anti-money laundering system and blacklist monitoring system. Meanwhile, we strengthened the publicity and training of anti-money laundering, actively cooperated with regulatory authorities in conducting co-investigations into anti-money laundering, and fulfilled financial institutions' obligations regarding anti-money laundering and anti-terrorist financing. We established the Consumer Rights Protection Department and published the Administration Measures of Consumer Rights Protection of Harbin Bank (Amendment) and the Work Scheme of Consumer Rights Protection of Harbin Bank for 2019.

Established an environment for the growth and continuous learning of all employees, and built a scientific talent structure that adapts to the development of the new era. With a selection and employment criteria focusing on “loyalty, diligence, integrity and accountability”, we introduced a series of staff incentive policies in line with our development needs based on scientific performance review results, including the adoption of a broadband salary system to provide staff with incentive remuneration and the establishment of a career development platform with multiple dimensions. In 2019, over 2,400 employees achieved promotion in rank or salary through the points system for the performance review results; 71 trainee assistants were selected and reserved for the head office and 34 of them were appointed; 37 staff participated in talents exchange and secondment between the head office and branches.

We initiated the “Ten Hundreds” construction project and established the “embark, endure, cruise, escort and voyage” training system. Both training completion rate and coverage rate were 100%. The “Leaders” Training Program which has been implemented for many years and was popular among employees covered almost 2,000 employees. We also focused on the new employees and employees in new management positions by paying attention to the career development needs with respect to job competency and core competency improvement. We further expanded our customer service manager team on wealth management, small and micro business and agriculture-benefiting business, thus basically established a professional team with “reasonable amount of staff, full of vitality, huge potential and strong capability”.

“Overcome troubles and make a broad road. Fight difficulties and dangers, and then set off again.” 2020 is the last year of the “13th Five-year Plan” of new China and the battle against poverty, and also the last year of the implementation of the new three-year strategy plan of Harbin Bank. In view of the COVID-19 pandemic engulfing the world and further aggravating the uncertainties of the global economic and financial environment, we will be determined and confident in strategies for steady improvement and will not waste our valuable time.



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About Harbin Bank

Overview

Key Performance Table

The Group's Development Plan

Stakeholders of Harbin Bank

Issues of Significance for 2019





Overview

Harbin Bank¹ was founded in February 1997. Headquartered in Harbin, Heilongjiang Province, the Bank is an emerging joint stock city commercial bank in Northeast China in recent years. Listed on the Main Board of the Stock Exchange of Hong Kong (stock code: 06138. HK) on 31 March 2014, the Bank is China's third city commercial bank entering the Hong Kong capital market, and also the first listed city commercial bank in Northeast China.

Harbin Bank has established 17 branches in Tianjin, Chongqing, Dalian, Shenyang, Chengdu, Harbin, Daqing, etc., and 32 village and township banks in 14 provinces and municipalities, including Beijing, Guangdong, Jiangsu, Jilin, Heilongjiang, etc. The Bank, as a controlling shareholder, has promoted the establishment of Harbin Bank Financial Leasing Co., Ltd., the first financial leasing company in Northeast China, and Harbin Bank Consumer Finance Co., Ltd, the first consumer finance company in Heilongjiang Province, respectively. During the reporting period, the Group had 376 business outlets with branches and sub-branches across seven administrative regions in China. As at 31 December 2019, the Bank had total assets of RMB583.0894 billion, total loans and advances to customers of RMB263.6041 billion and total customer deposits of RMB425.6837 billion.

In 2019, the Bank was ranked 217th in "Brand Finance Global 500 2019" published by Brand Finance (a famous UK-based branded business valuation consulting firm), 199th in "Top 1000 World Banks 2019" according to The Banker of United Kingdom, 1,117th in the Forbes Global 2000, 34th in the "2018 China Banking Top 100 List" of the China Banking Association, and 13th in the "City Commercial Banks with an Asset Size of more than RMB200 billion in 2018 for the Ranking of the GYROSCOPE Evaluation System". The Bank also received the "2019 Stars of China: The Best Chinese Bank for the 'Belt and Road Initiative' for the Year" and "2019 Chinese Financial Institutions Golden Dragon Awards: Top Ten City Commercial Banks for the Year".

The Banker

"Top 1000 World Banks 2019" according to The Banker of United Kingdom



Forbes

Forbes Global 2000



¹ In the report, "Harbin Bank" or "the Company" refers to Harbin Bank Co., Ltd., a joint stock company incorporated in the PRC on 25 July 1997 in accordance with PRC laws; "the Group" or "the Bank" refers to the Company and all of its subsidiaries, branches and sub-branches.

Brand Finance

Brand Finance Global 500 2019

Harbin Bank ranked

217th

Global Finance

2019 "Stars of China"

Harbin Bank was awarded

**The Best Chinese Bank for the
"Belt and Road Initiative"**

China Banking Association

2018 China Banking Top 100 List

Harbin Bank ranked

34th

Financial News

2019 Best E-Banks in China:

Best Mobile Banking Operation Award

Harbin Bank was awarded

**Top Ten City Commercial Banks
for the Year**



City Commercial Banks with an Asset Size of more than
RMB200 billion in 2018 for the Ranking of the GYROSCOPE
Evaluation System

Harbin Bank ranked

13th

2019 ARC Awards

The 33rd World's Best Annual Report

Harbin Bank was awarded

Gold Award/Best of China



Key Performance Table

Type of Indicators	Specific indicators	Unit	2019	2018	2017
Economic performance indicators	Total assets	RMB million	583,089.4	615,588.5	564,255.2
	Operating income	RMB million	15,124.4	14,325.4	14,133.6
	Profit before tax	RMB million	4,790.5	7,305.2	7,128.0
	Net profit	RMB million	3,635.1	5,574.4	5,308.9
	Total tax	RMB million	2,798.49	3,462.11	3,445.03
	Earnings per share	RMB Yuan	0.32	0.50	0.48
	Average return on total assets	%	0.61	0.94	0.96
	Average return on equity	%	7.41	12.68	13.50
	Balance of loans to customers	RMB million	263,604.1	253,762.7	237,397.8
	NPL ratio	%	1.99	1.73	1.70
	Capital adequacy ratio	%	12.53	12.15	12.25
	Provision coverage ratio	%	152.50	169.88	167.24
Social performance indicators	Total staff	Person	6,941	6,728	6,743
	Proportion of female staff	%	57.08	57.30	56.84
	Proportion of female management staff	%	50.36	51.11	46.00
	Clients of village and township banking services	Account	530,490	446,391	373,646
	Microcredit balance	RMB million	178,441.7	180,715.1	191,425.6
	Balance of agricultural loans	RMB million	37,975	42,507	45,949.0
	Poverty alleviation loans for registered households (distributed during the year)	RMB million	41.45	90.59	237.70
	National student loan distributed during the year	RMB million	576	596	600
	Total charity donation	RMB'0,000	2,820	1,517.6	2,288.6
Environmental performance indicators	Green credit balance	RMB million	2,411	1,889	1,862
	Replacement rate of business transactions through electronic banking	%	93	91	87

- Notes:
1. Total staff, proportions of female staff and female management staff exclude those in village and township banks, Harbin Bank Financial Leasing Co., Ltd. and Harbin Bank Consumer Finance Co., Ltd.
 2. The number of clients of village and township banking services represents the total number of depositors and clients for the lending business of village and township banks as at the end of the reporting period.
 3. The statistical caliber of the Bank's green credit balance was adjusted in 2019.

The Group's Development Plan

- Branches
- Village and township banks

Harbin Bank Financial Leasing Co., Ltd.

Harbin Bank Consumer Finance Co., Ltd.



Stakeholders of Harbin Bank

Stakeholder	Expectation and requirements	Communication	Response
Government	To support the implementation of national strategies and healthy development of regional economy.	To properly execute national financial policies; take part in formulation of relevant policies and in relevant research and discussion and submitting statistics reports.	Consistently executed the macro-policies of the nation; supported national industry restructuring and transformation in economic development; implemented strategic planning of inclusive finance, supported the development of "agriculture, rural areas and farmers", private economy and SMEs; supported the proposal of "the Belt and Road Initiative" and the implementation of the policy of "Entrepreneurship and Innovation by All".
Regulatory authorities	To return to the basics of business; compliant, healthy and stable operation and stronger risk control.	To execute regulatory policies; and submit special reports and statistics reports.	Strict execution of regulatory policies and requirements to ensure compliancy and honesty in operation, with a strengthened internal control system and comprehensive risk management.
Shareholders	Good operating results and investment return, scientific risk management and control, continuous and stable operation, and timely, accurate and complete information disclosure.	Provision of accurate and timely information disclosure; regular visits and reports; general meetings; and results roadshows.	Sufficient protection of the legitimate interests of shareholders and investors and consistent improvement on operational and management capabilities; constant shareholder value creation; Enhanced communication with the capital market by proper arrangements for investor and analyst visits and response to telephone and online inquiries; Active participation in domestic and overseas investor conferences held by investment banks and securities traders and proactive results announcements and roadshows for investors.
Clients	Quality financial services and higher client satisfaction.	Seminars; online and telephone advertisement; survey on clients' needs; and Harbin Marathon Entrepreneur Club, etc.	Increased investment in science and technology, accelerated innovation in financial products and services; expanded customer service channels; invited customers to our key events, and strengthened customer relations management and complaint handling and satisfactory survey.

Stakeholder	Expectation and requirements	Communication	Response
Environment	To promote development of “Green Finance”, reinforce green indicator management of business operation and working environment, and build the brand “Green Bank”.	Strict implementation of national energy-saving and emission-reduction policies; and taking part in green public welfare activities.	More resources to credit for new green energy to support energy saving and emission reduction, promoting green finance and paperless office to enable the integrated sustainable development of economy, environment and the society.
Staff	Room for professional development, healthy and safe work environment as well as active participation in management by all staff.	Staff representatives’ meeting; and proper internal communications mechanisms to gather staff’s views and suggestions.	Broadened career development, improved incentive and restraint mechanisms and performance assessment, paid attention to staff’s work environment and physical and mental health, and protected staff’s legitimate interests to facilitate the workplace culture of “loyalty, diligence, integrity and accountability” and “Happy Work, Healthy Life”.
Partners	To build good communication mechanism, focus on areas of strategic cooperation and realise sustainable mutual benefit and win-win.	Strict contractual performance; better tender procedures; stronger regular communications; and regular visits.	Fair and just tenders and procurement; fair cooperation and honest operation.
Community	To undertake social responsibilities, engage in social responsibility investment, participate in community establishment and sustainable development, and promote harmony and balance between institutions and the society.	To take part in community building activities through the United Charity Foundation; increase regular exchange and communication through popularisation of financial knowledge; and carry out various charity activities.	Focused on targeted poverty alleviation; initiated pilot social responsibility investment and promoted community building activities with guidance of the project “Happy Community Programme” by United Charity Foundation; promoted public sports development and improved urban cultural quality with the opportunity arising from the sponsorship for “Harbin International Marathon”; participated in charity donation to other types of activities for helping the poor and promoting education; established branches for communities and innovated inclusive finance service model in order to provide convenience for community life.

Issues of Significance for 2019

The Bank's issues of significance in 2019 remained basically the same as the previous year, in response to the general principle of the "new three-year" development plan on governance enhancement.

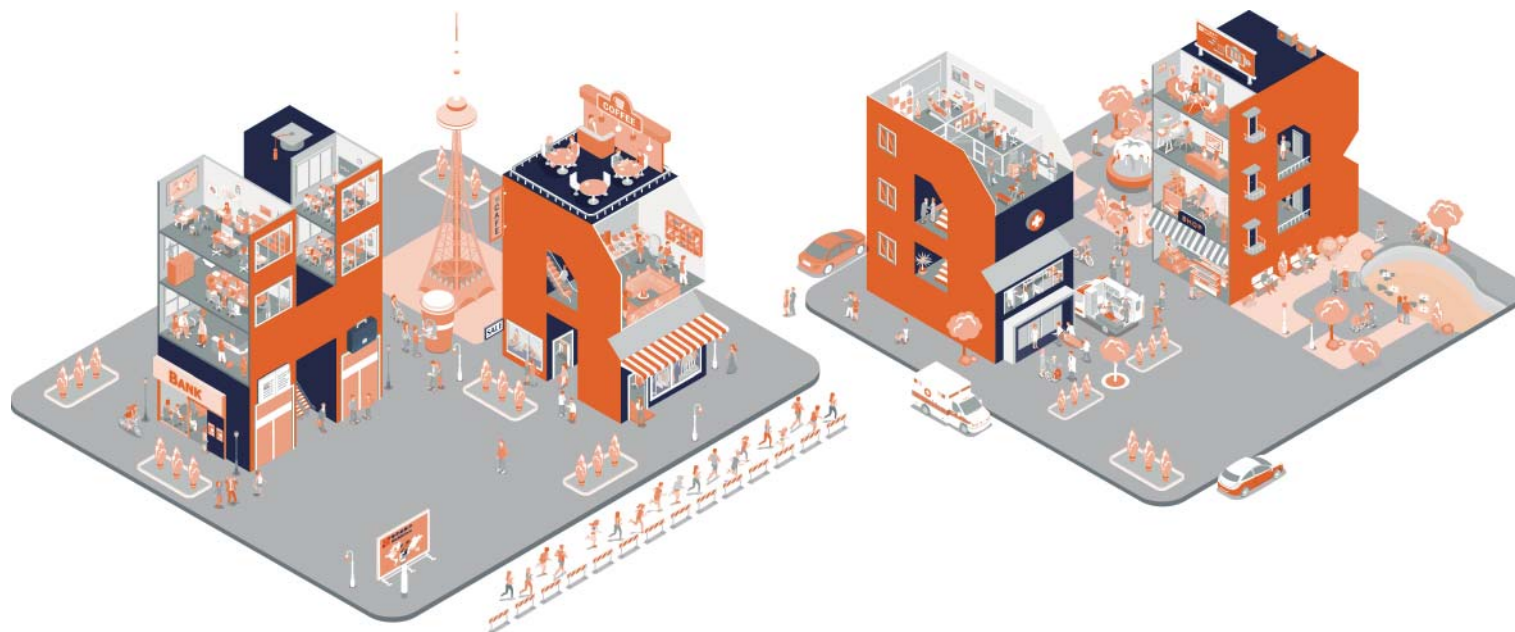
"Inclusive Finance" continued to rank first, which was an important demonstration of actively implementing the national strategic plan on inclusive finance development, and also the Bank's strategic positioning of remaining true to its original aspiration by adhering to the business philosophy of "Inclusive Finance, Harmonious Co-enrichment" and insisting on developing into "a first-class international microcredit bank by providing excellent services with unique characteristics".

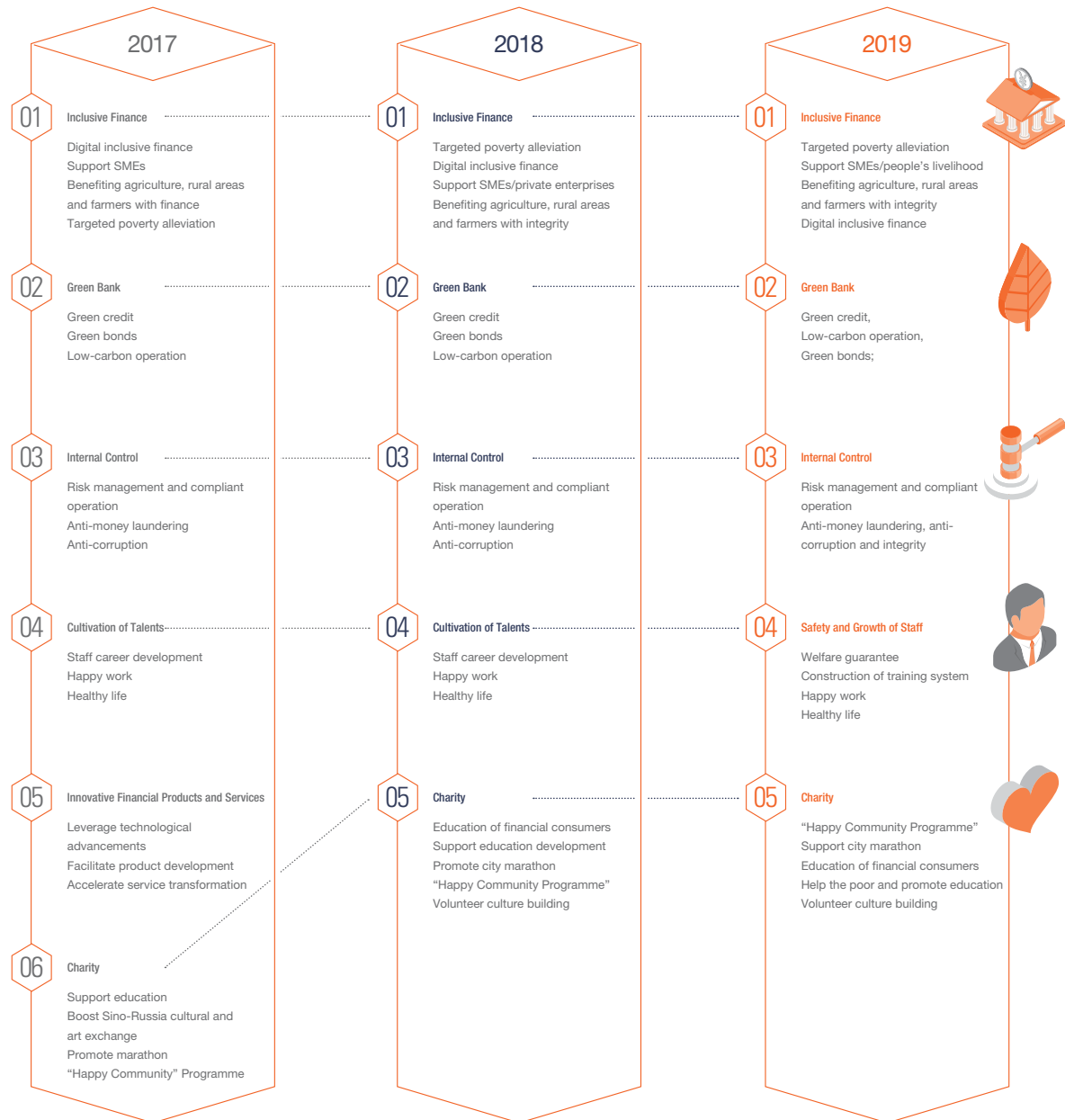
"Green Bank" continued to be the second most significant issue in order to promote the Bank's performance of environmental responsibility. The newly amended Articles of Association of Harbin Bank Co., Ltd. has included "researching and providing advice on the strategy, policy and objective for green credit, supervising the senior management in the implementation of green credit, so as to fulfill social responsibility" in the major responsibilities of the Development Strategy Committee of the Board of Directors, further clarifying the strategic significance of green bank construction to the Company.

The rank and work details of "Internal Control" were basically the same as the previous year.

"Safety and Growth of Employees" was an issue of significance in 2019, which reflected that the Bank has paid more attention to the physical and mental health of employees on the basis of "Cultivation of Talents" in previous years.

The specific work included in the "Charity" issue in 2019 prioritised the "Happy Community Programme", showing the Bank's determination in engaging in community relations construction.





Featured Topic: Our Focus in 2019

Targeted Poverty Alleviation

Green Finance

“Happy Community Programme”



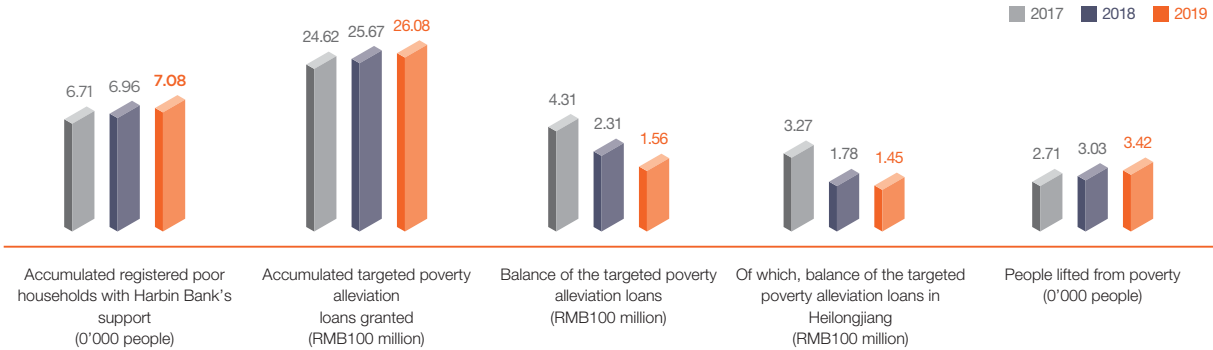


Targeted Poverty Alleviation

Warm Financial Support and Sustainable Industrial Poverty Alleviation

In 2019, under the guidance of the Heilongjiang Provincial Party Committee and the Provincial Government, the Harbin Municipal Party Committee and the Municipal Government and the relevant regulatory authorities, Harbin Bank followed through the coordinated development between rural areas in poverty and city areas based on the basic strategy of targeted poverty alleviation, and actively implemented the system of “Cooperation with Local Governments” to adopt differentiated and targeted policies for making solid efforts in promoting various work in on-site village assistance and targeted poverty alleviation with financial means.

During the reporting period, poverty alleviation loans distributed for registered household during the year amounted to RMB41 million. Accumulated poverty alleviation loans distributed amounted to RMB2,608 million. As at the end of 2019, balance of targeted poverty alleviation loans amounted to RMB156 million, of which, the balance of the targeted poverty alleviation loans in Heilongjiang Province amounted to RMB145 million. Number of registered people with the Bank’s support reached 4,363. Number of accumulated registered households with the Bank’s support reached 70.8 thousand. Number of people lifted from poverty for the year was 3,853 and number of accumulated people lifted from poverty was 34,200.



Continued to consolidate the basic guarantees for targeted poverty alleviation and effectively promoted the smooth progress of poverty alleviation work. In order to further improve the service efficiency and work quality of financial targeted poverty alleviation, in 2019, the Bank actively opened up the communication mechanism for poverty alleviation, kept abreast of the poverty alleviation policy requirements, organised for learning the latest decisions made and work requirements with respect to financial targeted poverty alleviation, and formulated and issued the “Notice of Harbin Bank on Further Regulating the Special Statistical Work of Financial Targeted Poverty Alleviation Loans” and the “Guidance Opinion on Thorough Implementation of Financial Targeted Poverty Alleviation of Harbin Bank in 2019-2020”.

Actively promoted the “blood-making” poverty alleviation model, and established a comprehensive and long-term mechanism for industrial poverty alleviation. During the reporting period, the Bank actively improved the environment for poor farmers to get rid of poverty and enhanced the level of industrial poverty alleviation and organised poverty alleviation. The roles of new-type agricultural business entities, leaders spearheading the effort to become prosperous and others parties were enhanced in leading poor households by further increasing the financial support for these parties. With the promotion of the “Agricultural Revitalisation Loan” innovative business, the Bank provided effective loan products for new-type agricultural business entities and other leaders spearheading the effort to become prosperous. For innovative service models, the Bank strived to develop new ways for industrial poverty alleviation by vigorously promoting credit loans and “two-rights” mortgage loans, actively introducing guarantee and insurance resources, and expanding agricultural-related chain services and other models, so as to solve the problems of leaders spearheading the effort to become prosperous and poor households regarding difficult and expensive financing.

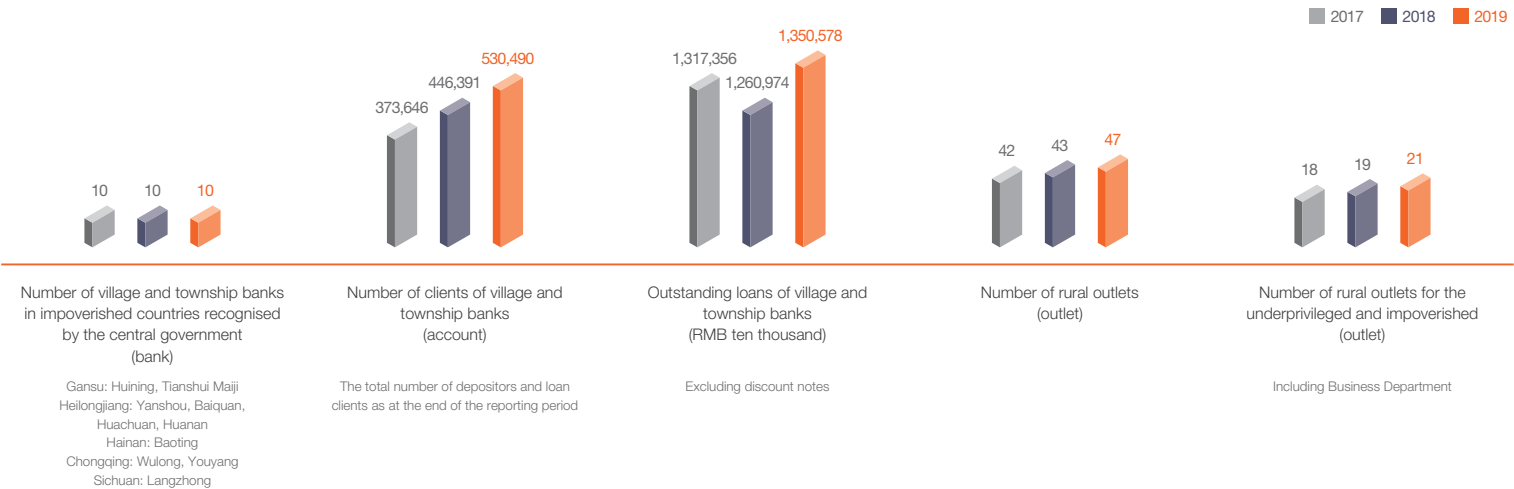
Strengthened the information management of on-site poverty alleviation for registered poor households, focused on poverty alleviation under industrial support, and ensured winning the battle against poverty. The Bank has paid high attention to the causes of poverty among different poor households, and put targeted industrial projects in place to carry out poverty alleviation work according to local conditions. Guo Zhiwen, the secretary of the Party Committee and the chairman of the Bank, Lyu Tianjun, a member of the Party Committee and the president

of the Bank, Luo Zhonglin, a member of the Party Committee and the chairman of the Labour Union of the Bank, and other senior management conducted works in the on-site poverty alleviation team of the headquarters located at Shuanglong Village of Liutuan Town, in Yanshou, Heilongjiang Province to study and guide the selection of industrial poverty alleviation projects and the implementation of “casting away worries in two aspects (no worries about eating and wearing)” and “providing assurance in three aspects (compulsory education, basic medical care, and housing security)”. After more than two years of practices and exploration, a total of over RMB0.8 million has been invested. During the reporting period, each poor household in Shuanglong Village was entitled to 1.5 to 2 industrial projects for poverty alleviation, and 85 registered poor households comprising 135 villagers in the village have met stable poverty alleviation standards. The Bank was awarded the “2019 Excellence Case of Targeted Poverty Alleviation in China” in the 21st Century Asian Financial Competitiveness selections for its actual results of making targeted poverty alleviation plans according to local conditions and carrying out targeted industrial poverty alleviation work for poor households.

In addition, the Mulan sub-branch of Harbin Branch and Suibin sub-branch of Hegang Branch supported local seeding and animal husbandry projects and expanded industry channels through solving practical issues such as production capital, management and sales channels, creating opportunities for poverty alleviation and income growth. In Sichuan Province, Chengdu Branch actively participated in poverty alleviation with the help of consumption by entering into the Liangshan Prefecture “Purchase in lieu of Donation” Targeted Poverty Alleviation 2018-2020 Collective Subscription Agreement with the People’s Government of Liangshan Prefecture, Sichuan Province, which had commenced implementation. Poverty alleviation products equivalent to RMB50,000 was subscribed for in 2019.

Continuously strengthened ability of village and township banks in impoverished counties recognised by the central government to combat poverty. The 32 village and township banks established by the Bank had 41 sub-branches during the reporting period, representing an increase of 5 sub-branches as compared to the last year. 47 were rural service outlets, representing an increase of 4 as compared to the last year. 21 were rural service outlets for the underprivileged and impoverished, representing an increase of 2 as compared to the last year. 10 village and township banks established in poverty-stricken counties were located in Huining County and Maiji District, Tianshui City in Gansu Province; Yanshou County, Baiquan County, Huachuan County and Huanan County in Heilongjiang Province; Baoting County in Hainan Province; Wulong District and Youyang County in Chongqing; and Langzhong County in Sichuan Province, respectively.

During the reporting period, the total assets of the 32 village and township banks amounted to RMB22.251 billion, of which the total amount of loans amounted to RMB13.506 billion, representing a year-on-year increase of 7.11% and the balance of deposit amounted to RMB16.217 billion, representing a year-on-year increase of 7.43%. The number of customers served was 530,490, representing an increase of 84,099 from the previous year. Centring on the “four adherences” i.e. adhering to localisation, lower stream expansion, specialised operation and serving the “Agriculture, Rural Areas and Farmers” and small and micro enterprises, all village and town banks gradually formulated a unique culture, philosophy, management mode and working procedures as driven by product innovation and service culture construction, which effectively enhanced the core competitiveness, support local economic development and help poverty alleviation in impoverished counties recognised by the central government.



Case: Journal of headquarter’s on-site poverty alleviation team in 2019 (excerpt)

(Working location: Shuanglong Village, Liutuan Town, Yanshou County, Heilongjiang Province)

	<p>◇ 2 February:</p> <p>Today is 28th of the twelfth month of the lunar year. Despite the harsh wind, the team brought members of both village committees to Yuhe Town to inspect the waxy corn processing project on-site and learn in detail the issues in each link, from planting, plant and equipment, production and processing to marketing. Project intention has been initially reached, and planting has recently commenced.</p>		<p>◇ 21 February:</p> <p>Today, six employees from the on-site poverty alleviation team on behalf of the headquarters committed to provide long-term financial aid to four students from three poverty-stricken families in Shuanglong Village, fulfilling their dreams of going to a university.</p>
	<p>◇ 7 March:</p> <p>The team and both village committees discussed in detail with responsible persons from the public credit cooperative on the development of the potato project, eventually agreeing on establishing 50 greenhouses. The project will involve over 40 poverty-stricken households. As such households usually do not own a greenhouse, the team and town leadership are calling for party members to provide aid on a “one-on-one” basis in order to set up the greenhouses.</p>	<p>◇ 18 April:</p> <p>To strengthen the support of the industry projects to the poverty alleviation of Shuanglong Village, the team and both village committees have recently intensified efforts to develop the cattle raising project with financial special funds, and conducted market survey to consult farmers with many years of experience in raising cattle.</p>	
	<p>◇ 22 May:</p> <p>In the morning, Liu Fujun, the president of Yanshou Sub-branch the People’s Bank of China, in a group of three accompanied by Feng Zhigang, the chairman of the board of directors of Yanshou Rongxing Village and Township Bank, conducted survey with the on-site poverty alleviation team of Harbin Bank. He was of the opinion that the team had strictly carried out its work in accordance with organisational requirements in close cooperation with both village committees, achieving significant results. He expected that future poverty alleviation by financial systems would have more exchanges, learn from one another and achieve common progress, and ultimately gain victory in the battle against poverty.</p>		



◆ 4 June:

Based on the relevant experience from 2018, the team and both village committees decided to vigorously promote potato planting among the poverty-stricken households this year to increase revenue. With their efforts, 40 out of the 88 poverty-stricken households, or 45%, will take part in the planting. Early this morning, the team and village committee director, accompanied by representatives of the poverty-stricken households, drove carts over 50 km to Anshan Town Jiahe Spring Cooperative Bank to collect seeds and fertilisers. The team gave detailed expositions on the essentials and precautions for planting to the farmers, who committed themselves to plant as required, carefully manage them and strive for good harvest, and live up to the expectations of the Party, government and the poverty alleviation team.

◆ 3 July:

In the morning, the 98th Anniversary of the Founding of the Party Meeting of the Party Branch of Shuanglong Village was convened in the Village Party Member Activity Room, attended by a total of 35 participants including all Party members in the village, all members of Harbin Bank's on-site poverty alleviation team and members of the team in Liutuan Town. Gao Jucheng, the captain of the on-site poverty alleviation team and First Secretary of the Village gave a lecture to all Party members in the theme of "never forgetting the original aspiration or your mission".

◆ 19 September:

During the year, the Town Party Committee determined that Harbin Bank's on-site poverty alleviation team would be in charge of the file information management of poverty-stricken households. File information management requires meticulous work and the team is expected to work overtime.



Case: Journal of headquarter’s on-site poverty alleviation team in 2019 (excerpt)

(Working location: Shuanglong Village, Liutuan Town, Yanshou County, Heilongjiang Province)



85 registered households met stable poverty alleviation standards

26 September:

In the morning, Lyu Tianjun, a member of the Party Committee and the president of the Bank, worked on-site in Shuanglong Village, accompanied by Luo Zhonglin, a member of the Party Committee and the chairman of the Labour Union of the Bank. President Lyu pointed out that, 2019 is a critical year in the battle against poverty, and practical and meticulous efforts should be strengthened to achieve the goal of “casting away worries in two aspects” and “providing assurance in three aspects”, as well as meeting the requirements of superiors. He advised the team to be mindful of epidemic prevention with breeding industry projects to ensure survival; while also giving full play to Harbin Bank’s industry advantages to support the development of small household processing business of poverty-stricken households and farmers, such as dried beans and dried potatoes; the Bank could assist in sales and strive to enable poverty-stricken households and farmers to become involved and profit.

2 November:

According to the unified deployment of the Yanshou Town Poverty Alleviation Leadership Team and under the leadership of the Town Party Committee, the team closely cooperated with both village committees, the leaders of alleviation units and responsible persons to carry out dynamic management of poverty alleviation subjects, setting up profiles for 85 registered households comprising 135 registered residents in the village, all of which met stable poverty alleviation standards, and the overall work is pending for inspection.

6 November:

Thanks to tireless efforts of the team and both village committees, various approvals have been obtained for the Shuanglong Village ostrich breeding project, with the infrastructure project partially commencing today, main consisting of the construction of breeding ground for 150 ostriches, including modifying the plant, building storage room, birdhouse and activity area, and the project is expected to be completed in two weeks. In the meantime, the team will also undertake the purchase of ostriches, purchase the feed crushing and processing equipment, prepare feed and prepare anti-epidemic drugs.



◆ 28 November:

Comparison gives a truer picture. The team organised members of both village committees to drive over 400 km to inspect the ostrich breeding base in Fengsheng Town, Baiquan County. With the assistance of Liu Tong, President of Baiquan Rongxing Village and Township Bank, the group conducted comprehensive inspection and discussion on the price, breeding, epidemic prevention and transportation of ostriches. The decision of purchasing adult birds based on the inspection results will be made next week.

◆ 11 December:

It has been two weeks since the first batch of 40 ostriches moved into their new home in Shuanglong Village! Initially, due to changes in various conditions such as long-distance transport, diet and environment, the ostriches at one point showed symptoms of cold, were unwilling to eat and had sinking wings. In response, emergency procedures were taken, such as building greenhouses for the ostriches' habitation against the harsh coldness below -20°C; all 40 ostriches also went through epidemic prevention process and their diet was conditioned to improve nutrition. After two weeks of intensive care, the ostriches' condition has stabilised, feeding actively and enjoying exercise.



◆ 25 December:

Luo Zhonglin, a member of the Party Committee and chairman of the Labour Union of the Bank, accompanied by Qi Shuxin, the secretary general of the Finance Society, arrived again at Shuanglong Village for on-site office despite harsh weather. Chairman Luo emphasised the preparation for national third-party inspections; strictly control the risks of industrial projects, with extra attention on their sustainability; and focus on the public welfare activities between the "two festivals". At the newly initiated ostrich breeding base in Shuanglong Village, he advised to particularly keep an eye on subsequent breeding and sales, to ensure the industry project become a source of stable income for the poverty-stricken households, form a virtuous circle and achieve sustainable development of industrial poverty alleviation.

Green Finance

Financial Practice for Fulfilling Environmental Responsibility and the Shenyang Example



Total investment amount of

RMB 3.475 billion

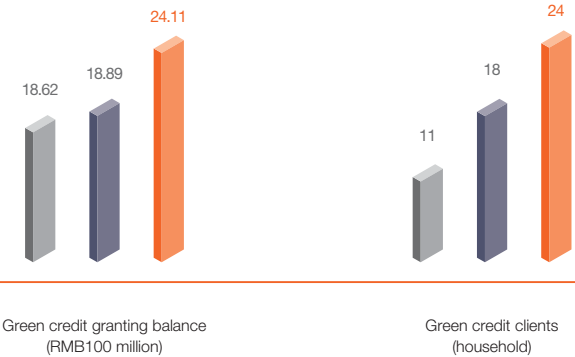


Raised funds of

RMB 1.828 billion

Utilised in aggregate

2017 2018 2019



The Bank highly recognises the significance of improving ESG management, and constantly follows the trend of ESG investment. Therefore, since elevating the building of a “Green Finance” system as its top strategic priority in 2018 and including it in into the terms of reference of the Board of Directors and the Articles of Association of Harbin Bank Co., Ltd., the Bank accelerated the setting up of an ESG group under the Development Strategy Committee in 2019, in order to improve the ESG management structure and better fulfil its social responsibilities.

During the reporting period, the Bank fully complied with the regulatory documents and requirements including the “‘Thirteenth Five-year Plan’ of the State Council”, the “Guiding Opinions on Building a Green Financial System” jointly issued by seven departments and commissions such as the People’s Bank of China, and the “Guidelines on Issuing Green Credit” of the CBIRC, continued to promote green financing, strived to build a “Green Bank” and gradually developed green financing, focusing on the benefits of greenhouse gas emission reduction, efficient use of resources and reduction of waste emissions, as well as the promotion and application of environmental protection technology by virtue of green credit to improve the green credit policy and guide the investment of credit resources.

As at 31 December 2019, the Bank’s green credit balance reached RMB2.411 billion, representing an increase of RMB522 million from last year and a year-on-year increase of 27.63%; green credit balance accounted for 0.91% of the total customer loans, representing an increase of 0.17% from last year; the number of green credit clients amounted to 24, representing an increase of 6 from last year and a year-on-year increase of 33.33%. During the reporting period, the fund raised by the Bank’s RMB5.0 billion green financial bonds issued in 2017 was invested in 22 green projects, with a total investment amount of RMB3.475 billion.



Since the commencement of the green credit work, the Bank has further promoted the construction of the green credit system, continuously increased support for the green economy, low-carbon economy and circular economy to optimise the credit structure. At the same time, with the continuous improvement in the internal systems and professional team building, the Bank continued to enhance the green credit service capacity, promote the transformation of development model, and fulfil social responsibilities in an all-round way.

After tireless efforts in ESG management, particularly green financing, in recent years, the Bank was awarded the title of “2019 Most Influential Green Development Enterprise Brand” at the 6th Green Development Summit by Xinhua News Agency.

Continued to pay attention to the environmental benefits of the “green financial bonds” fund raising projects. The Bank completed the issuance of two tranches of green financial bonds on 6 April and 5 May 2017 with a total amount of RMB5.0 billion, signifying the Bank as the first financial institution to issue green financial bonds in Heilongjiang Province. Ernst & Young Hua Ming LLP was engaged by the Bank to provide a pre-issuance limited independent certification report of the green financial bonds.

During the reporting period, the fund raised by the green financial bonds was specifically invested to four projects with categories of green industry, namely energy conservation, pollution prevention, resources conservation and recycling, and ecological protection and climate change, to which Ernst & Young Hua Ming LLP carried out duration authentication accordingly. As at the end of 2019, fund raised by the Bank’s green financial bonds issuance was invested in 22 green projects, with a total investment amount of RMB3.475 billion. During the reporting period, the terms of two invested projects expired, with total returns of RMB324 million; the fund was further invested in 2 new projects, with a new investment amount of RMB644 million; the Bank currently has a total of 8 investment projects, with raised funds of RMB1.828 billion utilised in aggregate.

The Bank increased the effective supply of green credit, especially the medium and long-term green credit, through the use of bond proceeds, which continuously and effectively supported the development of regional green industry, and acted as an outstanding exemplar to the society through the successful operation of high-quality green industry projects, which continuously expanded the main scope of the development of green industry projects, ensured adequate supply of construction funds and continuous working capital for green industry projects in the region, and gradually reduced resource consumption and pollution emissions.

By fully complying with the requirements on the use of funds raised by green bonds, the Bank seeks to maximise fund usage efficiency so that all raised funds can be swiftly channelled to green projects in need of funding on time. In the long run, the Bank vows to direct funds for mainly green projects investment purposes in order to facilitate adjustment of economic structure and transformation and upgrading of industries to enable healthy development of green real economy, so as to fulfil its mission as a “green bank builder”.

As reflected by the key environmental benefit indicators of the relevant projects, the total environmental benefits generated by the green projects, as financed by funds raised from the green financial bonds issued by the Bank in 2019, are summarised as follows:



Reduction in the emission of air pollutants

An expected annual reduction in volume of sulfur dioxide emission by approximately

414.35 tons

A reduction in volume of nitrogen oxides emission by approximately

194.59 tons

A reduction in volume of particles emission by

6,438.47 tons



Reduction in water pollutants

A reduction in volume of COD emission by

1,825 tons

A reduction in volume of BOD emission by

1,022 tons

A reduction in volume of ammonia nitrogen emission by approximately

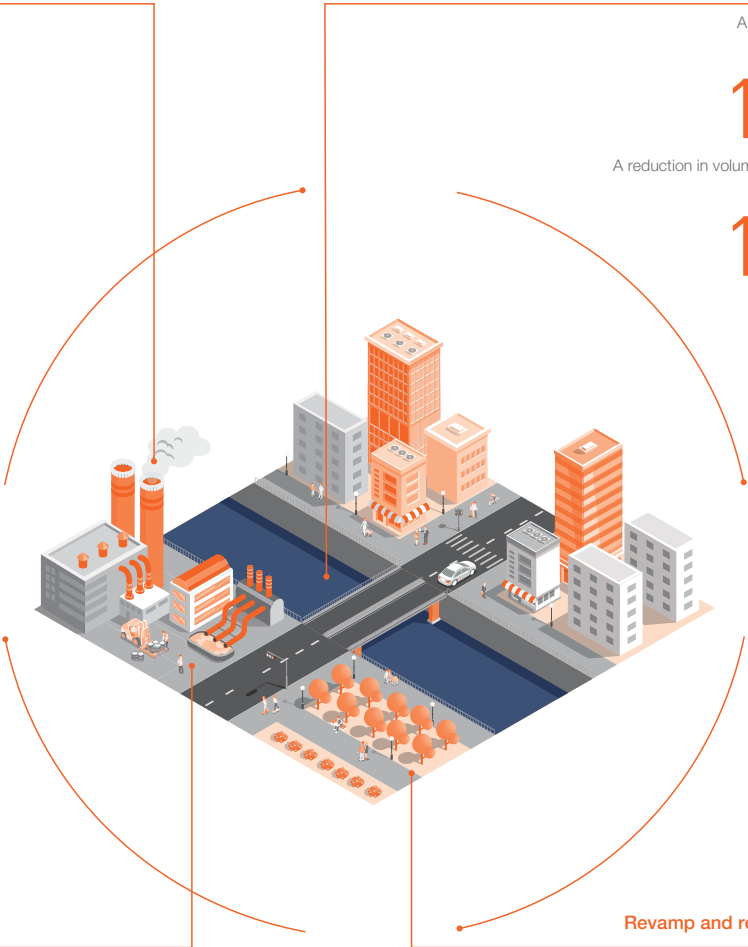
200 tons

A reduction in total volume of nitrogen emission by approximately

200 tons

A reduction in total volume of phosphorus emission by approximately

25.60 tons



Resource recycling

Building and improving a total length of

314.6 km

of pipelines for rain and waste water discharge Processing a total volume of approximately

390,000 tons

of acid waste annually

Producing

54,000 tons

of iron oxide powder annually

354,000 tons

of 18% regenerated hydrochloric acid



Revamp and reconstruction of the environment

Revamping a total of approximately

17.37 km

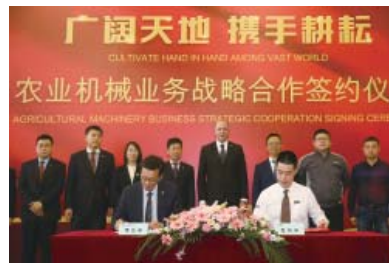
of river channels Constructing a new integrated utility tunnel system of

25.51 km



Paid close attention to customers' potential environmental risks and applied strict threshold standards. Through efforts to implement the green credit guidelines of the People's Bank of China and the CBIRC, the Bank actively explored green credit management in the context of the "new normal" to allocate credit resources reasonably and optimise the process management of green credit. Compliance with requirements for environmental protection, pollution control, energy-saving and emission reduction as well as ecology protection is set as an important criterion for issuing credit. Prior to any granting of loans, an investigation will be conducted on the environmental and social risk exposures of clients and their projects to strengthen control from the source. After loans are granted, the degree of compliance, factual information and risk exposures relating to the social benefits of the loan project is closely monitored according to the industry or regional characteristics of the customer and its projects. To ensure effective implementation of the reporting system, the relevant branches are required to conduct a timely investigation in the event of a significant environmental risk and to analyse its potential impact on the loan granting capabilities of the Bank, while taking immediate measures to avert exposures to such risks.

Investment in water infrastructure, environment, public utility management and other fields was significantly increased by Harbin Bank Financial Leasing Co., Ltd., a subsidiary of the Bank. As a controlling subsidiary of the Bank, Harbin Bank Financial Leasing Co., Ltd. was positioned as "a well-known financial leasing service provider of agriculture and environmental protection" in 2019. It has preliminarily maintained a leading position in the domestic leasing market to farmers while focusing on the utility, green energy and other industries. During the reporting period, the accumulated investments amounted to RMB10,858 million, of which, the investment in production and supply of electricity, heating, gas and water amounted to RMB4,370 million; the investment in water infrastructure, environment and public utility management amounted to RMB3,039 million; and the investment in agriculture amounted to RMB999 million, representing 40.25%, 27.99% and 9.20% of the total investment amount, respectively. It is noteworthy that the investment in water infrastructure, environment and public utility management increased by RMB1,082 million as compared to the previous year, representing an increase of 12.85% of the total investment amount.



On 17 April 2019, Harbin Bank Financial Leasing Co., Ltd. and Case New Holland (China) Management Co., Ltd., a world-renowned agricultural machinery company, held a signing ceremony for their agricultural machinery business strategic cooperation agreement in Harbin.



The medal of "2019 Most Influential Green Development Enterprise Brand"

Case

Shenyang example for Harbin Bank’s increasing efforts in green finance

In recent years, due to reasons including large project scale, large initial investment, insignificant returns in short run, and long payment days, it is difficult for companies in the environmental protection industry which has been undergoing rapid development to reinvest their profits. In particular, due to the specificity of assets, as well as the characteristics with respect to controllability and low liquidity, it is difficult for them to meet the traditional conditions for credit facilities and pledges of banks. The question of how to solve these problems, especially the one involving providing effective financial support for private environmental protection companies in the transition between new and old momentum for development in the regional economy, has become one of the topics that the Bank has focused on in the past two years.

In 2018, the five systematic projects of “Blue Sky, Clear Water, Green Mountain, Pure Land, and Rural Environmental Remediation” were firstly initiated in Liaoning Province. Shenyang Branch of the Bank actively responded to the call of the local government, conducted an in-depth research on market demand, and made reference to the relevant business development plan of the headquarters of the Bank. Shenyang Branch of the Bank subsequently entered into a strategic cooperation agreement with the Association of Environmental Protection Industry of Liaoning Province to provide financial services support for its member companies.

In view of the characteristics of the assets of the local environmental protection companies, Shenyang Branch of the Bank introduced targeted credit loans designed according to corporate tax payment and contract orders; explored means of collateralised and pledged loans including accounts receivable, emission rights, carbon emission rights, franchise rights, pollution control PPP project income rights, green construction income rights and contract energy management, to effectively alleviate the operating difficulties of small and medium-sized environmental protection companies due to insufficient traditional collateral, supporting the transformation and upgrading of small and medium-sized environmental protection companies to the largest extent; meanwhile, a comprehensive package of financial services support was provided, such as corporate settlement, payroll on behalf and corporate liquidity financial management and planning, to facilitate daily business operations. As at the end of the reporting period, Shenyang Branch of the Bank provided loans of RMB18.73 million in total for four environmental protection private enterprises.



Established in 2004, Shenyang Everbright Environmental Protection Technology Co. Ltd. is a member company of the Association of Environmental Protection Industry of Liaoning Province, and an integrated service provider covering the entire industry chain of environmental protection, which includes the provision of industrial sewage treatment, rural decentralised sewage treatment, domestic kitchen waste treatment and design of soil pollution and groundwater remediation solutions, environmental protection equipment production and supply, engineering contracting construction, commission operation and project investment. In July 2018, Shenyang Branch of the Bank granted a personal operating loan of RMB3.00 million to Zhang Xiaoguang, the founder of the enterprise by way of credit. It only took ten days from acceptance for loan application to loan distribution, which was highly recognised by the Association of Environmental Protection Industry of Liaoning Province and the enterprise. In July 2019, the branch further granted a loan of RMB5.00 million to Zhang Xiaoguang to further support the enterprise. The above funds were fully used in the second phase project of Teng'ao Wastewater Treatment Plant in Teng'ao Town, Haicheng City, Anshan City, Liaoning Province.

Established in 2014, Liaoning Ze'er Sunshine Environmental Technology Co., Ltd. is also a member company of the Association of Environmental Protection Industry of Liaoning Province, and an innovative service-oriented environmental protection enterprise integrating the agency sales of analytical instruments and equipment, large-scale instruments and equipment operation services and third-party testing. It provides government agencies, enterprises and institutions in the fields including environmental protection, health disease control, food safety, water quality monitoring and university research with technology and after-sales services. In July 2018, Shenyang Branch of the Bank granted a personal operating loan of RMB2.00 million to Li Qiufeng, the founder of the enterprise, by way of credit. In July 2019, the branch further granted a personal operating loan of RMB2.00 million to Li Qiufeng to support the steady development of the enterprise.

The above two enterprises are located in Tiexi District, Shenyang City, which has a reputation as the "Oriental Ruhr".



“Happy Community Programme”

New Experiment of Community Integration during the Transition Period of Retail Banking



Conducted over

1,600

charity activities

In 2019, the Bank positioned the retail finance business as a focus of its strategic transformation, and took the opportunity of the “Happy Community Programme” co-initiated with the United Charity Foundation to continuously explore the new community integration mechanism during the transition of retail banks. The Bank has introduced financial services and organised charity activities such as financial consumer education, green lifestyle advocacy, and “happy kitchen” in the communities surrounding its service points. By providing community residents with warm and trustworthy financial and non-financial services, the Bank was committed to the reconstruction of new community relations, especially the construction of the relationship between the Bank and the community, effectively increasing the coverage rate and satisfaction of financial social workers.

In 2019, 22 sub-branches of the Bank in 7 cities, namely Shenyang, Dalian, Tianjin, Chengdu, Chongqing, Shenzhen and Harbin, joined hands with the United Charity Foundation and in collaboration with 23 public welfare organisations to conduct over 1,600 charity activities and serve more than 100,000 people in the community. To date, “Happy Community Programme” invested public welfare funds of approximately RMB4.3 million in aggregate, and has become a signature public welfare project co-initiated by the Bank and the United Charity Foundation, attracting extensive participation of various customers, community residents and people from all walks of life, and receiving high recognition.



During the reporting period, the Bank donated RMB10.00 million to the United Charity Foundation to solve community problems, improve community services, revive community resources, cultivate community self-organisation, create a community culture of mutual assistance and trust, and improve the quality of life of community residents.

It is noteworthy that the “Happy Community” micro-charity project commenced in 2017, as a specific initiative of the United Charity Foundation to actively participate in social governance innovation, enrich means of social service supply, and assist the government to improve the social service system, continued to implement in 2019, and further enhanced its influence in the Heilongjiang Province.

During the reporting period, the “Youth Academy of Charity (Phase 1)” project funded by the United Charity Foundation was also settled in Harbin and achieved good results. This is the first large-scale charity talent cultivation project of the Communist Youth Leagues across the country and the charity community in the northeast region. The project was sponsored by the Harbin Municipal Committee of the Communist Youth League, designed by Bingcheng Qingyihui and Harbin Jiaren Social Organisation Service Center, funded by the United Charity Foundation, supported by the Harbin Youth Palace for the venue, and executed by the Harbin Youth Entrepreneurship and Employment Promotion Association.



Case



The foundation invested a total of

RMB **450,000**

The launch of the “Happy Community” Micro-Charity project in 2019

On 28 September 2019, the “Happy Community” micro-charity project in 2019 was officially launched. The project was sponsored by the Heilongjiang Provincial Department of Civil Affairs and the Harbin Bank, and was funded by the United Charity Foundation. Its social media support came from “Life Daily” of Heilongjiang Daily News Group, and its service support came from Heilongjiang Provincial Social Work Service Center.

In 2019, the public society theme of Heilongjiang Province was showing new actions in a new era and establishing a happy community with public welfare actions, with a focus on funding mass public welfare activities, traditional festivals and commemorative activities initiated by urban and rural residents and social organisations, Party building of grassroots social organisations and financial public welfare activities, involving funds of RMB190,000. Upon rigorous evaluation by experts, 50 out of 237 applying projects were finally selected with a single project could receive up to RMB5,000 at maximum for financial support. The funded projects included 28 mass public welfare projects, 10 major festival projects, 7 grassroots projects of Party building, and 5 financial public welfare projects. The projects covered the elderly, left-behind children, disabled people and their carers, involving communities, families, elderly, children, medical services and many other social work professional fields. The project implementation area covered 30 counties (districts) in 11 cities (prefectures) including Harbin, Qiqihar, Mudanjiang, Jiamusi, Daqing, Jixi, Shuangyashan, Hegang, Heihe, Suihua, and Daxinganling.

The United Charity Foundation is a non-public funded foundation initiated by Harbin Bank. From 2017 to 2018, the foundation invested a total of RMB450,000 to fund 125 micro-charity projects, and carried out more than 800 events in 297 communities in 9 cities (prefectures) and 29 counties (cities, districts) in Heilongjiang Province. The Foundation actively participated in the specific measures of social governance innovation, enriching means of social services supply, and assisting the government to improve the social service system. With the strong support of the Heilongjiang Provincial Department of Civil Affairs, it received a warm social response.



The launch ceremony of the “Happy Community” micro-charity project in 2019

Case



The “Happy Community Programme” of Nan’an sub-branch of Chongqing Branch

Taking the “Happy Community Programme” as the core, Nan’an sub-branch of Chongqing Branch actively carried out various types of public welfare project activities in the community. During continuous innovation and exploration, three ideas for promoting the development of public welfare projects were summarised: “please come in”, becoming the “home of activity” for community residents; “going out”, becoming the “home of service” for community residents; “creating space”, becoming the “home of people” where people gather together.

In 2019, Nan’an sub-branch carried out 43 public welfare activities under the project, involving nearly 5,000 residents. The activities were mainly organised in three dimensions:

Online activities + onsite events: Carried out various forms of activities such as “Little Bankers” financial knowledge seminars, healthcare activities, and art activities; made full use of the space in the sub-branch to build an activity center.

Regular activities + theme activities: Carried out at least once a month with the community to maintain the frequency of activities; planned the theme activity “the Elderly Has Dreams” for the planning of happy old age life for the elderly.

Single activity + collaborative integration: Relied on resources and joining hands with internal security teams of public security in industrial zones and districts, and street and community organisations to carry out public welfare activities.

In February 2019, after full communication with the street office, Nan’an sub-branch established the first “New Era Civilisation Practice Station” co-built by the government and the enterprise in Nan’an District. After being reviewed by the Propaganda Department of Chongqing Municipal Party Committee, a regular base was formed. Through the implementation of the three-level new-age civilisation framework of the New Age Civilisation Practice Center, Institute and Station in the Nan’an District, a space of service that residents would like to come and are willing to come was established to form a good interaction with the streets and communities. Since the establishment of the “New Era Civilisation Practice Station”, the rich and colourful theme services have attracted extensive participation from community residents. The financial anti-fraud publicity service jointly carried out by Zheng Street Community, Xiangshui Road Community and other communities in Nanping Street has benefited more than 2,000 community residents.

The Nan’an sub-branch also successfully promoted the Elderly Happy Life Planning Contest of “the Elderly Has Dreams”, and led 13 community residents in Nanping Street to actively participate in community governance and services. During summer vacation, the sub-branch strived to establish “Harbin Children’s World” that was free and open all day, formulated regular activity plans, and helped children learn financial knowledge through “Little Bankers” and other financial theme activities, so as to improve their awareness of consumer rights protection, and enriched their life on holidays.

The practice of Nan’an sub-branch can be described as an epitome of Harbin Bank’s commitment to the reconstruction of a new community relationship, and fully demonstrated the brand image of a bank with warm, emotional and trustworthy support.

Our Environmental Responsibility Management

Green Credit

Green Office

Green Charity Campaign





After treating the building of a “Green Finance” system as its top strategic priority and clarifying that the terms of reference of the Board of Directors include “being in charge of determining green credit development strategies, examining and approving the green credit objectives determined and the green credit reports submitted by senior management, and supervising and appraising the Company’s implementation of green credit development strategies” (see Article 162, paragraph 24 of the Articles of Association of Harbin Bank Co., Ltd.) in 2018, the Bank accelerated the establishment of an ESG working group under the Development Strategy Committee of the Board of Directors during the reporting period, so as to optimise the ESG management structure, comprehensively promote the improvement of ESG management, and better implement ESG investment.

In 2019, the Bank continued to invest in ESG, attached to green operation and low-carbon office, promoted healthy living among employees, and implemented a green lifestyle. It also encouraged its branches and sub-branches to jointly carry out green charity activities with charities, so as to protect the environment and live in harmony with nature.

With its unremitting efforts in the field of ESG management in recent years, the Bank was awarded the honor of “2019 Most Influential Green Development Enterprise Brand” by Xinhua News Agency.

Green Credit

While guiding the investment direction of credit resources through its green credit policies, the Bank pays major attentions on customers’ potential environmental risks and strict threshold standards are applied accordingly. Meanwhile, the Bank continues to pay attention to the environmental benefits of the green projects funded by the “green financial bonds”. As at the end of the reporting period, the green credit balance of the Bank was RMB2,411 million, representing an year-on-year increase of 27.63%; the number of green credit clients was 24, representing an year-on-year increase of 33.33%. (Please see “Our Focus in 2019 – Green Finance: Financial Practice for Fulfilling Environmental Responsibility and the Shenyang Example” for details of this section).

Green Office

The Bank continues to deepen the green operating mechanism and promote green office. It is noteworthy that during the reporting period, with the improvement on the level of intelligent operation, the Bank was able to realise the paperless transformation and upgrading of counter services. By adopting the whole-life-cycle electronic management of counter services, the Bank has saved more than 5.32 million pieces of voucher paper. Not only was the overall efficiency of the Bank’s business to individual clients improved by 14.3%, which greatly improved customers’ experience, it is also more environmentally friendly.

During the reporting period, the Bank adhered to the centralised procurement system in strict accordance with relevant requirements regarding procurement management in the PRC, and completed procurements by strictly adhering to relevant requirements under the Administrative Measures for Centralised Procurement of Harbin Bank and the Operating Procedures for Centralised Procurement of Harbin Bank, to gradually infiltrate the concept of “green” from the consciousness level to work systems and guarantee. The Bank also reviewed suppliers’ qualifications, such as their quality management system and credibility, and gave priority to green, environmental-friendly and energy-saving products and suppliers to ensure procurement quality and reduce procurement cost.

Benefited from the good behaviours and habits of keeping the water taps closed and switching off the lights before leaving to save every drop of resources, even though the number of staff at the Bank’s headquarters increased significantly in 2019, the total consumption of water, electricity and other resources remained at a lower level. In addition, during the reporting period, the Bank actively responded to the advocacy for domestic waste classification and started domestic waste classification in the staff canteen at the headquarters building to strengthen employees’ awareness of good environmental protection.

Case

The headquarters building of Harbin Bank

Located at No. 888 Shangjiang Street, Qunli, Daoli District, Harbin, the headquarters building of Harbin Bank is a landmark building of Harbin with architecture and interior design created by the renowned American architecture firm, Kohn Pedersen Fox Associates (KPF). The architectural design of the building features higher resource utilisation rate and lower carbon emission, places emphasis on environmental and human health, and sets high environmental standards for the construction of office premises. In 2018, the headquarters building was awarded with a LEED Silver Certification (LEED 2009 CORE AND SHELL DEVELOPMENT) from the U.S. Green Building Council (USGBC).

Exterior design: Ultra-clear hollow-tempered argon gas-filled glass (10Low-e+16A+10mm with warm edge design) was adopted and installed through unitised curtain wall system, which offers more than twice the insulation efficiency of normal wall structures and reduces light pollution to a minimum.

Water supply and drainage design: The adoption of the sewage and wastewater diversion technology has enhanced sanitary standards and avoided contamination on domestic water and temporary water supply. Outdoor rainwater recycling rooms were set up to collect rainwater for tree and plant irrigation and road sprinkling, thus achieving the green energy conservation goals.

Heating and ventilation design: The all-air constant air volume air conditioning system was adopted at the lobby and conference area of the office building to conserve energy. By using the trench heating system, which is the international leading curtain wall heating system, the condensation problem of glass curtain wall is solved to offset the burdens of cold (heat) caused by the glass curtain wall. The building is equipped with a fresh air recovery system, which allows fresh air during summer to enter the air conditioning unit directly and be mixed with recovered air before being processed by the air conditioning unit and delivered to respective rooms, while fresh air during winter is heated by the preheating coil and then mixed with recovered air before being processed by the air conditioning unit and delivered to respective rooms to reduce energy consumption of the water pumps and cooling towers from the chiller units.

Electricity design: The building utilises T5 fluorescent lamps equipped with switches as its office lighting source, and mainly uses energy-saving lamps controlled by automatic self-extinguishing switches at public areas such as corridors, halls and stairwells. Switches are properly equipped in the office area to turn off unnecessary lighting. Monitoring system for equipment is installed inside the building to implement energy conservation control over the equipment. All circuits and equipment are connected to the automatic building control system through a specific communication network for real-time monitoring, so as to achieve the most cost-effective energy consumption arrangement. Elevators of the building are equipped with automatic variable voltage frequency conversion system, which cooperates with computer logic to control elevators and lower their electricity consumption, while enhancing overall operating effectiveness.

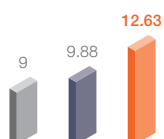
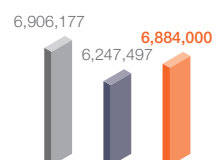
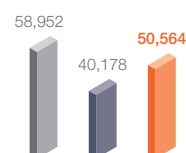
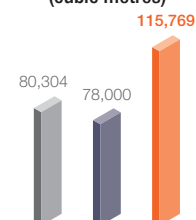
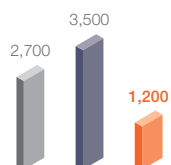
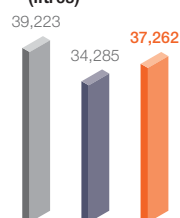
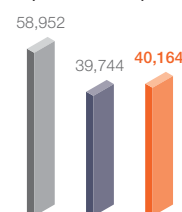
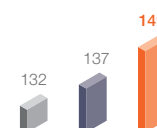
Tubular daylighting design: Tubular daylighting systems using natural light sources are set up around the building to gather natural light from outdoors and evenly deliver natural light to any interior spaces to provide indoor lighting and conserve energy significantly.



LEED Silver Certification from the
U.S. Green Building Council

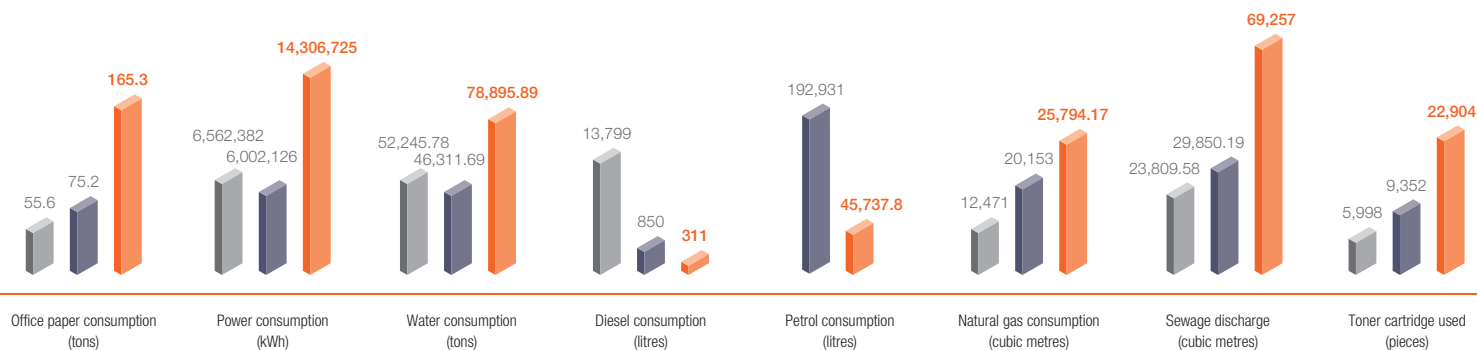
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■ 2017 ■ 2018 ■ 2019

**Office paper consumption (tons)****Power consumption (kWh)****Water consumption (tons)****Natural gas consumption (cubic metres)****Diesel consumption (litres)****Petrol consumption (litres)****Sewage discharge (cubic metres)****Toner cartridge used (pieces)**

Including fuel consumption from power generators of new and old headquarters buildings and vehicles

Petrol consumption from office vehicles (self-owned)

**Data of Harbin Branch**

Green Charity Campaign



Protecting the Clear Water and Blue Sky Together with Communities and Charities. As one of its most important social responsibilities, green charity campaigns are the charitable practices which the Bank has long been paying attention to and exploring. In 2019, branches including Harbin Branch, Shuangyashan Branch and Hegang Branch actively organised young employees to participate in local tree planting activities at the Tree Planting Festival and the May 4th Youth Festival, adding a touch of green to the cities. It is noteworthy that, benefited from the public welfare project "Happy Community Programme" jointly carried out by the Bank and the United Charity Foundation, during the collaborative exploration with community organizations, the service points of the sub-branches not only provided meticulous financial services to the residents of the surrounding communities, but also, as an important front of green charity publicity, explained waste classification, introduced environmental protection knowledge, and organised volunteer services for environmental protection, all of which have become very popular green charity campaigns for residents in the communities, including children.

Case

The bird caring activity of Nankai Sub-branch of Tianjin Branch

On 30 November 2019, the Nankai Sub-branch of Tianjin Branch of Harbin Bank cooperated with the social work organisation "Reunion for Love" to jointly organise the parent-child activity "I am a guardian angel for birds, coastal birdwatching, bird caring and bird protection". 40 families from Guangkai Street, Xingnan Street, Xuefu Street and other communities in Nankai District, Tianjin, led by a total of 15 volunteers from the Nankai sub-branch and "Reunion for Love", observed the activities of birds including common shelduck and black-headed gull in the coastal wetland using high power telescopes, gained knowledge on bird caring and protection and enhanced the awareness of harmonious coexistence between man and nature, enriching their green life experience.



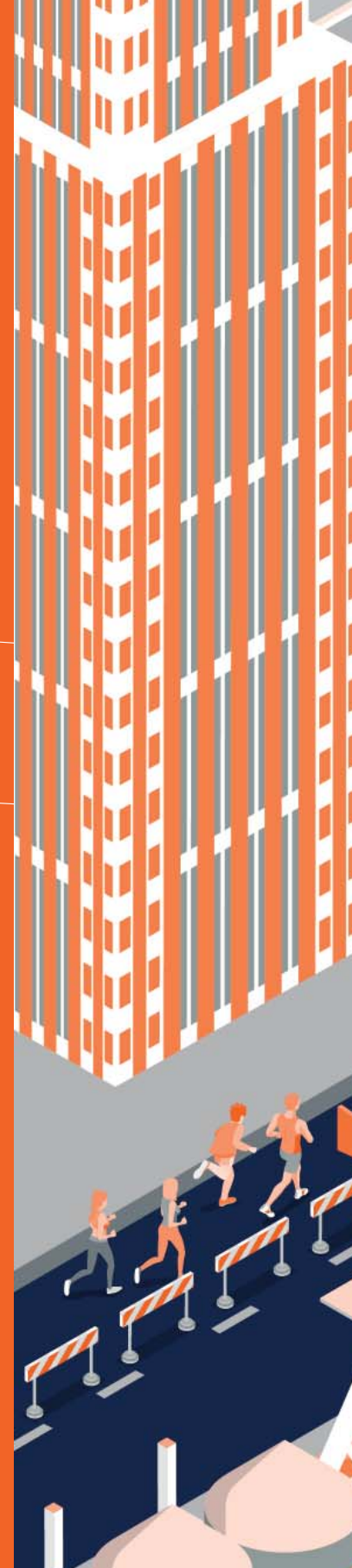
Our Social Responsibility Management

Staff Safety and Career Development

Product Responsibility

Anti-money Laundering, Anti-Corruption and Integrity

Community Investment





During the reporting period, the Bank continuously advanced the implementation of the strategic objective of becoming “a first-class international microcredit bank by providing excellent services with unique characteristics”, built a warm and caring bank image, and strived to become a respected bank with deep cultural heritage and prominent public welfare brand.

During the reporting period, attaching great importance to the opinions from the Hong Kong Stock Exchange regarding the amendments to the “Environmental, Social and Governance Reporting Guide”, the Bank continuously improved ESG management and adhered to ESG investment. With unremitting efforts, the Bank received the “2019 Chinese Financial Institutions Gold Medal List – Golden Dragon Awards: Top Ten City Commercial Banks for the Year” from Financial News, “2019 Most Influential Green Development Enterprise Brand” from Xinhua News Agency, “2019 Top 100 Financial Service and 2019 Top 100 Financial Innovation” from China Economic Net, “Selection of the 21st Century Asian Financial Competitiveness: 2019 Model in Targeted Poverty Alleviation in China” from 21st Century Business Herald and “2019 ‘Stars of China’: The Best Chinese Bank for the ‘Belt and Road Initiative’ for the Year” from Global Finance and other awards. In 2019, the Bank was ranked 217th in “Brand Finance Global 500 2019” published by Brand Finance (a famous UK-based branded business valuation consulting firm).

Staff Safety and Career Development

Happy Work, Healthy Life



Over **2,400** employees

achieved promotion in rank or salary through the points system for the performance review results

Guarantee the fundamental rights of employees in every aspect. The Bank attaches great importance to the occupational health and safety of employees, constantly improves the employee occupation and safety management system, and strictly abides by the Labour Law, the Labour Contract Law, the Social Insurance Law and other relevant laws and regulations of the PRC by signing labour contracts with each and every employee, with a coverage reaching 100%. In terms of employment management, the Bank has formulated a series of internal regulations such as the Harbin Bank Remuneration Management Measures and the Harbin Bank Staff Welfare & Vacation Management Measures and relevant implementation rules according to law, aiming to protect the legal rights of employees. The Bank pays for basic social insurance in respect of pension, medical care, work injury, unemployment and maternity as well as housing fund for employees in full in accordance with relevant laws and on a timely basis; and organises regular medical examination for employees, with a coverage of 100%. The Bank opposes any form of forced labour and discrimination. According to the Bank’s policy on early retirement benefits, certain employees are entitled to take leave of absence and in return receive a certain level of staff salaries and related benefits from the Bank. The salaries and benefit payments are made to the early retired employees from the date of early retirement to the normal retirement date under statutory requirements.

Attach great importance to the staff motivation, career development and training of our employees. The Bank advocates the professional spirit of “loyalty, diligence, integrity and accountability” and adopts it as the selection and employment criteria. The career paths for the staff were broadened with the formulation of advanced training programmes for them to fully upgrade their professional knowledge and occupational skills. The Bank improved the incentive and restraint mechanism, enhanced the staff performance assessment, and implemented diversified remuneration policies and benefits. In 2019, the Bank launched a series of staff incentive policies, adopted a broadband salary system to provide staff with incentive remuneration. At the same time, the Bank concentrated on the establishment of a multi-dimensional career development platform and continued to expand the room for growth. In 2019, over 2,400 employees achieved promotion in rank or salary through the points system for the performance review results; 71 trainee assistants were selected and reserved for the head office and 34 of them were appointed; 37 staff participated in talents exchange and secondment between the head office and branches.



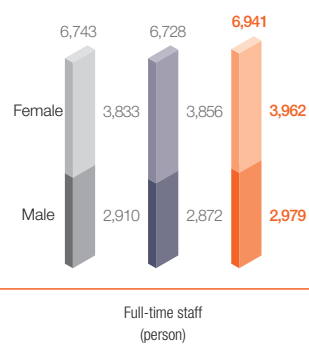
During the reporting period, adhering to the work theme of “overall enhancement”, the Bank focused on the training needs of staff from different levels with respect to job competency and core competency improvement, with particular emphasis on “new employees” and “employees in new management positions”. In the meantime, the Bank continued to create excellent training programs by initiating the “Ten Hundreds” construction project in order to improve employees’ professional capacity, with both training completion rate and training coverage rate being 100%. The Bank established the training system of “embark, endure, cruise and voyage” and introduced training programmes including the “Leaders Programme” for the cultivation of outstanding talents. In 2019, the Bank (excluding subsidiaries) arranged 744 training sessions in total, including 581 internal training sessions, and 163 external training sessions for selected staff of the Company. The total training hours amounted to 3,307, and the number of head office level trainers amounted to 65.

Put the notion of “Happy Work, Healthy Life” into practice and enhance the employees’ physique and enrich their cultural life. The Bank pays attention to caring for the working environment and physical and mental health of employees, safeguarding their legal rights and improving their satisfaction and happiness, which further establish the foundation for the mutual development of employees and the Bank. The Labour Union at the headquarters enhances the employees’ physique and enriches their cultural life through “Ha Run e Generation Club”, and writers club and photography club of Harbin Bank (Group) and other mass organisations as well as organising marathon races, badminton matches, sports, culture and art festivals, and team-building activities. By paying regular home visits, scheduling conversations and interviews with them, visiting and expressing solicitude to poverty-stricken and burdened employees, and setting up HQ Open Days (Open-to-Family Days) and maternal lounges, the Bank constantly enhances its corporate culture and cohesion, as well as harmony and stability of its teams and their families.

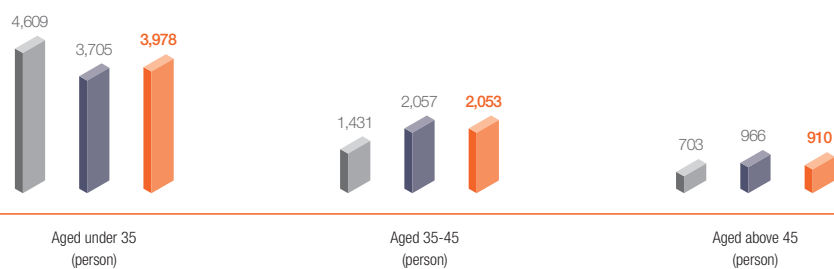


2017 2018 2019

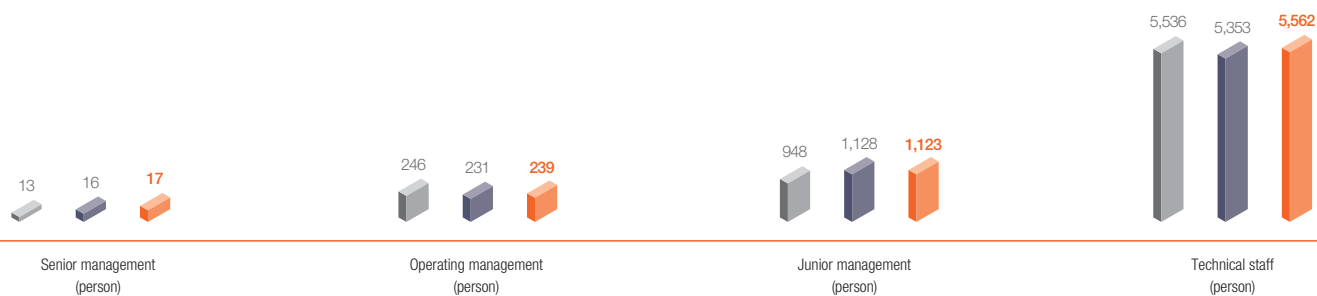
By type of employment/gender



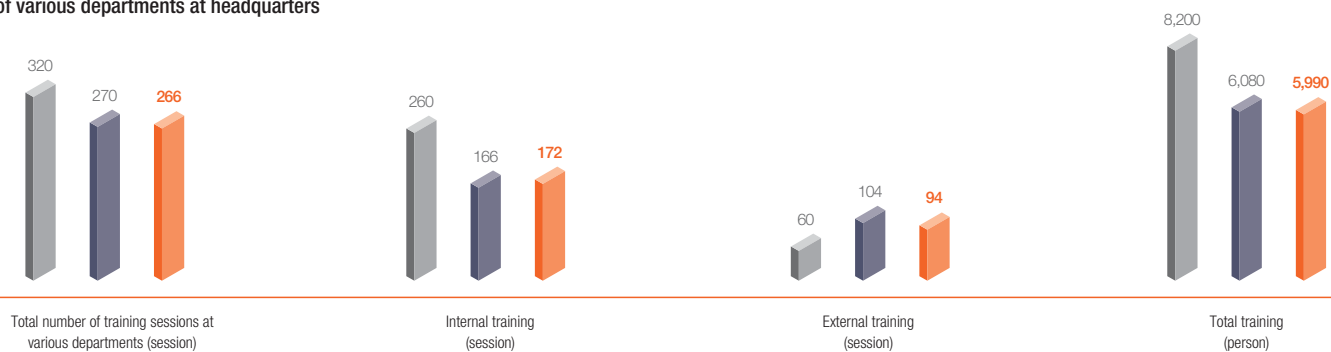
By age



By order



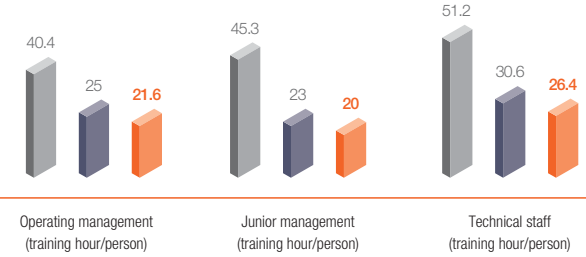
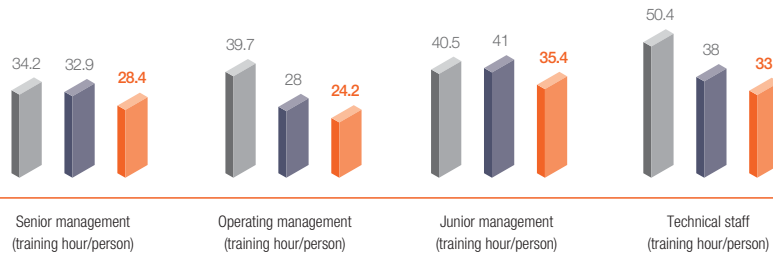
Training of various departments at headquarters



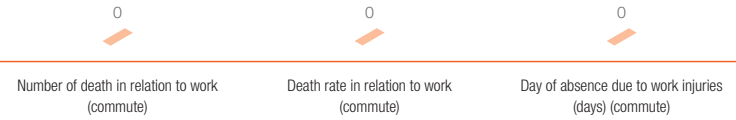
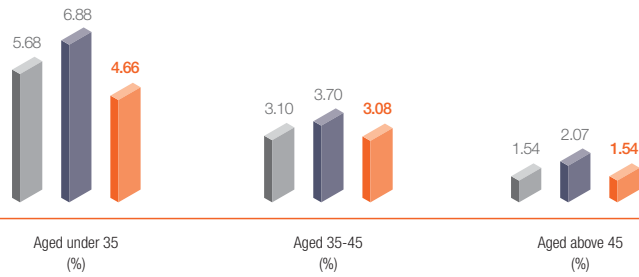
Headquarters

Branches

■ 2017 ■ 2018 ■ 2019



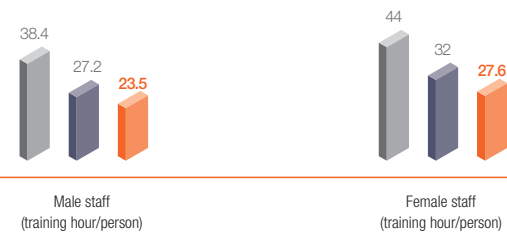
Staff turnover rate by age



Staff turnover rate by gender



Average training hours by gender



The 4th Sun Island Marathon of Harbin Bank (Group)

On 2 June 2019, the 4th Sun Island Marathon of Harbin Bank (Group) with the theme of “State-owned Enterprises Sailing Ahead for Their Dreams” kicked off at the main venue in Sun Island, Harbin and in 16 cities across the country where other branches and some village and township banks are located. Thousands of our employees and their families, customers and strategic partners participated in the marathon. About 1,800 people from the State-owned Assets Supervision and Administration Commission of Heilongjiang Province, the seven major industrial investment groups in Heilongjiang Province, the State-owned Assets Supervision and Administration Commission of Harbin City and its affiliated business conglomerates, Harbin Normal University and news media, as well as the employees of the Bank and their families were invited to participate at the main venue.

The Bank is both a pioneer and an enthusiastic promoter of Marathon in Harbin and has benefited from such event. As the core element of our new corporate culture, the marathon spirit is not only highly recognised by our employees, but also has won respect and wide acclaim from all walks of life, especially our partners, customers and employees’ family members. Such an annual event has been well-known as “Little Harbin Marathon” since its inception in 2016, and is regarded as the warm-up version of the “Harbin International Marathon” sponsored by Harbin Bank.





Thousands of runners from “Ha Run e Generation Club” running at the Harbin Marathon for the 4th time

On 25 August 2019, the fourth Harbin International Marathon, a gold medal event sponsored by Harbin Bank, was held as scheduled, attracting marathon enthusiasts from all over the world. One thousand members from “Ha Run e Generation Club” of the Bank appeared on the track for the fourth time, and over 50 and 300 of them finished the full and half length of the distance, respectively. Since the first Harbin Marathon in 2016, nearly 5,000 employees from the Bank have participated in the marathon events.

The “Ha Run e Generation Club” was established in August 2015, with more than half of our employees being the members of the Club or its branches established in all our branches. Since its establishment four years ago, the Club has regularly organised its members to undergo scientific training to improve their physical fitness and prepare themselves for the Harbin Marathon. In addition, the Ha Run e Generation Club actively organised its members to participate in the city marathons where the branches are located, such as the Dalian Marathon and Chengdu Marathon, and has achieved good results in all of such events.

Product Responsibility

Inclusive Finance and Protection of the Rights of Financial Consumers

In 2019, under the leadership of the Board of Directors and the supervision of the Board of Supervisors, the Bank proactively responded to the national economic and financial policies, earnestly complied with regulatory requirements, and addressed public concerns, effectively controlling and mitigating financial risks. The key regulatory indicators all met regulatory standards. Upholding the operating philosophy of “Inclusive Finance, Harmonious Co-enrichment” and adhering to the work theme of “comprehensive enhancement”, the Bank unwaveringly supported the development of the real economy, continued to promote the core strategies of microcredit, in particular the strategy of digital inclusive finance, and increased efforts in financial support of “agriculture, rural areas and farmers”, small and micro enterprises and people’s livelihood, improving its service quality and efficiency. The Bank further consolidated the market position of Sino-Russia financial services with unique characteristics and the cross-border financial services. The Bank also strengthened its risk management and control, accelerated structural adjustment and deepened its connection with communities. Its technological infrastructure construction and collaborative support systems have been improved. As its brand image of “a warm, caring and responsible bank” rooted more deeply in the people’s heart, the Bank won the award of “Top Ten City Commercial Banks of Inclusive Finance” for the year 2019.

As at 31 December 2019, the Bank had total assets of RMB583.0894 billion, total loans and advances to customers of RMB263.6041 billion and total customer deposits of RMB425.6837 billion. The Bank recorded an operating income of RMB15.1244 billion and a net profit of RMB3.6351 billion. The core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio of the Bank was 10.21%, 10.23% and 12.53%, respectively.



Warm and reliable financial services promote deep connections in customer relationships

In 2019, the retail finance business of the Bank was positioned as a focus of the Bank’s strategic transformation. Through the building of charity brand projects represented by the “Happy Community Programme”, the Bank served the communities surrounding its business outlets and adhered to providing financial and non-financial services with “warmth” to the residents in the communities.

During the reporting period, the Bank accelerated the construction of smart banking through measures including the optimisation and iteration of smart products, characteristic layout of institutions and businesses, customer relationship management with digitalisation and big data application, “online + offline” channel synergy, retail exclusive sub-branch transformation and other measures. Moreover, by optimising business processes, improving operational efficiency and providing standardised quality services, the Bank created a brand providing warm financial service. With the continuous improvement in customer service and the enrichment of the service channels, and by capturing customers’ diverse financial demand and establishing a new customer value-added service system, our customers’ experience was comprehensively optimised.

As at the end of the reporting period, the Bank had 13,158.9 thousand retail deposit customers, representing an increase of 905.6 thousand or 7.39% as compared to the same period of last year. The number of retail customers with personal financial assets (in RMB and other currencies) over RMB50,000 amounted to 754.5 thousand, representing a year-on-year increase of 186.0 thousand or 32.72%. The total retail deposits of the Bank (in RMB and other currencies) amounted to RMB229,559.4 million, representing an increase



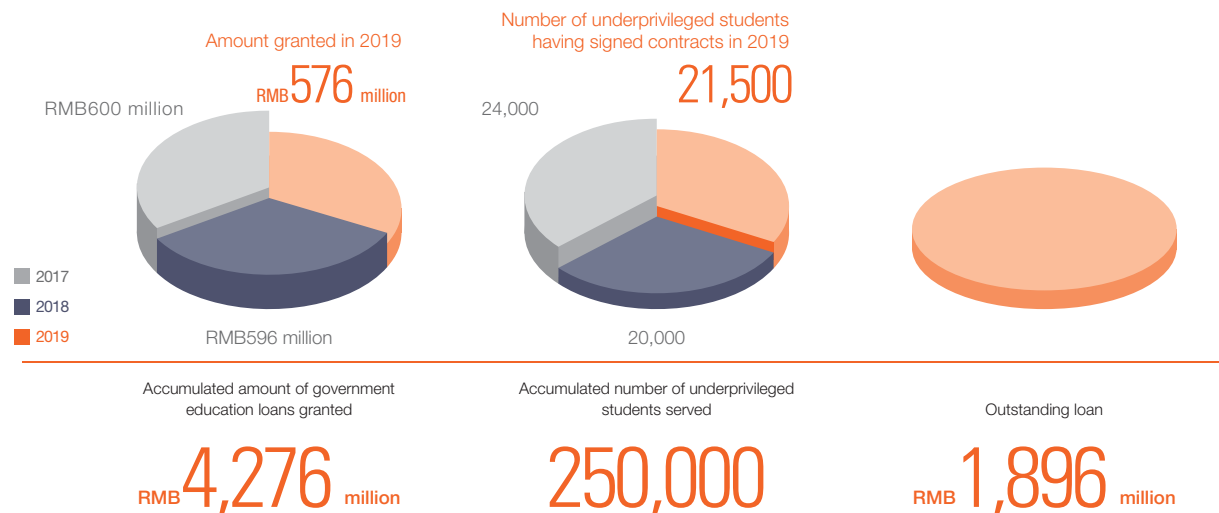
of RMB87,251.0 million or 61.3% as compared to the end of last year. The average balance of retail deposits (in RMB and other currencies) amounted to RMB185,656.6 million, representing an increase of RMB60,050.8 million or 47.8% as compared to the end of last year. Demand deposits accounted for 19.4% of retail customer deposits balance. According to the statistics provided by the Harbin branch of the People's Bank of China, the balance of retail deposits of the Harbin branch of the Bank ranked first in the local market with a market share of 18.3% during the reporting period, representing an increase of 3.4 percentage points as compared to the end of the last year. In addition, the increase in retail deposits of 9 branches ranked first in their local markets.

In 2019, the total number of issued credit cards of the Bank reached 1,068.7 thousand, representing an increase of 42.9% as compared to the end of last year, of which 321.1 thousand were newly issued during the reporting period, representing an increase of 31% as compared to the number of new cards issued last year. The credit card asset balance amounted to RMB13.79 billion, representing an increase of 27.6% as compared to the same period of last year. The total number of issued debit cards reached 16.5704 million, of which 1.1692 million were newly issued during the reporting period, representing an increase of 7.59% as compared to the end of last year. The number of customers and business volume grew rapidly due to the Bank's great effort in expanding the card related intermediary business.

Case

Government education loan

The Bank has been authorised to process government education loans to residents in Heilongjiang since 2007, assisting students in 22 provinces, 5 autonomous regions and 4 municipalities across China, of which Heilongjiang Province covered 82 education bureaus and over 80 high schools in 14 regions. As at the end of 2019, the government education loans granted amounted to RMB4,276 million, of which RMB576 million was granted in 2019. Outstanding loans amounted to RMB1,896 million, serving over 250,000 underprivileged students, of which 21,500 students signed the contracts in 2019. Among which, the Bank has granted Student-Origin-Based Loans to graduate student since 2014. As at the end of 2019, RMB620 million of Student-Origin-Based Loans were granted to nearly 45,000 graduate students.



Control risks, adjust structure and put efforts in contributing to serving real economy by adding new values

In 2019, the Bank firmly grasped the operation direction of “returning to the basics” and “serving real economy”, continuously promoting the implementation of the microcredit strategy. Adhering to the “customer-oriented” principle, the Bank focused on speeding up the establishment of digital inclusive finance capabilities. At the same time, leveraging its strengths in cross-regional operation and outlet layout, the Bank enhanced asset quality management, prevented risks, adjusted structure, strived to elevate the comprehensive financial service values, and explored and supported the new fields of the regional real economy development. The Bank also actively supported the construction of Heilongjiang “Top Hundred Projects” and advanced industrial transformation and upgrading, in order to become the first choice for enterprises inside Heilongjiang province as well as the preferred bank for enterprises in other provinces and cities.

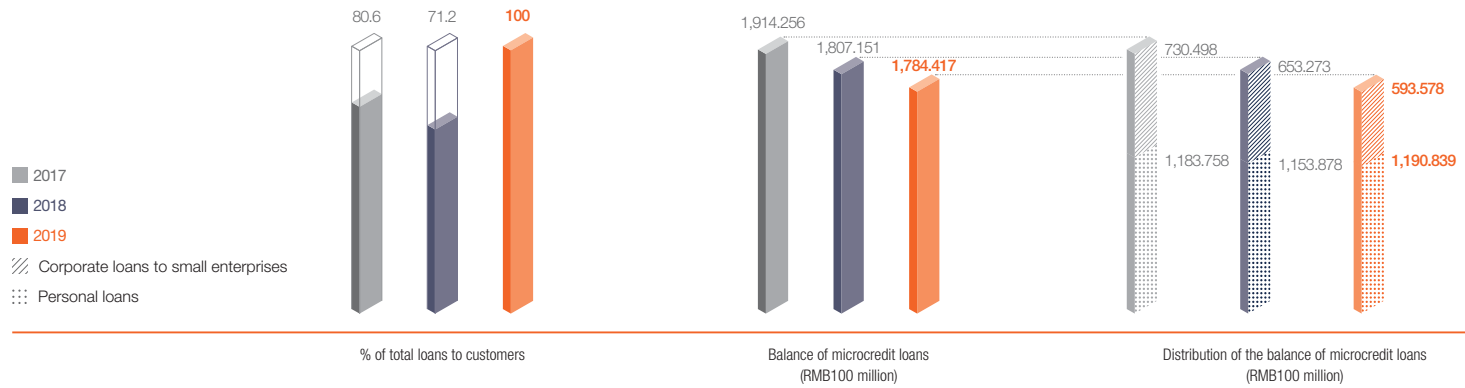
As at 31 December 2019, the balance of the Bank’s microcredit loans reached RMB178,441.7 million, accounting for more than 65% of its total loans to customers for six consecutive years, i.e. 67.7%.

In the field of small and micro enterprise financial services, the Bank implemented the whole-process risk management, and continued to improve the active risk management mechanism for small and micro businesses by way of white list screening, internal assessment system optimisation, whole-process internal control layout and early warning screening. It also established a “value-oriented” incentive promotion mechanism to build a professional small and micro finance team. As at the end of the reporting period, balance of corporate loans to small enterprises amounted to RMB59.3578 billion; and balance of loans to small enterprise owners amounted to RMB38.3 billion, representing an increase of 16.5% and accounting for 32.2% of the Bank’s personal loans.

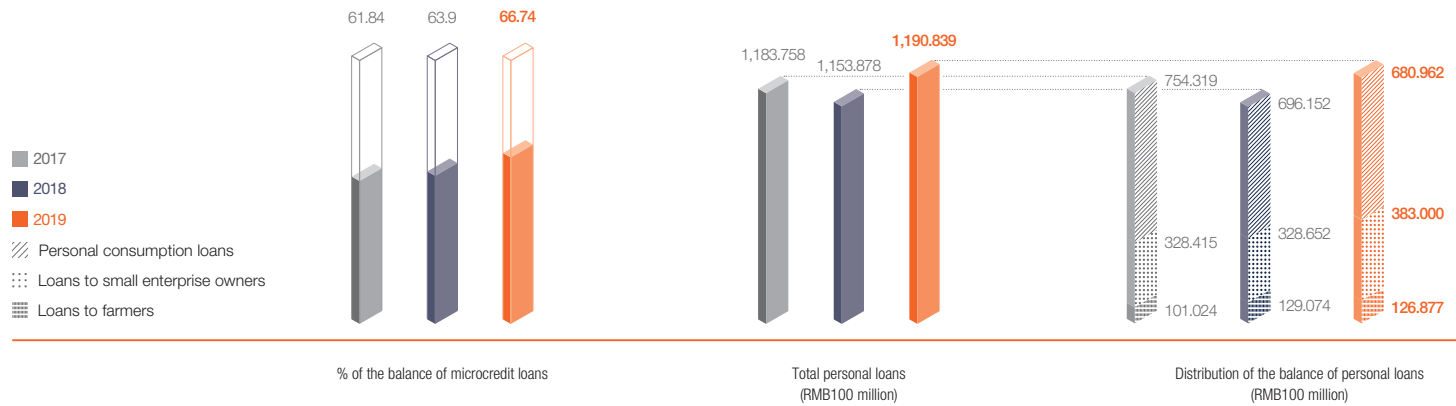
During the reporting period, the Bank continued to consistently implement the national strategic guidance of “revitalizing the Northeast” and “revitalizing rural areas”. Leveraging new means such as “customer white list + agro-ecological circle”, the Bank fully served the moderate-scale breeding households, efficiently integrated the Group’s resources and carried out comprehensive financial services such as “agricultural finance loan + Harbin Bank Agricultural Machinery financial lease” and “agricultural finance loan + Wealth Management for Farmers”, satisfying the diverse financial needs of farmers. The Bank successfully launched the product “Agricultural Flash Loan”, which is one of the few fully online loan products for farmers. It also hosted the “Agricultural Integrity Customer Festival” for the first time and introduced special financial support policy for disaster-stricken farmers, forming its presence as a regional agricultural brand with warm and caring services. As at the end of 2019, the balance of the agricultural loans of the Bank amounted to RMB37,975 million, and the balance of the loans to farmers amounted to RMB12,687.7 million. The business covered the majority of rural markets of 11 cities and 6 major Agricultural Cultivation Bureau of Heilongjiang and some rural villages of Shenyang, Chengdu and Chongqing outside the province. The Bank greatly promoted the economic development, the prosperity of rural financial markets and comprehensive revitalisation of rural areas from Heilongjiang to the provinces and counties in Northeast China.

HB Leasing, a subsidiary of the Bank, positioned itself as a “well-known financial leasing service provider in agriculture and environmental protection” in 2019, and held the leading position in domestic leasing market to farmers. During the reporting period, the total assets of HB Leasing amounted to RMB24.85 billion, while the accumulated leased amount amounted to RMB10,858 million. HBCF, a subsidiary, obtained strategic investment from Duxiaoman during the reporting period, and its total assets and total assets under management amounted to RMB7,388 million and RMB11,157 million, respectively.

Distribution of the balance of microcredit loans



Distribution of the balance of personal loans



Sino-Russia Financial Council received high recognition from both governments, the brand impact of the cross-border e-commerce financial service platform continued to expand

In 2015, the Bank, as the Chinese promoter and the chairing company, together with Sberbank of Russia jointly initiated the establishment of the first platform for the cooperation and interaction among financial institutions of China and Russia, namely the Sino-Russia Financial Council, and the number of members grew to 72 from the 35 founding members. During the reporting period, the work of the Council was highly recognised by both Chinese and Russian authorities. On 22 August 2019, China and Russia issued the first joint statement since the establishment of the Sino-Russian dialogue between the Ministers of Finance in 2006 – the Joint Statement of the Eighth Sino-Russian Dialogue Between Ministers of Finance, in which, Article 10 states that “the two parties welcome the Sino-Russia Financial Council jointly initiated and established by the Harbin Bank of China and Sberbank of Russia, which provides financing support for Sino-Russian project cooperation and promotes Sino-Russian cross-border financial cooperation”.

The Bank continued to claim the Sino-Russia financial services as one of the Bank’s strategies by leveraging the advantages in financial resources of the Sino-Russia financial service, and explored in-depth in the field of Sino-Russia financial services with its leading services among its domestic peers. During the reporting period, the Bank’s RMB-RUB transaction volume amounted to RUB80.0 billion, ranking first in the interbank foreign exchange market in terms of RUB transaction volume. The total interbank credit granted by the Bank to Russian banks amounted to approximately RMB8.0 billion, and the Bank had 22 Russia accounting banks with domestic and foreign currency settlement network covering the entirety of the Russian Federation.

In order to further facilitate the internationalization of RMB and the use and promotion of RMB cash in countries along the “the Belt and Road Initiative”, in 2019, the Bank innovatively opened up four new channels including Heilongjiang’s first cross-border air transport channel for cash in RMB and Harbin’s first cross-border transport channel for cash in RMB to Russia. The Bank launched the first “one-stop” service for overland cross-border cash transportation in Renminbi for Russia, which successfully opened up the dual-currency, two-way and air-ground joint transportation channels for cash in Renminbi and Rouble and thus our transportation service covers throughout the eastern and western regions of Russia. The Bank signed the “Cooperation Agreement of Cross-border Cash Transportation” with six large state-owned banks and mainstream local banks in Russia, further improving the trading counterparties system of the cross-border cash transportation related to Russia. As at the end of 2019, the Bank handled a total of 22 cross-border transfers of RMB cash, with a total amount of RMB0.312 billion. During the reporting period, the cross-border transfer of RMB cash reached a record high of RMB0.192 billion.

In 2019, the Bank signed the Interbank Lending Agreement amounting to RMB2.0 billion with VEB.RF, a Russian state development corporation, and led the cross-border RMB syndicated lending among members of the Sino-Russia Financial Council. The Bank participated in the dual-currency international syndicated interbank lending project, where Credit Bank of Moscow, the second largest private bank in Russia, was the borrower, and the maximum line of credit was USD500 million, thus deepening asset business cooperation between the Bank and its counterpart in the central district of Russian Federation.



The cross border E-commerce payment platform, which the Bank developed and operated, continued to be included under the management of the Major Construction Project Repository of the National Development and Reform Commission as a major construction project of “the Belt and Road Initiative”. During the reporting period, its market share exceeded 15%, ranking third in the industry. Online products of the Russian World Card were added to the platform, enabling the Bank to be the first commercial bank in China to cooperate with it. The platform simultaneously supports MASTERCARD, JCB International Credit Card payment tools and mainstream payment tools in Russia such as YANDEX, WALLET ONE electronic wallet and online banking of commercial banks. During the reporting period, the platform hosted 2,514 cross-border E-commerce customers, achieving a transaction settlement volume of RMB1.732 billion, and the aggregate transaction settlement volume for cross-border E-commerce exceeds RMB14.2 billion. The Bank received the “Best Risk Control Performance of the Year Award”, the “Outstanding Contribution of the Year Award” and the “Technology Progress of the Year Award” granted by MasterCard International, as well as the “Most Promising Foreign Card Acquirer Award” granted by JCB International Credit Card.

During the reporting period, the Bank received the “Best Chinese Bank for the ‘Belt and Road Initiative’ for the Year” under the “2019 Stars of China Awards” from Global Finance.



The group photo of the Chinese members of the Sino-Russia Financial Council attending the 23rd St. Petersburg International Economic Forum (SPIEF) took at the official opening of the forum.

Strengthen the top-level design of financial consumers' rights protection, and set up the Consumer Rights Protection Department

The Bank adheres to its customer-oriented approach and strictly complies with the Guiding Opinions of the General Office of State Council on Strengthening the Protection Work of Financial Consumers' Rights, the Implementation Measures of the People's Bank of China on Protection of Financial Consumers' Rights, the Guiding Opinions on Strengthening the Protection of the Banking Consumers' Rights and Resolving the Current Public Concerns Issued by the General Office of the CBRC and other laws, regulations and regulatory requirements.

In 2019, the Bank strengthened the top-level design of consumers' rights protection by adding the clause "Set up a Consumer Rights Protection Committee of the Board of Directors" in the newly revised Articles of Association of Harbin Bank Co., Ltd. and establishing the Consumer Rights Protection Department.

The Consumer Rights Protection Committee of the Board of Directors held 2 meetings, at which 3 proposals were considered and approved, including the Proposal on the Administration Measures of Consumer Rights Protection of Harbin Bank (Amendment) to establish and improve the management system to protect customers' rights.

The Bank places emphasis on communication with customers, and provides timely feedback to customers. The Bank, through its national customer service hotline 95537, provides 24-hour telephone banking services, and, through its credit card customer service hotline 400-66-95537, provides services including service enquiries, complaint and advice, reporting for loss and repayments by instalments. During the reporting period, the customer service centre of the Bank handled a total of over 2.63 million transactions, and its credit card centre handled a total of over 1.88 million transactions for the year. Better communication with customers provided a good customer base for the Bank. A harmonious and stable relationship between financial services and financial consumption was established, which effectively guaranteed the legitimate rights and interests of financial consumers.

In 2019, the Bank carried out training on consumer rights protection in accordance with the Employee Training Program of Financial Consumer Rights Protection, and continuously improved its work. During the reporting period, the Bank took advantage of the promotional activities such as "3.15 Financial Consumer Rights Day", "Month of Preventing Illegal Fund Raising", "Walk for Financial Knowledge Promotion" and "Month of Financial Knowledge Promotion: Financial Knowledge is Transmitted into Ten Thousand Homes". Through the promotion in business outlets, campuses, communities and rural areas, as well as online means such as official websites, mobile banking, official Weibo account, and WeChat official account, the Bank carried out financial consumer education to help consumers improve the proper awareness and security awareness of financial products and services, guide consumers to make legal and rational choice of financial services, and optimise the financial ecological environment.



The customer service centre handled a total of

2.63 million
transactions for the year



The credit and centre handled a total of

1.88 million
transactions for the year



Electronic banking

■ 2017 ■ 2018 ■ 2019

Replacement rate of business transactions
through electronic banking
(%)Replacement rate of business
transactions through mobile banking
(%)

Physical outlets

■ 2019

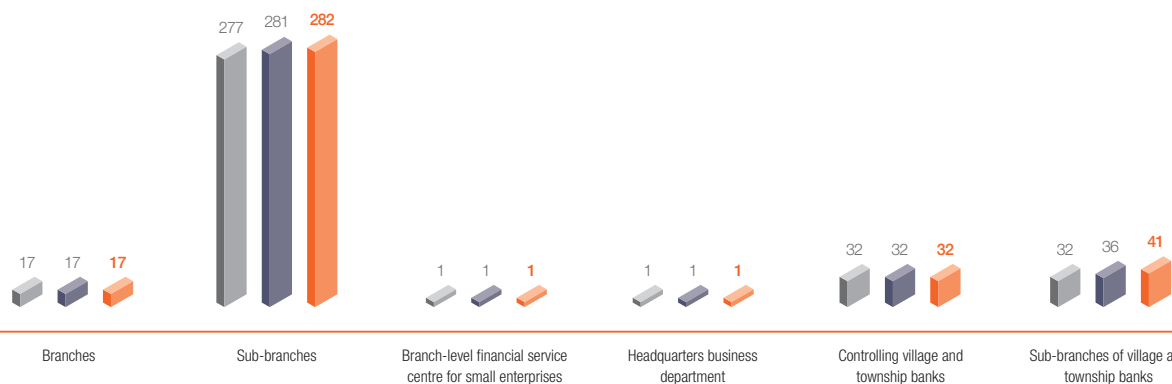
374

■ 2018

368

■ 2017

363



Branches

Sub-branches

Branch-level financial service
centre for small enterprisesHeadquarters business
departmentControlling village and
township banksSub-branches of village and
township banks

Self-service banking

■ 2019

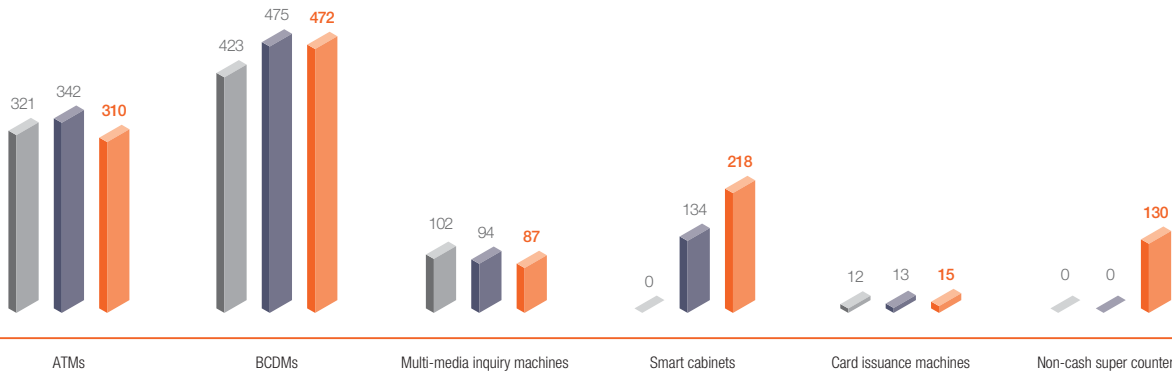
1,232

■ 2018

1,058

■ 2017

858



ATMs

BCDMs

Multi-media inquiry machines

Smart cabinets

Card issuance machines

Non-cash super counters

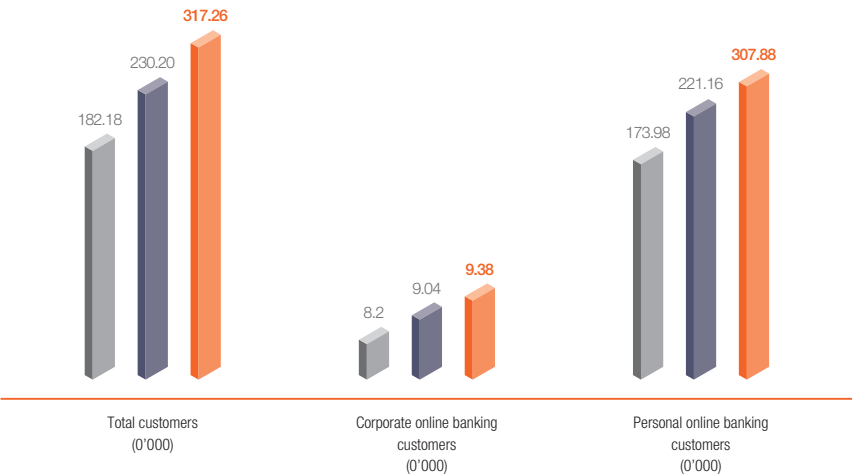


Customer complaint handling rate

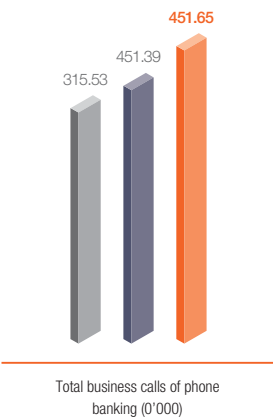
95537/
400 60 95537

The Bank provides 24-7 year-round telephone banking service through our national unified customer service hotline.

Online banking



Phone banking

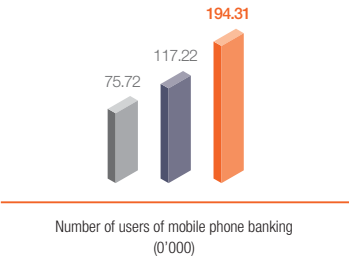


Credit card

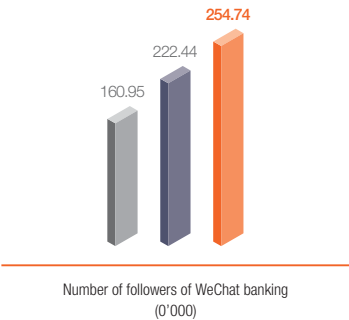


400 66 95537
Credit card customer service hotline

Mobile phone banking



WeChat banking



Direct banking



During the reporting period, the Bank has established an operating and service model for direct banking with the Bank's unique characteristics. Currently, our direct banking supports mobile client and WeChat client terminals, and offers different functions for customers including opening accounts, investment and wealth management, daily-life payment, credit card repayment, exercises and medical insurance enquiry.

Anti-money Laundering, Anti-Corruption and Integrity

Two-pronged Approach of Technology Development and System Construction

In duty bound to perform anti-money laundering management. During the reporting period, the Bank conducted anti-money laundering work by strictly following the more stringent regulatory requirements for management, striving for the “risk-based” management concept, constantly improving the political stance, continuously optimising the application system for anti-money laundering business, improving blacklist monitoring mechanism, enhancing its anti-money laundering internal control policy system, strengthening the positive role of manual identification and analysis, and establishing a money-laundering risk prevention and control system for closed-loop management before, during and after the money-laundering event, so that the intelligence, compliance and effectiveness of the Bank’s customer identification and fund monitoring were further improved. Meanwhile, the Bank strengthened the publicity and training of anti-money laundering, actively cooperated with regulatory authorities in conducting co-investigations into anti-money laundering, established a good internal and external environment for anti-money laundering, and effectively fulfilled financial institutions’ obligations regarding anti-money laundering and anti-terrorist financing.

The Bank thoroughly implemented its anti-money laundering internal control policies, including the Administrative Measures for Anti-Money Laundering of Harbin Bank, the Administrative Measures for Reporting Large Amount Transactions and Suspicious Transactions of Harbin Bank, the Administrative Measures for Identification of Clients and Preservation of Client Identity Information and Trading Records of Harbin Bank, the Measures on Administration of Money Laundering and Terrorist Financing Risks Assessment and Customer Classification of Harbin Bank, the Administrative Measures for List Management and Monitoring and Screening for Anti-Money Laundering of Harbin Bank, the Administrative Measures for Self-assessment of Money Laundering Risk of Harbin Bank, the Administrative Measures for Money Laundering Risk Assessment of Business and Product of Harbin Bank and others.

Unswervingly promote anti-corruption and integrity. All along, the Bank has advocated the professional spirit of “loyalty, diligence, integrity and accountability” and adopted it as the selection and employment criteria, and has made great efforts in daily supervision and long-term supervision to continuously promote the construction of honest and clean Party conduct as well as anti-corruption.

In 2019, complying with the relevant provisions including the Constitution of the Communist Party of China, the Supervision Law of the People’s Republic of China and the Regulation of the Communist Party of China on Disciplinary Actions, adhering to the guidance of Xi Jinping Thought on Socialism with Chinese characteristics for a New Era, the Bank thoroughly studied and carried out the spirit of the 19th CPC National Congress and the Fourth Plenary Session of the 19th Central Committee, firmly established the “four levels of consciousnesses”, solidify the “four aspects of confidences”, and resolutely achieved “two layers of protection”. It earnestly fulfilled the requirements of “four designated positions” proposed by Xi Jinping, practically carried out the theme education of “remember where you started and remember your mission”, carried out special surveys and special Party courses at the frontline of basic level, closely integrated theme education with integrity education, strengthened the ideological and moral foundation of Party members and cadres to practice honestly, built an ideological and moral bottom line that resists corruption and prevent deterioration, and created a workplace environment that respects honesty and frugality.



Community Investment

Community Relations Building and Charity

In 2019, the Bank paid more attention to community investment, built a harmonious community relationship, gave full play to its own advantages, and promoted the continuous development of charity. In the social responsibility practices of creating the “Happy Community Programme”, helping poverty alleviation, promoting the integration of financial culture and mass sports, supporting the development of education, and encouraging employees to participate in volunteer services, the Bank strives to explore the sustainable development of modern public welfare of city commercial banks, and give back to society with gratitude. The total expenditure on social welfare undertakings for the whole year was RMB28.2 million.

Continue to build a new type of community relationship with the “Happy Community Programme” as a link

In the past year, we took the opportunity of the “Happy Community Programme” co-initiated with United Charity Foundation to reach out to communities around our business outlets and continued to work on the reconstruction of a new type of community relations by providing warm and reliable financial services and non-financial services to community residents (please see “Happy Community Programme”: New Experiment of Community Integration during the Transition Period of Retail Banking” for details of this section).

Actively promote the spirit of marathon, and polish the brand of urban marathon

The Bank is both a pioneer and an enthusiastic promoter of the Harbin International Marathon event. In the cross-border exploration of financial services including marathon bank cards and the promotion of urban marathon movements, a unique marathon public welfare brand has been gradually formed. During the reporting period, Harbin International Marathon, which has been sponsored by the Bank since 2016, was twice nominated as a gold medal event of the Chinese Athletic Association. In 2019, it was further selected as a marathon event in the “Run China” series, bringing to it attention and anticipation of marathon enthusiasts worldwide. The Bank also supported the Chengdu International Marathon event for two consecutive years as its official supplier, and sponsored and supported the 2019 Chengdu WNCH Marathon event for the first time.

By vigorously promoting the spirit of marathon, the Bank built an exchange platform for marathon enthusiasts, and continued to deeply integrate the marathon spirit, urban mass sports and financial cultural products, enrich the urban culture, help create a city famous for marathon, and lead a healthy and environmentally friendly urban sports style by using marathon-themed bank cards as a carrier to provide comprehensive financial services and other forms and channels.



The “medal version” of the marathon-themed bank cards of Harbin Bank adopts a 10-year limited edition card design exclusively authorised by “Harbin Marathon”. The Bank has started to issue cards with a newer version of design every year since its launch of the first Harbin Marathon in 2016. The core design element of the cards is the medal design of Harbin Marathon for that year.





Total accumulated donation

RMB 859,000

Continue to focus on and support education

Since 2010, the Bank has been donating to the Harbin Institute of Technology Education Foundation of Development for ten consecutive years to finance its development and construction. In 2019, the donation amount was RMB2.5 million, with a cumulative donation of RMB13.07 million. In 2019, the Bank continued to implement the “Harbin Bank Lilac Blossoms, Dream Achievement Hope Project” jointly with Heilongjiang Youth Development Foundation which supported 180 poor students with excellent performance in both character and learning to complete their studies. For eleven consecutive years, Harbin Bank’s Hongyi Education-aid Association has been financing a total of 838 poverty-stricken students in the Huining area who are taking the National Higher Education Entrance Examination for the year, and the total accumulated donation amounted to RMB859,000. During the reporting period, RMB17,500 was donated.



Enrich the content of volunteer service and enhance the continuity of volunteer service activities

In 2019, the Bank encourages employees to actively participate in financial knowledge promotion and financial consumer education activities, community public welfare activities, caring for special groups, environmental protection activities, and volunteer services and social welfare activities for various sports events as volunteers.

The Bank deepened cooperation with the community by making full use of its advantages to provide employees with diverse volunteer service positions and opportunities. According to the regional characteristics, each branch carried out distinctive volunteer service activities with different themes. From flood prevention and rescue to fixed-point assistance, from tree planting and afforestation to optimising the community environment, from waste classification demonstration to fraud prevention knowledge presentation, employees of the Bank are always present. The Dalian branch regularly organises volunteer services for the Dalian Social Welfare Institute to care for orphans and disabled children, volunteer activities for the Dalian Starfire Autism Support Center and other caring activities, so that the continuity of volunteer services and enthusiasm for participation can be guaranteed.

During the reporting period, more than 30 members visited the product innovation laboratory at the headquarters of the Bank during the “Jinan University Hong Kong Alumni Harbin Exchange” activity sponsored by the Ministry of Education and organised by the Hong Kong Jinan Volunteer Team, to understand the functions and environmental benefits of financial products, and exchanged experiences with employees of the Bank on providing voluntary services and conducting public welfare activities.

Case



United Charity Foundation, a community leader that creates a better quality of life

Established on 30 June 2016, United Charity Foundation is a non-public fund established in Shenzhen by Harbin Bank and its related subsidiaries and corporate executives. The foundation's vision is to “become a community leader that creates a better quality of life.” It focuses on the three major areas, namely happy community building, capacity building for public welfare organisations, and professional talent cultivation and support. In 2019, the foundation focused on helping the residents to improve their sense of happiness and satisfaction and foster professional social workers through the “Happy Community Programme”, “Happy Community” micro-charity, Youth Academy of Charity and other projects. United Charity Foundation was rated as a 3A-level foundation in the “2019 Municipal Social Organisation Assessment” organised by the Shenzhen Civil Affairs Bureau and the Shenzhen Social Organisation Federation. It was also awarded with the “Harbin Youth Charity Outstanding Contribution Award” by the Harbin Municipal Committee of the Communist Youth League. As of December 2019, the foundation has accumulatively spent RMB12.52 million in funds to support 56 charity projects.

Our Governance Responsibility Management

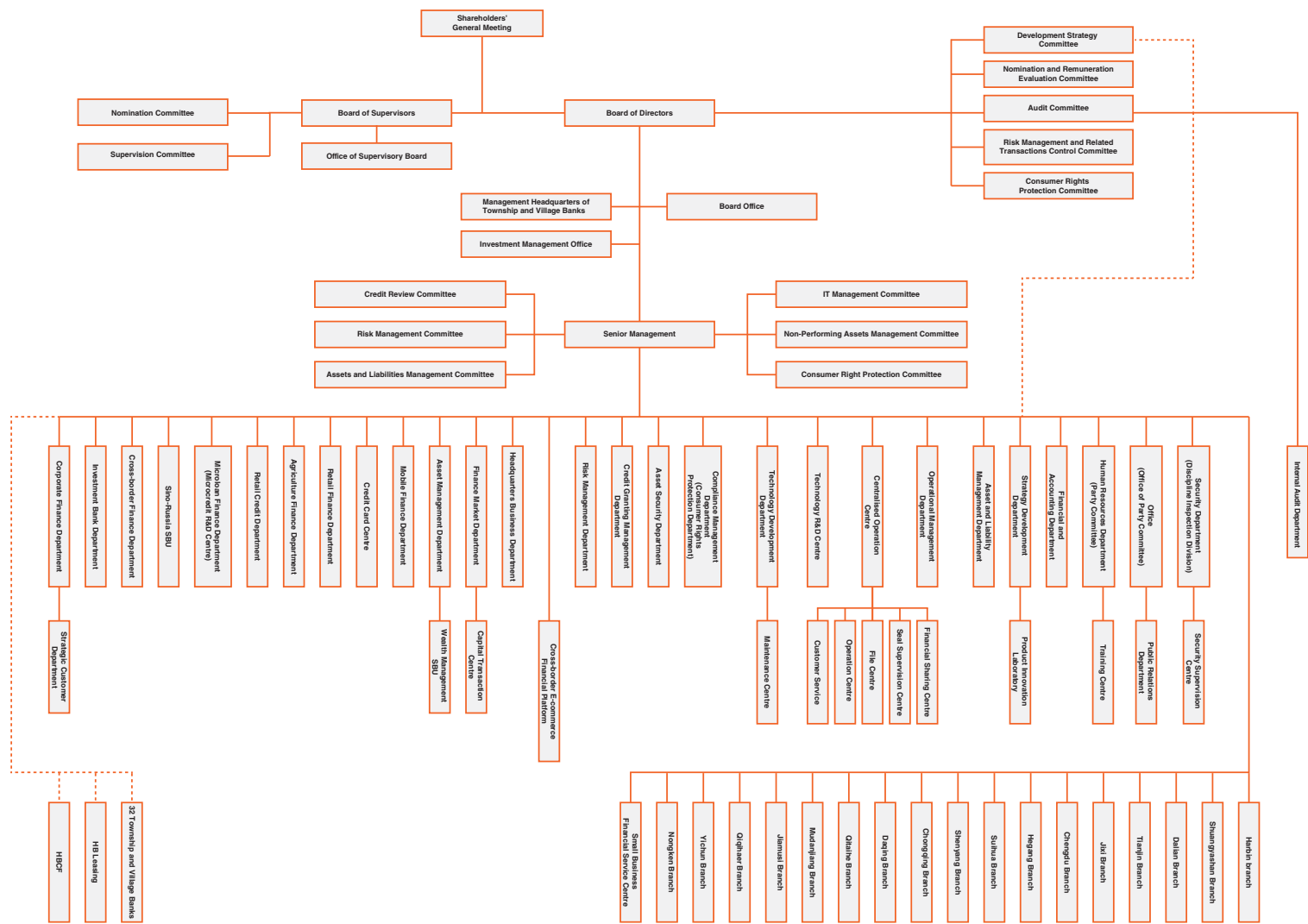
Corporate Governance
Internal Control

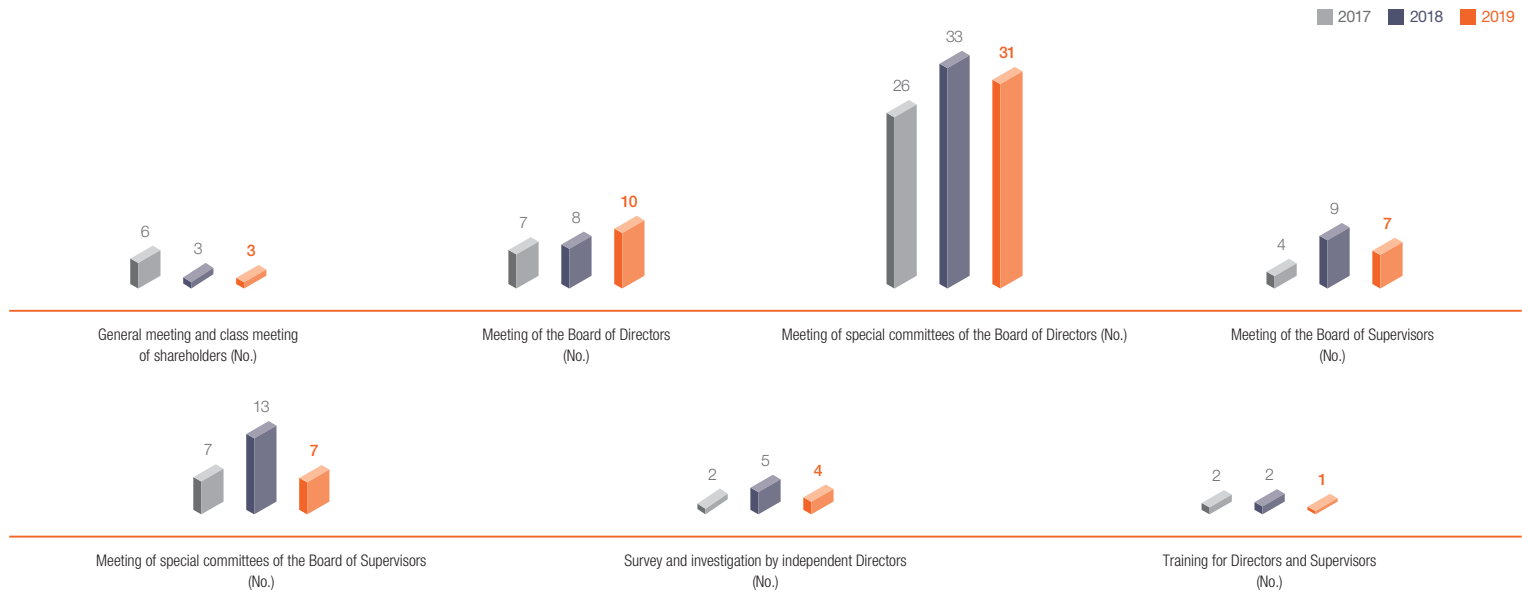




Corporate Governance

Organisation Chart





Sound corporate governance is the essential responsibility of the Board of the Company. In 2019, the Bank strictly complied with relevant overseas listing regulatory requirements, and strived to improve the Bank's corporate governance mechanisms and enhance its corporate governance. The Bank has adopted the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules, and has met the requirements of the PRC commercial bank administrative measures and relevant corporate governance requirements and has established a sound corporate governance system.

The primary corporate governance documents of the Bank include: the Articles of Association, the Rules of Procedure for the Shareholders' General Meeting, the Rules of Procedure for the Board of Directors Meetings, the Rules of Procedure for the Board of Supervisors Meetings, the Working Rules for the Independent Directors, the Working Rules for the Development Strategy Committee of the Board of Directors, the Working Rules for the Risk Management and Connected Transactions Control Committee of the Board of Directors, the Terms of Reference of the Audit Committee of the Board of Directors, the Terms of Reference of the Nomination and Remuneration Evaluation Committee of the Board of Directors, the Terms of Reference of the Consumer Rights Protection Committee, the Terms of Reference of the President, the Administrative Measures for Connected Transactions, the Information Disclosure Administrative Measures, etc.

In 2019, the Company organised and held a total of 58 important meetings of all kinds (such as general meetings and class meetings of shareholders, meetings of the Board of Directors and its special committees, and meetings of the Board of Supervisors and its special committees). At the meetings, the Company considered and approved 238 major proposals and reports, including: the Work Report of the Board of Directors, the Work Report of the Board of Supervisors, the Work Report of the President, the Financial Budget Report, the Final Financial Account Report, the Profit Distribution Plan, the performance evaluation index of senior management, the Comprehensive Operation Plan, the Report on the Implementation of Related Transactions, the Risk Control Report, the amendments to the Articles of Association and the institutional development plan, etc. During the reporting period, the Board of Directors of the Bank conducted an annual evaluation of the members of the appointed senior management in accordance with the requirements set forth in the "Administrative Measures on the Performance Evaluation of Senior Management". Results of the performance evaluation are to be considered in the remuneration distribution and terms of employment of the evaluated targets so as to motivate members of the senior management of the Bank to improve their on-the-job performance, and to systematise, standardise and normalise the Board's evaluation mechanism of the senior management. According to the requirements of the Evaluation Method on Duty Performance of Directors, the Nomination and Remuneration Evaluation Committee of the Company conducted an annual evaluation of duty performance of the Directors to ensure that they are to fulfil their duties in a careful, earnest and diligent manner with self-discipline.

During the reporting period, the Board of Directors of the Bank organised specific trainings with a theme of "Compliance Risk and Prevention for Commercial Banks" for all its Directors, Supervisors and senior management members in order to strengthen the cultivation of compliance awareness and improve risk prevention capabilities. During the



Guo Zhiwen (the middle one), the secretary of the Party Committee and the chairman of Harbin Bank, Lyu Tianjun (the second one from the right), the president of the Bank, Sun Feixia (the second one from the left), the vice chairman and the Board secretary, Yang Dazhi (the rightmost one), the assistant to the president, and Gong Tiemin (the leftmost one), the chief risk officer attended the results announcement conference.

reporting period, it organised on-site surveys or investigations and symposia for independent non-executive Directors for 6 times, during which they listened to the reporting on the operations, business characteristics, corporate governance, risk management, the prevailing problems and difficulties in the development and other aspects of the subsidiaries and branches of the Bank. The independent Directors gave full play to their functions of providing constructive recommendations and expressing independent and objective opinions, and laid a sound foundation for the Bank to improve its group management and decision making.

During the reporting period, the Board of Supervisors of the Bank organised 1 centralised training session for Supervisors and arranged some Supervisors to participate in 1 external training session, i.e. "Governance of the Board of Supervisors of Commercial Bank and Improvement on Supervisors' Performance Ability", to strengthen the sense of responsibility and improve the capability of performance of the Supervisors. The Board of Supervisors conducted survey interviews with 6 branches, 8 village and township banks and 4 sub-branches, focusing on understanding the operation and management, risks, internal control, the implementation of regulatory opinions and the relevant rectification measures adopted and the existing difficulties and problems of various institutions, and provided suggestions. The Board of Supervisors conducted interviews and researches for relevant headquarter departments, to supervise the scientificity and rationality of the management system and policies within the Group.

Successful completion of equity transfer, and clearer shareholding structure.

During the reporting period, Harbin Economic Development and Investment Company ("Harbin Economic Development") and Heilongjiang Financial Holdings Group Co., Ltd. ("Heilongjiang Financial Holdings"), both local state-owned shareholders, acquired an aggregate of 28.49% of the Bank's shares from six domestic shareholders. Of which, Harbin Economic Development holds in aggregate 3,257,943,986 domestic shares of the Bank, accounting for 40.87% and 29.63% of the Bank's issued domestic shares and total shares, respectively, remaining the largest shareholder of the Bank; Heilongjiang Financial Holdings indirectly holds in aggregate 2,039,975,058 domestic shares of the Bank through its subsidiary Harbin Dazheng Microcredit Co., Ltd. (holding 4,300,000 shares), accounting for 25.59% and 18.55% of the Bank's issued domestic shares and total shares, respectively, being the second largest shareholder of the Bank. Upon the above changes in equity, the Bank's shareholding structure became clearer.

Paid high attention to investor relationship, and constantly enhanced communication with investors.

The Bank held the analyst and investor conference and press conference in relation to 2018 annual results and 2019 interim results in Hong Kong in March and August 2019 respectively, with a total of over 70 fund managers, analysts and reporters from China and overseas attended the meetings; conducted two overseas results roadshows, and met over 40 overseas institutional investors; and welcomed institutional investors from Hong Kong, U.S. and Japan etc. as well as analysts from investment banks and securities companies, introducing the Bank's strategic direction and objectives of becoming a "first class international microcredit bank" to the investors and analysts, and timely addressing investors' concerns. During the reporting period, the Bank also responded to various questions and suggestions through the investor hotline and IR Mailbox, and published over a hundred news articles in domestic and abroad mainstream media, such as Xinhua News Agency, People's Daily Online, Caijing.com.cn, Hexun.com, PhoenixNet, Sina Finance, Guru Club and Yujian Finance, providing detailed introduction of the Company's operating results and featured businesses such as microcredit, loans to farmers and Sino-Russia financial services to the investors and public.

Internal Control

The Bank continued to deepen the development of its internal control system by establishing, optimising and implementing various rules and regulations of internal control. A good internal control culture was developed and the management and control mode of all business lines and business of various regions was refined through systematic publicity and education. Various internal control targets were achieved through various effective measures such as division of responsibilities, lines of reporting, incentive and restraint, etc.

Pursuant to the laws and regulations on internal control normative system for enterprises including the Basic Internal Control Norms for Enterprises and its relevant guidelines jointly issued by the five authorities as well as the Guidelines for Internal Control of Commercial Banks issued by the CBIRC, the Bank established a suitable and relatively scientific internal control system, an internal control management framework with clear functions and proper operating environment by also borrowing advanced ideas from foreign countries. During the reporting period, the Bank made improvements and optimisations while adhering to the principle of full coverage, balancing, prudence and conformity.

Continued to optimise risk evaluation system. The Board of Directors, the senior management and responsible management personnel of the Company fully understood various risk exposures under the operating and management process, such as credit risk, market risk, liquidity risk, operation risk, legal risk and reputation risk, and basically established a comprehensive risk management system which is suitable for the Bank through years of effort with continuous supervision. Series of management measures and systems had been applied gradually as at the end of the reporting period, such as data platform, pricing management, comprehensive budget management, interest rate liberalisation project, and internal assessment model for retail and non-retail business. Hence, the standard of delicacy management for risk assessment greatly improved.

Focused on “top-down” and “down-top” two-dimensional two-way information communication mechanism. By clearly identifying the responsible departments for reporting and the reporting lines, the Bank established a better internal system for internal information exchange and communication mechanism. Through optimising information exchanging platforms within the Bank such as the OA system, the Bank ensured that all information on the strategies, policies, systems and relevant requirements at the decision-making level can be conveyed in a timely manner to the employees and at the same time provide support to the employees for timely reporting of internal control problems to the managements at various levels. Regarding external disclosure and information gathering, the Bank also specified responsible departments, relevant processes and document circulation mechanisms to ensure compliance thereof and timely circulation of external documents.

Continuously improved an effective internal control organisational system under joint supervision from multi-levels, multi-dimensions and multi-channels. The Company has established a reporting and information feedback system for internal control. The business departments, internal control management functional departments, internal audit departments and other responsible personnel had reported to the Board of Directors, the management or the relevant departments in a timely manner once they discovered any threat or defect of internal control.

Continued to organise various compliance training sessions so as to enhance the construction of compliance culture and improve the capacity of internal control performance. During the reporting period, the Board of Directors and the senior management of the Company highly focused on the works in respect of internal control studying and training, and strengthening of incident prevention and control, consumer rights protection and anti-money laundering management. It emphasised the importance of internal control, aiming to make all employees across the Bank acknowledge the importance of internal control, be familiar with the duty requirements for different positions, understand and master the key points of internal control and take part actively in internal control. The Bank further promoted its compliance philosophy of “giving highest priority to compliance, making all employees in compliance, working in compliance actively, and creating value through compliance”, thereby building an excellent internal control environment and building a corporate culture of “compliance with high efficiency”.

Our Awards and Honours

No.	Name of Award	Awarding Party	Time of Award
1	National Advanced Unit for Cultural Construction in Financial Sector for 2017-2018	Research Association of Ideological and Political Work of China Financial Institutions	January 2019
2	Top 100 in Clearing House – Excellent Proprietary Business Operators Award	China Central Depository & Clearing Co., Ltd.	January 2019
3	Debt Financing Plan Business: Breakthrough Award	Beijing Financial Assets Exchange	January 2019
4	Ranked 217th in the Brand Finance Global 500 2019	Brand Finance	January 2019
5	2018 The Most Potential Award	JCB International Credit Card	January 2019
6	Ranked 34th among the 2018 China Banking Top 100 List	China Banking Association	February 2019
7	Ranked 13th in the City Commercial Banks with an Asset Size of more than RMB200 billion in 2018 for the Ranking of the GYROSCOPE Evaluation System	China Banking Association	February 2019
8	Best Forex Market Post-Trading Support Award	China Foreign Exchange Trading Center	March 2019
9	Golden Label Road Race: Harbin Bank 2018 Harbin International Marathon	Chinese Athletic Association	March 2019
10	Banking Internet Finance Innovation Award: Best Mobile Banking Award 2018	China e-Finance Union	March 2019
11	Best Compliance Performance (Asia Pacific)	MasterCard International	April 2019
12	Top 10 Private Enterprises for Financial Service Innovation Award under 2019 China's Financial Service Innovation Award	Chinese Banker	May 2019
13	Forbes Global 2000: ranked 1117th	Forbes	May 2019
14	2019 Tianji Award of Mobile Banking	Securities Times	July 2019
15	Top 1000 World Banks 2019: ranked 199th	The Banker	July 2019
16	Golden Award of "Social Responsibility Report" of the 33rd World's Best Annual Report Special Award	ARC AWARD	August 2019

No.	Name of Award	Awarding Party	Time of Award
17	The 33rd World's Best Annual Report in China	ARC AWARD	September 2019
18	The 2nd Iron-horse Bank: Iron-horse-Famous Branded Small and Medium Banks Award	Modern Bankers	November 2019
19	2019 China Financial Innovation Development Forum-Top 10 Financial Institutions Serving the Real Economy with Financial Innovation	Hong Kong Commercial Daily and China Association for the Promotion of Development Financing	November 2019
20	2019 "Stars of China" The Best Chinese Bank for the "Belt and Road Initiative" for the Year	Global Finance	November 2019
21	China Financial Services and Innovation Forum -2019 Top 100 Financial Service and 2019 Top 100 Financial Innovation	China Economic Net	November 2019
22	Selection of the 21st Century Asian Financial Competitiveness – 2019 Model in Targeted Poverty Alleviation in China	21st Century Media	November 2019
23	Outstanding contributors to the 30th anniversary of the implementation of the Project Hope	China Youth Development Foundation	November 2019
24	2019 Best E-Banks in China: Best Mobile Banking Operation Award	China Financial Certification Authority	December 2019
25	2019 Chinese Financial Institutions Golden Dragon Awards: Top Ten City Commercial Banks for the Year	Financial News	December 2019
26	17th China's Financial Annual Champion Awards: 2019 Cross-border Financial Services Bank and 2019 Outstanding Retail Loan Bank	Hexun.com	December 2019
27	6th Green Development Summit: "2019 Most Influential Green Development Enterprise Brand"	Xinhua News Agency	December 2019
28	2019 Best Risk Control Performance of the Year Award	MasterCard International	December 2019
29	2019 Outstanding Results of the Year Award	MasterCard International	December 2019
30	2019 Technological Progress of the Year Award	MasterCard International	December 2019
31	2019 Most Promising Foreign Card Acquirer Award	JCB International Card	December 2019

Prospects

Currently, COVID-19 is continuing to cause damage to people all over the world and affect global economy and the financial market. Domestic economic growth still faces downward pressure, in particular, the banking industry faces an unfavourable situation, and various difficulties have arisen for the production and lives of customers, especially for middle, small and micro enterprises and farmers.

In 2020, we are set to face the enormous challenge of increasing uncertainty that requires even bottom-line thinking. Therefore, we will dedicate our utmost efforts, strengthen our strategic determination and confidence in transformation and centred on the work theme of “steady improvements”, to maintain stable operation, resume our path of sound development and consolidate the foundation for healthy and sustainable development.

We clearly recognise that it's in times of complex and harsh external environment that we especially need to adhere to the business philosophy of “Inclusive Finance, Harmonious Co-enrichment”, improve ESG management, highlight the brand essence of “Trust, Warmth, Connection, Commitment”, and provide public financial services with higher quality and efficiency to showcase Harbin Bank's brand image as a bank providing warmth and emotional support.

Carefully organise pandemic prevention and control and commit to guaranteeing financial services. The raging of COVID-19 has exacerbated the already complicated and severe economic and financial situation, with significant impact on both social production and life. In the face of the pandemic, we will thoroughly implement the spirit of General Secretary Xi Jinping's important speech and instructions, strictly comply with government and regulatory regulations at all levels, make careful decisions and deployment, and actively conduct pandemic prevention and control by immediately launching the “special times, special solutions” and other financial service programs. We have donated RMB5 million to four designated hospitals for treating COVID-19 patients in Heilongjiang Province.

We are confident that we will, together with the rest of the world, overcome these difficult times, resume work and production, and strive to restore a state of normalcy as soon as possible. Until such time, we will further accelerate our digital transformation and



Donation to four designated hospitals
for treating COVID-19 patients in
Heilongjiang Province

RMB 5 million



improve our digital service capacity which is beneficial for pandemic prevention and control with the concept of “Science and technology stand by your side”, and comprehensively build a scientific and technological research and development system that satisfies the needs of strategic development.

Effectively deepen reform and transformation achievements, enhance the building of a talent team in all respects, actively improve ESG management structure, and fully promote the steady advancing of core competitiveness. In 2020, we will continue to adhere to being “customer-oriented”, focus on the microcredit strategy, implement the new model of transformation and actively cultivate business growth points; expand on and deepen the opportunity of the “Happy Community Programme” co-initiated with United Charity Foundation to reconstruct the customer base and business foundation; and further return to the basics, coordinate and strive to improve the contribution of digital inclusive finance services, and consolidate the market position of Sino-Russia financial service and the cross-border E-commerce financial service platform. At the same time, we will look for shortcomings and fill the gaps in all businesses, all processes and all factors, restructuring the bases with high standards and creating long-term management advantages.

In the meantime, we will also enhance Party building and honest and clean Party conduct, advance the discipline inspection and supervision system reform and comprehensively strengthen the construction of talent team. We will strengthen team building and gather the joint efforts of entrepreneurship; strengthen team development and enhance the entrepreneurial ability of executives; strengthen integrity and stimulate the vitality of entrepreneurship; and adhere to the guiding value of “loyalty, diligence, integrity and accountability”.

Notably, as at the date of the publishing of the report, the proposal of establishing an ESG team under the Board of Directors has been approved. The setting up of this mechanism marks the further improvement of Harbin Bank’s corporate governance structure, and a new step taken in its ESG management.

To enjoy the fruitfulness of springs and autumns, one must first endure the wind and rain. In the past, we have persisted on the path of inclusive financing, committed to practice and effectively fulfilled our social responsibilities. In the future, we will bear in mind our original aspiration and mission, continue to respond to the call of the Party Central Committee, respond to social concerns, and contribute to social harmony, continuous environmental improvement and the sustainable development of the economy.



Index of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange

Scope		Main indicator	Proposed disclosure	Corresponding section
Environment	A1 Emission	General disclosure	Y	Green office
		A1.1	Y	Green office
		A1.2	Y	The Company has not established greenhouse gas emissions statistics system.
		A1.4	Y	Green office
		A1.5	Y	Green office
		A1.6	Y	Green office
	A2 Use of Resources	General disclosure	Y	Green office
		A2.1	Y	Green office
		A2.2	Y	Green office
		A2.3	Y	Green office
		A2.4	Y	Green office
		A2.5	Y	The Company is a financial services corporation and is not applicable to this indicator
	A3 Environment and natural resources	General disclosure	Y	Green finance Green credit
		A3.1	Y	Green finance Green credit

Scope	Main indicator		Proposed disclosure	Corresponding section	
Social: Labour and employment practices	B1 Employment	General disclosure	Policy on remuneration and dismissal, recruitment and promotion, working hours, holiday, equal opportunity, diversity, anti-discrimination, and other welfares and benefits	Y	Staff safety and career development
		B1.1	Total number of staff by gender, employment type, age and region	Y	Staff safety and career development
		B1.2	Staff turnover rate by gender, age and region	Y	Staff safety and career development
	B2 Health and safety	General disclosure	Policy on provision of safe working environment and protecting employees from occupational hazards	Y	Staff safety and career development
		B2.1	Number and rate of death in relation to work	Y	Staff safety and career development
		B2.2	Day of absence due to work injuries	Y	Staff safety and career development
		B2.3	Description of occupational health and safety measures adopted and relevant implementation and supervision methods	N	Staff safety and career development
	B3 Development and training	General disclosure	Policy on enhancing knowledge and skill for performing duties. Description of training activities.	Y	Staff safety and career development
		B3.1	Percentage of staff attending training by gender and staff type (such as senior management and middle management)	Y	Staff safety and career development
		B3.2	Average training hours completed per employee by gender and staff type	Y	Staff safety and career development
	B4 Employment standards	General disclosure	Policy on preventing child labour and forced labour	Y	Staff safety and career development
		B4.1	Description of measures of employment practice to avoid child labour and forced labour	N	No child labour or forced labour employed by the Company
		B4.2	Description of steps adopted to eliminate the related noncompliance when discovered	N	No child labour or forced labour employed by the Company
Social: Operating practice	B5 Supply chain management	General disclosure	Policy on supply chain and social risk management	Y	Green office
		B5.1	Number of suppliers by geographical region	N	The Company intends to disclose gradually in the future
		B5.2	Description of practices for recruiting suppliers, number of suppliers applicable to the relevant practices and implementation and supervision methods of the relevant practices	N	The Company intends to disclose gradually in the future

Scope	Main indicator		Proposed disclosure	Corresponding section
Social: Operating practice	General disclosure	Policy on health and safety, advertising, labelling and privacy issues in relation to products and services offered and remedial measures	Y	Product responsibility
	B6.1	Percentage of total sold or delivered products recalled due to safety and health reasons	N	The Company is a financial services corporation and is not applicable to this indicator
	B6.2	Number of products and services related complaints received and how they are dealt with	Y	Product responsibility
	B6.3	Description of practices relating to observing and protecting intellectual property rights	N	The Company stipulated Administrative Measures for Intellectual Property Rights of Harbin Bank in accordance with rights in relevant requirements in Trademark Law, Copyright Law, Measures for Administration of Domain Names for the Chinese Internet and Patent Law.
	B6.4	Description of quality assurance process and recall procedures	N	The Company is a financial services corporation and is not applicable to this indicator
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	N	Product responsibility
	General disclosure	Policy relating to bribery, extortion, fraud and money laundering	Y	Anti-money laundering, anti-corruption and integrity
	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	Y	Anti-money laundering, anti-corruption and integrity Internal control
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	N	Corporate governance Internal control
	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	Y	Community investment
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Y	Community investment
	B8.2	Resources contributed (e.g. money or time) to the focus area	N	Community investment

Independent Assurance Report



Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower
Oriental Plaza
No. 1 East Chang An Avenue
Dong Cheng 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

Environmental, Social and Governance Report

Independent Assurance Report

安永华明（2020）专字第60715519_A02号
Harbin Bank Co., Ltd.

The Board of Directors of Harbin Bank Co., Ltd.:

We have been engaged to express a limited assurance opinion on the selected data in the 2019 Environmental, Social and Governance Report of Harbin Bank Co., Ltd. (the "ESG Report") prepared by Harbin Bank Co., Ltd. ("Harbin Bank").

I. The Board of Directors' responsibilities

The Board of Directors of Harbin Bank are responsible for the preparation and presentation of the selected data in accordance with the principle of report compilation. 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 ISAE 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 2019 and for the year then ended in the ESG Report is not prepared in all material respects in accordance with the principle of report compilation.



Environmental, Social and Governance Report

Independent Assurance Report

安永华明（2020）专字第60715519_A02号

Harbin Bank Co., Ltd.

III. Scope of work, approach, and limitation

The selected data in the Environmental, Social and Governance Report of Harbin Bank for 2019 that is covered by this report is as follows:

- Total staff (person)
- Proportion of female staff (%)
- Proportion of female management staff (%)
- Microcredit balance(RMB million)
- Clients of village and township banking services (account)
- Balance of loan to agricultural loans (RMB billion)
- National student loan distributed during the year (RMB million)
- Government education loans granted amounted (RMB million)
- Total customers of online banking (0'000 people)
- Total charity donation (RMB 0'000)
- Poverty alleviation loans for registered households (distributed during the year) (RMB million)
- Replacement rate of business transactions through electronic banking (%)
- Green credit balance (RMB million)
- Green credit balance of the total customer loans (%)
- Power consumption (kWh)
- Sewage discharge (cubic metres)
- Office paper consumption (tonnes)
- Toner cartridges used (pieces)

Our work was performed at the Head Office of Harbin Bank, which includes:

- 1) Interviews with management and 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.





Environmental, Social and Governance Report

Independent Assurance Report

安永华明 (2020) 专字第60715519_A02号
Harbin Bank Co., Ltd.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and the 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 principle of report compilation.

Our work was limited to the data as of 31 December 2019 and for the year then ended in the ESG Report. We have not performed any procedures over other data included in the ESG Report for 2019, nor have we performed any procedures on other data or data for 2018 and years before. In addition, our work performed was not for the purpose of expressing an opinion on the effectiveness of Harbin Bank's 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 2019 and for the year the ended has not been prepared, in all material respects, in accordance with the standard for the principle of report compilation.

V. Our Independence, quality Control and assurance team

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. We have complied with the quality control requirements of the *International Standard on Quality Control 1*. Our team has required competencies and experience for this assurance engagement.


Ernst & Young Hua Ming LLP
Beijing, China
19 May 2020

Feedback Form

Dear reader,

Thank you for spending time from your busy schedule to read this report. For improving the corporate social responsibility management work of Harbin Bank and promoting our ability to perform social responsibilities, we sincerely ask for your valuable opinions and suggestions and provide your feedback through any of the following means:

Fax: 86-451-86779829

Telephone: 86-451-86779933

Post: No. 888 Shangjiang Street, Qunli New District, Daoli District, Harbin, Heilongjiang Province, the PRC

Postal Code: 150070

Email: ir@hrbb.com.cn

1. Please specify your stakeholder category:

Government ☐ Regulatory authorities ☐ Shareholders ☐ Clients ☐

Staff ☐ Suppliers ☐ Partners ☐ Community ☐ Environment ☐ Other ☐

2. Have you obtained information you need from the report?

Yes ☐ Somewhat ☐ No ☐

3. Your comment on the financial responsibilities performed by the Bank in fighting against poverty:

Good ☐ Fair ☐ Acceptable ☐

4. Your comment on the environmental responsibilities performed by the Bank in green finance:

Good ☐ Fair ☐ Acceptable ☐

5. Your comment on the social responsibilities performed by the Bank in financial services and urban marathons:

Good ☐ Fair ☐ Acceptable ☐

6. Do you think the report discloses adequate quantitative data?

Yes ☐ Somewhat ☐ No ☐

7. Do you think the layout of the report helps you read the report?

Yes ☐ Somewhat ☐ No ☐

8. From this report, we have selected 18 key issues regarding social responsibility based on three aspects, the impact of corporate business development on the environment, corporate social responsibility and corporate governance. Please select 5 issues that are of the most interest to you. We will prioritise the issues based on the feedback results and focus on responding them in our future social responsibility work and report compilation:

Targeted poverty alleviation ☐ Digital inclusive finance ☐ Supporting SMEs enterprises ☐

Benefiting Agriculture, Rural Areas and Farmers with Integrity ☐ Green credit ☐ Green bond ☐

Low-carbon operation ☐ Risk management and compliance operation ☐ Anti-money laundering ☐

Anti-corruption ☐ Staff career development ☐ Happy work ☐ Healthy life ☐

Education of Financial consumers ☐ Supporting education development ☐ Promoting urban marathon ☐

"Happy Community Programme" ☐ Volunteer culture establishment ☐ Other

9. Please specify your valuable opinions and recommendations for our 2019 Environmental, Social and Governance Report:

We express our sincere gratitude for your concern and support of Harbin Bank.

Extra episode:

Major events in 2020

“Fighting against the pandemic, we are in action”

20 January to 31 March 2020



JANUARY

20

On 20 January, the General Secretary of the CPC Central Committee and the President of PRC Xi Jinping issued an important instruction that great attention must be paid to the recent outbreak of pneumonia caused by COVID-19 in Wuhan, Hubei Province and other areas and full effort must be given to prevention and control of the pandemic.

22

On 22 January, the official Weibo account of Harbin Bank launched the 2020 Spring Festival “Reading Programme” and “Spring Festival Duty Diary” as well as online New Year’s greeting activities to enrich the cultural life of employees during the outbreak.

23

On 23 January, Wuhan was placed on lockdown due to the COVID-19 pandemic.

24

On 24 January, the People’s Bank of China liberalised the transaction limit of the micropayment system for its payment system, and constructed a green channel for the remittance of funds to fight the pandemic: the maximum amount of a single credit transaction in the small-amount bulk payment system was adjusted from RMB1 million to RMB500 million.



Duty diary: measuring body temperature at business outlets

25

On 25 January, Xi Jinping chaired the Standing Committee of the Political Bureau of the CPC Central Committee. The meeting studied the prevention and control of the pneumonia outbreak caused by COVID-19.

On the same day, the People's Bank of China liberalised all transaction limits for the micropayment system.

26

On 26 January, Harbin Bank issued a friendly reminder (poster): recommending online transaction handling channels for customers, reducing outings, and fighting the pandemic together.

27

Starting from 27 January, Harbin Bank has updated the business information of its branches in real time on its official Weibo account, so that customers could obtain information on business outlets while remaining within doors.

28

On 28 January, the credit card centre of Harbin Bank announced the launch of a repayment care policy for medical staff who were struggling at the frontline of the pandemic.

31

On 31 January, the People's Bank of China opened a special green channel for cross-border payment, and arranged CIPS to provide services for emergency transactions related to pandemic prevention and position transferring of RMB overseas clearing banks.

31

On the same day, Harbin Bank launched seven "special times, special solutions" financial measures during the pandemic, and joined hands with customers to overcome difficulties. Those measures included online financial services, so that people can stay home to reduce cross-infection; adhered to the original intention as a microfinance bank, adjusted credit policies and repayment plans for small and micro enterprises and farmers affected by the pandemic and provided credit protection; developed green channel for exclusive credit services to help fight the pandemic; strengthened the pandemic prevention of business outlets and implemented customised services in special times; fully guaranteed the payment and cash transactions to meet the funding needs of customers; carried out "Happy Community" online public welfare activities and conducted pandemic prevention and control publicity campaign; and provided 24/7 customer service.



Duty diary: disinfecting self-service machines at business outlets



Duty diary: disinfecting cash

FEBRUARY

01

On 1 February, the People's Bank of China, Ministry of Finance, CBIRC, CSRC and SAFE jointly issued the Notice on Further Strengthening Financial Support to Prevent and Control Pneumonia of New Coronavirus Infection, which included five parts and a total of 30 measures.

On the same day, the People's Bank of China, CBIRC, CSRC and SAFE jointly issued the Notice on Doing a Good Job in Financial Services after the Spring Festival Holiday, which required to guarantee a smooth and orderly operation of the financial market, effectively reduce the gathering of personnel, stop the spread of the pandemic, and maximise the protection of the lives and health of the people.

01

Starting from 1 February, Harbin Bank has launched various online service guides for various transactions on its official Weibo account and WeChat official account to better help customers stay at home and get access to necessary financial services.

02

On 2 February, the first financing for small and micro enterprises supporting pandemic prevention through green channels of Harbin Bank during the outbreak was in place within 24 hours, where a loan of RMB3 million was issued to Harbin Taigu Industry Co., Ltd., which helped meet the urgent need to expand the production of pandemic prevention materials for the enterprise.



03-07

On 3 February and 7 February, a total of RMB200 million was withdrawn by Zhongyi Group from Harbin Bank for the purchase of medical materials such as surgical masks and disinfectants and the salary payment for employees for Zhongyi Northeast International Hospital. Efficient service was provided where funding was provided the day after it was applied for.

06

On 6 February, Harbin Bank Mobile Banking cooperated with "WeiYi" and launched an online free clinic service.

07

On 7 February, Harbin Bank donated RMB5 million to four key pandemic prevention hospitals in Heilongjiang Province to support pandemic prevention. These hospitals are all designated hospitals for the treatment of patients with COVID-19 in Heilongjiang Province, including the Second Affiliated Hospital of Heilongjiang University of Traditional Chinese Medicine, Infectious Disease Hospital of Heilongjiang Province, Harbin Infectious Disease Hospital and Harbin Chest Hospital.

08

On 8 February, the 2020 Spring Festival "Reading Programme" activity and the "Spring Festival Duty Diary" activity held on the official Weibo account of Harbin Bank ended. Employees shared 213 books and 60 duty diaries, recording the reading habit and work status of the employees of Harbin Bank during the pandemic during the days of fighting against the pandemic with the people of the whole country.



09

On 9 February, Harbin Bank launched a policy of automatic extension for personal deposits reaching maturity from 24 January to 31 March 2020.

On the same day, the customer service centre of Harbin Bank opened a "financial route" phone service, adjusted the roster of customer service staff, assigned additional second-line staff to provide manual service through the WeChat official account at home on top of the dual-channel service consisting of manual service and WeChat customer service, and established an online emergency team to respond to unexpected needs.

10

Starting from 10 February, Harbin Bank has launched a series with a theme of "Fighting the Pandemic, Harbin Bank is in Action" on its official Weibo account, publishing updates of special treatments, strengthened prevention and control and the fight against the pandemic through charity and other activities reaching out to the community for various business lines and branches during the pandemic.

14

On 14 February, Harbin Bank gave full play to its Sino-Russia financial business and increased efforts to support cross-border financial services to support pandemic prevention and control. The Bank implemented relevant policies of SAFE in a timely manner, simplified business processes, opened green channels for cross-border finance, and guaranteed the business needs of cross-border receipt and payment of foreign exchange purchases and payments of emergency supplies.

On the same day, Harbin Bank Mobile Banking launched a real-time query function during the pandemic.

On the same day, the WeChat Banking of Harbin Bank launched a post of "National battle against the pandemic, beware of fraud" to remind users to be beware of criminals committing financial fraud by using the fight against the pandemic as an excuse.



17

On 17 February, the United Charity Foundation and the Heilongjiang Provincial Social Work Center cooperated and purchased high premium insurance with a coverage of RMB1 million per person (household) of death benefit and hospitalisation compensation for 500 frontline workers in Harbin, with the total coverage of RMB500 million.

26

On 26 February, Harbin Bank issued a reminder for its debit card holders that cash withdrawal handling fees in Hubei Province have been waived.

28

On 28 February, Harbin Bank paid tribute to the first-line medical workers by extending the "Medical Card" and waiving more than 20 fees.

MARCH

01

On 1 March, CBIRC, the People's Bank of China, the Development and Reform Commission, the Ministry of Industry and Information Technology, and the Ministry of Finance jointly issued the Notice on the Temporary Deferral of Principal and Interest Repayment for Loans to Small, Medium and Micro Enterprises.

05

On 5 March, Harbin Bank actively implemented the Regulations for Issuing Special Interbank Certificates for Pandemic Prevention and Control and successfully issued the first special interbank deposit certificate for pandemic prevention and control in Heilongjiang Province.

06

On 6 March, Harbin Bank prepared a special fund of RMB10 billion to support farmers in preparing for spring cultivation, and helped farmers to overcome difficulties through means such as reasonable adjustment to repayment plans, loan extension and renewal as well as credit protection.

On 6 March, Harbin Bank successfully launched online signing services for loan contracts, providing online service support for small and medium-sized enterprises in resuming production and farmers in preparing for spring cultivation.

12

On 12 March, Harbin Bank Financial Leasing Co., Ltd., a controlling subsidiary of Harbin Bank, created a "zero-contact leasing service model" to make progress in pandemic prevention and control as well as spring tillage and farming at the same time.

26

On 26 March, CBIRC issued the Notice on Strengthening Coordinated Resumption of Financial Services of Industrial Chain.

31

On 31 March, Harbin Bank released its 2019 annual results through an online live broadcast. Guo Zhiwen, the chairman of the Board of Directors stated that Harbin Bank will fight the pandemic with all its strength and overcome difficulties with its customers with warm financial services.

