



FROM THE CITY TO THE WORLD

HARBIN BANK CO., LTD. **2017**
SOCIAL RESPONSIBILITY REPORT



2017

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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.

Report timeframe: 1 January 2017 to 31 December 2017 (with some contents exceeding the above timeframe)

Report issue cycle: Annual report

Cover Description

The design of this report comes from the concept of "From the City to the World". A map of Harbin city is shown on the cover, where the route of the Harbin International Marathon is depicted in an orange line. The book jacket shows an image of the world map differing in Chinese and English versions, where the eastern hemisphere and western hemisphere are illustrated on the respective book covers of the Chinese English versions. As the waters of the Songhua River reflect the vast universe, the heavens and the waters come together as one, just as when combining the book cover with its jacket, it is as if the earth is being encompassed by the galaxies from above.



The inner pages of this report are printed with eco-friendly biodegradable material.

The cover page coating of the report comes from potato extract.

All the graphics used in this report are for the Bank's work purposes.

(2) Report compilation principle

This report is compiled in accordance with the requirements of the "Environmental, Social and Governance Reporting Guidelines" 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 China Banking Regulatory Commission, 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 2017 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 2017. 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 of corporate social responsibility with an independent assurance report provided.

(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 website of the Hong Kong Stock Exchange (URL: <http://www.hkex.com.hk>) and the Bank's official website (URL: <http://www.hrbb.com.cn>).

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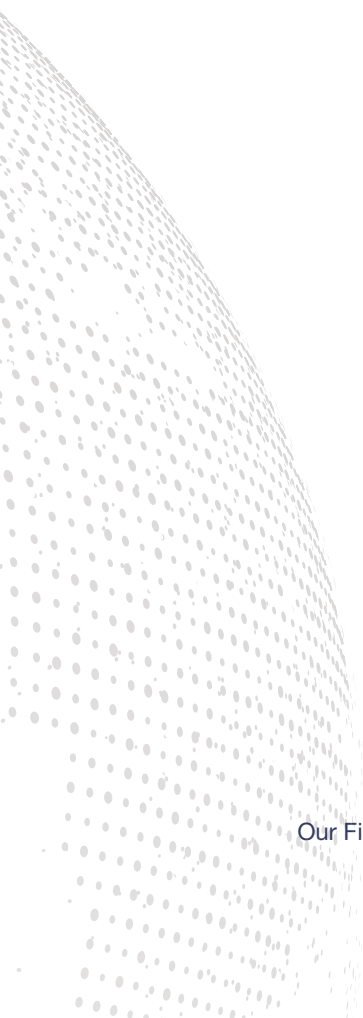




Meaning of the Bank Logo

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 four petals in the new logo respectively represent the deep meaning of "TRUST, WARMTH, CONNECTED and COMMITMENT". The colour theme of the new 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 future.



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Chairman's Statement



2017 was an era-defining year worthy of emphasis and reminiscence whether in light of China's economic and social transformation from a macro perspective or the reformation of the financial sector from a closer perspective, The same holds true even when from the micro perspective of Harbin Bank.

In 2017, the successful convention of the 19th CPC National Congress established Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, which is the fundamental guideline for the Chinese people to secure a decisive victory in comprehensively building a moderately prosperous society and embark on a new journey towards building a modern nation. The Central Economic Work Conference and the National Financial Work Conference both specified the mission to "serve the real economy, prevent and control financial risks, and deepen the financial reform", as well as the four fundamental principles of "returning to basics, optimising structure, strengthening regulation and keeping a market-oriented approach".

2017 also marks the 20th anniversary of Harbin Bank. Through 20 years of rapid development, Harbin Bank has become a financial institution with the largest domestic capital, strongest profitability and greatest tax contribution of the regional banking sector. Revitalised with energy to strive and fulfil the guidance and work deployment led by Xi's Central Party and the State Council, we actively adapted ourselves to the new normality of "vigorous and tight regulation". We managed to achieve stable operation while satisfying compliance requirements, intensified our efforts in inclusive finance and took on social responsibilities, in an effort to live up to the expectation of the contemporary age.

Fully understanding the importance of "Good Finance, Good Society", rigorously serving the "Agriculture, Rural Areas and Farmers" and SMEs, and actively fighting the battle against poverty. In 2017, despite the intensely complex and challenging market environment and the exceptionally difficult mission for the banking sector to transform and develop, we still continued to focus on our strategic goal of establishing ourselves as "a first-class international microcredit bank providing quality and distinctive services". Empowered by the energy of inclusive finance from 20 years of development, we have been committed to resolving the "contradiction between the unbalanced and inadequate development and the people's ever-growing needs for a better life", and we continued to implement the strategy of microcredit development with unwavering dedication.

As at the end of 2017, the Bank's total balance microcredit loans exceeded RMB191.4 billion, representing an increase of 14.1% from the end of last year and accounting for more than 80% of the Bank's total loans for two consecutive years. During the same period, we accelerated the development of digital inclusive finance in order to boost financial inter-connection and sharing of financial resources.

In 2017, eight newly invested and established village and township banks have all commenced operation, and as of now, out of the 32 village and township banks founded and established by Harbin Bank, the number of banks located in poor counties have increased from 7 to 10. Each village and township bank adheres to the market positioning featuring “localisation, lower stream expansion, specialised operation and serving the ‘Agriculture, Rural Areas and Farmers’ and SMEs”, gradually forming a unique culture and philosophy and its own operating mechanism while also enriching financial support for regional economic development.

We also actively answered to the call of the Central Party for the fight against poverty by sending our “On-site Poverty Alleviation Team” to Shuanglong Village, Liutuan Township in Yanshou, Heilongjiang. The dedicated efforts and effective poverty alleviation measures that have been actively implemented by the team have sparked new hope for the local residents to overcome poverty.

Focusing on our brand philosophy of “Trust, Warmth, Connected and Commitment”, building our corporate culture with innovation and rebuilding social connections with vigour. In 2017, we prepared and issued the first Environment, Social and Governance (ESG) Information Management Handbook of Harbin Bank Co., Ltd., through which our deep understanding of the relation among sustainable business development, the environment and the society was turned into actual visible indicators, and reflected in the year’s significant concerns. This is a major accomplishment in our corporate social responsibility management practice.

In 2017, the Party Committee of the Bank’s headquarters placed great emphasis on building a team that adheres to the values of “loyalty, diligence, integrity and accountability” on a merit system principle, while striving to attract talents through career development and bringing people together with culture. Centring on the “Leaders Program”, we continued to create development opportunities for our employees and build a humanistic and caring environment. Here at Harbin Bank, those who strive will be rewarded, those who grow will be valued, those who contribute will be respected and those who commit will feel accomplished.

In 2017, we sponsored the Harbin International Marathon (“Harbin Marathon”) which was successfully held for the second year and the competition rating was promoted from a “Bronze-level Competition” to a “Gold-level Competition”. Once again, the Harbin Marathon attracted the active participation of over 30,000 marathon enthusiasts from all over the world and brought to the citizens of Harbin a vibrant celebration of an annual sports and cultural event. The Harbin Marathon is becoming a new image of Harbin city and an icon of its new urban culture.

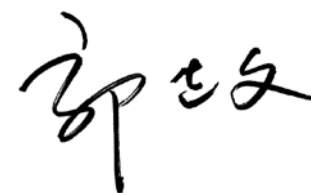
It is especially gratifying to us that not only has the marathon culture brought by the Harbin Marathon become an important element of our corporate philosophy

of “Happy Work, Healthy Life”, it has also allowed us to build new connections with our community, investors and customers as well as new relationships between different communities.

In 2017, Shenzhen United Charity Foundation, a foundation established by Harbin Bank, officially initiated the “Happy Community Development Programme” as a pilot investment in venture philanthropy. RMB1 million has been invested in this programme and the first venture philanthropy project was initiated in Jiamusi, supporting 58 projects and benefitting 10 of the city’s communities along with tens of thousands of people. A micro-charity competition was initiated together with the Heilongjiang Civil Affairs Department and a capital pool of RMB100,000 was established to support 35 projects selected out of 116, while over 150 activities and events have been launched within 21 communities in 4 different cities. The “Happy Community” project has infused new energy for community building and innovation to the province of Heilongjiang.

2018 marks the beginning of the New Era of Development initiated by the 19th CPC National Congress, representing a significant year to secure a decisive victory in comprehensively building a moderately prosperous society, as well as the 40th year since China’s reform and opening up policy. It is also the year of the 10th anniversary since the establishment of Harbin Bank’s microcredit strategy and the 12th year since the business philosophy of “Inclusive Finance, Harmonious Co-Enrichment” has been proposed. Furthermore, 2018 represents a new starting point for the next twenty years of development for Harbin Bank.

We shall continue to march with a fighting spirit, keeping in mind our foremost aspirations and fulfilling the spirit of “returning to basics”. Not only will we carry out reform and innovation centring on the work theme of the “Year of Enhancing Governance”, comprehensively strengthening the implementation of strategic planning, business transformation, risk prevention and control, we will also accelerate the enhancement of operational management competitiveness for high quality development. As such, we will lay a solid foundation to achieve our strategic goal of establishing ourselves as “a first-class international microcredit bank providing quality and distinctive services” by 2020, thereby living up to the responsibilities of our generation and building a new era of progress and prosperity!



President's Statement



Faced with the most challenging and complex external pressures from regulatory policies and the market environment in the past decade, as well as marking a significant turning point in internal transformation and development, 2017 was a year where all employees of Harbin Bank stood together in solidarity. Under the leadership of the Bank's Party Committee and board of directors as well as the supervision and support of the supervisory committee, the Bank thoroughly carried out the strategic plan of "making progress in a stable and steady manner, collaborative development, strict control over risk exposures, striving for innovation and promoting transformation", achieving both economic and social efficiency, stepping up our corporate value and brand image, and delivering promising results to commemorate the Bank's 20th anniversary.

On the list of the "Brand Financial Banking 500 for the Year 2017", the Bank became the list's fastest-growing bank in terms of brand value in the world with its 199% growth rate. The Bank was ranked 1,130th in Forbes' "2017 World's 2000 Largest Public Companies" and 417th of FORTUNE's "2017 Top 500 Chinese Companies".

Upholding the microcredit strategy, we enhanced the level of digital inclusive finance, and achieved steady progress in our major operating indicators. As of the end of 2017, total assets of Harbin Bank amounted to RMB564.3 billion, representing a year-on-year increase of 4.7%; net profit amounted to RMB5.3 billion, representing a year-on-year increase of 7.0%. We actively carried out national policies and supported the development of the real economy, increased credits allocation and strengthened the adjustment of loans structure. Total loans to customers amounted to approximately RMB237.4 billion, representing an increase of 17.7% from the previous year, which is 5.3 percentage points higher than the average growth rate of domestic commercial banks.

As the Bank centres on the strategic goal of establishing ourselves as "a first-class international microcredit bank providing quality and distinctive services" and continues to develop the microcredit strategy, it is worth mentioning that the Bank's microcredit loans accounted for 80.6% of its total loans to customers and have accounted for more than 80% of its total loans to customers for two consecutive years. Corporate loans to small enterprises amounted to over RMB73.0 billion, representing an increase of 18.0%, and loans to small enterprise owners amounted to over RMB32.8 billion, representing an increase of 22.7%. We strive to maintain focus on customers, optimise traditional businesses and provide innovative products and services, and our unique services such as White-collar Loans (白領貸) and Rainbow Loans (彩虹貸) have gained regional reputation.

In 2017, we put in great efforts to facilitate the development of the digital inclusive finance service and improve our mobile phone banking, WeChat banking, online banking and other electronic banking services. As at the end of 2017, the replacement rate of business transactions through the Bank's electronic banking reached 87%, and that of mobile banking reached 45%. The number of online banking customers exceeded 1,820,000, representing a year-on-year increase of over 25%; the number of mobile phone banking users amounted to 750,000, representing a year-on-year increase of approximately 135%; and the Bank had over 1,600,000 WeChat banking followers, representing a year-on-year increase of approximately 90%.

Assisting in construction projects along the Belt and Road Initiative, we further strengthened our leading position in Sino-Russia financial services, while demonstrating unique business characteristics. In 2017, Harbin Bank fully leveraged its advantages in resources and geographic location, continued to maintain its leading position in Sino-Russia financial services among its domestic peers, and was awarded the Top Ten Innovative Financial Products Awards under 2017 China Financial Innovation Award selected by the Chinese Banker.

As at the end of 2017, the Bank's balance of on-balance sheet and off-balance sheet asset for Sino-Russia businesses was RMB11,490 million, representing an increase of 31.25% from the same period last year; the total credit granted by the Bank to Russian banks amounted to approximately RMB10,174 million; and the number of overseas correspondent banks reached 496, including 140 correspondent banks in Russia, being one of the banks with the largest number of Sino-Russia correspondent banks in China. The cross-border E-commerce payment platform 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, and was a Major Project for Heilongjiang Luhai Silk Road Economic Belt as selected by the Heilongjiang Provincial Government.

In 2017, the Sino-Russia Financial Council (the first platform for the cooperation and interaction among financial institutions of China and Russia initiated by Harbin Bank as the Chinese promoter and presiding company together with Sberbank of Russia in 2015) had admitted 6 new members, and the number of members grew to 68 from the 35 founding members. Also in 2017, the most influential multi-billion RMB cross-border interbank syndicated cooperation between Chinese and Russian financial institutions with the largest number of participants and the largest scale was officially launched; the first cross-border transfer of Rouble in cash to China by air transport without passage at border crossings between Sino-Russia financial institutions was completed; and the 3rd General Meeting of Sino-Russia Financial Council was successfully convened. In every aspect, Harbin Bank demonstrated its importance in serving as a pivotal link throughout these significant processes.

In the face of regulatory challenges, we comprehensively strengthened all lines of defense against risks, implemented rectification on internal control on an unprecedented scale and maintained the stability of asset quality in general. In 2017, in accordance with the requirements of the regulatory special rectification work for malpractices, namely the "three violations, three arbitrages, four inappropriatenesses and ten chaos (三三四十)", the Bank focused on internal control compliance inspection and established a comprehensive closed-circuit management system covering prevention, control, inspection and rectification, which was highly recognised by the regulatory authorities. The Bank organised a series of risk checks against anti-money laundering, information security, technology security and protection, and there were no significant violation cases for the year.

In 2017, the risk management system was further improved and fruitful results were realised through the implementation of the New Basel Capital Accord in the full business life cycle. The Bank also began to establish a group-wide risk management and control mechanism and conduct liquidity risk pressure test, so as to ensure the general stability of the Group's liquidity. Credit management was strengthened and business adjustments continued in line with credit policy guides. The Bank established an automatic management and control regime for the credit system to achieve whole-process supervision and management before, during and after loan extension. In addition, the Bank continued to place stringent control on asset quality and implemented supervision and instruction mechanism in a regular manner. We also strengthened and maintained timely control on the settlement and collection of NPLs so as to restrain the generation of NPLs and maintain the stability of asset quality in general.

As the saying goes, "success comes to those who share in one purpose." Looking ahead to 2018, with stronger determination and confidence, enhanced vigour and diligence, along with more efficient governance and security, we shall open up new horizons for Harbin Bank!



Key Performance Table

Type of indicators	Specific indicators	Unit	2017	2016	2015
Economic performance indicators	Total assets	RMB million	564,255.2	539,016.2	444,851.3
	Operating income	RMB million	14,133.6	14,172.0	11,945.4
	Profit before tax	RMB million	7,128.0	6,445.6	5,919.0
	Net profit	RMB million	5,308.9	4,962.2	4,509.6
	Total tax	RMB million	3,445.03	3,811.1	2,788.8
	Earnings per share	RMB Yuan	0.48	0.44	0.41
	Average return on total assets	%	0.96	1.01	1.14
	Average return on equity	%	13.50	14.01	14.23
	NPL ratio	%	1.70	1.53	1.40
	Capital adequacy ratio	%	12.25	11.97	11.64
	Provision coverage ratio	%	167.24	166.77	173.83
	Microcredit	RMB million	191,425.6	167,700.5	111,894.1
Social performance indicators	Client of village and township banking services	Account	373,646	322,463	267,758
	Total staff	Person	6,743	6,969	7,131
	Proportion of female staff	%	56.84	55.75	56.38
	Proportion of female management staff	%	46.00	45.67	45.71
Environmental performance indicators	Total charity donation	RMB'0,000	2,288.6	2,319.70	595
	Green credit balance	RMB million	1,862	1,587	752.0

Notes: 1. Total staff, proportion of female staff and proportion of 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 statistical caliber of the clients of village and township banking services was the total number of clients making deposits and borrowing loans in village and township banks as at the end of the reporting period, and the data for 2015 and 2014 were adjusted accordingly, in order to ensure the consistency of the statistical scope of such indicator for different years.

3. We adjusted the statistical scope of green credit recently to ensure its consistency with the definition of green credit given by domestic regulatory authorities. The adjustment prevails on the Company's 2017 green credit balance.

Development Plan

- Branches
- Village and township banks

Harbin Bank Financial Leasing Co., Ltd.

Harbin Bank Consumer Finance Co., Ltd.



Featured Topic

Our Focus in 2017

2017 is the 20th anniversary of Harbin Bank. This year, we put more focus on Inclusive Finance, Targeted Poverty alleviation and Green Finance.

- 14 Inclusive Finance: Strategically-oriented Services Upgrade
- 19 Targeted Poverty Alleviation: Empowering the Population through Financial Services and Prioritisation of Resources
- 21 Green Finance: From Trial to Experiment





191,400

million

As at the end of 2017, the total microcredit balance of Harbin Bank exceeded RMB

Accounting for

80.6%

of the Bank's total loan to customers

Inclusive Finance

Strategically-oriented Services Upgrade

2017 is the 20th anniversary of Harbin Bank. Here is a look back to the Bank's history:

- 16 years ago ● In 2001, the Bank launched secured microcredit loans specifically for laid-off workers and issued the Lilac Card, its first ever debit card;
- 15 years ago ● In 2002, the Bank launched the personal telephone banking service;
- 14 years ago ● In 2003, the Bank was nominated by the Harbin municipal government as the sole bank responsible for managing secured microcredit loans for laid-off workers;
- 13 years ago ● In 2004, the Bank opened its cross-regional branch in Shuangyashan;
- 12 years ago ● In 2005, the Bank made its first micro-loans to farmers and became the first city commercial bank in the country offering rural financial services;
- 11 years ago ● In 2006, the Bank established its business philosophy, "Inclusive Finance, Harmonious Co-Enrichment," and launched its business in urban small and micro enterprise business loans. The Bank was awarded "Leading Banking Institution Providing Services to Small and Micro Enterprises" for the first time.
- 10 years ago ● In 2007, the Bank set up the working theme of "Year of Microfinance" and cooperated with PlaNet Finance Group from France to introduce and localise its world-leading microfinance services in China. The Bank granted its first government education loan. The Bank changed its name from Harbin Commercial Bank Co., Ltd. to Harbin Bank Co., Ltd.;
- 9 years ago ● In 2008, the Bank identified microfinance as its core development strategy and set up a strategic target to become a leading microfinance bank in the country in three to five years and an internationally known one in five to ten years;
In 2008, the Bank was awarded the title of "The Leading Banking Institution Providing Services to Small and Micro Enterprises" for the second time; The Bank opened its first village and township bank, Bayan Rongxing Village and Township Bank; Chao-shuang Lu (魯朝雙), a micro-loan client of Dazhi sub-branch, made his debut on the international stage to receive the PlaNet Finance Global Outstanding Micro Entrepreneur Award. He was one of the eight winners from around the world;
- 8 years ago ● In 2009, the Bank launched its online banking service and opened a village and township bank in Huining, a state-designated impoverished county in Gansu;
- 7 years ago ● In 2010, the Bank launched the first Rouble cash exchange centre in the country and set up the unified national customer service hotline 95537. The Bank's microcredit business was listed on the Microfinance Information Exchange in the United States;
- 6 years ago ● In 2011, the Bank started implementing its strategic plan, "The 2011-2015 Development and Strategic Plan of Harbin Bank" and was awarded "The Leading Banking Institution Providing Services to Small and Micro Enterprises" for the third time; the Bank exported microcredit know-how and technology to other banking institutions in China; the Bank became the first bank to independently issue village and township bank cards prefixed "621."
- 5 years ago ● In 2012, the Bank was awarded the title of "Leading Banking Institution Providing Services to Small and Micro Enterprises" for the fourth time. Guo Zhiwen, Chairman of the Company, was invited to represent the Bank at the National Financial Work Conference;

4 years ago

In 2013, Harbin Bank set up the Sino-Russian Cross-border Financial Service Centre to move ahead in internet finance jointly with service providers in Information-based Finance; the Bank also set up and launched its first farmer-assistance e-station, and contributed to agricultural development in developing countries and microcredit exchange seminar in the same year;

3 years ago

In 2014, the Bank was successfully listed on the Main Board of the Hong Kong Stock Exchange. The total number of farmer-assistance e-stations had exceeded 1,000. The Bank opened Harbin Bank Financial Leasing Co. Ltd. and launched its WeChat banking service and a cross-border E-commerce payment platform;

2 years ago

In 2015, Harbin Bank's microcredit loans exceeded 100 billion in value, representing over 70% of its total loans.; The Bank officially launched its mobile phone banking service and upgraded the services of farmer-assistance e-stations; The Bank successfully concluded the objectives of the "2011-2015 Development and Strategic Plan of Harbin Bank", and achieved its strategic target of becoming a "world-wide known first-class domestic microcredit bank";

1 year ago

In 2016, Harbin Bank commenced its comprehensive "2016-2020 Development and Strategic Plan of Harbin Bank" and set up its new five-year strategic objective which stipulated "first class international microcredit bank with quality services and distinctive characteristics";

This year

2017 marked the second year since the State Council announced the Plan for Promoting the Development of Inclusive Finance (2016-2020) (《推進普惠金融發展規劃(2016-2020)》).

- 1
- 2

1. He Guobin, one of the clients who was granted Harbin Bank's agriculture loan in 2005.
2. A grain-drying yard of a farmers' professional cooperative in Keshan, Qiqihar.



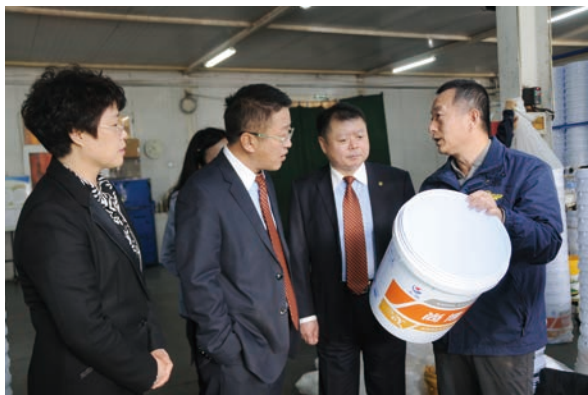
In spite of strict regulations and complex market environments, we upheld our strategic choices, and followed our original mission closely and carried out an in-depth investigation on the developmental characteristics of regional economies. We served the needs of "Agriculture, Rural Areas and Farmers", SMEs and people's livelihood with customised financial products and services to materialise the development of inclusive finance.

As at the end of 2017, the balance of Harbin Bank's microcredit loans reached RMB191.40 million, representing an increase of 14.1% from the end of last year. The balance accounted for 80.6% of the Bank's total loans to customers, which is the second consecutive year where the percentage exceeded 80% of the Bank's total loans to customers. We strived to maintain focus on customers, optimise traditional business and provide innovative products and services. Our White-collar Loans (白領貸) and Rainbow Loans (彩虹貸) have gained regional reputation.

Interconnected and sharing, and providing benefits to farmers with integrity. As the first city commercial bank to offer village financial services in the country, Harbin Bank adhered to the direction of focusing on the national strategy to develop inclusive finance, and complied with the policy requirements to step up supply-side reform in agriculture, and took advantage of the strategic opportunity of all-round development of modernised agriculture, in order to serve farmers with integrity and promote the development of financial services benefitting farmers during the year.



1. Clerks of Tianjin branch visited clients
2. A packaging workshop of a SME client



In 2017, Harbin Bank established a “new-type agricultural business entity” product system encompassing professional large-scale agriculture entities, family farms, farmers’ professional cooperative and leading agriculture enterprises, to continually scale up financial support to intensive production activities in rural regions and to agriculture modernisation in the farming areas. Harbin Bank also actively explored potentials in the online agriculture loan business of “Internet+Agriculture, Rural Areas and Farmers” with products including “Harvest E-Loan” and Chu Bao Tong (畜保通), and pioneering trials on collateral provision based on “Two Rights” or “livestock”. The total amount of Land Operating Rights secured loans granted had exceeded RMB4.4 billion, which effectively provided liquidity to rural stock assets (Harvest E-Loan was awarded the 2017 Top Ten Internet Finance Innovation Awards in China by the Chinese Banker).

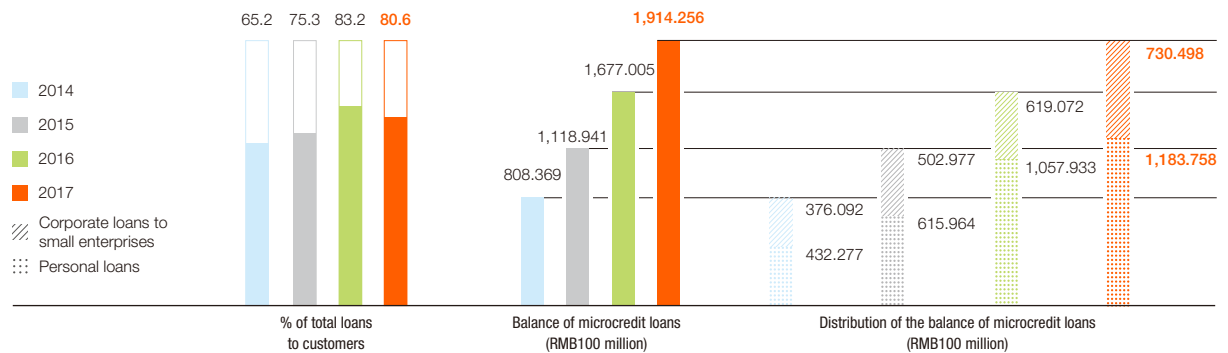
As at the end of 2017, the balance of the Bank’s agricultural loan amounted to RMB45.9490 billion, representing an increase of 21.5% as compared to the end of last year, in which balance of loan to farmers amounted to RMB10.1024 billion, representing an increase of 5.0% as compared to the end of last year, Harbin Bank’s services to agriculture covered most of the rural and reclaimable areas in 11 Heilongjiang cities including Harbin and Qiqihar, as well as part of the rural areas in Tianjin and Shenyang in Liaoning province. The Bank established a comprehensive and systematic agriculture-supporting credit service system that covered small-scale plantation farmers to large-scale family farms, and covered traditional agriculture to modern agriculture and from rural areas and reclaimable areas, which positively improved the rural financial environment.

Optimising, upgrading and boosting small and micro enterprises. Focusing on customer’s demand, the Bank optimised and upgraded schemes such as the “Liquidity Loan for Small Enterprises (小企業流動貸)” and “Housing Loan for Small Enterprises (小企業惠房貸)”, actively fine-tuned its risk management model for micro-loan products and posed to develop customised strategies aiming at target customers. The Bank continued to expand support for technology and cultural enterprises and revamp its approaches of securing guarantees, while actively exploring new business models for the collaboration between investment and lending in 2017.

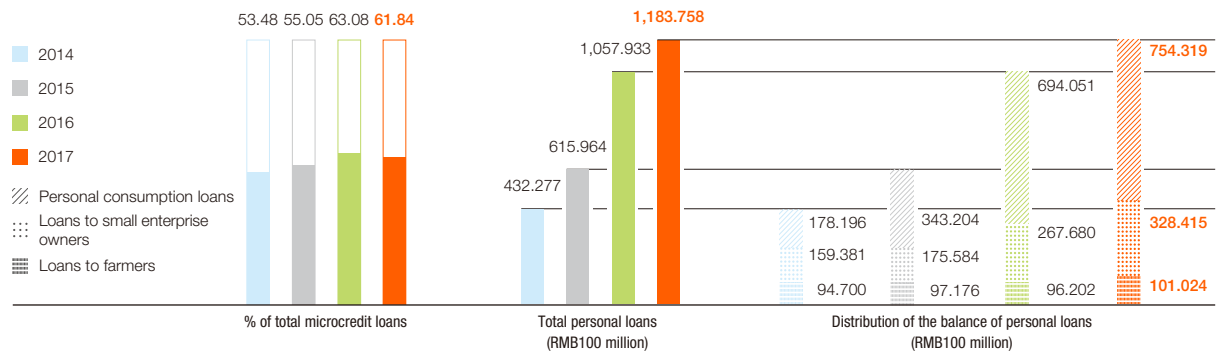
As at the end of 2017, the Bank’s loans to small and micro enterprises amounted to RMB73.0498 billion, representing an increase of 18.0% as compared to the end of last year. Loans to small enterprise owners exceed RMB32.8 billion, an increase of 22.7%. The Bank won the award of the Preferred Service Provider for China Small and Medium Enterprises (SMEs) (中國中小企業首選服務商) awarded by China Association of SMEs (中國中小企業協會).

Accelerating the development of digital inclusive finance. We fully proceeded with the development of digital inclusive finance, to enhance the service capabilities of electronic banking such as phone banking, WeChat banking and online banking. As at the end of 2017, the replacement rate of business transactions through the Bank's electronic banking reached 87%, and that of mobile banking reached 45%. The number of online banking customers exceeded 1,820,000, representing a year-on-year increase of over 25%; the number of mobile phone banking users amounted to 750,000, representing a year-on-year increase of approximately 135%; and the Bank had over 1,600,000 WeChat banking followers, representing a year-on-year increase of approximately 90%.

Distribution of the balance of microcredit loans

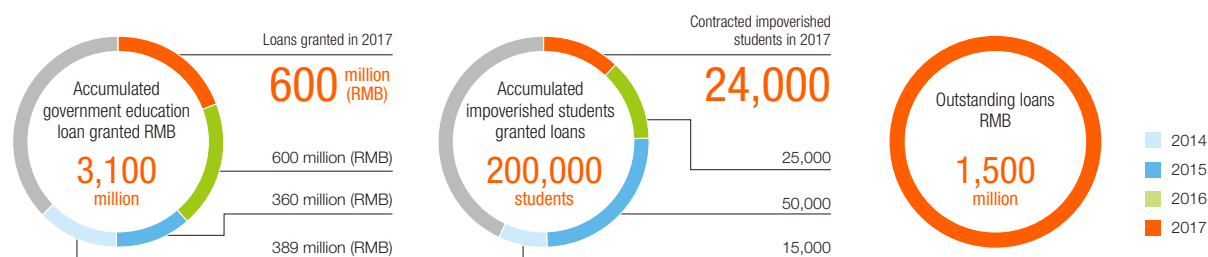


Distribution of the balance of personal loans

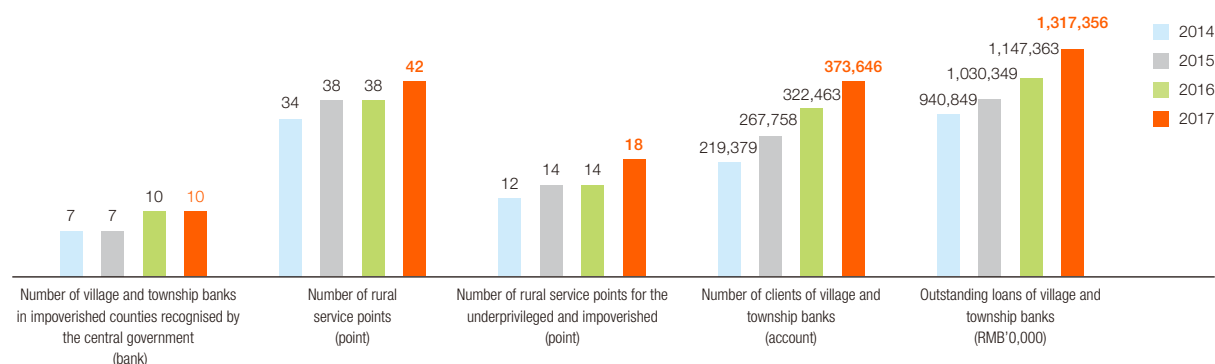


Government education loan. The Bank has been authorised to process government education loans to residents in Heilongjiang since 2007, assisting students in 22 provinces, 5 autonomous regions and 4 municipalities, of which Heilongjiang Province covered 14 regions, 82 education bureaus and over 80 high schools. As at the end of 2017, government education loans granted amounted to RMB3,100 million, of which RMB600 million was granted in 2017. Outstanding loans amounted to RMB1,500 million, serving over 200,000 students, of which 24,000 students signed the contracts in 2017.

The Bank has granted Student-Origin-Based Loans to graduate student since 2014. As at the end of 2017, RMB530 millions of Student-Origin-Based Loans were granted to nearly 41,000 graduate students.



Development of village and township banks. Since the Bank established the first village and township bank in 2008, the Bank has established 32 village and township banks (including Bayan Rongxing Village and Township Bank and Huining Huishi Village and Township Bank) throughout the eastern, middle and western regions in China, as to actively practice the initiative of supporting agriculture economic development issued by the government, which is especially important in enhancing financial services at the county level such as vitalising agriculture financial market, strengthening agriculture financial system, developing inclusive finance and other aspects. Ten of the banks were located in impoverished counties as recognised by the central government and they were Huining Huishi Village and Township Bank, Yanshou Rongxing Village and Township Bank, Baiquan Rongxing Village and Township Bank, Huachuan Rongxing Village and Township Bank, Hainan Baoting Rongxing Village and Township Bank, Chongqing Wulong Rongxing Village and Township Bank, Chongqing Youyang Rongxing Village and Township Bank, Huanan Rongxing Village and Township Bank, Tianshui Maiji Rongxing Village and Township Bank and Langzhong Rongxing Village and Township Bank.



* Gansu: Huining, Tianshui
Heilongjiang: Yanshou, Baiquan, Huachuan, Huanan
Hainan: Baoting
Chongqing: Wulong, Youyang
Sichuan: Langzhou

* Including Business Department

* Number of clients of village and township banks was the total number of depositors and loan clients in village and township banks as at the end of the reporting period. The data for 2015 and 2014 were also adjusted accordingly to ensure that the indicator in different years shared the same statistical scope.

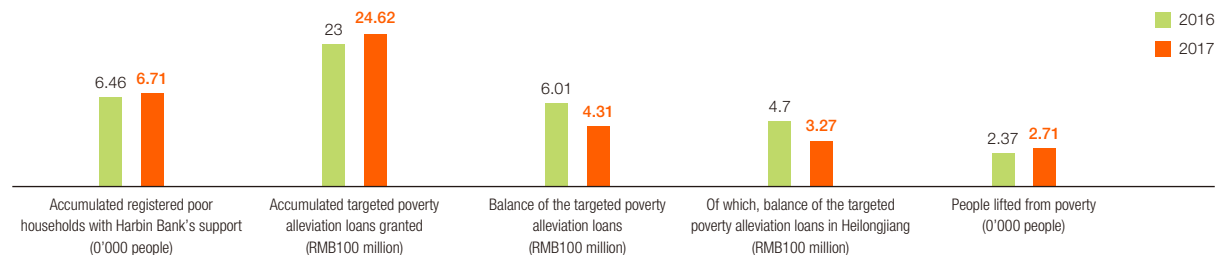
* Excluding discount notes

Targeted Poverty Alleviation

Empowering the Population through Financial Services and Prioritisation of Resources

In 2017, Harbin Bank implemented a variety of measures at different levels under the principles outlined in the document “Targeted Poverty Alleviation and Targeted Poverty Eradication”, in an all-out effort to battle against poverty, and to thoroughly implement the requirements of the “Ten Policy Measures of Financial Targeted Poverty Alleviation” and other documents.

Targeted poverty alleviation data of Harbin Bank (As at 31 December 2017)



Targeted connection and prioritised resource allocation. Harbin Bank prioritised and supported targeted poverty loans in a large scale and encouraged its branches to actively reach out to people registered in poverty counties. With the risk compensation subsidies and interest subsidies provided by local county governments, Harbin Bank managed to accelerate distribution of poverty alleviation microcredit. The Bank researched and analysed causes of poverty of the poor among its existing customers and raised its support to those with the ability to operate businesses, those with the resources to repay debts, or those with sound credit history and meeting the relevant requirements, so as to improve the precision and the effectiveness of the targeted poverty alleviation.

Actively implementation of the system of “Cooperation with Local Governments”. Nehe (county-level city) under the jurisdiction of Qiqihar city is the targeted poverty alleviation county of Harbin Bank. The Qiqihar branch proactively implemented the system and offered finance service to poverty alleviation industry projects. As at the end of 2017, the branch had cooperated with the local government on 46 poverty alleviation industry projects. The branch's balance of poverty alleviation loans for targeted poverty alleviation counties amounted to RMB179 million. It served to effectively alleviate poverty for 13,800 people.

Empowering through products and services along with innovation. In 2017, the Bank further supported major poverty alleviation companies through customized credit policies, and provided liquidity to rural stock assets through collateralised loans from farm houses, land, forest rights, livestock and poultries as well as collateralised payments from agricultural production equipment and in-stock products. For green industries such as fruit and vegetable producers and the industry chain that integrated grain production, processing and sale, the bank offered multiple types of technological and financial supports such as “Government + bank + farmers”, “leading enterprises + cooperatives + farmers” and “agricultural resources distributors + farmers” to poor farmers.

After continuously promoting the “farmer-assistance e-stations” service and fulfilling the needs for basic financial services such as the distribution of agriculture subsidies, small withdrawals and bank transfers in remote rural areas in recent years, Harbin Bank took full advantage in 2017 of its “local and geographical” resources, while integrating the Internet as based on considerations from the agricultural supply side, the Bank sought to explore the most suitable financial products and services models for people such as village women, returned migrant workers and village young people who are looking forward to start their own businesses. Harbin Bank also included village women, returned migrant workers and young people into the credit rating system, and set up preferential policies to cover start-ups with good credit ratings on credit limit, interest rates, terms and collaterals of secured loans.

CASE

On-site poverty alleviation team of Harbin Bank

In response to the calling for poverty alleviation from the CPC Central Committee, Harbin Bank commissioned a dedicated poverty alleviation team in Shuanglong Village of Liutuan Town, in Yanshou, Heilongjiang in June 2017. During the survey and investigation, the headquarters management learnt that the paving project for a 9.1km-long road and a tap water project at the village are put on hold due to fund shortage. In response, Harbin Bank raised a total sum of RMB137,000 to fill the gap within a week, in order to complete the paving project of a road of 1.1km in length between Shuanglong village and Chaoyang village, and roads in five villages with a total length of 8 km.

In 2018, the Bank's on-site team vows to devote more effort into alleviating poverty. The team will focus on the Bank's key poverty eradication projects in Shuanglong village: the construction of a photovoltaic power station, the construction of a party member activity camp, and the projects to revamp village infrastructures, tap water facilities, and providing education-sponsoring projects and so forth.



Green Finance

From Trial to Experiment

In recent years, Harbin Bank continued its quest to consolidate its microcredit strategy in the most diligent manner. Concurrently, the Bank also tabled the idea of building a “Green Bank” as a vehicle to spearhead the concept of green finance. To develop its green credit business, Harbin Bank closely follows through and implements national financial policies including green credit, and actively explores all types of credit business models in relation to green economy, circular economy and low-carbon economy. As at 31 December 2017, the green credit balance of Harbin Bank amounted to RMB1,862 million and had 11 green credit clients.

Successfully issuing RMB5.0 billion green financial bonds, and becoming the first financial institution in Heilongjiang province to issue green financial bonds. Harbin Bank has been taking an active part in issuing green financial bonds since 2016. In 2017, Harbin Bank successively completed the issuance of two phases of green financial bonds in 6 April and 5 May with approval by the People’s Bank of China and the CBRC Heilongjiang province office, with a total value of RMB5.0 billion. The proceeds were specially devoted to support projects in six major industries including energy conservation, clean transportation, clean energy, pollution prevention, ecology protection and adaptation to climate change, to encourage the development of green industries. The successful issuance of the green bonds marked a significant step forward for Harbin Bank in building a “Green Bank”.

The first tranche of green bonds had an issuance size of RMB2.0 billion with a term of three years. The issuer and its bonds were rated AAA with a coupon rate of 4.79%. The bonds managed to gain wide popularity among investors, which resulted in a total subscription amount of RMB5.22 billion and an over-subscription rate of 2.61 times. The second tranche of green bonds had a total issue value of RMB3.0 billion. The issuer and its bonds were rated AAA and the bonds was issued in two categories. Category I had an issuance size of RMB2.0 billion with a term of three years and a coupon rate of 4.68%; Category II had an issuance size of RMB1.0 billion with a term of five years and a coupon rate of 4.75%. The subscription amount of the second tranche was RMB4.17 billion and the over-subscription rate was 1.39 times.

In addition, the Bank specially nominated Ernst & Young Hua Ming LLP to conduct a stringent audit on the use and the management of the raised funds. The audit would cover all aspects of project assessment and selection as well as information disclosure and reporting for the green financial bonds. The progresses of the green industries projects to be supported by the green financial bonds, and their environmental benefits and impacts are to be monitored under ongoing assessments so as to ensure that the funds raised from the bonds are entirely invested in green industries projects. Furthermore, it serves to ensure that the management of funds is in full compliance with relevant standards, and the environmental and social impacts from the invested projects are within investors’ expectations.

To establish strict project thresholds and investigation before loan release, and to devise a reporting system for green credit to continually enhance the environmental risk management of green loans. In the process of proactively exploring new opportunities and promoting green credit, major attentions are paid on the customers’ potential environmental and social risks and strict threshold standards are applied accordingly. When processing loan grant applications, a full investigation is to be carried out on the degree of compliance, all relevant factual information and risk exposures relating to the social benefits of the loan project, with key attentions to be paid to industry or regional characteristics of the customer and its projects.

Harbin Bank has formulated a green credit reporting system that requires relevant branches to conduct timely investigation in the event of a significant environmental risk and to analyse its potential impact on Harbin Bank’s loan granting capabilities, while taking immediate measures to prevent from exposure to such risks.

About Harbin Bank

From 1997 to 2017, we have strived forward in bold steps against all odds.

It is the moment of our 20th anniversary. Over the past 20 years, the capital and total assets of Harbin Bank has grown by 48 times and 86 times respectively. The Bank has achieved a net profit of over RMB5 billion for the year, from the basis of a RMB70 million loss in the first year. The Harbin Bank is ranked at the top in terms of market share and taxes paid in Harbin for many years in a row. All in all, Harbin Bank has contributed over RMB16 billion in taxes and provided services for more than 22.90 million accounts.

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Brand Finance

"Brand Finance Banking 500 for the Year 2017" from a UK-based branded business valuation consulting firm

Harbin Bank ranked

195th

Harbin Bank ranked

217th

The Banker

"The Banker's Top 1,000 World Banks 2017" from "The Banker" of the UK

Fortune China

"Top 500 Chinese Companies for 2017" from the Fortune China of the US

Harbin Bank ranked

417th

Overview

Harbin Bank 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: 6138. 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 commercial bank in Northeast China.

In 2017, Harbin Bank upheld its development philosophy of "Inclusive Finance, Harmonious Co-Enrichment", and strived to achieve the strategic goal of becoming a "first-class international microcredit bank providing quality and distinctive services". The Bank also worked hard to carry out the strategies of "making progress in a stable and steady manner, collaborative development, strict control over risk exposures, striving for innovation, and promoting transformation", which led to steady increases in economic and social benefits. As such, the Bank has taken a concrete and gratifying step towards achieving the strategic objective of becoming a "first-class international microcredit bank providing quality and distinctive services" by the year 2020.

Harbin Bank continued to infuse its brand essence of "Trust, Warmth, Connected, Commitment" into different areas of corporate social responsibility. The first edition of "Information management manual for the environmental, social and governance (ESG) report of Harbin Bank Co., Ltd." was completed and issued in 2017, which scientifically defined the relationship between sustainable development of the business and the environment and society.

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. As at 31 December 2017, the Group had 363 business outlets with branches and sub-branches across seven administrative regions across China.

In 2017, Harbin Bank was ranked 195th in "Brand Finance Banking 500 for the Year 2017" published by Brand Finance (a famous UK-based branded business valuation consulting firm); 1,130th in the "World's 2000 Largest Public Companies 2017" published by Forbes of the US; 217th in "The Banker Top 1,000 World Banks 2017" in terms of total tier 1 capital, and was ranked 35th among the Chinese-funded Banks in 2017 published by The Banker of the United Kingdom; 417th in the "Top 500 Chinese Companies for 2017" published by the FORTUNE China and 23rd among the 25 commercial banks on the list. The Bank was awarded "2017 The China Country Awards: Best Regional Cash Management Bank in China" from The ASIAN BANKER, and was the recipient of the "2017 Best City Commercial Bank" award under the "Stars of China Awards" from GLOBAL FINANCE, a US-based magazine, for the fourth time, and also won the "Best Bank for Asian Syndicated Lending" for the first time.

Brand Finance

"Brand Finance Banking 500 for the Year 2017" from the UK-based branded business valuation consulting firm

Harbin Bank ranked

195th

Forbes

"World's 2000 Largest Public Companies 2017" From the Forbes of the US

Harbin Bank ranked

1,130th

The Banker

"The Banker Top 1,000 World Banks 2017" from "The Banker" of the UK

Harbin Bank ranked

217th ■ 35th among the Chinese-funded Banks

Fortune China

"Top 500 Chinese Companies for 2017" from the Fortune China of the US

Harbin Bank ranked

417th ■ 23rd among the 25 commercial banks on the list

Global Finance

"Stars of China Awards" from the GLOBAL FINANCE of the US

Harbin Bank was awarded as



Best City Commercial Bank

(Four consecutive years 2014-2017)

Best Bank for Asian Syndicated Lending

(2017)

The Asian Banker

"2017 The China Country Awards" from "The Asian Banker"

Harbin Bank was awarded as



Best Regional Cash Management Bank in China

Corporate Governance

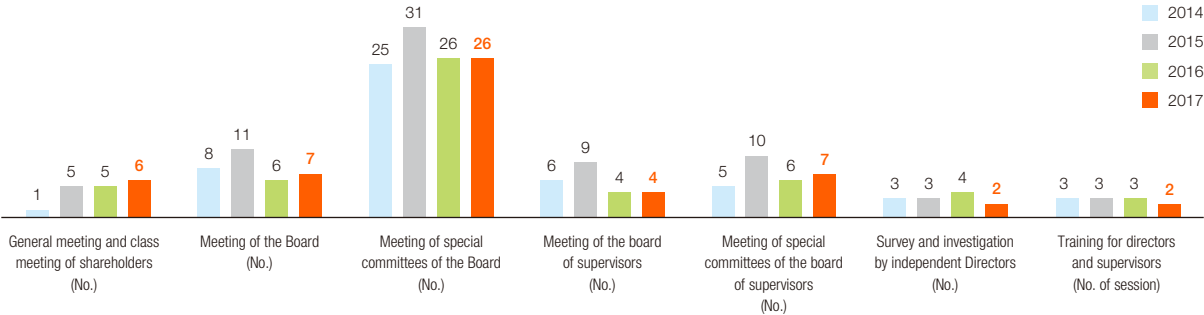
Sound corporate governance is the responsibility of the Board of the Company. In 2017, the Company strictly complied with relevant overseas listing regulatory requirements, and strived to improve the Bank’s mechanisms and enhance its corporate governance. The Bank had adopted the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules, and had met the requirements of the PRC commercial bank administrative measures and relevant corporate governance requirements and had established a sound corporate governance system.

The primary corporate governance documents of the Company 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 President, the Administrative Measures for Connected Transactions, the Information Disclosure Administrative Measures, etc.

In 2017, the Company organised and held a total of 50 important meetings including general meetings and class meetings of shareholders, meetings of the Board and its special committees, and meetings of the Board of Supervisors and its special committees. At the meetings, the Company considered and approved 186 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 Expense Budgets Report, the 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.

To further optimise its corporate governance mechanism, the Company proposed the Articles of Association (Draft) and their annexes to be applicable and effective upon the issuance of offshore preference shares, and the Articles of Association (Draft) and their annexes, which were to be applicable and effective upon the issuance of offshore preference shares and the listing of A Shares.

During the reporting period, the Board of the Company 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 would conduct 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-disciplines.





Harbin Bank 2017 annual results announcement in Hong Kong on 29 March 2018

The Company continued to deepen the development of its internal control system. Furthermore, the Company strived to foster an effective culture of internal control, and optimise its business management and control. Targets on internal control were achieved through multiple measures such as division of responsibilities, lines of reporting, incentive and restraint, etc.

A fully regulated information disclosure mechanism serves to bring about a more proactive investor relations management. The Bank endeavoured to be proactive in enhancing investor management under the premise that relevant regulations including the Measures for the Information Disclosure of Commercial Banks, the Listing Rules of the Stock Exchange, the Harbin Bank Co., Ltd. Information Disclosure Management System and its implementation rules are strictly complied with. The Bank discloses information mainly through the website of The Stock Exchange of Hong Kong Limited, the official website of the Company, designated newspapers, results meetings, roadshows and investor hotline (email), media interviews and others. No significant error occurred on information disclosure for 2017.

In 2017, the Company issued 38 non-scheduled announcements in both Chinese and English and 32 regular reports in both Chinese and English. During the Reporting Period, the Bank held the 2016 annual results announcement and the 2017 interim results announcement press conferences in Hong Kong, extensively inviting the participation of institutional analysts, investors, and news media in the announcements. During these two results announcements, over 110 articles in relation to the operating results of the Bank were referred to and shared on all major news websites and outlets and over 100,000 accumulated number of WeChat reading views. The management of the Bank organised several one-on-one roadshows, met over 40 foreign institutional investors, welcomed and received visits from a number of domestic and foreign institutional investors, investment banks and analysts of brokers in its headquarters. In preparation for issuance of preference shares on the Stock Exchange of Hong Kong, the Bank successively organised more than 70 roadshows for domestic and foreign institutional investors.



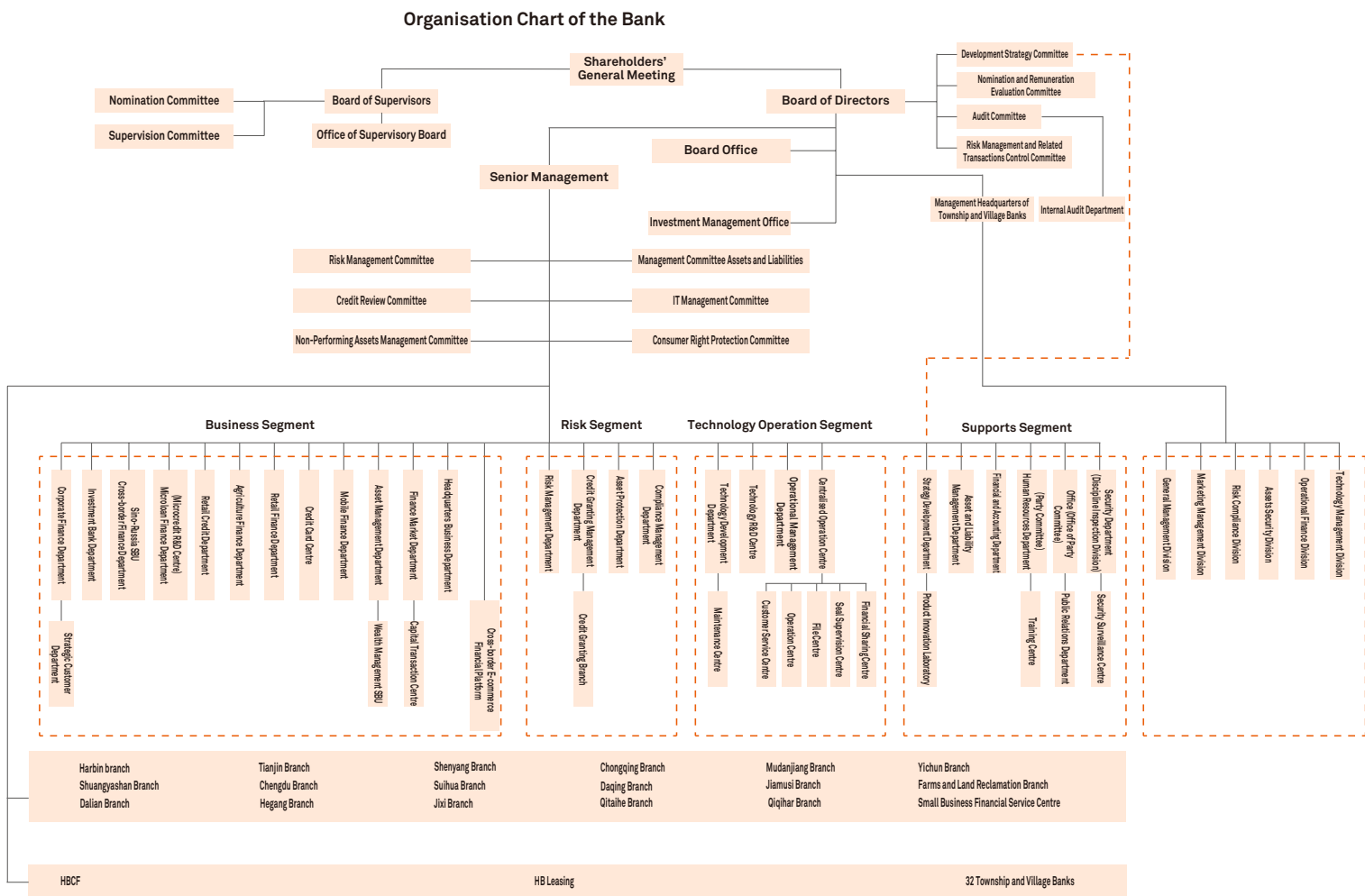
Issue of non-scheduled announcements in both Chinese and English



Issue of regular reports in both Chinese and English



Organisation Chart of Corporate Governance



Internal Control

In 2017, in view of the new trends of the financial market in China and the increasingly strict MPA control, the Bank continued to adhere to the core visions of “create value from risk management” and “customer-oriented”, implemented differentiated risk control strategies, and fully conformed with the full-aperture, all-encompassing and unified risk control principal as required by the customers through returning to basics and emphasising proactive resolution of all risks. The Bank also adjusted the risk management mechanism with pertinence and flexibility based on the overall operation strategy of the Bank, and fully applied the achievements made under the New Basel Capital Accord towards the refinement of the Bank’s risk management standards and enhanced the prevention and management of various risks with improved refinedness and precision.

Compliance risk management has always been a core risk management activity of the Bank. The Board assumes the ultimate responsibility for the compliance of the Bank’s operating activities, and the Board of Supervisors oversees compliance risk management. The Bank has built a comprehensive and effective compliance risk management system, and consolidated the three defensive lines for compliance risk management, and achieved effective identification and management of compliance risk through continued improvement and optimisation of its compliance risk management as well as a higher risk management standard.

In 2017, the Bank formulated and executed a risk-based compliance management plan and upheld the working principle of a system of integrated “prevention, control, examination and correction”, thereby improving the refined standard for internal control compliance and optimising the comprehensive internal control risk management system which adapted to business development and transformation. It strived to realize a foundation for compliance management, and proactively optimised the compliance system and mechanism construction, and strictly prevented and eliminated compliance risk; the Bank also strongly supported and promoted business innovation and sound development of the Bank at different dimensions, by leveraging the professional advantages, emphasising the substance of risks, and through pre-involved business research and development; performed intensive inspections on compliance internal control in accordance with the requirements of the regulatory special rectification of the “Three, Three, Four and Ten (三三四十)” malpractices, thereby showing the power of compliance risk management and achieving the goal of “do not want any violation in mind, cannot make any violation during the process, and afraid of making any violation in view of the consequences”; enhanced the study of overseas bills, regulatory policies and laws and regulations, and provided high-quality legal compliance services; commenced and implemented regular compliance education and trainings, and enhanced the compliance professional standards.

Anti-corruption and Integrity

The Bank advocates for a “loyal, smart working, clean, responsible” corporate culture, with the development of corruption-free management and occupational ethics as a top priority in the corporate culture development process.

According to relevant requirements of Standards of the Communist Party of China on Integrity and Self-discipline and Regulations of the Communist Party of China on Internal Oversight, the Bank maintained in 2017 the principles of early deployment, early reminder, early inspection and early prevention. The Bank also developed its prevention and control forward and formulated programmes including Harbin Bank’s Reorganisation Programme on the basis of routine anti-corruption culture trainings, anti-corruption warning education, signing letters of commitment, etc. The Bank strictly instilled the essence of the eight requirements of the central government and corrected the “four forms of decadence”, to enforce disciplinary regulations and to instill the foundation of honest thoughts in all members. The Bank also implemented a job-shifting and a compulsory vacation system for key positions strictly complying with internal control requirements of important positions and strengthened the supervision and inspection on employees’ conducts in accordance with employee behaviour standards.

Social Responsibility Management

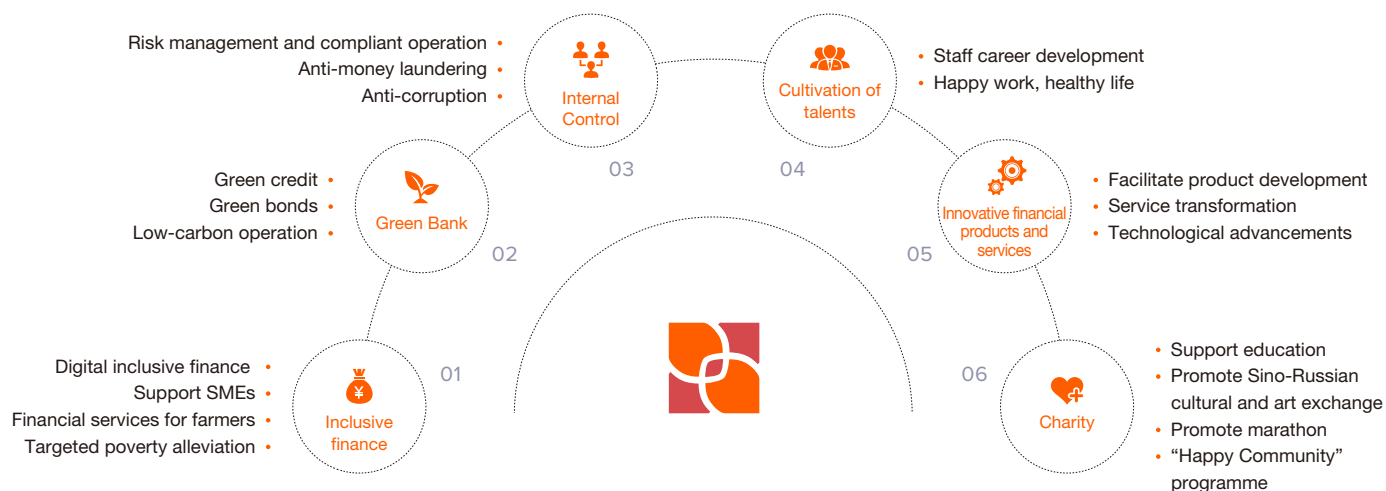
In 2017, Harbin Bank made significant progress in the management of corporate social responsibility by compiling, completing and issuing the first "Environmental, Social and Governance (ESG) Information Management Manual of Harbin Bank Co., Ltd." (the "Manual"). The report combined the actual circumstances of the Company with an in-depth long-term study of the relationship between the sustainable development of its business, the environment and society, which is embodied in every specific visible indicator and integrated into the consideration of each annual important issues.

The Manual is compiled in accordance with the requirements of the "Environmental, Social and Governance Reporting Guidelines" of the Hong Kong Stock Exchange, and with reference to "Sustainability Reporting Guidelines" (G4) of the Global Reporting Initiative (GRI), "Financial Services Sector Supplement" of the GRI, "Opinion on Strengthening Social Responsibility of Banking Financial Institutions" of the China Banking Regulatory Commission, and "Guidelines on Corporate Social Responsibility of Banking Institutions" of the China Banking Association. The Manual mainly covers Harbin Bank Co., Ltd., including Harbin Bank's headquarters, domestic branches and sub-branches and village and township banks.

One should note that the Manual seeks to regulate internal information dissemination at various levels of the Company's ESG information management organisational structure to ensure the accuracy, completeness and substance of the ESG information while ensuring the Company's ESG risk control.

With these efforts, Harbin Bank has established a more comprehensive social responsibility management system, on the basis of the corporate social responsibility management framework established in 2014 and the "Environmental, Social and Governance (ESG) Information Management Manual of Harbin Bank Co., Ltd." completed in 2017.

Issues of Significance for 2017



Stakeholders

Stakeholder	Expectation and requirements	Communication	Response
Government	To support national strategies and economic development of Harbin and other related regions	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; supported the development of "agriculture, rural areas and farmers" and SMEs; supported the implementation of the policy of "Entrepreneurship and Innovation by All".
Regulatory authorities	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; and survey on clients' needs	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.
Environment	To develop inclusive finance, to support "agriculture, rural areas and farmers", "new green energy", SMEs' business development and Sino-Russia credit.	Strict implementation of national energy-saving and emission-reduction policies; and taking part in public welfare activities relating to new green energy.	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	To provide room for personal development, healthy and safe work environment and encouragement to take part in management.	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 culture of "Happy Work, Healthy Life".
Partner	Stronger communications and interaction, win-win situation through strategic cooperation.	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 take part in community establishment and development and be positive in assuming social responsibility to promote harmony in the society.	To actively take part in community building activities through the United Charity Foundation; and increase regular relevant interactions and activities.	Actively carried out poverty relief activities; providing support to education and cultural industries; actively participated in charity donation, innovated service channels, established branches for communities

Our Financial Responsibility Management

- 34 New Momentums: Increased Acceleration of Digital Inclusive Finance
- 37 New Values: Leader of Sino-Russia Financial Services, Facilitating the Belt and Road Initiative
- 39 New Responsibilities: Speeding Up the Education of Financial Consumers



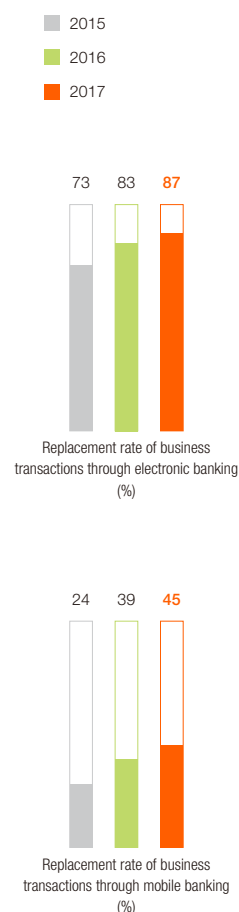
小额信贷中心

Microfinance Center



Total online banking customers
(0'000 people)

New Momentums



Increased Acceleration of Digital Inclusive Finance

In 2017, the Bank upheld the philosophy of “Inclusive Finance, Harmonious Co-Enrichment”, further accelerating the enhancement of digital inclusive finance service capabilities in accordance with the strategic requirement of “insisting on online mobile banking and offline traditional banking dual development” in the “2016-2020 Development and Strategic Plan of Harbin Bank”, so as to facilitate the implementation of the strategic goal of “establishing a first-class international microcredit bank providing quality and distinctive services”.

The Bank has gradually built up an electronic service system combining online means such as mobile phone banking, online banking, WeChat banking, phone banking and offline self-service terminals. E-channels have become the main business channels of the Bank. As at 31 December 2017, the replacement rate of business transactions through the Bank’s electronic banking reached 87%, and that of mobile banking reached 45%, representing the increase of 4 percentage points and 6 percentage points as compared to the end of last year respectively.

The Bank continued to strengthen IT establishment to facilitate the acceleration of digital inclusive finance. In 2017, the Bank continued its work on information technology establishment and achieved good results in the promotion of internal and external collaborative development, ensuring new core system construction, enhancement in infrastructure protection, strengthening of technology management, consolidation of the foundation for data management and optimisation of information security system thus providing more comprehensive and effective IT support for business development of the Bank, especially for the implementation of the microcredit strategy.

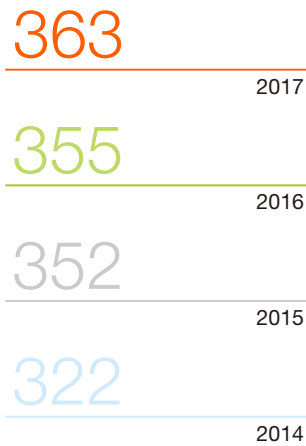
The major information systems of the Bank operated steadily without the occurrence of any material information security incident throughout the year, among which major systems including the core system, graphics front-end, online banking, core network and infrastructure had a stable operation rate of 99.98%, and the other major systems had a stable operation rate of 99.95%.

In order to further enhance the security of infrastructure, the Bank proceeded full ahead with the construction of three centres in two areas in 2017. During the reporting period, the construction of the computer room of the data centre in Jiangbei, Harbin had been completed and construction had commenced for the computer room of the Dalian Off-Site Recovery Centre. The data centre in Jiangbei will form a firm iron triangle with Dalian Off-Site Recovery Centre and the data centre in Bindao District, Harbin to make sure the IT infrastructure being safe and sound. The new generation core system fully implemented by the Bank will benefit the development of emerging businesses, including product innovation, centralised operation and mobile finance. Apart from supporting itself in the in-depth financial system reform and the progress of interest rate liberalisation, the Bank also established an expert team during the progress of the project.

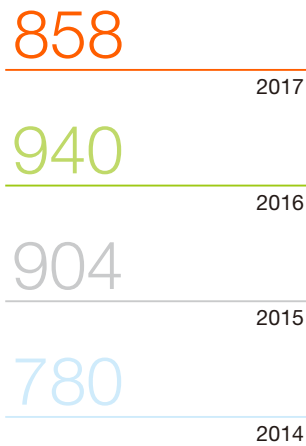
According to the New Five-Year Strategic Plan for 2016-2020, the Bank is determined to continuously expand the leading advantage of microcredit, focusing on the strategic goal of building a first-class international microcredit bank providing quality and distinctive services while accelerating the development of mobile finance and promoting the progress of digital inclusive finance, so as to make its contribution to the implementation of the Plan for Promoting the Development of Inclusive Finance (2016-2020) in China.



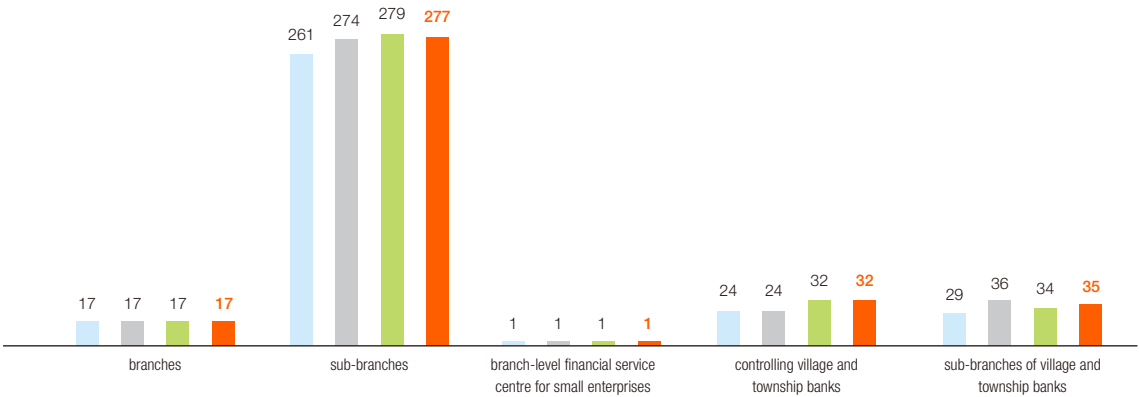
Physical Outlets



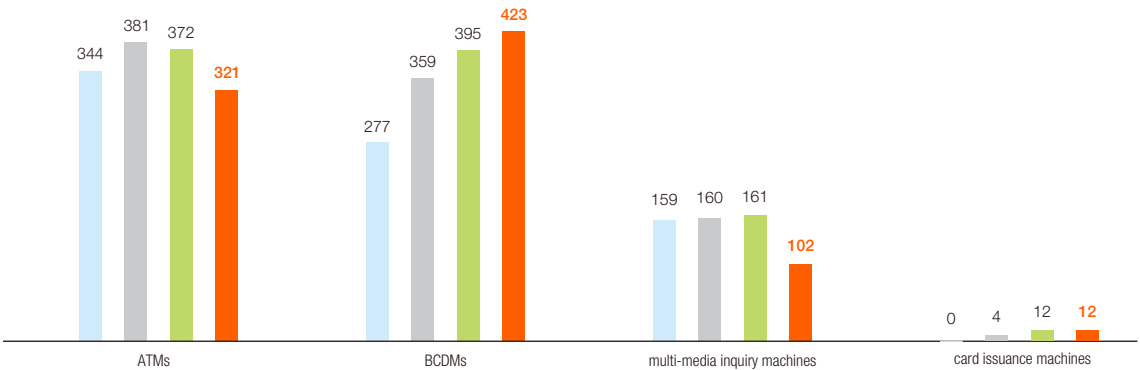
Self-service banking



2014 2015 2016 2017



* The establishment of 8 village and township banks was approved in 2016.





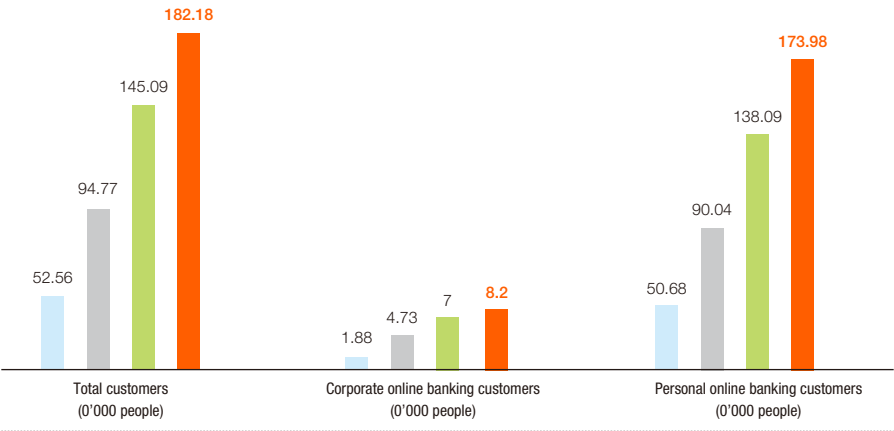
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Unified national customer service
hotline

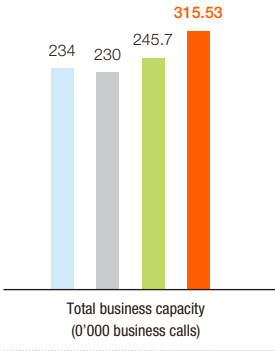
2014 2015 2016 2017



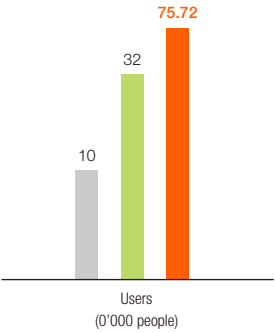
Online banking



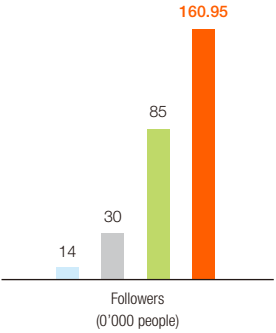
Phone banking



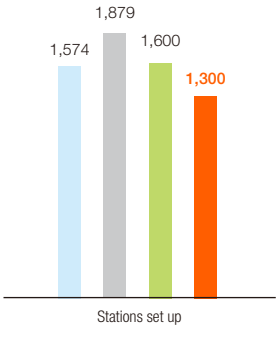
Mobile phone banking



WeChat banking



Farmer-assistance
e-stations



Direct banking



The Bank has established an operating and service model for direct banking with the Bank's unique characteristics.

Our direct banking supports app client and WeChat client terminals, and offers different functions for customers including investment and wealth management, daily-life payment, exercises, customer information enquiry and maintenance, medical insurance enquiry, news feed and fingerprint log-in.

It supports the binding of debit card of other banks as well as cross-bank credit card payment. In respect of security, our direct banking supports security and risk control measures including face recognition, online identity inspection and SMS verification.



Credit card of Harbin Bank
400 66 95537

* Covers 8 cities and 422 villages and townships in Heilongjiang Province.

New Values

Leader of Sino-Russia Financial Services, Facilitating the Belt and Road Initiative

In 2017, Harbin Bank continued to claim the Sino-Russia financial services as one of its bank-wide strategies by leveraging the advantages in financial resources of the Sino-Russia finance, and the Bank thus maintained its leading position in Sino-Russia financial services among its domestic peers. As at 31 December 2017, the Bank's financial services to Russia generated operating income of RMB182.5 million; and operating profit of RMB137.5 million. The Bank's balance of on-balance sheet and off-balance sheet asset businesses to Russia was RMB11,490 million, representing an increase of RMB2,736 million or 31.25% from the same period last year. The Bank handled Rouble foreign exchange of RUB57,568 million and cross-border transactions in Rouble cash of RUB10 million.

During the reporting period, Harbin Bank, as the Chinese promoter and the presiding 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 in 2015. 6 Chinese or Russian institutions had become new members, and the number of members grew to 68 from the 35 founding members. The Bank organised or participated in 3 international commercial events.

The Bank arranged 11 Chinese members in the council to participate in the 21st St. Petersburg International Economic Forum as representatives. In the forum, the council representatives participated in the general meeting of Putin, President of Russia, and leaders of various countries and established connection with financial institutions including Sberbank of Russia, Vnesheconombank and Russian Agricultural Bank as well as the government of St. Petersburg, which enhanced the international reputation and influence of the Company and the council.

The Bank successfully convened the 3rd General Meeting of Sino-Russia Financial Council. The meeting was included in the important official agenda of the 4th China-Russia Expo. Over a hundred of council members and representatives of Chinese and Russian enterprises participated in the meeting. The meeting fully explored the potential of council cooperation in higher perspective, deeper level and broader scope to achieve complementation of advantages and laid a solid foundation for the future development of the council.

The Bank participated in the 18th conference of the Sub-Committee for Financial Cooperation of the China-Russia Prime Ministers' Regular Meeting a (中俄總理定期會晤委員會金融合作分委會) as one of the city commercial bank representatives, serving as an important link to the Sino-Russia financial cooperative and innovative development.

1

2

1. On 15 June 2017, Guo Zhiwen, Chairman of Harbin Bank, delivered a speech on the 3rd General Meeting of Sino-Russia Financial Council.
2. At the 3rd General Meeting of Sino-Russia Financial Council.



In 2017, the RMB10,000 million syndication interbank loan business led by Harbin Bank (also as the correspondent bank) and co-launched with the Bank for Development and Foreign Economic Affairs in Russia achieved its first withdrawal of RMB50 million, marking the official implementation of the most influential cross-border interbank syndicated cooperation between Chinese and Russian financial institutions with the largest number of participants and the largest scale. It also participated in the US\$500 million cross-border syndicated interbank loan business of Credit Bank of Moscow, the third largest private bank in Russia, which deepened the cooperation between the Bank and the banks in core regions in Russia with respect to asset business. In cooperation with Russia's Asian-Pacific Bank, the first transfer of rouble in cash into China by air transport between financial institutions from China and Russia and without passage at cross-border cities was successfully completed. The Bank successfully invested in the panda bond issued by a Russian company along the Belt and Road Initiative; and executed an All-round Strategic Cooperation Agreement with Harbin New Area, the only state-level new area with the theme of Sino-Russia cooperation.

As at 31 December 2017, the total credit granted by the Company to Russian banks amounted to approximately RMB10,174 million; and the number of overseas correspondent banks reached 496, including 140 correspondent banks in Russia. The Bank became one of the banks with the largest number of Sino-Russia correspondent banks in China, signifying an important role for the development of Chinese and Russian financial cooperation. The Company actively cooperated and interacted with its correspondent banks in respect of international business, risk prevention measures involving anti-money laundering and anti-terrorism, as well as regional economic exchange. Harbin Bank was also selected as the "2017 Best Regional Cash Management Bank in China" by The Asian Banker, demonstrating the leading position of the Bank in Sino-Russia financial services.

In 2017, the cross-border E-commerce payment and settlement of Harbin Bank proactively expanded its national market and is en route to a healthy development, with stronger impact of its e-commerce brand and a greater market share in China's interbank market. During the reporting period, the existing customers in the platform reached 1,660, representing an increase of 209% year on year; a total of 9.17 million transactions amounting to RMB4,000 million were processed for cross-border e-commerce payment and settlement platform, representing an increase of 19.4% year on year. The platform accounted for over 13% of China's E-commerce international card payment and settlement for exports and had the fourth largest market share among domestic financial institutions; income generated from the intermediary business amounted to RMB42.07 million.

The cross-border E-commerce payment platform 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, and was a Major Project for Heilongjiang Luhai Silk Road Economic Belt as selected by the Heilongjiang Provincial Government. By virtue of the outstanding performance and brand influence of the Company in cross-border e-commerce payment, the Company received the 8th Golden Tripod Awards: Excellent Transaction Bank for the Year.

Internship exchange among member institutions of the Sino-Russia Financial Council



New Responsibilities

Speeding Up the Education of Financial Consumers



The Bank highly values the protection of the rights of financial consumers, and regards strengthening the popularisation of public financial awareness and promotion education as our responsibility. The Bank has established regulations such as the Administrative Measures for Agricultural Household Loan Information Service Business of Harbin Bank (Amended version) and the Administrative Measures for Electronic Bank Customer Information Security of Harbin Bank, to further clarify the secure use and management procedures of customer information. The Bank has established a consumers' interests protection system with clear duties, complete content and smooth channels in order to effectively protect the legitimate interests of financial consumers.

In 2017, the Bank actively responded to regulatory initiative and deployment and continued to organise and launch promotional events with a series of themes, including the "3.15 Financial Consumer Rights Day", "Financial Knowledge Month", "Revisit the History of the Anti-Japanese United Army, Embark on the Journey of Inclusive Finance" and "Financial Knowledge for Families", specifically focusing on organising promotion and education regarding knowledge on the protection of financial consumer rights such as money laundering, anti-counterfeit, private investigation, illegal fundraising and telecommunication fraud. Through various forms of promotion, such as LED electronic screens, setting up inquiry desks, hanging promotional slogans, distributing promotional leaflets and Internet promotion, the Bank penetrated deep into schools, communities, business districts, markets and agricultural villages, increased the understanding of financial knowledge in consumers/ users in the general public, strengthened public awareness on protection against financial risks, established the idea of "Enjoy Your Own Profits, Bear Your Own Risks", thereby increasing protective awareness on capital security and capabilities to identify and safeguard against financial risks.

Anti-Money Laundering Management

In 2017, aiming to explore and establish interactive prevention control system for online and offline businesses, the Bank constantly improved its anti-money laundering internal control system building, optimised its anti-money laundering business application system, perfected the suspicious transaction identification mechanism and enhanced analysis ability regarding suspicious transaction identification.

The Bank has established Harbin Bank Basic Internal Control Rules and Administrative Measures for Anti-Money Laundering of Harbin Bank in accordance with requirements under laws and regulations such as the Anti-Money Law and the Counterterrorism Law of the PRC, further enhancing customer identification and collaborated customer risk rating management and establishing a new monitoring mechanism for terrorism-related list, the anti-money laundering monitoring of the Bank gradually displayed the trends of "accurate positioning, quick pinpointing and precise measuring". The Bank comprehensively improved the levels of its anti-money laundering and anti-terrorist financing management in effective fulfilment of its corporate social responsibilities. The Bank actively assisted in anti-money laundering investigations initiated by the regulatory authorities, organised theme trainings and promotion campaigns on anti-money laundering and set up good internal and external environments for anti-money laundering, thereby effectively enhancing the Banks' ability to perform its management duties regarding anti-money laundering and improved its level of work.

Our Environmental Responsibility Management

The Bank fully understands its environmental responsibilities. The Bank upheld its microcredit strategy, while continuing to explore green financing and building a “green bank”. In 2017, the Bank strived to optimise credit structure, increased the scale of green credit operations, strengthened the awareness of green office, promoted travelling green and proactively participated in green charities.

- 42 Green Credit: Issuance of Green Bonds, Leading the Initiative
- 43 Green Office: Energy Conservation and Carbon Reduction, a Global Responsibility
- 45 Green Charity Campaign: True Participation, Creating a Friendly Environment





As at 31 December 2017,
green credit balance
amounted to RMB

1,862 million

绿色出行 · 橙意环保
共青团委哈尔滨银行股份有限公司

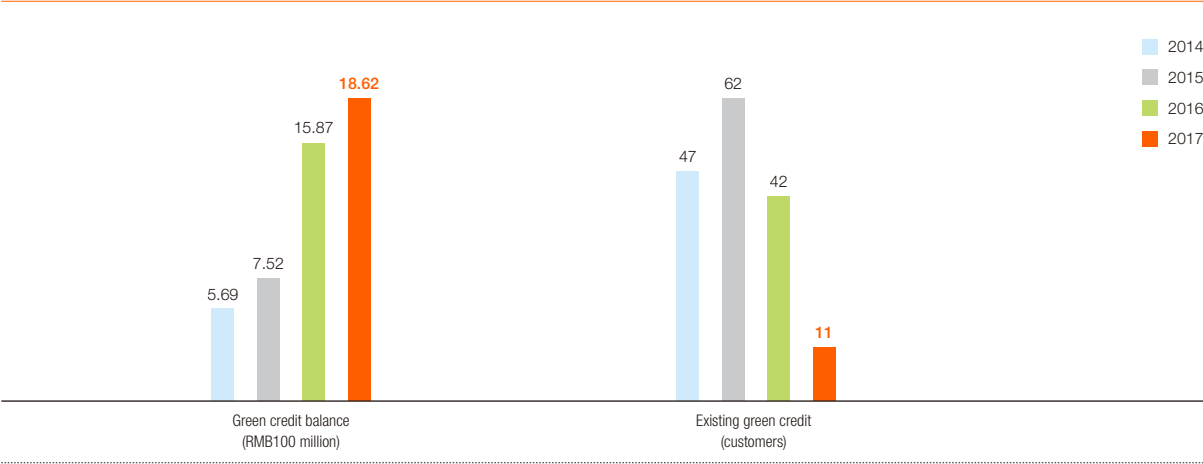
Successfully issued
green financial
bonds of RMB

50 billion

Green Credit Issuance of Green Bonds, Leading the Initiative

In 2017, the Bank successfully issued green financial bonds of RMB5.0 billion, becoming the first financial institution to issue green financial bonds in Heilongjiang Province. (For more details, please refer to the section “Our Focus in 2017: Green Finance, From Trial to Experiment”).

The Bank highly values green financial business, strictly implementing the national financial policies regarding green credit and actively exploring credit business models for related areas such as green economy, circular economy and low-carbon economy and striving to develop green credit. Targeting at industries characterised as having high energy consumption, high pollution and overcapacity, the Bank has formulated and put into place relevant credit management systems, specifically conducting measures to squeeze and eliminate loans to such industries in order to facilitate economic structure adjustment and industry transformation, focusing on establishing itself as an outstanding model of a “green credit” bank. As at 31 December 2017, the green credit balance of the Bank was RMB1,862 million. There were 11 green credit customers.



Note: We have recently adjusted the statistical scope for our green credit for the definition of green credit to be consistent with that of regulatory authorities in the PRC. Thus, the Company's green credit balance in 2017 are stated in accordance with such adjustments.

Green Office

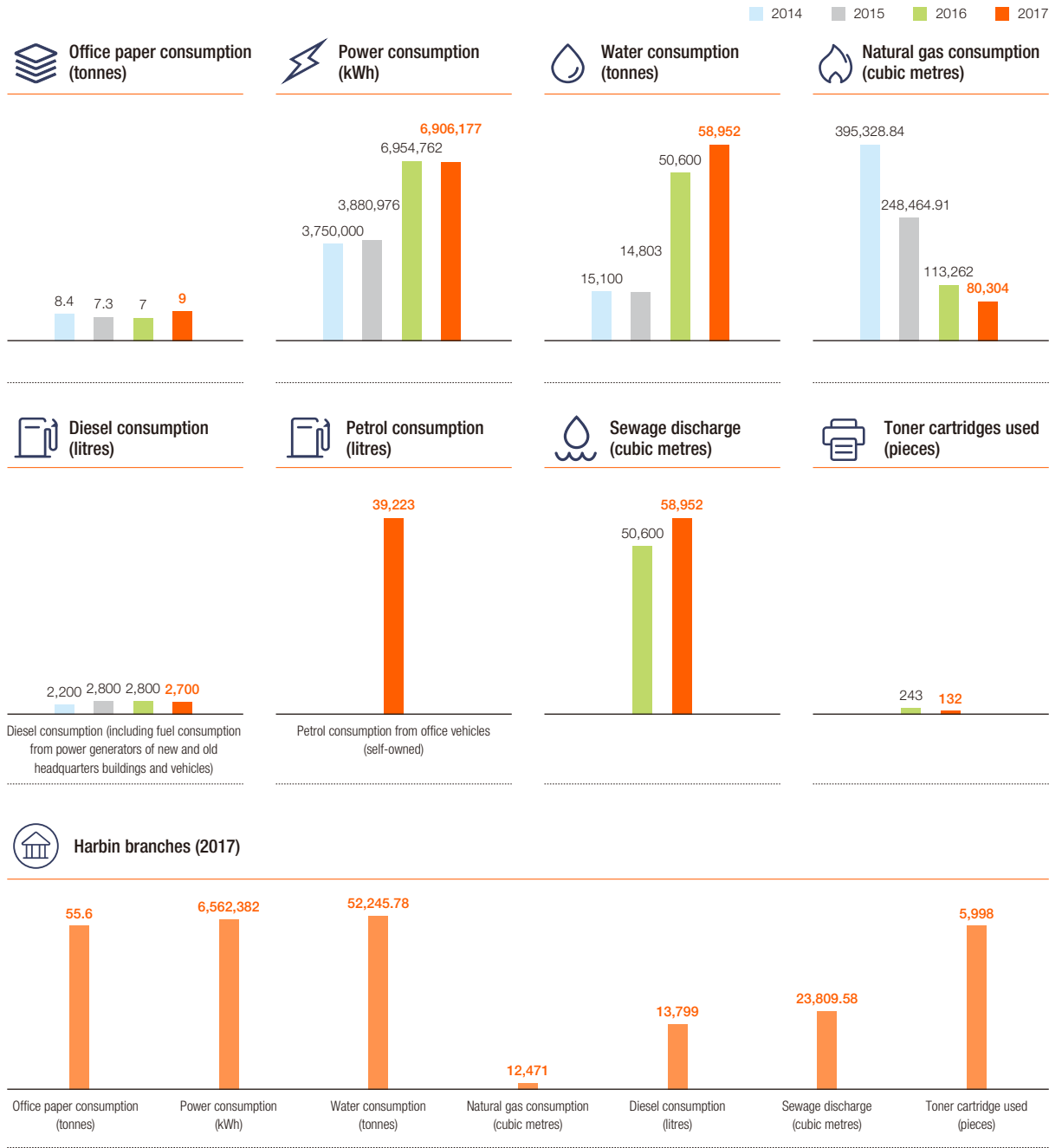
Energy Conservation and Carbon Reduction, a Global Responsibility

The Bank vigorously promoted its green office philosophy by reducing energy consumption and use of resources and lowering operational costs in order to build a green, low-carbon and clean office atmosphere. For years, the Bank has constantly strengthened its green office awareness, strictly requiring employees to adhere to energy conservation and consumption reduction principles. Reduction of electricity consumption includes using electronic office appliances that save energy and are environmentally friendly, turning off power when not in use and implementing minimum and maximum temperature limits for air-conditioning during summer and winter. Reduction of water consumption includes promoting reasonable and appropriate use of water resources, ensuring no faucets are running when not in use and turning off faucets at all times. Advocacy of travelling green includes encouraging headquarter employees to take the stairs more instead of elevators to reduce use and waste of resources used for elevators. The Bank also promotes the sophisticated concept of zero-waste meals.

In 2017, the Bank gained remarkable results in promoting paperless meetings, teleconferences and centralised printing. The amount of toner cartridges used in the headquarters building for 2017 was 132 pieces, 111 pieces less compared to that of 2016.

The Bank has implemented a centralised procurement system in accordance with relevant requirements regarding procurement management in the PRC. It completes procurements by strictly adhering to relevant policies and requirements under the Administrative Measures for Centralised Procurement of Harbin Bank and the Operating Procedures for Centralised Procurement of Harbin Bank and incorporates green concepts into relevant procurement management policies. The Bank also reviews suppliers' qualifications, such as their quality management system and credibility, and gives priority to select green, environmentally friendly and energy-saving products and suppliers in order to increase effectiveness of the use of funds and ensure procurement quality.





Note: We have recently adjusted the statistical scope for water consumption, natural gas consumption and sewage discharge, and such statistics in the headquarters building for 2015 and 2016 have been adjusted accordingly to ensure that figures from different years for this indicator are consistent.

Green Charity Campaign True Participation, Creating a Friendly Environment

The Bank has long been paying attention to environmental protection issues and considers carrying out green charity campaigns as one of the Bank's most important social responsibilities. The Bank promotes travelling green and has held various green charity campaigns such as tree planting, environmental clean-ups and promoting awareness for environmental protection. The Bank also pledges to take the lead in protecting the environment, helping improve the ecosystem and actively fulfilling its social responsibilities.

In 2017, our branches in Harbin, Dalian, Shenyang, Shuangyashan and Daqing actively participated in 13 campaigns organised by local youth leagues or NGO organisations, including the "Mother River Protection" operation, tree planting and plastic cleanups, with hundreds of employees participating.

On 22 September 2017, the Harbin Bank youth league organised a biking event under the theme "Travel Green and Protect the Environment with Harbin Bank" to respond to the call of "World Car Free Day", actively practicing the corporate cultural philosophy of "Happy Work, Healthy Life".

CASE

On 26 April 2017, Harbin Bank branches actively responded and sponsored Harbin City's large-scale tree-planting public welfare campaign for youths under the theme of "Mother River Protection, Beautiful Chinese Dream" launched by the Harbin City Youth League. The event has become a reserved project of Harbin Bank's environmental protection public welfare events.



Our Social Responsibility Management

- 48 Staff Safety and Career Development: Happy Work, Healthy Life
- 52 Social Public Welfare: Creating New Urban Culture and Reestablishing Community Relationships





成立二十周年
马拉松接力赛

In 2017,
Charity expenses
amounted to RMB

22.886

million



Staff Safety and Career Development

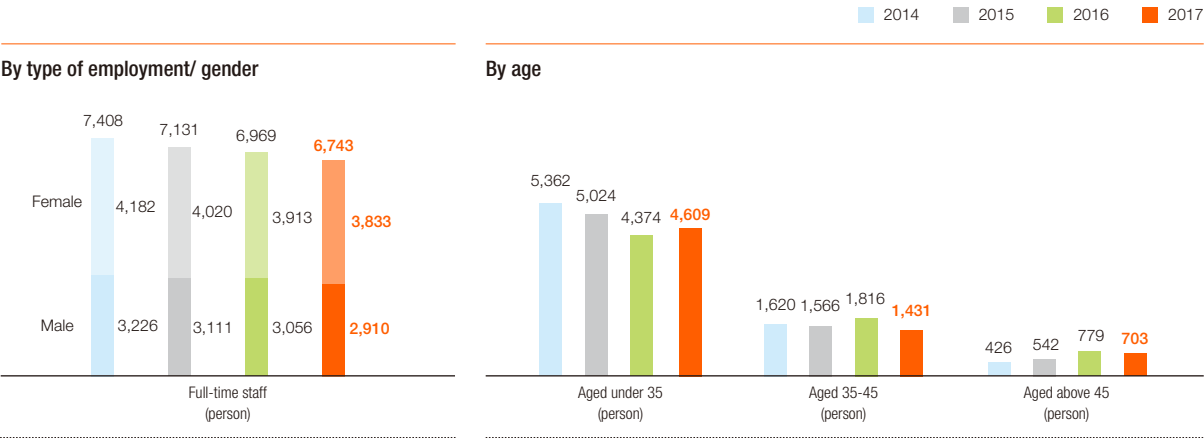
Happy Work, Healthy Life

The Bank has always adhered to the philosophy of “people-orientated and talent development” and promotes the concept of “Happy Work, Healthy Life”. In 2017, the Bank enriched the meaning of its occupational values of “clean and smart working” and proposed to build a team that adheres to the values of “loyalty, diligence, integrity and accountability”. With the combination of internal training and talent introduction, we have established a professional, dedicated and expert team comprised of quality staff.

Staff Safety During the reporting period, strictly in compliance with laws and regulations including the Labour Law, the Employment Contract Law and Social Insurance Law, the Bank entered into employment contracts with all employees. At the same time, the Bank established internal regulations and relevant provisions in terms of staff management, such as the Administrative Measures for Remuneration of Harbin Bank and the Administrative Measures for Staff Paid Leave of Harbin Bank to protect the rights of our employees in accordance with the law. In addition, the Bank timely made contributions to social insurance funds in full, and purchased additional labour injury insurance for employees. It opposed any form of forced labour. Regular body checks were organised for all employees. The Bank distributed labour protection appliances, thereby safeguarding the rights of our employees regardless of their religion, race, gender and colour. The Bank established broadband remuneration management system, optimised career path and career training, motivated staff’s initiative in a scientific and effective manner, and enhanced their loyalty and sense of identity.

CASE

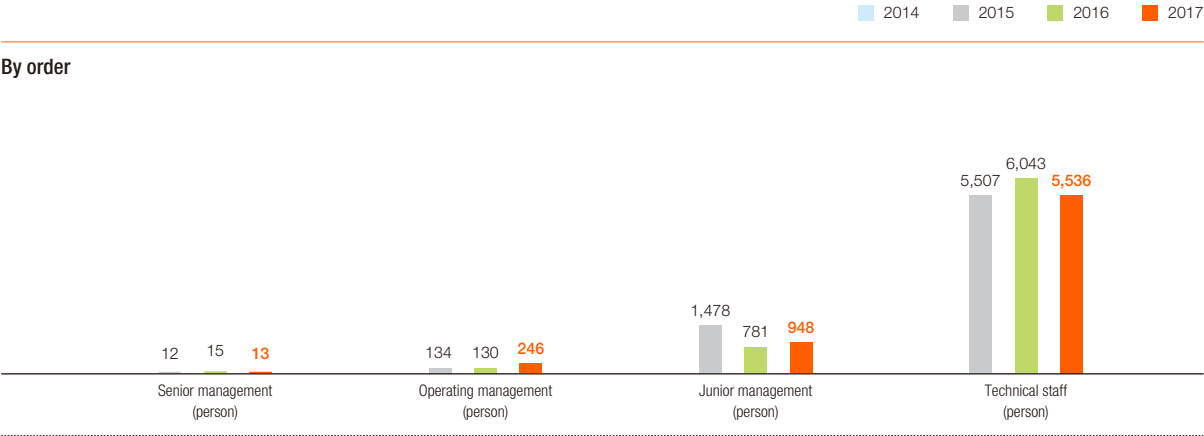
To facilitate building a harmonious labour relationship, the Bank established the “Helping Association” to relieve employees with severe illness of their financial concerns by way of administrative funding plus volunteer contribution from employees. As at the end of 2017, the Bank has raised funds of more than RMB16 million. As the Bank expands its institutions, establishment of the association’s branches has been rapidly increasing, the number of which has increased from 24 to 89 so far since the establishment of the first association. The number of members has increased from 1,500 to 7,800, with a 99% rate of employee participation. The Helping Association strengthens the awareness of mutual help and protection among employees and enhances risk tolerance. For the past five years, more than 200 employee patients have been provided with medical subsidies of more than RMB2 million.

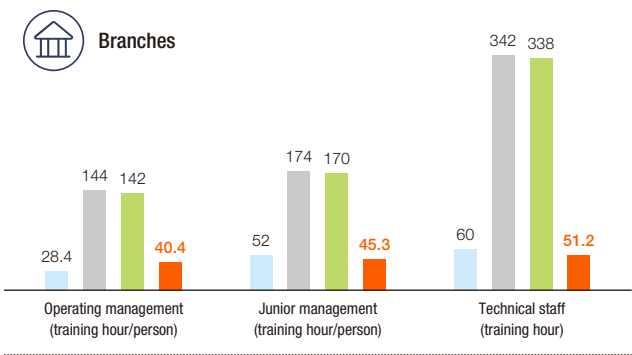
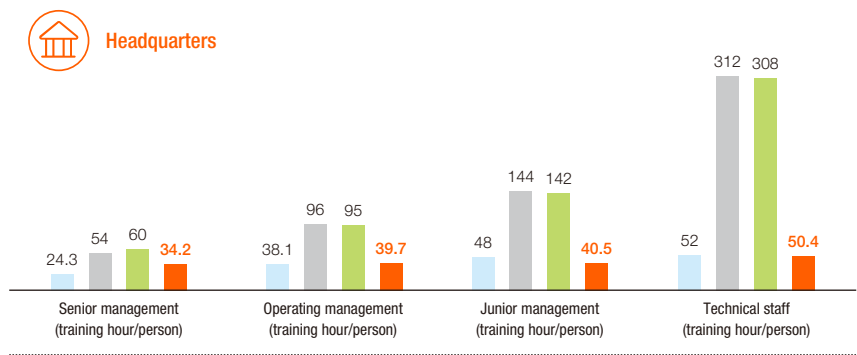
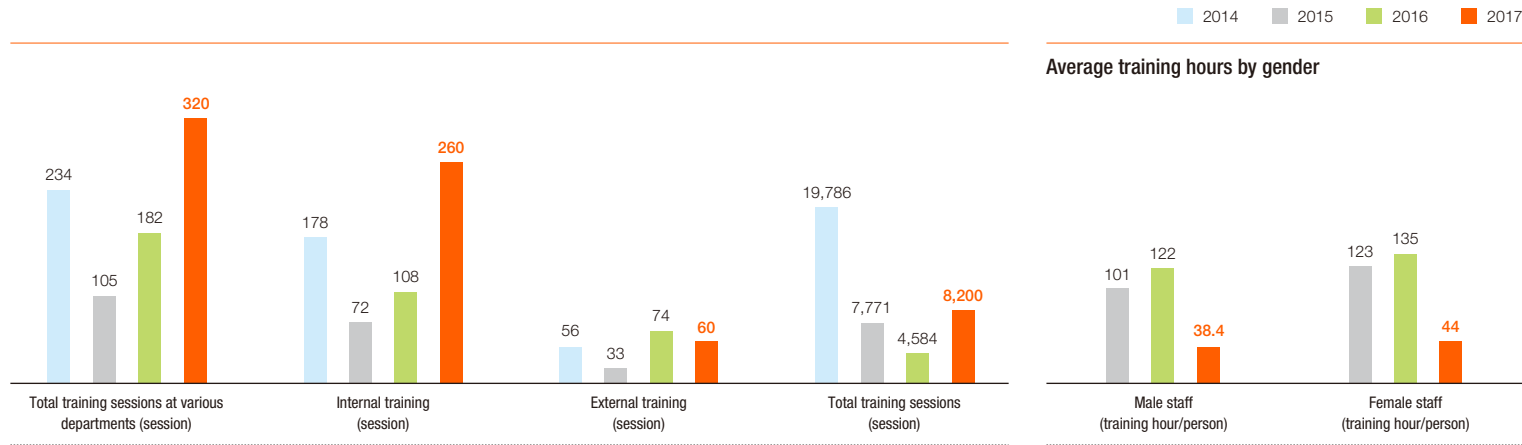


Establishment of talent pool In 2017, the Bank continued to utilise the leading role of the talent training system centring on the “Leaders Programme” with over 2,000 staff members in the talent pool. The Bank classified talents into four stages in accordance with the talent development cycle pattern to establish differentiated target groups, direction of talent reserve, learning positioning, cultivation methods and implementation planning. It cooperated with consulting firms on precise talent mapping to make clear the direction of talent cultivation, and adopted the LEGO cultivation system to combine the three aspects of learning resources, including classroom training, exchange and sharing and practical application, aiming to cultivate professional technical talents and high-efficiency management talents needed by the Bank. The work results from the “Leaders Programme” have become an important standard in selecting and appointing officials of the Bank.

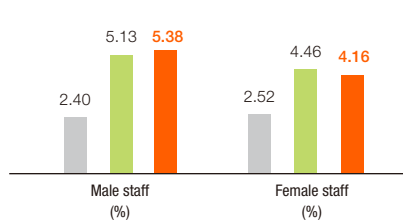
Career development path Striving to the principle of “talent-post matching and proper human resources allocation”, the Bank has established an open career development platform, which guides our employees to plan their career dreams and targets in a scientific, reasonable way, and properly mobilises their commitment and enthusiasm. Through internal recruitment, career promotion, work shifting, talent exchange programs, career training and other means, the Bank has created a multi-channel career development for its employees. Adhering to the principle of “training management reserve talents and establishing a talent team”, during the reporting period, the Bank organised and conducted recruitment and selection of trainee assistants for departments at the headquarters and trainee assistants to presidents of branches outside the province, aiming to discover outstanding talents and expand development paths for young management staff, and thus forming a structured talent team.

Training and education In 2017, the Bank conducted various professional training sessions focusing on improving the problem-solving ability of existing talents. During the reporting period, the Bank organised 260 internal training sessions and 60 external training sessions for selected staff members in total. The total attendance of the training sessions amounted to 8,200, and the average training hours amounted to 41.2 hours per person. The Bank arranged for 54 directors of departments at the headquarters, presidents of branches and senior management representatives to take part in a visiting programme in Huawei University in Shenzhen. In cooperation with the EDP Centre of Harbin Institute of Technology, the Bank conducted the one-year “Ability Enhancement Training Programme for Level 1 and Level 2 Sub-branch Presidents” with 66 trainees and 128 learning hours in total, of which two training sessions have been completed. The Bank also completed the pre-employment specialised intensive training for 91 new employees in headquarters and branches for the year 2017.

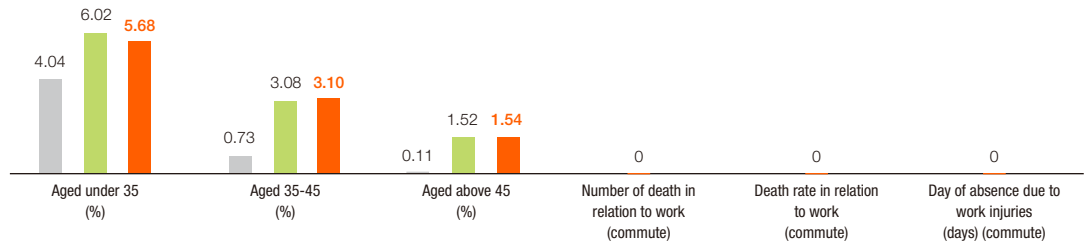




Staff turnover rate by gender



Staff turnover rate by age



20th Anniversary of the Establishment of Harbin Bank (Group) and Second Sun Island Marathon Relay. On June 3, we successfully held the marathon relay for the 20th anniversary of the establishment of Harbin Bank (Group), with the main venue located at Sun Island and sub-venues at 16 other cities where other branches are located. Nearly two thousand employees, business partners and clients from all over the country participated in the relay, having a taste of the charming corporate culture of “Happy Work, Healthy Life” of Harbin Bank.



Social Public Welfare

Creating New Urban Culture and Reestablishing Community Relationships

In 2017, the Bank adhered to its mission and seized opportunities in supporting the “Happy Community Programme”, the cultural exchange programme between China and Russia, Harbin International Marathon and providing education for impoverished students. In doing so, we dedicated ourselves to creating new urban culture and reestablishing community relationships, thereby demonstrating our sense of responsibility to the public through actions, and striving to become a bank with strong cultural foundation, outstanding charity brand and good reputation.

As at the end of 2017 the total expenses used in charity projects of the Bank during the reporting period amounted to RMB22.8860 million.

Systematic and Professional Voluntary Services

On 5 December 2017, the “Harbin Bank Youth Volunteer Service Team” was officially established, indicating that volunteer services have become more systematic, standardised and professional. As at the end of 2017, “Harbin Bank Youth Volunteer Service Team” has attracted volunteers from various departments at headquarters, various branches and sub-branches to sign up and participate. Job positions of participating employees span across all levels, including front-end, mid-end and back-end staff as well as those from the management, which shows the passion and willingness of young employees from all job levels to participate in volunteer services.



Continued Support for Education Development

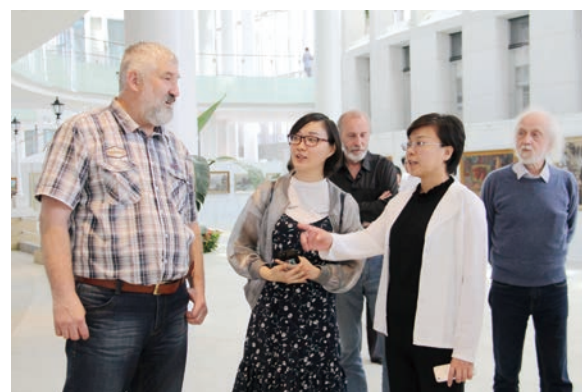
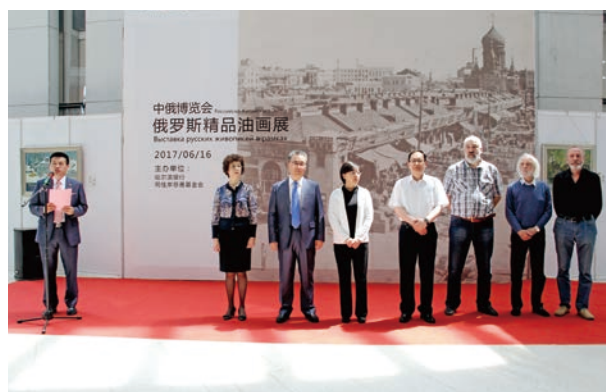
For nine years, Harbin Bank has been providing support to “Hongyi Education-aid Association”. Harbin Bank’s “Hongyi Education-aid Association” was founded in Huining Huishi Village Town Bank in 2009, specifically providing aid to students in Huining County, Gansu Province who are taking the National Higher Education Entrance Examination for the year. As at the end of 2017, the Association has provided 818 students with scholarships amounting to RMB833,000 in total. On 7 September 2017, the 2017 Hongyi Education-aid event was held in Huining County, Gansu Province, and awarded scholarships amounting to RMB22,000 to a total of 19 university students with financial difficulties

For eight years, Harbin Bank has been contributing to Harbin Institute of Technology Education Development Foundation. Since 2010, Harbin Bank has made donations to Harbin Institute of Technology Education Development Foundation for eight consecutive years, which were used for the university’s development and establishment. The accumulated donation amounted to RMB8.27 million. In 2017, the donation made amounted to RMB2.0 million, RMB1.8 million of which was used for building the university’s information technology system and RMB0.2 million of which was used for sport and cultural activities on campus.

Hosting the Russia Oil Painting Masterpiece Exhibition Twice

The influence of the Belt and Road Initiative has attracted much attention to Sino-Russia cultural and art exchange as well as trade development. As one of the earliest banks in the PRC to engage in Sino-Russia financial business with the largest cash operation scale in Rouble, the Bank has placed more attention and effort to Sino-Russia cultural exchange and promotion. In 2017, the Bank and United Charity Foundation co-organised the Russia Oil Painting Masterpiece Exhibition twice at the Harbin headquarters building in January and June successively. The public and tourists were able to visit the exhibitions for free.

Both exhibitions displayed more than one hundred oil painting masterpieces from nearly 40 Russian people’s artists and meritorious artists. The art works cover a wide variety of topics with diverse styles and various timespans, delivering an intense visual impact and aesthetic experience with great joy and content to viewers.



Fully Supporting Harbin Marathon and Creating New Urban Culture



Since 2016, the Bank will be the sponsor of Harbin International Marathon for ten consecutive years. Having been held for two years, Harbin Marathon has not only brought to the citizens of Harbin a vibrant celebration of an annual sports and cultural event, but has also become a new image of Harbin city.

On 26 August 2017, the 2017 Harbin International Marathon of Harbin Bank was held successfully, attracting nearly 30,000 participants from 31 countries and regions. The running group consisting of 1,580 staff members of the Bank's "Ha Run e Generation Club" was a spectacular sight to watch along the tracks. At the same time, the Bank despatched a volunteer team of 50 people to facilitate for the Harbin Marathon to run smoothly. It is worth mentioning that on 25 January 2018, the competition rating of 2017 Harbin International Marathon was promoted from a "Bronze-level Competition" to a "Gold-level Competition" at the Chinese Marathon Annual Ceremony hosted by the Chinese Athletic Association.



“Happy Community Programme”, Reestablishing Community Relationships

In 2017, the United Charity Foundation in Shenzhen City, initiated and established by Harbin Bank, officially initiated pilot work for the “Happy Community Development Programme” and tried a special project in philanthropy venture.

RMB1 million has been invested in this programme and the first venture philanthropy project was initiated in Jiamusi, supporting 58 projects and benefitting 10 of the city’s communities along with tens of thousands of people. The “Happy Community Micro-Charity” event, co-organised by the Bank, the Heilongjiang Civil Affairs Department, Life Daily Post (生活报) and United Charity Foundation, has commenced smoothly, with United Charity Foundation providing funds amounting to RMB100,000 for the use of aiding 35 micro-charity proposals. The communities participating in the programme launched more than 150 events in total, which directly benefited nearly 5,000 people. Services were provided towards home care for elderlies who have lost their only child and empty-nest elderlies, aid provision for the disabled and destitute, improvement of community environment and prevention of financial fraud in marketing campaigns, adding new energy to reestablishing and building new community relationships in Heilongjiang Province.



01 First stage (1st year)

Activate community resources, advocate voluntary services, seek for community leaders and establish community self-organisations.

02 Second stage (2nd year)

Promote the collective actions of community self-organisations from private issues to public affairs, and respond to community problems; the community micro-funds were preliminary established, which formed a self-governance force within the community.

03 Third stage (3rd year)

Research on actions under the community mutual funds, and conclude and promote the experience in community self-governance model.

Our Awards and Honours

No.	Awarding organisation	Name of Award	Month of Award
1	China Banking Association	2016 Advanced Unit for Legal Risk Management in Banking Industry of China	February 2017
2		5-Star Outlets in Provision of Standard High-Quality Services (Business Department of Mudanjiang branch)	December 2017
3		4-Star Outlets in Provision of Standard High-Quality Services (Jinnan sub-branch of Tianjin branch, Business Department of Jixi branch and Business Department of Qiqihar branch)	December 2017
4		3-Star Outlets in Provision of Standard High-Quality Services (Hunnan sub-branch of Shenyang branch, Business Department of Suihua branch, Business Department of each of Nangang sub-branch and Anfa sub-branch of Harbin branch, Nanchuan sub-branch of Chongqing branch)	December 2017
5	Brand Finance (UK-based brand consulting company)	2017 Top 500 Global Banking Brands: ranked 195th	February 2017
6	Forbes of the United States	2017 World's 2000 Largest Public Companies : ranked 1,130th	May 2017
7	The Banker of United Kingdom	2017 Top 1000 World Banks: ranked 217th	July 2017
8	The Fortune (Chinese Edition)	2017 Top 500 Enterprises in China: ranked 417th	July 2017
9	Chinese Society of Ideological and Political Work Financial Corporations Culture Promotion Association of China	2015-2016 Advanced Unit for Corporate Culture Building of Nationwide Financial System	January 2017
10	China Central Depository & Clearing Co., Ltd.	"Bond Institution of Good Progress Award" of Outstanding Members of China's Bond Market in 2016	January 2017
11	Clearing Center For City Commercial Banks	Outstanding Award	January 2017
12	China Banking Wealth Management Registration & Depository Center	China Banking Wealth Management Grade Work Outstanding City Commercial Bank (2016)	February 2017
13	National Interbank Funding Center	Active Dealer in Interbank RMB Market in 2016	March 2017
14	www.cebnet.com.cn	Harbin Marathon Gala: The Most Influential Award under the 3rd session of Golden Chestnut Award of China Financial Marketing	March 2017
15	China Financial Certification Authority (CFCA)	2017 Regional Commercial Bank Best Mobile Banking Innovation Award	March 2017
16	China National Committee on Aging	National Civilised Award for Respect to the Elderly (Heping sub-branch of Jixi branch of Harbin Bank)	March 2017
17	THE BANKER	Syndicated Loans to Russia: Top Ten Innovative Financial Products Awards (Corporate Business) under 2017 China Financial Innovation Award	June 2017
18		Medical Loan Tong: Top Ten Innovative Financial Products Awards (Retail Business) under 2017 China Financial Innovation Award	June 2017
19		Harvest E-loan: Top Ten Internet Finance Innovation Awards under 2017 China Financial Innovation Award	June 2017

No.	Awarding organisation	Name of Award	Month of Award
20	THE ASIAN BANKER	2017 Chinese Awards: Best Regional Cash Management Bank of China	August 2017
21	GLOBAL FINANCE	2017 Stars of China: Best City Commercial Bank	November 2017
22		2017 Stars of China: Best Bank for Asian Syndicated Lending	
23	China Co-operation Times China Finance Financial Brand Research Centre of Central University of Finance and Economics	Top Ten Innovative Institutions for Rural Financial Brand of China	July 2017
24	Heilongjiang Association of SMEs Accreditation Committee of Innovation Achievements of Heilongjiang Enterprises	Outstanding Service Institution of Supporting SME Development	August 2017
25	National Business Daily	2017 China Small and Medium Bank Pioneer List: Financial Inclusion List	September 2017
26	Office of China Local Financial Forums Financial News China Academy of Regional Finance	China Regional Finance (2016) Top Ten City Commercial Banks	November 2017
27	China Business Journal	2017 Small and Micro Financial Service Banks with Excellent Competitiveness	November 2017
28	Chinese Academy of Social Sciences and CICC Consulting	2017 Best Employer Brand in Banking	November 2017
29	China Electronic Commerce Association	2017 Best Customer Contact Centre based on Customer Ratings	November 2017
30	High Level Guidance and Management Committee of Information Technology Risk in the Banking Industry	Category II Achievement Award: Management and Control on the Feasibility of Banking Business based on DEVOPS Theory and A.I. Technology (《基於 DEVOPS 理論與人工智能技術的銀行業務可用性管控》)	November 2017
31	National Business Daily	8th Golden Tripod Awards: Excellent Transaction Bank for the Year	December 2017
32	www.hexun.com	The 15th China's Financial Annual Champion Awards: 2017 Technology Award for Commercial Banks	December 2017
33	Financial News	2017 Gold Medal Award of Chinese Financial Institutions • Golden Dragon Awards: Top Ten City Commercial Banks for the Year	December 2017

Prospects

2018 marks the first year where the spirit of the 19th National Congress will be thoroughly fulfilled, the first step for Harbin Bank to embark on a new journey after 20 years of development, and also a pivotal year to continue carrying forward the “new five-year” strategic developmental plan.

In 2018, not only will we establish the annual work theme of the “Year of Enhancing Governance”, we will also be guided by the values of “returning to basics, strengthening governance, strictly managing risks and promoting the development of the Group”. We will accelerate transformation and lay a solid foundation for our development, making our contributions to the 40th year since China’s reform and opening up policy with new measures and taking up new responsibilities.

Adhering to making progress in a stable and steady manner, digging deeper to unleash potentials, and maintaining our leading position as a city commercial bank. In 2018, we will keep a keen eye on the changes in the market environment and make use of the advantages of our differentiated services and core strategies in order to further optimise our business structure, make reasonable adjustments to resources and respond to market demands in a systematic manner, thereby unleashing our potentials in business operations and social responsibility management. We will fully capitalise on the development of the Belt and Road Initiative and seize the new round of strategic opportunities to vitalise Northeastern China and rural areas, taking on the new missions of a new era and demonstrating our renewed capabilities with vigour and audacity.

Adhering to returning to basics, focusing on our principle businesses and fully enhancing market competitiveness. Amidst the process of transforming from a commercial bank of rapid development to one of high-quality development, in 2018, we will continue to strengthen our focus on customer/users, make full play of the competitive edge gained from 20 years of intensive development of the microcredit strategy and leverage on our differentiated Sino-Russia financial business and the collaborative advantages of the Group’s internal resources. We will also strive to prevail from returning to basics, focusing on our principle businesses and providing services to the real economy.

Adhering to operating in compliance with requirements, strictly controlling risks and fully investigating and managing business risks. In 2018, we will closely follow the work theme of the “Year of Enhancing Governance” and put in dedicated efforts in operating in compliance with requirements as well as risk management. We will study typical cases of non-compliance that have occurred within the banking industry, carry out analysis of business disciplines and investigate potential risks. Meanwhile, we will also further improve the off-site supervision system and put in place proper risk prevention measures.

Adhering to enhancing the development of corporate culture and fully building a team that lives up to the values of “loyalty, diligence, integrity and accountability”. In 2018, we will welcome a younger team of talents as we go through the triennial rotation of the senior management, operating management, basic-level management and the core business team. Candidates will be selected and appointed based thoroughly on the standards of “loyalty, diligence, integrity and accountability” to build a solid talent base for the next ten or even twenty years of development for Harbin Bank.

In 2018, we will continue to enhance the concept of “Happy Work, Healthy Life”, promote the marathon spirit through the important opportunity to sponsor the Harbin International Marathon, reestablish community relationships of the new era with our “Happy Community Development Programme”, and strive to become a bank with strong cultural foundation, outstanding charity brand and good reputation.

Taking on new missions of a new era, demonstrating renewed capabilities in face of new responsibilities, In 2018, we will together build and embark on a new journey of progress and prosperity for Harbin Bank Group!

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

Scope	Main indicator		Proposed disclosure	Corresponding section	
Environment	A1 Emission	General disclosure	Policy on air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste and compliance with related law and regulations that have a material impact on the issuer	Y	Green office
		A1.1	Types of emissions and respective emissions data	Y	Green office
		A1.2	Volume (in tons) and (if applicable) density (in production volume per unit or per facility) of total greenhouse gas emissions	Y	The Company has not established greenhouse gas emissions statistics system
		A1.4	Volume (in tons) and (if applicable) density (in production volume per unit or per facility) of total non-hazardous waste produced	Y	Green office
		A1.5	Description of measures to mitigate emissions and results achieved	Y	Green office
		A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Y	Green office
	A2 Use of Resources	General disclosure	Policy on efficient use of resources (including energy, water and other raw materials). Resources can be used in production, storage, transportation, buildings and electronic devices, etc.	Y	Green office
		A2.1	Total direct and/or indirect energy consumption (in kWh) and density (in production volume per unit or per facility) by types (such as power, gas or oil)	Y	Green office
		A2.2	Total water consumption and density (in production volume per unit or per facility)	Y	Green office
		A2.3	Description of energy use efficiency initiatives and results achieved	Y	Green office
		A2.4	Description of any issues in sourcing testing water and improvement on water utilisation efficiency initiatives and results achieved	Y	Green office
		A2.5	Total volume (in tons) and (if applicable) production volume per unit of packaging materials used for finished products	Y	The Company is a financial services corporation and is not applicable to this indicator
	A3 Environment and natural resources	General disclosure	Policy on minimising material impacts on environment and natural resources caused by the issuer	Y	Green credit
		A3.1	Description of material impacts of business activities on environment and natural resources and measures taken to manage such impacts	Y	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, diversify, anti-discrimination, and other welfares and benefit	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 non-compliance 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	Financial responsibility management	
	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	Finance responsibility management	
	B6 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	Finance responsibility Management	
	B7 Anti-corruption	General disclosure	Policy relating to bribery, extortion, fraud and money laundering	Y	Anti-corruption and anti-money laundering management
	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	Internal control	
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	N	Internal control	
	B8 Community Investment	General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Y	Public welfare
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Y	Topic: Inclusive Finance	
	B8.2	Resources contributed (e.g. money or time) to the focus area.	N	Social responsibility Management Topic: Inclusive Finance	

Independent Assurance Report



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2017 Corporate Social Responsibility Report of Harbin Bank Co., Ltd. Independent Assurance Report

安永华明（2018）专字第 60715519_A01 号

To the Board of Harbin Bank Co., Ltd.:

I. Scope of Our Engagement

The 2017 Corporate Social Responsibility Report (the "Report") of Harbin Bank Co., Ltd. (the "Company") has been prepared by the company. Management of the company (the "Management") is responsible for the collection and presentation of information within the Report according to the principles of Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Ltd., and referring to "G4.0 Sustainability Reporting Guidelines" and "Financial Services Sector Supplement" of the Global Reporting Initiative, "Opinion on Strengthening Social Responsibility of Banking Financial Institutions" of the China Banking Regulatory Commission, and "Guidelines on Corporate Social Responsibility of Banking Institutions" of the China Banking Association and other standards, and for maintaining adequate records and internal controls that are designed to support the cooperate social responsibility reporting process.

Our responsibility is to carry out limited assurance procedures in accordance with International Standard on Assurance Engagements 3000 ("ISAE3000"): "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Federation of Accountants and issue the assurance statement for the year ended 31 December 2017 in accordance with the Management's instructions.

Our work was limited to these stated above and our report is made solely to you, as a body, and for no other purpose. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely as its own risk.

II. Work Performed

Our review has been planned and performed in accordance with ISAE 3000. In order to form our conclusions, we carried out the following procedures. In accordance with the Management's instructions, we performed limited assurance procedures at head office level over the following key performance indicators in the Report for the year ended 31 December 2017:

- The staff
- Proportion of female staff
- Proportion of female management staff
- Total charity donation
- Green credit balance
- The number of clients of village and township banking services
- Balance of microcredit

The limited assurance procedures we carried out are following:

- Interviewing the Bank's management and staffs responsible for the selected key performance information;
- Performing analytical review procedures;
- Performing sample inspection on the selected key performance information;
- Performing recalculation procedures;
- Other procedures we considered necessary.





安永华明（2018）专字第 60715519_A01 号

III. Limitations of Our Scope

Our scope of work did not include:

- Assessing the accuracy or fairness of information (including financial information) other than the selected key performance information.
- Reviewing the forward-looking statements made by the Management.
- Reviewing and consequently providing assurance on historical data.

IV. Level of Assurance

Our evidence gathering procedures have been designed to obtain a limited level of assurance (as set out in ISAE 3000) on which to base our conclusion. The procedures conducted do not provide all the evidence that would be required in a reasonable assurance engagement and, accordingly, we do not express a reasonable assurance opinion or an audit opinion. While we considered the effectiveness of the Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

V. Our Conclusions

Subject to the limitations of scope and based on the procedures specified above for this limited assurance engagement, we provided the following conclusions to the 2017 Corporate Social Responsibility Report of Harbin Bank Co., Ltd.:

Nothing has come to our attention that causes us to believe that the selected indicators were not presented fairly, in all material respects, in accordance with the Criteria.

VI. Our Independence

We are in compliance with the Ernst & Young Global Independence Policy which was designed to comply with the requirements of the IFAC Codes of Ethics for Professional Accountants (the IFAC Code). We believe that there were no events or prohibited services provided which could impair our independence.

VII. Our Assurance Team

Our assurance team has been drawn from our sustainability assurance service network, which undertakes similar engagements to this with a number of domestic or international businesses. Our assurance team has met the requirements of competence and work experience of this engagement.



Beijing, PRC
15 Jun, 2018

Feedback Form

Dear reader,

Thank you for reading this report. For improving the corporate social responsibility management work of Harbin Bank and promoting our ability to perform social responsibilities, we sincerely hope that you can evaluate this report. We would appreciate your valuable opinions and suggestions.

You may choose any of the following means to provide your feedback:

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

Please provide your feedback below:

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

Yes ☐ Somewhat ☐ No ☐

2. Do you think the report reflects the financial responsibilities assumed by the Bank in all respects?

Yes ☐ Somewhat ☐ No ☐

3. Do you think the report reflects the environmental responsibilities assumed by the Bank in all respects?

Yes ☐ Somewhat ☐ No ☐

4. Do you think the report reflects the social responsibilities assumed by the Bank in all respects?

Yes ☐ Somewhat ☐ No ☐

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

Yes ☐ Somewhat ☐ No ☐

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

Yes ☐ Somewhat ☐ No ☐

7. Please specify here any opinion and recommendation for our 2017 corporate responsibility report:
