

HarbinBank

HARBIN BANK CO., LTD. 2018 Environmental, Social and Governance Report

Stock Code: HK6138







2018 Environmental, Social and Governance Report



Explanation on Report Compilation

(1) Scope of the report

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

Report timeframe: 1 January 2018 to 31 December 2018 (with some contents exceeding the above timeframe). Report issue cycle: Annual report.

(2) Basis of report compilation

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 and Insurance 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 2018 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 2018. 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 selected key performance indicators with an independent assurance report issued.

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

(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).





Meaning of the Bank Logo

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

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

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Chairman's Statement



For Chinese society, 2018 marked the first year in which the 19th CPC National Congress ushered in the development of New Era, a crucial year for securing a decisive victory in building a moderately prosperous society in all respects, and the 40th anniversary of China's reform and opening up, resulting in a grandiose year of achievements and milestones.

For financial markets, 2018 marked a decade since the global financial crisis broke out in 2008, a year that witnessed our commitment to initial positioning, strict control of risks, stepping up efforts in win-win cooperation while taking a results-oriented and innovative approach in governance and rectifications as well as technological revolution.

For Harbin Bank, 2018 marked twenty years of our pioneering efforts, firm strides, and achievements, also a decade of unswervingly implementing microcredit strategy, 12 years since we adhered to the philosophy of "Inclusive Finance, Harmonious Co-Enrichment", the starting year of "New Three-Year" strategic plan (2018 – 2020), and a year that witnessed our commitment and efforts in building a first-class international microcredit bank by providing excellent services with unique characteristics.

Looking back on 2018, we maintained our strategic positioning while preserving our humility. We are more conscious than ever, have a better understanding of the concept of "Good Finance, Good Society" and the significance of maintaining our leading position as a city commercial bank. We bravely faced up the challenges of transformation brought by the new technological revolution, focused on enhancing the listed companies' capacity in terms of "Environment, Social, and Governance", and our brand philosophy of "trust, warmth, connection and commitment" is embraced by people. We strengthened the awareness of green banking, promoted the establishment of a new culture of "happy work and healthy living", and created a close new community relationship dominated by "Harbin International Marathon" and "Happy Community Project" to support poverty alleviation.

In 2018, we demonstrated new actions with new responsibilities, and we lived up to the new mission entrusted by the new era.

Remaining true to our original aspiration, returning to basics, new journey and re-starting. In 2018, Harbin Bank took "making progress while maintaining stability, returning to basics, strictly managing risks and promoting the development of the Group" as the guiding ideology, and "Year of Enhancing Governance" as the theme of the year, actively responded to the complicated and ever-changing external situation, maintained strategic strength, took the initiative to act, and focused its efforts on tackling difficult problems.

With respect to the characteristics of inclusive finance in the traditional sense, Harbin Bank continued to make efforts in expediting digital inclusive finance services, assisting the state in its strategy of "revitalizing the Northeast" and "revitalizing rural areas". As of the end of 2018, the balance of microfinance was RMB180.7151 billion, accounting for more than 70% of the Bank's total customer loans for four consecutive years. The Bank continued to increase its financial support for the intensive operation of rural regions and agriculture modernisation in the reclaimable areas based on the principle of "Benefiting Agriculture, Rural Areas and Farmers with Integrity", "differentiated policies in light of local conditions and making the best out of situations". The balance of the agricultural loan amounted to RMB42.5 billion, of which loans to farmers amounted to nearly RMB13 billion, an increase of 27.8% year on year, and the range of business service covered the majority of rural and reclaimable areas of 15 cities across China.

With respect to geographical advantages, we actively facilitated the construction of the "Belt and Road", continuously deepened the cooperation between China and Russia in the financial sector, maintained the leading level of domestic peers in rendering financial services to Russia, and covered the Russian and foreign currency clearing networks covering the entire territory of the Russian Federation, with our domestic and foreign currency settlement network covering the entirety of the Russian Federation. During the reporting reriod, in 2015, we, 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, and the number of members grew to 70 from the 35 founding members. Based on its outstanding performance in offering financial services for Russia, Harbin Bank was granted the "Best Trade Finance City Commercial Bank" award under the "Excellence in Trade Finance in China Award" selected by the Professional Trade Financing Committee of the China Banking Association, becoming the only city commercial bank winning this award during the year.

Making progress while maintaining stability, strictly managing risks, and effectively enhancing the standard of governance. In 2018, Harbin Bank achieved remarkable results in its work under the theme of "Year of Enhancing Governance". The revised "Articles of Association" was approved by the regulatory authorities, adding important clauses such as "The Party Committee shall play the core leadership role, providing direction, managing the overall situation and ensuring implementation" and "The Board of Directors shall be in charge of determining green credit development strategies, examining and approving the green credit objectives determined and the green credit reports submitted by senior management, and supervising and appraising the Company's implementation of green credit development strategies". The Party Committee gave full play to the role of providing guidance from an overall point of view and ensuring the implementation in respect of amending the rules of procedures for the Party Committee and exploring the methods and paths to effectively integrate the decisions of the Party Committee into corporate governance. The executive capability of the Board of Directors, Board of Supervisors, Shareholders' general meeting and the senior management was effectively enhanced; equity management was regulated; the decision-making mechanism of the Board of Directors, the supervisory mechanism of the Board of Supervisors and the executive mechanism of the senior management were also strengthened. The group management system with the Group's Board of Directors as the core was formally established and started to operate. The Group's strategic management was strengthened, and the strategic management system reform and mechanism optimisation were solidly advanced. The "New Three-Year" strategic plan (2018 – 2020) specified a clearer path to development.

During the Reporting Period, our risk management and control capabilities were constantly enhanced, and the risk management methods and tools continued to improve. Unified credit management was achieved for corporate clients of the Bank. The refined management standard of assets and liabilities was effectively enhanced; the differentiated risk pricing mechanism was established; and liquidity management was effectively reinforced. The new core system was put into operation successfully, the new construction of three centres in two areas was progressing smoothly, and the technological operation capability was further strengthened. The above initiatives not only provided a strong guarantee for the steady development of the Bank's business, but also made due efforts for the stable, orderly and healthy development of the financial market.

In 2019, we will celebrate the 70th anniversary of the founding of New China, and will also face increasingly complex and uncertain international political and economic situations and domestic economic transformation pressure. We will thoroughly implement the requirements put forward by General Secretary Xi Jinping at a symposium on advancing revitalisation of northeast China and the deployment of the Central Economic Work Conference. With a very strong strategic focus, we will actively and aggressively follow the development path defined by the "New Three-Year" strategic plan. With "Comprehensively Improvement" as the theme of the year, we will give full play to our own advantages, keep a low profile, and spare no efforts to enhance our own capability, constantly enhance our overall core competitiveness and brand influence, and live up to the great trust of the times and the expectations of the community!

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President's Statement



"New Journey and Re-starting!"

At the beginning of 2018, when we were full of enthusiasm and looked forward to the next 20-year development vision of Harbin Bank, which overcame all obstacles over the past two decades, our heart was filled with the impulse to start an undertaking again.

At that time, in terms of external situation changes and competitive pressure, "vigorous and tight regulation" had become the new normality. Various governance norms and new regulatory requirements had a huge impact on the entire financial market, and also provided opportunities for formal financial institutions to serve the real economy and develop in a regulated and orderly manner. The rapid advancement of financial technology, the fast-changing financial instruments and the interconnection of financial markets urged the traditional banking industry to rethink "how to adapt to market competition and customer needs", which presented new challenges to our traditional inclusive finance business and the advancement of our strategic goal of establishing ourselves as "a first-class international microcredit bank providing quality and distinctive services".

In terms of internal reform and development and social responsibility, 2018 was the year for the new session to take office in respect of the Party Committee, the Board of Directors, the management team and management positions of Harbin Bank, and also the starting year for the "New Three-Year" development strategy (2018-2020), and a crucial year for Harbin Bank to advance towards high-quality and high-efficiency development. After 20 years of inclusive finance development characterised by "Being Rooted in China, Serving Longjiang, Supporting Small and Medium-sized Enterprises, Growing Up with Each Other", all sectors of the society have higher expectations of the steady development of Harbin Bank, especially serving people's livelihood, responsible investment and green investment.

New team, new scene, new actions, new results. In the face of the challenges of the replacement of old employees by new employees within the Bank and increased external pressure, in 2018, Harbin Bank vigorously promoted "bearing feeling, entrepreneurial feeling, competitive feeling, mission feeling", and adhered to the working standards of "focusing on strategies, seeking truth and being pragmatic, and being problem-oriented". By closely focusing on the working theme of "governance enhancement", we advanced the effective linking up and connection of the strategic management system with systems such as marketing, risk policy, performance management, human resource management and scientific research and development, forming a strategic closed-loop management system of the Group, and continued optimisation and improvement in practice to lead the healthy and sustainable development of the Group, achieving valuable operating results.

As of the end of 2018, the Group's total assets exceeded RMB600 billion for the first time and amounted to more than RMB615.5 billion, up 9.1% from the beginning of the year and up 91.1% compared with that before listing, with a compound growth rate of 13.8%; net profit exceeded RMB5.5 billion, an increase of 5.0% year on year. During the Reporting Period, business quality and operating efficiency increased synergistically. Loans amounted to nearly RMB253.8 billion, an increase of more than RMB16.3 billion over the previous year, with a growth rate of 6.9%. Total deposits of customers exceeded RMB395.5 billion, an increase of more than RMB17.2 billion from the end of the previous year, an increase of 4.6%.

Actively explore the service innovation model and focus on empowering digital inclusive finance. In 2018, Harbin Bank used comprehensive retail finance to lead the development of retail loans, small and micro enterprise business loans, agricultural finance business and credit card business. The Bank developed innovative standardised product packages for microfinance service and customised financial service plans for customers from various sectors, and initiated whitelist marketing on mid-end and high-end customers of agriculture finance on a broad scale. HB Leasing focused on the utility, green energy and high-tech equipment manufacturing industries, and adhered to provide specialised services to "Agriculture, Rural Areas and Farmers". HBCF commenced a collaboration with the leading internet companies to launch the joint lending business. During the Reporting Period, we served more than 12.25 million retail deposit customers, a year-on-year increase of nearly 14%; the balance of microfinance exceeded 70% of total customer loans for the fourth consecutive year.

Actively comply with the trend of new technology revolution, continue to increase investment in information technology, and empower "digital inclusive finance". In 2018, the successful launch of the new generation core system, the completion of the construction and put into operation of the data centre in Jiangbei, and the creation of a green, safe and controllable infrastructure environment consisting of three centres in two regions provided strong technological support for the achievement of the strategic goals and the steady development of the Group in the future. The launch of agricultural loan online services on mobile devices built a "three-in-one" financial service channel of the pad, mobile banking and WeChat banking, which achieved whole-process online handling from application, acceptance, granting and repayment, providing agriculture customers a new experience of agricultural loan service featuring zero distance and mobilisation. During the Reporting Period, the replacement rate of business transactions through the Bank's electronic banking and mobile banking reached 91% and 51%, respectively.

Fully leverage the geographical advantages and help build the "Belt and Road". In 2018, the cross-border e-commerce platform independently developed by Harbin Bank became the only e-commerce platform that supported simultaneously MASTERCARD, VISA, JCB International Credit Card and Russian specialised local payment channels, and 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". A rising impact of its cross-border e-commerce brand and a greater market share in China's interbank market were realised. During the Reporting Period, platform transaction amount reached RMB4.97 billion, representing an increase of more than 24% year on year. Its market share reached a ranking of second in the industry. The Company had 2,186 stock cross-border e-commerce customers based in multiple regions with developed e-commerce such as the Yangtze River Delta and Pearl River Delta.

With a good risk control performance and increasing market influence, the platform received the "Best Risk Control Performance of the Year Award" and the "Outstanding Results of the Year Award" granted by MasterCard International, as well as the "Most Promising Foreign Card Acquirer Award" granted by JCB International Credit Card.

In 2018, Harbin Bank consolidated its strategic advantage in Sino-Russia finance, and handled Rouble foreign exchange of more than RUB58.7 billion and cross-border transactions in Rouble cash of RUB60 million and in RMB cash of RMB40 million. Inter-bank credit granted by the Bank to Russian banks amounted to approximately RMB7 billion, with our domestic and foreign currency settlement network covering the entirety of the Russian Federation, continuing to maintain a leading level among domestic peers.

In 2019, Harbin Bank will continue to adhere to the philosophy of "Inclusive Finance, Harmonious Co-Enrichment", and with making stable and comprehensive progress as the general principle, comprehensively enhance the integrated financial service capability, consolidate its own foundation for sustainable development, gain a deep understanding of returning to the basics, and serving the real economy and people's livelihood with higher quality and greater efficiency, so as to pay a tribute to the 70th anniversary of the founding of New Chinal

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Development Plan



Key Performance Table

Type of Indicators	Specific indicators	Unit	2018	2017			
	Total assets	RMB million	615,588.5	564,255.2	539,016.2	444,851.3	343,641.
	Operating income	RMB million	14,325.4	14,133.6	14,172.0	11,945.4	10,252
	Profit before tax	RMB million	7,305.2	7,128.0	6,445.6	5,919.0	5,127
	Net profit	RMB million	5,574.4	5,308.9	4,962.2	4,509.6	3,840
	Total tax	RMB million	3,462.11	3,445.03	3,811.1	2,788.8	2,281
	Earnings per share	RMB Yuan	0.50	0.48	0.44	0.41	0.3
Economic performance indicators	Average return on total assets	%	0.94	0.96	1.01	1.14	1.1
Indicators	Average return on equity	%	12.68	13.50	14.01	14.23	15.4
	NPL ratio	%	1.73	1.70	1.53	1.40	1.
	Capital adequacy ratio	%	12.15	12.25	11.97	11.64	14.
	Provision coverage ratio	%	169.88	167.24	166.77	173.83	208.
	Microcredit balance	RMB million	180,715.1	191,425.6	167,700.5	111,894.1	80,836
	Clients of village and township banking services	Account	446,391	373,646	322,463	267,758	33,2
	Total staff	Person	6,728	6,743	6,969	7,131	7,4
Social performance	Proportion of female staff	%	57.30	56.84	55.75	56.38	56.
indicators	Proportion of female management staff	%	51.11	46.00	45.67	45.71	46.
	Total charity donation	RMB'0,000	1,517.6	2,288.6	2,319.7	595	6
Environmental performance indicators	Green credit balance	RMB million	1,889	1,862	1,587	752	5

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 number of clients of village and township banking services represents the total number of depositors and clients for the lending business of village and township banks as at the end of the reporting period.

3. We adjusted the qualification criteria for green credit for the first half of 2018 to ensure consistency with the definition of green credit used by domestic regulatory authorities.

Harbin Bank released 2018 interim results in Hong Kong on 30 August 2018



About Harbin Bank



Overview



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

Harbin Bank has established 17 branches in Tianjin, Chongqing, Dalian, Shenyang, Chengdu, Harbin, Daqing, etc., and 32 village and township banks in 14 provinces and municipalities, including Beijing, Guangdong, Jiangsu, Jilin, Heilongjiang, etc. The Bank, as a controlling shareholder, has promoted the establishment of Harbin Bank Financial Leasing Co., Ltd., the first financial leasing company in Northeast China, and Harbin Bank Consumer Finance Co., Ltd, the first consumer finance company in Heilongjiang Province, respectively. As at 31 December 2018, the Group had 368 business outlets with branches and sub-branches across seven administrative regions of China.

During the reporting period, the Company completed the mid-term evaluation and adjustment of the Group's strategy to form the New Three-year Development Plan for 2018-2020, which specified the strategic visions, business objectives and implementation approaches of the Group for the coming three years.

In 2018, the Bank ranked 207th among the "Top 1,000 World Banks for 2018" and 34th among the Chinese-funded banks on the list according to The Banker of the United Kingdom; 217th among the "Top 300 of Most Valuable Chinese Brands for 2018" published by Brand Finance (a famous UK-based branded business valuation consulting firm) and 32nd among 47 banks on the list; and 489th among the "Top 500 Chinese Companies for 2018" published by the Fortune China. The Bank was also awarded the "2018 Gold Medal Award of Chinese Financial Institutions • Golden Dragon Awards: Top Ten City Commercial Banks for the Year" and the honour of "13th 21st Century Asian Financial Competitiveness: 2018 Inclusive Financial Business Bank".

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



Corporate Governance

Sound corporate governance is the essential responsibility of the Board of the Company. In 2018, the Bank strictly complied with relevant overseas listing regulatory requirements, and strived to improve the Bank's corporate governance mechanisms and enhance its corporate governance. The Bank has adopted the Corporate Governance Code in Appendix 14 to the Hong Kong Listing Rules, and has met the requirements of the PRC commercial bank administrative measures and relevant corporate governance requirements and has established a sound corporate governance system.

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

In 2018, the Company organised and held a total of 66 important meetings of all kinds (such as 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), including 3 general meetings and class meetings of shareholders in total, 8 meetings of the Board, 33 meetings of the special committees of the Board, 9 meetings of the Board of Supervisors. At the meetings, the Company considered and approved 249 major proposals and reports, including: the Work Report of the Board of Directors, the Work Report of the Board of Supervisors, the Work Report of the President, the Financial Budget Report, the Final Financial Account Report, the Profit Distribution Plan, the performance evaluation index of senior management, the Comprehensive Operation Plan, the Report on the Implementation of Related Transactions, the Risk Control Report, the amendments to the Articles of Association and the institutional development plan, etc.

It is noteworthy that in 2018, the amendments to the Articles of Association by the Company was approved by regulatory authorities. The amendments saw the addition of certain important provisions, including "the Party Committee shall play the core leadership role, providing direction, managing the overall situation and ensuring implementation" and "the Board of Directors shall be in charge of determining green credit development strategies, examining and approving the green credit objectives determined and the green credit reports submitted by senior management, and supervising and appraising the Company's implementation of green credit development strategies," all of which were timely made pursuant to the principles and relevant requirements as set out in the official documents including the Guiding Opinions on Deepening the Reform of State-owned Enterprises (《關於深化國有企業改革的指導意見》), the Certain Opinions on Upholding the Party's Leadership and Strengthening the Party Construction in Deepening the Reform of State-owned Enterprises (《關於深化國有企業改革中堅持黨的領導加強黨的建設的若干意見》), the Notice regarding the Promotion of the Incorporation of Party Building Work into the Articles of Associations of State-owned Enterprises (《關於扎實推動國有企業黨建工作要求寫入公司章程的通知》) and the provisions as set out in the regulatory documents including the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》) and the Guidelines on Issuing Green Credit (《綠色信貸指引》) issued by the CBIRC and other regulatory requirements.



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 conducted an annual evaluation of duty performance of the Directors to ensure that they are to fulfil their duties in a careful, earnest and diligent manner with self-discipline.

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

High attention to the rights of investors is the crucial foundation to create practicable returns for our investors. During the reporting period, the Company held analyst and investor conferences and press conferences in relation to the 2017 annual results and 2018 interim results in Hong Kong, with a total of over 90 fund managers, analysts and reporters from China and overseas attended the meeting; The management of the Company conducted two overseas result roadshows in March 2018 and August 2018, respectively, and met over 50 overseas institutional investors. In September 2018, the Company invited domestic and overseas institutional investors, analysts from investment banks and security firms to conduct reverse roadshows to showcase the special business of the Company, including the development of microcredit and agricultural loans, with a conclusion that related the concerns of investors to the Company's operation and management for better commencement of the Company's business development and the enhancement of its operation and management.

In 2018, the Company timely responded to the questions and recommendations provided by investors through various channels, including answering over 90 calls from investors, replying numerous e-mail enquiries from investors and analysts, and handling matters in relation to appointments of meetings of investors with the Company.



In September 2018, during the "2018 Reverse Roadshows" held by Harbin Bank, investors and analysts from several well-known domestic and foreign institutions such as BOC International, Haitong International Capital Limited and Mizuho Bank (China), Ltd. visited. Harbin Bank, and traveled to Jiansanjiang and Fuyuan in Heilongjiang Province for on-site visits.

Organisation Chart of Corporate Governance



Internal Control

Faced with uncertainties of external economic conditions as well as an environment with tightened and strict financial regulation as the norm, the Bank firmly adhered to the concept of "Create Value with Risk Management" and centered around the work theme of "Governance Enhancement" in 2018 to strictly investigate and control all kinds of risks and strictly adhere to the risk bottom lines, thus ensuring the steady development of all businesses of the Bank with overall risks under control.

Increasingly improved risk governance system. During the reporting period, focusing on the construction of three risk defense lines, the Bank strengthened its positioning in risk, compliance and credit, enhanced coordination of cooperation and integration of management, and pooled its resources to consolidate the "Major Risk Control" system. The Bank established and launched a differentiated and precise risk pricing mechanism for both retail and non-retail businesses under rigid control. Through strengthening on-site risk investigation, multi-dimension risk monitoring, and third-party data reference and verification, an independent risk balance mechanism was gradually established. By virtue of the establishment of the two-way reporting and vertical management system in the review process of credit approval, the enhanced mechanism for segregation of duties, the strengthened independence of the review process, and the improved means of investigation and examination on authenticity, the Company made constant improvement in due diligence at all levels.

As at the end of 2018, the NPL ratio of the Bank was 1.73%, which was 0.1 percentage point lower than the average level of domestic commercial banks. The impairment losses on loans ratio was 2.94%, representing an increase in both the impairment amount and provision rates for 6 consecutive years. Impairment coverage ratio was 169.88%, representing an increase of 2.64 percentage points as compared to the end of the previous year. The deviation of loan classification was 96.21%, representing a decrease of 18.83 percentage points as compared to the previous year.

Effective implementation of compliance management plan. Compliance management is a core risk management activity of the Bank. The Board of the Bank assumes ultimate responsibility for the compliance of the Bank's operating activities, and the Board of Supervisors supervises the compliance risk management. The Bank has built a comprehensive and effective compliance risk management system, consolidated the three defensive lines for compliance risk management, and achieved effective identification and management of compliance risks through continued improvement and optimisation of its compliance risk management as well as a higher risk management standard.

For the comprehensive implementation of supervision on the work requirements of ensuring a successful substantial risk prevention and resolution effort in a determined manner, during the reporting period, the Bank intensively performed inspection and self-inspection on internal control compliance. It also strengthened rectification and accountability for problems identified during inspection, thereby showing the power of compliance risk management and establishing the compliance consciousness 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" among all staff. At the same time, the Bank enhanced the study of domestic and overseas bills, regulatory policies and laws and regulations, and commenced regular compliance education and training, and enhanced compliance professional standards.

During the reporting period, the compliance management plan formulated by the Bank was effectively executed. The work mindset that integrates "prevention, control, examination and correction" has enhanced refined standards for internal control compliance, ensured that the comprehensive internal control and compliance risk management system is better adapted to business transformation and development, and further solidified the foundation of compliance management. At the same time, through pre-involved business research and development with respect to compliance, the Bank safeguarded the steady and sound development of innovative businesses.

Anti-corruption and Integrity

The Company advocates for a "loyal, smart working, clean, responsible" corporate culture. The development of integrity and occupational ethics has always been the top priority in the corporate culture development process.

In 2018, the Company adhered to relevant requirements, including Standards of the Communist Party of China on Integrity and Self-discipline and Regulations of the Communist Party of China on Internal Oversight, insisted on the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly carried out the spirit of the 19th CPC National Congress and made concrete efforts to strengthen the "four levels of consciousness", solidify the "four aspects of confidence" and achieve the "two layers of protection". The Company also focused on reinforcing discipline execution and supervision, fully utilised the "four forms", stressed the day-to-day efforts in rectifying the Party's political environment, strengthening daily supervision and management and imposing comprehensive countermeasures to expose minor violations as soon as possible, which fully demonstrated strict management and generosity towards Party members and enhanced the overall effectiveness of supervision.

During the reporting period, the Bank continued to carry out disciplinary work by strict focus on critical aspects to establish solid "firewall" therefor as well as strict prevention from revival of the "four forms of decadence", so as to build a positive political environment that is honest and righteous. The Bank also strengthened trainings on Party rules and discipline, organised and held explanation sessions of the Regulation of the Communist Party of China on Disciplinary Actions to accomplish early education and deep entrenchment of ideas. The Bank solidified its education through warnings, organised Party members and heads to participate in meetings to study and analyse violation cases of financial institutions as warnings, view *Remember Where You Started*, a large-scale play surrounding the theme of integrity, watch warning educational films such as *Always On the Road* and *From Madness to Extermination* to urge Party members to uphold their original aspirations and always stay alert.

Social Responsibility Management

In 2014, Harbin Bank established the framework for social responsibility management, initially forming a social responsibility management system supported by financial responsibility management, environmental responsibility management and social responsibility management.

In 2017, the establishment of social responsibility management system was further improved. We completed the compilation and issuance of the first Environment, Social and Governance Information Management Handbook of Harbin Bank Co., Ltd. (the "ESG Information Management Handbook") in accordance with the requirements of Environmental, Social and Governance Reporting Guidelines of the Hong Kong Stock Exchange for implementation.

In 2018, the improvement of the Company's ESG management has reached a new level. We completed the amendments to the Articles of Association and gained approval from regulatory authorities. The newly added terms, which involve every aspect of environmental, social and governance as well as evaluation on ESG management indicators and issues of significance for the year, play an important role in providing guidance and in decision-making.

As compared with issues of significance for last year, while supporting SMEs, the Company specifically added "Support Private Enterprises" to "Inclusive Finance", the issue ranked first in 2018, based on its profound grasp and understanding of guidance of macroeconomic policy, on its active response to strategic planning for national inclusive finance development, and on its confidence in the strategic positioning of its microcredit.

Regarding "Green Bank", it is particularly noteworthy that the newly amended Article 161(24) of the Articles of Association clarifies for the first time that "the Board is responsible for determining the development strategy of green credit, for approving the green credit objectives formulated and the green credit reports submitted by the senior management, and for supervising and evaluating implementation of the Company's development strategy of green credit", marking that green banking building has entered into a strategic dimension of the Company.

In 2018, the Company continued to include cultivation of talents and charity in issues of significance for the year.

Issues of Significance for 2018



Stakeholders of Harbin Bank

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

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

In July 2018, Guo Zhiwen, Chairman of the Company, discussed poverty alleviation work with the leaders of county, town and village levels and the members of the on-site poverty alleviation teams of the headquarter in Shuanglong Village, Liutuan Town in Yanshou County, Heilongjiang



Featured Topic: Our Focus in 2018

- Battle against Poverty: Empowerment through Financial Poverty Alleviation
- Green Finance: Value through Responsible Investment
- Financial Service and Urban Marathon Event: Depth through Cross-border Integration



Battle against Poverty: Empowerment through Financial Poverty Alleviation



In 2018, Luo Zhonglin (second left), a member of the Party Committee of the head office and the chairman of the Labour Union, was outposted to the village for three times.

Harbin Bank places high importance on the battle against poverty and has followed through the coordinated development between rural areas in poverty and city areas. Leveraging on its own advantages, the Bank actively implemented the system of "Cooperation with Local Governments" to make solid efforts in aspects such as innovation on poverty alleviation credit products, differentiated poverty alleviation services and infrastructure development in line with local conditions to achieve benefits.

During the reporting period, poverty alleviation loans distributed for the year amounted to RMB105 million. Accumulated poverty alleviation loans distributed amounted to RMB2,567 million. Balance of targeted poverty alleviation loans amounted to RMB231 million (of which, balance of the targeted poverty alleviation loans in Heilongjiang amounted to RMB178 million). Number of registered people with the Bank's support reached 5,355. Number of accumulated registered households with Harbin Bank's support reached 69,600. Number of people lifted from poverty for the year was 3,212 and number of accumulated people lifted from poverty was 30,300. Further, according to incomplete statistics, during the reporting period, the Bank devoted public welfare funds of nearly RMB1.5 million into poverty alleviation for rural areas.

In 2018, under the guidance of Heilongjiang Provincial Government, the People's Bank of China and other authorities, the Bank promoted pragmatic implementation of the Work Plan for Financial Poverty Alleviation for the "Thirteenth Five-year Plan" Period of Harbin Bank (《"十三五"時期哈爾濱銀行金融扶貧工作規劃》), the Guidance Opinion on Poverty Alleviation (《扶貧工作指導意見》) and the Work Plan on Further Strengthening Financial Targeted Poverty Alleviation of Harbin Bank (《關於進一步加強哈爾濱銀行金融精准扶貧工作方案》). The Bank also set up a steering Group on loans for Targeted Poverty Alleviation Projects to specify the contact person of the poverty alleviation projects, and expedited the placement of the targeted poverty alleviation loans.

Prioritising financial resource allocation for targeted poverty alleviation and continuously optimising the environment for poverty alleviation loans.

Harbin Bank continued to encourage its branches and sub-branches to ensure the distribution of poverty alleviation microcredit, with the risk compensation subsidies and interest subsidies provided by local governments, so as to provide the most practical loan products to people in poverty. While keeping risks under control, the Bank further streamlined the process of poverty alleviation loans and its approval procedures to avoid raising the bar without legitimate reason and to eradicate unreasonable charges. Leveraging on its "local and geographical" resources and taking advantage of the microcredit strategic features, Harbin Bank commenced its poverty alleviation credit work with specific aims through its key products such as loans to farmers, education loan, entrepreneurship loans for college students, entrepreneurship loans for women and re-employment loans for laid-off workers, and set up preferential policies to cover farmers in poverty with good credit ratings on credit limit, interest rates, terms and collaterals of secured loans.



Enhanced financial services for targeted poverty alleviation and expanded new channels for the industry to alleviate poverty. Harbin Bank is dedicated to tackle the difficulties and high cost that new-type agricultural business entities and poor households are having in getting finance. By leveraging its innovative product, Agricultural Revitalisation Loan (農 興 賞), the Bank provided customised services such as pricing discounts, term extension, green approvals, door-to-door services, online revolving products and value-added services for leaders spearheading the effort to alleviate poverty in the industry, and encouraged new-type agricultural business entities to help poor households develop their businesses. The Bank also introduced guarantee resources of the agricultural ecosystem to exercise the function of "credit enhancement and risk reduction" of the agricultural guarantee system with the model of "provincial agricultural guarantee system + credit". Meanwhile, by taking advantage of its leading role in the industry chain, the Bank achieved its goal of providing upstream and downstream farmer entities with comprehensive services, addressed the issues of obtaining guarantees for and the high costs of financing for poor farmers effectively, and expanded new channels for the industry to alleviate and prevent poverty.

The ability of village and township banks in impoverished counties recognised by the central government to combat poverty is continuously strengthened. The 32 village and township banks established by the Bank have 36 branches, of which 19 are rural service points for the underprivileged and impoverished, an increase of 1 as compared with last year. 10 village and township banks established in poverty-stricken counties, accounting for about one-third of the total, are located in Huining County and Tianshui County in Gansu Province; Yanshou County, Baiquan County, Huachuan County and Huanan County in Heilongjiang Province; Baoting County in Hainan Province; Wulong District and Youyang County in Chongqing; and Langzhong County in Sichuan Province, respectively.

All village and township banks implemented the market positioning of "four adherences", i.e. adhering to localisation, lower stream expansion, specialised operation and serving the "Agriculture, Rural Areas and Farmers" and small and micro enterprises, gradually forming a unique cultural concept, ideology, management model and working mechanism which have effectively enhanced core competitiveness and contributed to supporting local economic development and poverty alleviation.

Below are the two examples of the two village and township banks in Huining County and Tianshui County in Gansu Province.

The village and township bank in Huishi, Huining County, has fully implemented the microcredit strategy of the parent bank since its establishment nine years ago. The bank has been ranked as grade 2 of regulatory rating for six consecutive years and received over 30 awards of various kinds, including the "Best Risk Control Award in 2014" of the Micro-entrepreneurship award of China Banking Association (Citi Bank Group) and the Governor Financial Award of Gansu Province – prize for development of new financial institutions in farm villages, etc. The bank helped and supported over 6,000 women in towns and villages to start their own businesses by providing strategic loans such as microcredit for women as well as re-employment loans for laid-off workers, and provided scholarship of RMB845,000 in total through Hongyi Education-aid Association of Harbin Bank to 821 university students from families in financial difficulties over the past nine years. The bank earned recognition and won local trust for its "clean and honest, regulated, efficient and flexible" services.

Established in June 2017, Tianshui Maiji Rongxing Village and Township Bank leveraged the advantages of its "fast, flexible and efficient" financial services as a corporate bank to support regional economic development and carry out targeted poverty alleviation. The series of financial products that designed and launched by the bank such as "Loncheng Easy Loan" (龍城易貸), "Pepper Farmer Loan" (椒農貸) and "Fruit Farmer Loan" (果農貸) have been well-received by local customers and won multiple awards such as "Agriculture Supporting Advanced Unit" from local government.

CASE 🔨 Exploring long-term and on-site poverty alleviation mechanism and laying a solid industry foundation to lift people out of poverty

On-site poverty alleviation teams of the headquarter

Shuanglong Village of Liutuan Town, in Yanshou, Heilongjiang, is a targeted village for poverty alleviation designated by Harbin Bank in the Harbin region. Since the dispatch of the on-site poverty alleviation teams there in June 2017, implementation of industry poverty alleviation projects and improvement of public infrastructure in the Shuanglong Village have always been the top priority for the Bank. On 26 July 2018, Guo Zhiwen, the secretary of the Party Committee and the Chairman of the Bank, visited Shuanglong Village in person to conduct on-site investigations and provide guidance on the poverty alleviation activities. Luo Zhonglin, a member of the Party Committee and the chairman of the Labour Union, conducted works in the village for three times to ensure all projects were on schedule.

Invested a total of RMB600,000 in Shuanglong Village as a poverty alleviation fund in 2018, which played a pivotal role in the implementation of poverty alleviation projects. The fund was used to purchase 21 acres of land that serve as the site of a 400-kilowatt photovoltaic power station. Following the completion of the station, it is expected to generate an annual income of over RMB300,000, which will help lifting 58 poor households out of poverty and accumulate fund for the village as a whole. Part of the fund was used to pay for the maintenance fee of the party member community center in the village, providing a proper venue for party activities, while the remaining fund will be used to develop industry projects and other projects.

Helped 43 poor households to sign the "Join with capital investment (帶 資入社)" agreements with local leading enterprises to increase the households' income. During the reporting period, the on-site poverty alleviation teams conducted several negotiations with Yanshou Rongxing Village and Township Bank, Yanshou Rural Commercial Bank, Yanda Animal Husbandry (延大牧業) and Zhongshiyuan (中石源) etc. and solicited extensive opinions from the poor households. Through their efforts, 17 and 26 registered poor households uccessfully signed the "Join with capital investment" agreements with Harbin Yanda Animal Husbandry and Zhongshiyuan, respectively. "Join with capital investment" is undoubtedly a great attempt for the long-term poverty alleviation mechanism under which households will enjoy the microcredit loans granted under national policies to invest in local leading enterprises as capital investment, as the leading enterprises will use the capital in operating activities such as poultry farming, agricultural product processing and operating. During the term of the "Join with capital investment" agreements, relevant enterprises pay dividends to poor households periodically in proportion to the agreed revenues and ensure the safety of the fund.

Successfully facilitated the introduction of the Holland No. 15 Greenhouse-grown Potato Project. With the efforts of the teams, 15 poor households in Shuanglong Village and the public agricultural cooperatives in Yanshou County entered into the Holland No. 15 Greenhouse-grown Potato Project. The cooperatives provided the poor households with fixed amounts of fund, seeds, fertilizers as well as the technology needed. Potatoes harvested in the project belonged to the poor households, and the cooperatives neiped them sell the potatoes. At the end of the reporting period, most of the households enjoyed successful harvests and increased their average income by more than RMB2,000 per household.





哈尔滨银行成都分行帮扶壤塘县工作座谈会

The "One-on-one Poverty Alleviation Program for Villages" launched by Shuangyashan branch

In 2018, the branch in Shuangyashan actively enhanced its poverty alleviation and protection mechanism and refined relevant work measures. It successively launched various projects such as the One-on-one Poverty Alleviation Program for Villages, the One-on-one Poverty Alleviation Program for Poor Households as well as activities such as equity investment in charity and poverty alleviation activities jointly held by county and town governments. Following the precise poverty alleviation plans of the city committees and government in Shuangyashan, the branch reaffirmed its determination to implement the "One-on-one Poverty Alleviation Program for Villages." Targeting the Renhe Vegetable-farming Professional Cooperative Project of Raohe County that all villagers participated in, the branch invested poverty alleviation fund of RMB100,000. The Jixian sub-branch of the branch was invited to take part in the joint charity and poverty alleviation project, and the fund invested was used to purchase chicks and goslings in order to help poor households start poultry farming business.

Chengdu branch was named a consumer caring and poverty alleviating enterprise in the "Ten Thousand Enterprises Help Ten Thousand Villages" program launched by the government of Sichuan Province.

In 2018, Chengdu Branch made a donation of RMB225,000 to Rangtang County, Aba Prefecture, Sichuan Province, a targeted county for poverty alleviation, as well as RMB300,000 to Dege County. The branch also entered into the Liangshan Prefecture "Purchase in lieu of Donation" Targeted Poverty Alleviation 2018-2020 Collective Subscription Agreement with Liangshan Prefecture People's Government. During the month-long consumption for poverty alleviation activity in the "Ten Thousand Enterprises Help Ten Thousand Villages" program launched by the government of Sichuan Province, employees of the branch voluntarily contributed to industry poverty alleviation activities by purchasing agricultural by-products produced from impoverished areas. Chengdu branch was hence named a consumer caring and poverty alleviating enterprise in the "Ten Thousand Enterprises Help Ten Thousand Villages" program launched by the government of Sichuan Province.

The "One-on-one Poverty Alleviation Program for Poor Households" launched by Suihua branch

In 2018, Suihua branch invested a total of over RMB100,000 in poverty alleviation for the development of "Little Vegetable Garden Project" and animal husbandry projects under the "One-on-one Poverty Alleviation Program for Poor Households". It assisted in signing production and sale agreements to boost production and raise income, helped increase employment opportunities of poor households, and enhanced loan support to the households to resolve their fund shortage problem during spring ploughing and seeding. The poverty alleviation work performed by Zhaodong sub-branch was reported by the official website of poverty alleviation office of Helongjiang province and the official website of Zhaodong Sub-branch actively helped raise funds of RMB250,000 to build new offices of village committees. He also raised funds of RMB250,000 from Zhaodong City Comprehensive Industrial Zone to build a 1.45km-long red brick road as well as two new motor-pumped wells, which benefited over 350 people from 110 households of four villages



Green Finance: the Value of Responsible Investment

We are green banking builders. The Bank highly recognises the significance of ESG investments and fully understands the environmental and social responsibilities of its operation and development. Thus, it pays close attention to the positive impact of green credit on the reduction of greenhouse gas emissions, utilises resources with high efficiency to reduce waste emission, and promotes the application of environmental protection technologies.

In 2018, fully complying with regulatory documents and requirements including "Thirteenth Five-year Plan" of the State Council (《國務院 "十三五" 規劃》), Opinions of the State Council on Strengthening Major Environmental Protection Work (《國務院關於 加強環境保護重點工作的意見》), Guiding Opinions on Building a Green Financial System (《關於構建綠色金融體系的指導意見》) jointly issued by seven departments and commissions such as the People's Bank of China, and Guidelines on Issuing Green Credit (《緑色信貸指引》) of the CBIRC, Harbin Bank treated the building of a "Green Finance" system as its top strategic priority, which was included into the terms of reference of the Board and the Articles of Association. The Bank continued to improve its green credit policies, guided the investment direction of credit resources, strengthened environmental and social risk management and enhanced trainings of green credit business, striving to create green value and building a "Good Society" with "Good Finance".

Enhancing the strategic position of "Green Finance". During the reporting period, it was noteworthy that the Bank's latest amended Articles of Association approved by regulatory authorities designated "in charge of determining green credit development strategies, examining and approving the green credit objectives determined and the green credit reports submitted by senior management, and supervising and appraising the Company's implementation of green credit development strategies" as a clear terms of reference of the Board (see article 161, paragraph 24 of the Articles of Association published on 7 September 2018 for details).

Strengthening the process management of "Green Credit". The Bank strives to promote the eco-civilisation construction within China through the implementation of the green credit guidelines of the People's Bank of China and the CBIRC. The Bank actively explores green credit management in the context of the "new normal" to allocate credit resources reasonably and optimise the process management of green credit.



During the reporting period, major attentions are paid on customers' potential environmental risks and strict threshold standards are applied accordingly. Compliance with requirements for environmental protection, pollution control, energy-saving and emission reduction as well as ecology protection is set as an important criterion for issuing credit. Prior to any granting of loans, an investigation will be conducted on the environmental and social risk exposures of clients and their projects to strength control from the source. After loans are granted, the degree of compliance, factual information and risk exposures relating to the social benefits of the loan project is closely monitored according to the industry or regional characteristics of the customer and its projects. To ensure effective implementation of the reporting system, the relevant branches are required to conduct a timely investigation in the event of a significant environmental risk and to analyse its potential impact on the loan granting capabilities of the Bank, while taking immediate measures to avert exposures to such risks. As of the end of 2018, the green credit granting balance of the Bank was RMB1,889 million, representing 0.74% of the green credit balance, with 18 green credit clients.

In addition, it is noteworthy that Harbin Bank Financial Leasing Co., Ltd., a controlling subsidiary of the Bank, has preliminarily maintained a leading position in the domestic leasing market to farmers while focusing on the utility, green energy and other industries. During the reporting period, the accumulated investments amounted to RMB12,927 million, of which, the investment in production and supply of electricity, heating, gas and water amounted to RMB6,130 million, the investment in water, environment and public utility management amounted to RMB1,957 million, and the investment in agriculture amounted to RMB1,400 million, representing 47.42%, 15.14% and 10.86% of the total investment amount, respectively.

Paying major attention to the environmental benefits of "green financial bonds". The Bank completed the issuance of two phases of green financial bonds on 6 April and 5 May with a total value of RMB5.0 billion, signifying the Bank as the first financial institution to issue green financial bonds in Heilongjiang province. Ernst & Young Hua Ming LLP was nominated by the Bank to provide a pre-issuance limited independent certification report of the green financial bonds.

During the reporting period, the fund raised by the Bank's green financial bonds issued in 2017 was specifically directed to five categories of green industry projects including energy conservation, pollution prevention, resources conservation and recycling, clean transportation, ecological protection and climate change adaptation, to which Ernst & Young Hua Ming LLP carried out duration authentication accordingly. By the end of 2018, fund raised by the Bank's green financial bonds issuance were invested on 20 green projects, with a total investment amount of RMB2.746 billion. All in all, a total of RMB1.597 billion in raised fund were utilised. Also over the reporting period, four new projects were launched with an amount of RMB415 million of fund newly invested.

As reflected by the key environmental benefit indicators of the relevant projects, the total environmental benefit produced by the five major types of green projects, as supported by fund raised through the green financial bonds issued by the Bank in 2018, are as the illustrations above:

By fully utilizing funds raised by green bonds as per their usage requirement, the Bank seeks to maxmise fund usage efficiency so that all raised funds can be swiftly channeled to green projects in need of funding on time. In the long run, the Bank vows to direct fund for mainly green projects investment purposes in order to facilitate adjustment of economic structure and upgrading of industries to enable healthy development of green real economy, so as to fulfill its mission as a "green bank builder".

Financial Service and Urban Marathon: Realising In-depth Cross Sector Integration



The Bank endeavors to promote and organise urban marathons in Chinese cities, and is working on in-depth cross sector integration of financial service and urban marathons, so as to bring new impetus to local economic development.

Sponsorship for the Harbin International Marathon, to inject new force into Ice City's development. On 26 August 2018, the 3rd Harbin International Marathon sponsored by the Harbin Bank came to a successful conclusion with again the participation of approximately 30,000 Marathon enthusiasts from all over the world. From 2016 on, Harbin Bank upgraded Harbin International Marathon (Harbin Marathon), already under its sponsorship for consecutive 10 years, first by promoting the 2nd session from being the first "bronze medal competition" into "gold medal competition" in 2017, then the 3rd session of 2018 was nominated again as a gold medal event of the China Associations of Athletes, which is the highest grade in China marathon event.

It is worth mentioning that after the first session of the competition, the official website of the Culture and Tourism Department of Heilongjiang Province reproduced coverages by local media, quoting that "the Harbin Marathon provided new impetus for ice city's development, and bolstered city's competitiveness", with support of statistics from relevant departments to illuminate the positive impact of this event on local tourism industry, on sports-related consumption, and on improving urban manners and the upgrading of urban services. On the eve of 2018 Harbin Marathon, the Harbin Daily published a report on August 10th that titled "The wind of Harbin Marathon enhances the city's brand". The report said that the Harbin Marathon served to encourage a keen interest in fitness among all people throughout the city, and uplift readership on local media new media platform. It also attracted the participation of business elites such as executives from the world's top 500 corporations, and exhibited spillover effects to local tourism and consumer economy. The report also mentioned that the 2016 and 2017 session of the event contributed to the economy of Harbin in the amount of RMB140 million and RMB200 million respectively.





The new concept of "marathon financial service", as emphasised by the marathon -themed bank card, rooted deeply in the people's heart. In 2018, Harbin Bank tabled a new initiative of "marathon financial service". A revolution to individual card-centric financial service concept, the new concept integrates consumer payment, saving, wealth management services, and direct payment into one strategic servicelevel product. In June, the first marathon-themed credit and debit card product launched in the country, dedicated to create an exclusive card for marathon runners, and set to provide a full-service experience, was unveiled in the Group's key annual event: the "Taiyangdao Roundabout Marathon". This series of products are themed "Life is long, Credit is kev".

The Marathon themed series of bank card products, on its positioning of "creating an exclusive card for marathon runners", has become the most outstanding financial business identity on top of the 2018 Harbin Marathon and the 2018 Chengdu Marathon, and welcomed by all Marathon enthusiasts.

Other than featuring the smart postures of marathon runners, the new "On the New Journey" version bank card specially rolled out also features design elements from six cities including Harbin and Chengdu, so as to highlight Harbin Bank's attention to and confidence in the Marathon events of key cities in the country.

Supporting the "2018 Chengdu International Marathon" for the first time. Subsequent to sponsoring the Harbin International Marathon for three consecutive years, the Bank sponsored the "2018 Chengdu International Marathon" ("Chengdu Marathon") for the first time during the reporting period.



On 27 October, the 2018 Chengdu International Marathon commenced and Harbin Bank made its debut as a sponsor of the event. The "New Journey Edition", a new marathon credit card deliberately launched simultaneously with the Marathon event, delighted the fans of "Chengdu Marathon" with the design element of "Zhenjiang Tower", the tallest ancient tower in Chengdu.

Chengdu Branch, established in 2009, is the first non-local branch of the Bank in Southwestern China. "Zhenjiang Tower", located at Qionglai of Sichuan, is elected as the symbolic representation of Chengdu on the "New Journey Edition" of marathon credit card in honor of its eminence as the tallest ancient tower in Chengdu and its long history. As the tallest ancient tower in Chengdu, Zhenjiang Tower was built in the 47th year of Emperor Qianlong's reign (AD1782) and sited three kilometers southeast of the downtown of Qionglai. Building on the sandbar in the middle of riverbank of Nanhe River, Zhenjiang Tower of Qionglai still stands majestically having gone through numerous severe natural disasters such as windstorms, floods and earthquakes. Inside the tower are many excellent couplets, including the rather famous ones that read "Stand erect and reach the sky like a pillar surrounded by mountains and clouds; brave the winds and walk on the moon with smoke coming from tens of thousands of households rising up to the sky (拔地擎天四面雲山拱一柱, 乘風步月萬家煙火接雲霄)". Zhenjiang Tower is a popular destination among many travel enthusiasts.

While the Bank devoted itself to promoting the spirit of marathon, it was also actively establishing a platform for entrepreneurs who have formed ties with each other through marathons to conduct in-depth communication and facilitate mutual growth. The Harbin Marathon Entrepreneurs' Club was therefore born right before the commencement of the second Harbin Marathon in August 2017, and has become a platform for corporate customer service at a strategic level for the Bank. As the annual festival of the club, the "Night of Marathon" brand event attracted much attention during the marathon. In June 2018, during "Sun Island Marathon Relay", the Group's major annual sports event, the Bank invited its strategic partners to participate as corporate teams for the very first time.

From funding the building of the very first outdoor plastic track in Harbin City back in 2016, to being the sponsor of the Harbin International Marathon for ten consecutive years in hope of making the marathon a world-class sports event; from Harbin Marathon to Chengdu Marathon; from solely supporting the marathon via funding to providing integrated exclusive financial services; from the business's own pursuit of the marathon spirit to establishing a platform for entrepreneurs who have formed ties with each other through marathons to conduct in-depth communication and facilitate annual growth... the Group is witnessing a brighter future of the cross-border integration of financial services of Harbin bank and the sports economics.
In September 2018, line staff from the segment specialized in supporting agriculture participated in the Third Western China (Wenjiang) Gardening Trade Fair for 2018.



Our Financial Responsibility Management



Total number of online banking customers (0'000 people)

Harbin Bank upheld the operating philosophy of "Inclusive Finance, Harmonious Co-enrichment", committing to establishing "a first-class international microcredit bank providing quality and distinctive services".

Faced with ever-complicating and changing economic and financial situation and more stringent external regulatory requirements, in 2018, the Bank attached great attention to ESG investment, unswervingly focused on microcredit as its core strategy, proactively responded to the government's control policies and strictly compiled with regulatory requirements. Concentrating on the theme of "Year of Enhancing Governance", the Bank strongly promoted the transformation and upgrade of financial services with stable and sound operation. The Bank recorded an improvement in composite indicators with brand image and competitiveness further enhanced.

Due to our performance in ESG investment, the Bank won the "2018 Iron-horse Bank Award: Most Socially Responsible Bank" awarded by Modern Bankers, "2018 Gold Medal Award of Chinese Financial Institutions • Golden Dragon Awards: Top Ten City Commercial Banks for the Year" awarded by Financial News, and "13th 21st Century Asian Financial Competitiveness: 2018 Inclusive Finance Bank" awarded by 21st Century Business Herald.

During the reporting period, the Group's total assets hit the record high of more than RMB600 billion and amounted to nearly RMB615.6 billion, representing a yearon-year increase of 9.1%. The Bank realised a net profit of over RMB5.5 billion, representing an increase of 5.0%. Total loans were approximately RMB253.8 billion, representing an increase of 6.9%. The NPL ratio was 1.73%. Total customer deposit amounted to RMB395.5 billion, representing an increase of 4.6%. The quality of assets was stable and the overall risk was under control.

Maintaining the Strategy with Determination: Focusing on Inclusive Finance and Further Enhancing Comprehensive Service Capability

As at 31 December 2018, the balance of the Bank's total microcredit loans exceeded RMB180.7 billion, accounting for 71.2% of its total loans to customers and representing more than 70% of its business for four consecutive years. The Bank has provided retail deposits for over 12.25 million customers, representing a year-on-year increase of 1,487.4 thousand or 13.82%. The Bank recorded growth in the number of wealth management customers, which reached over 580 thousand, representing an increase of 21.73%. The replacement rate of business transactions through the Bank's electronic banking and mobile banking reached 91% and 51%, respectively.

Through more extensive and innovative products and services as well as accelerated building of digital inclusive finance, SMEs, agriculture, rural areas and farmers, livelihood finance and private economy saw development with great support, facilitating implementation of state strategies such as "Northeast China Revitalisation" and "Rural Revitalisation".



Distribution of the balance of microcredit loans



Distribution of the balance of personal loans



The Bank advanced in the innovation of "FinTech + Special services" and launched agricultural loan online services. In 2018, the Bank firmly promoted its digital inclusive finance services targeting agriculture, rural areas and farmers, built a "three-in-one" financial service channel of the pad, mobile banking and WeChat banking, which achieved whole-process online handling from application, acceptance, granting and repayment. The Bank also implemented the differentiated pricing mechanism for preferential agricultural loans which precisely matched the online risk pricing model, achieving intelligent differentiated pricing for the businesses which benefited agriculture, rural areas and farmers, providing agriculture customers with a new experience of agricultural loan service featuring "zero distance and mobilisation".

During the reporting period, the Bank continued to increase its financial support for the intensive operation of rural regions and agriculture modernisation in the reclaimable areas. As at the end of 2018, the balance of the agricultural loan exceeded RMB42.5 billion, of which loans to farmers amounted to RMB12.9 billion, representing an increase of 27.8%, and the range of service covered the majority of rural and reclaimable areas of 15 cities across China.

It is noteworthy that as at the end of 2018, the Bank had a controlling interest in 32 village and township banks as well as 36 village and township sub-branches, which were mainly located in the eastern, central and western regions of China. All village and town banks centred on the "four adherences" i.e. adhering to localisation, lower stream expansion, specialised operation and serving the "Agriculture, Rural Areas and Farmers" and small and micro enterprises. During the reporting period, with the downward trend of macroeconomic condition resulting in the increase of credit risk and its provision level, the total assets of the Bank amounted to over RMB21 billion. The total amount of loans amounted to over RMB12.6 billion and the balance of deposit amounted to RMB15.1 billion, realising a net profit of RMB64 million.



Strengthening the engagement in livelihood finance and promoting the provision of local welfare. In 2018, the Bank proactively implemented the state's "Internet + Human Resources" and Social Security 2020 Action Plan, vigorously promoted the transformation and upgrading of "Human Resources and Equipment" linkage to provide services to over 7.3 million social security cards users in Harbin where the service headquarter is located. The Bank also implemented several measures such as reducing service fees, establishing a specialised social security service team, installing automatic integrated banking and social security terminals, and constantly improving mobile finance services to facilitate convenient services of social security business in Harbin.

The bank accelerated enhancement of its ability in social security service for mobile finance, with its electronic banking channels having realised services such as overdue fee payment for medical insurance in Harbin and municipal medical insurance account inquiries, which were well-received by card holders with users exceeding 3 million. A specialised social security service team comprising nearly 200 members supports the provision of social security finance services to the grassroots, achieving a number of convenient services such as lost reporting and replacement of social security cards as well as instant card issuance for urgent application at various levels of agencies for bureaus of human resources and social security, solving actual problems faced by residents such as consultation, hospitalisation and settlements.

In 2018, the Bank continued to carry out business such as provision of services including social security, medical insurance, and subsistence allowance as well as processing payroll transfer and payment collection for free on behalf of Harbin City. By increasing outlets and expanding online channels, we actively overcame various difficulties arising from the aforesaid services, which are time-consuming with complicated procedures, involve great amount of customers and consume a lot of outlet resources, and always maintained our service efficiency and stable quality. The Bank is the financial institution possessing the largest network of more than 130 local outlets in Harbin.

CASE 🧏

Government education loan

The Bank has been authorised to process government education loans to residents in Heilongjiang since 2007, assisting students in 22 provinces, 5 autonomous regions and 4 municipalities across China, of which Heilongjiang Province covered 82 education bureaus and over 80 high schools in 14 regions. As at the end of 2018, the government education loans granted amounted to RMB3,700 million, of which RMB596 million was granted in 2018. Outstanding loans amounted to RMB1,812 million, serving over 220,000 underprivileged students, of which 20,000 students signed the contracts in 2018. Among which, the Bank has granted Student-Origin-Based Loans to graduate student since 2014. As at the end of 2018, RMB580 millions of Student-Origin-Based Loans were granted to nearly 41,700 graduate students.



CASE 3



Automatic integrated banking and social security terminals

In 2018, the Bank strongly promoted the installation of 200 automatic integrated banking and social security terminals at the Citizen Building in Harbin, social security agencies in cities and districts, as well as part of the streets and roads, communities and hospitals. As such, citizens can enjoy 22 services under five categories covering inquires, miscellaneous services, payment, face authentication and printing service for payment confirmation of social security in their neighborhood.

Publicly undertaking service measures to support private economy development through multi-pronged approach. On 1 November 2018, General Secretary Xi Jinping hosted a symposium on private enterprises and delivered an important speech to highly recognise the significant contribution of private economy to China's development over the past 40 years of reform and opening up. He clearly put forward policy measures covering six aspects to vigorously support the development and growth of private enterprises, providing fundamental instruction and guidance for private enterprises to pursue heathy development in private economy with strong confidence and motivation.

As the first city commercial bank developing SMEs and rural financial services of "Agriculture, Rural Areas and Farmers", the Bank has, over the past three years, supported more than 5,000 SMEs in Harbin where the Bank's headquarter is located, and granted a total of RMB66 billion of loans. The Bank has made eight commitments to the public including capitalising the strength of the headquarters, enhancing service efficiency, enriching product categories, reducing financing expenses, upgrading online channels, providing value-added services, matching particular resources and adhering to positive incentives in order to overcome the difficulties of financing for private enterprises. The Bank will strive to achieve its goal to increase new private enterprise loans to represent over two-thirds of new company loans, and maintain total private enterprise loans at over 70% of total company loans in 2019.

As at the end of 2018, balance of the Bank's corporate loans to small enterprises amounted to RMB65.327 billion, representing 47.2% of company loans; and loans to small enterprise owners amounted to RMB32.865 billion, representing 28.5% of personal loans.

CASE

The Chengdu Branch launched a three-year credit supportive program amounted to RMB50 billion aiming to facilitate the healthy and sustainable development of private enterprises in Sichuan Province and further promote development of regional and local economy. The program mainly focused on "providing comprehensive, convenient and favorable finance services to private enterprises through a customised consolidated finance service program". To precisely support the development of top 100 private enterprises in Sichuan, the Strategic Clients Department of the Bank's headquarters and Chengdu Branch jointly visited top 100 private enterprises in Sichuan to communicate on finance services demand on a face-to-face basis, provide "green channels" and dedicatedly improve service efficiency to enhance customer experience. The Bank's headquarters introduced a customised consolidated finance service program for top 100 private enterprises in Sichuan to provide comprehensive finance services including "Financing + Consulting", "Commercial Bank + Investment Bank" and "Official + Private" services. The picture on the lower right illustrates the celebration of the 40th anniversary of the country's reform and opening up by Sichuan private enterprises on 7 December 2018, organised by the United Front Work Department of the CPC Sichuan Province Committee and the Industry & Commerce Association of Sichuan Province and co-organised by Chengdu Branch of Harbin Bank, when Lyu Tianjun, President of Harbin Bank, on behalf of Harbin Bank, signed a Strategic Cooperation Agreement with Yuan Ming, vice chairman of the Industry & Commerce Association of Sichuan Province.





Successful launch of the new-generation core system enabled leapfrog improvement of digital inclusive finance capabilities. In 2018, "the new-generation core system", the Bank's ever largest system construction project, was successfully put into operation. The system will play a crucial part in promoting business development, such as product innovation, centralised operation and mobile finance, while significantly improving customer experience in financial services. The data centre in Jiangbei was also completed and put into production. The construction of a green, environmental-friendly, safe and controllable environmental infrastructure at three centres of two regions will provide strong technology protection to the Group to realise its strategic goals and achieve stable development in the future.

The Bank cooperated with internationally renowned technology solution providers such as India Tata, IBM and Huawei regarding the new-generation of core system construction, and endeavored to create a comprehensive new-generation of core banking system platform integrating businesses including the retail, corporation, interbank, trade finance, e-commerce and electronic channels. In addition to the newly constructed core business system, five new systems have also been completed including the graphic counter terminal, collaborative platform, city commercial bank clearing, online verification and paperless. Combined with 76 interface transformation systems, the new core system covered all aspects of the business of the whole Bank, highlighting the advancement, practicability and risk controllability. It is a heavyweight system engineering covering business transformation, technology transformation and implementation transformation.

Establishing an all-rounded comprehensive consumer finance service (product) system and raising the quality of inclusive finance services. The Bank adhered to the principle of innovative development to expand the platform for quality business cooperation, enrich product lines and improve customer experience. In 2018, the Bank continued to accelerate the integration of big data technology of the Internet and traditional finance services, realised the integration of online and offline systems and expanded the inclusiveness of consumer finance services in order to meet the consumers' needs on scenario settings, digitisation and information sharing. With its connection to external quality channels and data, the Bank further optimised its existing risk management model and approaches in order to improve the overall risk management of its consumer finance business and control the overall business risk. During the reporting period, the balance of personal consumption loans amounted to RMB69,615 million.

HBCF, being the 19th licensed consumer finance company in China under the banner of the Bank, was founded in 2017 with the Bank as its major founder and a registered capital of RMB1.05 billion. Capitalising on the extensive experience that the Bank has accumulated from the in-depth operation of microcredit business, HBCF focuses its efforts on building a consumer financial service platform. As at the end of 2018, HBCF had total assets of RMB7,164 million with accumulated granting of loans of over RMB29,000 million and balance of loans of RMB7,034 million.



2014 2015 2016 2017 2018





Harbin Bank credit card 400 66 95537





222.44

160.95

85

Followers of WeChat banking

(0'000 people)

30

14



Direct banking



During the reporting period, the Bank has established an operating and service model for direct banking with the Bank's unique characteristics. Currently, our direct banking supports mobile client and WeChat client terminals, and offers different functions for customers including opening accounts, investment and wealth management, daily-life payment, credit card repayment, exercises and medical insurance enquiry. Leveraging the advantages in financial resources of the Sino-Russia financial service and maintaining the Bank's leading position among its domestic peers. Inter-bank credit granted by the Bank to Russian banks in 2018 amounted to approximately RMB7 billion, with our domestic and foreign currency settlement network covering the entirety of the Russian Federation. The Bank handled Rouble foreign exchange of RUB58,758 million and cross-border transactions in Rouble cash of RUB60 million and in RMB cash of RMB40 million.







In July 2018, during the 5th China-Russia Expo held in Yekaterinburg City, Russia, representatives of the Far East Development Fund of Russia and the Solid Bank visited the expo booth of the Harbin Bank and the Sino-Russia Financial Council.

In 2015, the Bank, as the Chinese promoter and the presiding company, initiated the establishment of the first platform together with Sberbank of Russia for the cooperation and interaction among financial institutions of China and Russia, namely the Sino-Russia Financial Council. During the reporting period, 2 Chinese or Russian institutions had become new members, and the number of members grew to 70 from the 35 founding members. The RMB10,000 million syndication interbank loan business led by the Bank (also as the correspondent bank) and co-launched with the Bank for Development and Foreign Economic Affairs in Russia achieved its second withdrawal, pragmatically promoting the cooperation in domestic currency settlement and financing projects between financial institutions of China and Russia. The Bank also participated in the dual-currency international syndicate interbank loan project, where Credit Bank of Moscow, the third largest private bank in Russia, was the borrower, and the maximum line of credit was USD400 million, which deepened the multilateral cooperation between the Bank and large private banks in the Russian Federation and international leading banks.

During the reporting period, the cross-border E-commerce financial business of Harbin Bank has maintained its rapid growth, while payment channel and system functions received constant enrichment and improvement. The cross-border E-commerce platform independently developed by Harbin Bank has become the only E-commerce platform concurrently supporting MASTERCARD, VISA, JCB International Credit Card and Russian specialised local payment channels in China, with growing brand impact and greater market shares. During the reporting period, platform transaction amount reached RMB4.97 billion, representing a year-on-year increase of 24.25%, while its market share in the national interbank market increased more than 15%, reaching a ranking of

second in the industry. The Bank had 2,186 stock cross-border e-commerce customers based in multiple regions with developed e-commerce such as the Yangtze River Delta and Pearl River Delta, representing a year-on-year increase of 526. The 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".

In 2018, the Bank received the "Best Risk Control Performance of the Year Award" and the "Outstanding Results of the Year Award" granted by MasterCard International, as well as the "Most Promising Foreign Card Acquirer Award" granted by JCB International Credit Card. The Bank was granted the "Best Trade Finance City Commercial Bank" award under the "Excellence in Trade Finance in China Award" selected by the Professional Trade Financing Committee of the China Banking Association, becoming the only city commercial bank winning this award during the year.

Anti-money Laundering Management: Constantly Improving the Anti-money Laundering Internal Control Policy System

Striving for the "risk-based" management concept and strictly following the more stringent regulatory requirements for management, the Bank, with an aim to fully fulfill its legal obligations in respect of anti-money laundering, vigorously strengthened the construction of the anti-money laundering system, constantly improved its anti-money laundering internal control policy system, continuously optimised the coordination mechanism for anti-money laundering work, explored the establishment of the Bank's unified blacklist monitoring system, and realised the real-time monitoring and retrospective monitoring of specific personnel whose names were on the list. The Bank comprehensively improved the levels of its anti-money laundering and anti-terrorist financing risk management in effective fulfilment of its corporate social responsibilities.

During the reporting period, 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.

In 2018, the Bank thoroughly implemented its anti-money laundering internal control policies, including the Administrative Measures for Anti-Money Laundering of Harbin Bank (《哈爾濱銀行反洗錢管理辦法》), the Administrative Measures for Reporting Large Amount Transactions and Suspicious Transactions of Harbin Bank (《哈爾濱銀行大額交易和可疑交易報告管理辦法》), the Administrative Measures for Identification of Clients and Preservation of Client Identity Information and Trading Records of Harbin Bank (《哈爾濱銀行客戶身份識別和客戶身份資料及交易記錄保存管理辦法》), Measures on Administration of Money Laundering and Terrorist Financing Risks Assessment and Customer Classification of Harbin Bank (《哈爾濱銀行洗錢和恐怖融資風險評估及客戶分類管理辦法》), Implementation Rules for Client Identification of Harbin Bank (《哈爾濱銀行客戶身份識別實施細則》) and so on. In particular, the Administrative Measures for Reporting Large Amount Transactions and Suspicious Transactions of Harbin Bank (《哈爾濱銀行大額交易和可疑交易報告管理辦法》)) has been re-amended during the reporting period.

Protection of the Rights of Financial Consumers

Protection of the legitimate interests of consumers has become one of the important part of the Bank's overall strategic planning on corporate governance, corporate culture construction and operation management. During the reporting period, the Bank has regulated protection of consumer rights by strictly complying with the Administrative Measures for the Protection Work on Consumers' Rights of Harbin Bank (《哈爾濱銀行消費者權益保護工作管理辦法》) so as to enhance the level of financial services, effectively protect the legitimate rights of financial consumers and establish a harmonious and stable relationship with financial consumers.

Pursuant to the Guiding Opinions of the General Office of State Council on Strengthening the Protection Work of Financial Consumers' Rights (《國務院辦公廳關於加強金融消費者權益保護工作的指導意見》), the Implementation Measures of the People 's Bank of China on Protection of Financial Consumers' Rights (《中國人民銀行金融消費者權益保護實施辦法》), the Guiding Opinions on Strengthening the Protection of the Banking Consumers' Rights and Resolving the Current Public Concerns Issued by the General Office of the CBRC (《中國銀監會辦公廳關於加強銀行業消費者權益保護解決當前群眾關切問題的指導意見》) and other laws, regulations and regulatory requirements, the Bank devoted more efforts into two aspects including protection and education of financial consumers in 2018. Events were held constantly to popularise financial awareness in communities, schools and rural areas to enhance public financial knowledge and strengthen customers' awareness on protection against financial risks.

Taking promotion campaign including "3.15 Financial Consumer Rights Day" and "Popularisation of Financial Knowledge" as golden opportunities, the Bank created a new sub-column titled "Education Announcement for Financial Consumers" under the "Announcement" module on the Bank's official website, and applied a mouse hover effect at the bottom of the front page to facilitate the public's understanding of the relevant information more directly while browsing our website. During the reporting period, there were 26 articles with general context regarding prevention of illegal fundraising and knowledge on anti-counterfeiting published through the above sub-column; and 29 Wechat posts in relation to various topics including prevention of telecommunication fraud, anti-money laundering, anti-counterfeiting and introduction of financial knowledge published under "Mobile Mini Finance Class" initiated by our official Wechat account, which have enriched the channels for the public to learn financial knowledge through the Bank's new media platforms.





In June 2018, volunteers from Songbei sub-branch of Harbin branch participated in "Mother River Protection".



Our Environmental Responsibility Management



Keeping the mission "We are green banking builders" deeply in mind, the Bank spared no efforts in implementing ESG investments. During the reporting period, we followed the work theme of "Enhancing Governance" to continuously improve the awareness in development of green finance, elevate our position in strategic management, optimise green credit process management, and focus on the environmental benefits and impacts of "green financial bonds" (Please see "Our Focus in 2018--Green Finance: Value of Responsible Investment" for details of this section). Adhering to the "low-carbon" office philosophy, the Bank promoted travelling green to the employees and encouraged them to participate in environmental protection public welfare events to protect the environment and build a better home together.

Green Office: Attached to Green Operation and Reducing Resource Consumption

The Bank brought the energy-saving and emission reduction into daily operation management and conducted a comprehensive promotion on energy saving, consumption reduction and green office, aiming at reducing the impact of our own operation on the environment. It has become a general consensus that "It is a global responsibility to save energy, protect the environment and reduce resources consumption". To minimise the carbon emission generated by business trips, electronic conference (i.e. paperless, video and telephone conference) was comprehensively implemented. Our employees now voluntarily conduct centralised and double-sided printing in daily operations. Travelling Green and low-carbon living became more popular among the public.

With regard to water saving, the water consumption of the Bank's headquarters building during the reporting period amounted to 40,178 tonnes, representing a year-on-year decrease of 18,774 tonnes; sewage discharge amounted to 39,744 cubic metres, representing a year-on-year decrease of 19,208 cubic metres. With regard to power saving, power is always turn off when not in use in our office and time delay self-extinguishing switch is adopted in the public area. The power consumption of the Bank's headquarters building during the reporting period amounted to 6,247,497 kWh, representing a year-on-year decrease of 658,680 kWh.





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 green concepts have been incorporated into relevant procurement management policies. The Bank also reviews suppliers' qualifications, such as their quality management system and credibility, and gives priority to green, environmental-friendly and energy-saving products and suppliers to ensure procurement quality and reduce procurement cost.

CASE 🧏

The headquarters building of Harbin Bank was awarded a LEED Silver Certification

Located at No. 888 Shangjiang Street, Qunli, Daoli District, Harbin, the headquarters building of Harbin Bank is a landmark building of Harbin with architecture and interior design created by the renowned American architecture firm, Kohn Pedersen Fox Associates (KPF). The architectural design of the building features higher resource utilisation rate and lower carbon emission, places emphasis on environmental and human health, and sets high environmental standards for the construction of office premises.

In August 2018, the headquarters building was awarded with a LEED Silver Certification (LEED 2009 CORE AND SHELL DEVELOPMENT) from the U.S. Green Building Council (USGBC). The certification is known as the "Oscar Award" in the field of green building. As one of the green building assessment tools, LEED, the full name of which is Leadership in Energy & Environmental Design, is a leading building rating system for energy and environmental design created by USGBC. It is also recognised as the most comprehensive and influential assessment standard among current reviewing standards for green building assessment and sustainability in buildings.





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

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

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

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

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

Green Charity Campaign: Advocate Green Lifestyle and Build a Beautiful Home Together

Harbin Bank has long been paying attention to environmental protection issues and considers carrying out green charity campaigns as one of its most important social responsibilities. On 26 May 2018, Harbin Bank once again sponsored the "Cup of Harbin Bank – the 17th Race Walking Competition" held by New Evening Post, which attracted more than 30,000 participants to enjoy the gorgeous views along the three routes. 300 employees of the Bank joined the competition to promote green charity campaign. Our branches at Mudanjiang and Hegang actively participated in a variety of green charity campaigns such as the "Mother River Protection" operation, tree planting, environmental clean-ups and promotions of environmental protection, taking the lead in fulfilling its social responsibilities.



On 3 June 2018, the third Harbin Bank (Group) Around the Taiyangdao Marathon was held in 17 cities at the same period.



Our Social Responsibility Management



In our first social responsibility report released by us, we asserted that we will strive to become a bank with a strong cultural foundation, an outstanding charity brand and good reputation.

To achieve this, in addition to caring for the safety, growth and health of our employees, conscientiously safeguarding their legitimate rights and interests, actively helping people in poverty, supporting the development of education, and encouraging volunteer services as we always do, recently, we also promoted the concept of "Happy Work, Healthy Life" across the Bank and vigorously fostered new urban culture and community relations in the new era by sponsoring the Harbin International Marathon and the "Happy Community Programme", as a symbol of putting our philosophy "people-oriented" into practice.

Staff Safety and Career Development: Happy Work, Healthy Life

Guarantee the physical and mental health and safety of our employees in every aspect. We attach great importance to the occupational health and safety of our employees as we constantly improve our employee occupation and safety management system, and strictly abide by the Labour Law, Labour Contract Law, Social Insurance Law and other relevant laws and regulations of the PRC by signing labour contracts with each and every employee. In terms of employment management, we have formulated a series of internal regulations and implementation rules such as the Harbin Bank Remuneration Management Measures and the Harbin Bank Staff Welfare & Vacation Management Measures according to law, aiming to lawfully protect our employees' rights; we pay for basic social insurance in respect of pension, medical care, unemployment, work injury, and maternity for our employees in full in accordance with relevant laws and on a timely basis, and pay for additional insurance for work injury; we organise medical examination for our employees regularly; and we oppose any form of forced labour, and effectively protect employees' rights.

Put the notion of "Happy Work, Healthy Life" into practice. We pay attention to inspiring the initiative and enthusiasm of our employees, and strive to create a healthy, united and friendly working atmosphere, enriching their leisure and cultural life by various means such as "Ha Run e Generation Club", marathon races, sports, culture and art festival, and team-building activities, aiming to provide them with opportunities and stages to showcase their talents. We care about the physical and mental health of our employees by paying regular home visits, scheduling conversations and interviews with them, visiting and expressing solicitude to poverty-stricken and burdened employees, and setting up HQ Open Days (Open-to-Family Days) and "Maternal Lounges", striving to enhance the harmony and stability of our teams and their families, thus improving happiness.



The 3rd Sun Island Marathon of Harbin Bank (Group) with the Participation of 17 Cities

On 3 June 2018, the 3rd Sun Island Marathon under the theme of "Restart a New Journey" kicked off at the main venue in Sun Island, Harbin and at sub-venues in 16 other cities where other branches (excluding those in Harbin) are located, thousands of our employees and their families, customers and strategic partners participated in the marathon. Such an annual event has been well-known as "Little Harbin Marathon" since its inception in 2016, and is regarded as the warm-up version of the "Harbin International Marathon" sponsored by Harbin Bank. For the first time, we invited our strategic partners to join us as corporate representatives.

We are both a pioneer and an enthusiastic promoter of Marathon in Harbin and have benefited from such event. As the core element of our new corporate culture, the marathon spirit is not only highly recognised by our employees, but also has won respect and wide acclaim from all walks of life, especially our partners, customers and employees' family members.

Thousands of runners from Ha Run e Generation Club running at the Harbin Marathon

On 26 August 2018, the third Harbin International Marathon, a gold medal event sponsored by Harbin Bank, was successfully launched, again attracting nearly 30,000 marathon enthusiasts from all over the world. One thousand members from our "Ha Run e Generation Club" appeared on the track for the third time, and nearly 100 of them finished the full or half length of the distance. So far, around 4,000 people from our bank have participated in all the three marathon events.

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





Attach great importance to the career development and training of our employees. We advocate the professional spirit of "loyalty, diligence, integrity and accountability", attaching great importance to optimising our employees' career path and professional quality cultivation, so as to inspire their initiative, and enhance their sense of belonging and identity to our career platform. On the basis of building a broadband remuneration management system, we adhere to the principle of "matching people with posts, and people with tasks" and create an open career development platform for our employees through internal recruitment, competitive promotion, rotated exchange, and full-time training.

During the reporting period, we completed the largest organisational restructuring in our history and the re-election of our management within the shortest time; we organised the training of department assistants at the head office and the exchange of personnel at the head office and branches; Through such tactics, outstanding talents were fully revealed, and the path of promotion for our young key employees have been further broadened, and the ranks of officials have formed a pattern of escalation.

The Leaders Programme

In 2018, we continued to implement our "Leaders Programme" with over 2,000 staff members in the talent pool. According to the pattern of the talent development cycle, we divided the talents in the bank into four stages, i.e. the starting stage, the following stage, the accelerating stage and the leading stage, setting up differentiated target groups, a reserve direction, an orientation to learning, a training method, and an implementation plan, and cooperating with external professional consulting companies in drawing talent maps, and made it an important criterion for the selection of talents in the Bank. We also organised the exchange of employees between the head office and branches, promoting multi-level three-dimensional exchanges across lines, departments, and business domains, effectively broadening the career path of our employees and improving their overall competency.

"Sailing" series training system

The "Sailing" system covers all lines and employees at all levels of the Bank. During the reporting period, we organised special training for capability enhancement for our employees at all levels including senior management, operating managers, newly promoted operating managers and intern assistants, sub-branch presidents, business backbones and new employees. Specifically, we have organised 270 internal training sessions, 104 external training sessions, with a total of 7,086 participants, including a 21-day coaching-style online training and offline capacity-enhancing training for 81 newly-promoted operating managers and intern assistants from departments at the head office; we cooperated with the EDP Centre of Harbin Institute of Technology in carrying out a one-year "Training Program on Capability Improvement for Sub-Branch Heads" and "Training Program on Core Capability Improvement for Sub-Branch Heads" and "Training Program on Core Capability Improvement for Sub-Branch Heads" and "Training the first and second level sub-branch leaders, newly promoted management staff and intern assistants; we formed the "first internal trainer team" and completed the first session of training for certification; we also completed the 2018 pre-employment enclosed special training for 126 campus-recruited new employees at the head office, branches and subsidiaries.





2014 2015 2016 2017 2018







Staff turnover rate by gender

Staff turnover rate by age



Average training hours by gender



Public Welfare: Unique Charity Brand Influence

In 2018, we made full use of our own advantages and did our parts in all kinds of social responsibility practices such as the poverty-alleviation campaign, promotion of new urban cultural construction and the development of community relations in the new era, supporting the development of education causes, and enhancing financial awareness of the public, with the influence of our distinctive charity brand continuing to expand. Our total expenditure on social welfare undertakings for the year amounted to RMB15.176 million.







The influence of our marathon charity brand continued to expand. The Harbin International Marathon, which we have sponsored since 2016, has been held for only three consecutive years and already rated twice as a Class-A event by the China Athletics Association. As a new name card of the city, it has brought new impetus to Harbin's urban development, and made new contributions to the city. During the Reporting Period, we sponsored the "Chengdu International Marathon" for the first time. The new image of the public welfare brand of "Harbin Bank is the promoter and practitioner of urban marathon event" is gradually gaining popularity. (For more details, please refer to "Our Focus in 2018: Financial Service and Urban Marathon Event: Depth of Cross-border Integration").

The "Happy Community Programme" has become a well-known public welfare project. The "Happy Community Programme" jointly promoted by the Bank and United Charity Foundation made another test-drive in public welfare ventures during the Reporting Period, attracting numerous residents and organisations to participate in the construction of a warm community, and became a new force in the community building in the new era, which is well received in the charity circle.

In 2018, the Happy Community Programme once again launched 11 thematic projects e.g. the "Happy Community Micro-Charity Proposal Competition" and "Gongda Happy Community Development Programme", "Happy Community Life Theatre Project", "Daqing City (Wei Xiao) Happy Community Construction Project", "Family Finance and Commerce Development Plan" and the "Nanping Street Happy Community Joint Development Project", with a total investment of RMB2.15 million, nearly 600 events held and nearly 25,000 participants. In addition to Harbin and Daqing in Heilongjiang Province, the programme was also implemented successfully in regions such as Shenyang and Chongqing, effectively improving the harmonious and stable community relations in the new era.

In December 2018, the "Happy Community – Innovative Social Service Micro-Charity" project held by the Heilongjiang Civil Affairs Department and Harbin Bank and funded by the United Charity Foundation attracted more than 30 social organisations and hundreds of enthusiastic residents, and over 180 rounds of public welfare services were provided to urban and rural residents in 8 cities in Heilongjiang Province, with around 3,300 direct beneficiaries.

Persistently support the development of education

Since 2010, we have been donating to Harbin Institute of Technology Education Foundation of Development for nine consecutive years to finance its development and construction. The accumulated donation amounted to RMB10.57 million, of which RMB2.3 million was made in 2018. In 2018, we donated RMB2 million to Heilongjiang Youth Development Foundation and launched the "Harbin Bank Lilac Blossom, Dream Achievement Hope Project". For ten consecutive years, Harbin Bank's Hongyi Education-aid Association has been financing a total of 821 poverty-stricken students in the Huining area who are taking the National Higher Education Entrance Examination for the year, and the accumulated donation amounted to RMB845,000.

CASE

Harbin Bank Lilac Blooms • Hope Project Dream Realisation Campaign

In 2018, we donated RMB2 million to Heilongjiang Youth Development Foundation and launched the "Harbin Bank Lilac Blossom • Dream Achievement Hope Project". Harbin Bank will work closely together with the Heilongjiang Hope Project Donation Centre, the Provincial Youth Foundation and related universities under this project to reward, within five years, 900 undergraduate students with outstanding integrity and excellent academic performance through a Trinity Charity Education-aid Model featuring "Scholarship Support + Specialisation Development + Practical Improvement", and provide paid internship positions for certain students in need. Upon graduation of the students, Harbin Bank will give priority to the recruitment of those students as permanent employees under equal conditions. In September 2018, under the joint support of Heilongjiang University, Harbin University of Science and Technology, Harbin University of Commerce, the first batch of 180 college students received scholarships, among which more than 20 students were given an internship opportunity at Harbin Bank during the same period. The employment practice mechanism for college students.



Give full play to our own advantages and carry out long-term financial consumer education service

In 2018, we encouraged our employees to make good use of their professional strengths and actively participate in financial knowledge popularisation and financial consumer education activities.

In particular, we attached great significance to integrating the financial and educational resources in the Bank, cooperating with the community and educational institutions, and carrying out related activities to promote financial knowledge education starting from children. Through learning the origin and application of the currency, the creation and management of wealth, the basic knowledge of investment instruments as well as the featured activities such as the "Money Counting Contest", "I am a Wealth Management Consultant", "Lobby Experience" and "Simulated Business Transaction", we have significantly enhanced the financial knowledge of the youth and improved their understanding of finance. During the Reporting Period, 17 of our branches organised a total of 410 "Wealth Management Experts" activities, covering more than 8,000 people in the community, which was highly recognised and widely welcome by the community.

During the Reporting Period, we also organised our volunteers to provide volunteer services for "2018 Harbin International Marathon" and the "3rd Sun Island Marathon of Harbin Bank (Group)", making our efforts to ensure the success of the event; we also organised our employees to donate blood and take care of the left-behind children, carrying on our tradition of public welfare.

Prospects

2019 is the 70th anniversary of the establishment of the People's Republic of China, the 100th anniversary of the May Fourth Movement and its legacy, the spirit of "patriotism, progress, democracy and science", and a significant year to secure a decisive victory in comprehensively building a moderately prosperous society.

2019 marks the fifth anniversary of Harbin Bank's listing on the Main Board of the Hong Kong Stock Exchange, the year of "Comprehensive Improvement", and a pivotal year for the implementation of the Group's "new three-year" strategic plan (2018-2020). We will focus on the strategic objective of "establishing a first-class international microcredit bank providing excellent services with unique characteristics" to strengthen the Group's management, solidify development advantages and improve refined management in all aspects.

In 2019, as always, the Bank will keep in mind at all times that we are the promoters of microcredit, the practitioners for people's livelihood, the volunteers devoting ourselves to public welfare and the builders of green banking.

Return to basics and focus on our principal businesses to comprehensively enhance the Group's financial service capabilities. "Returning to basics and focusing on our principal businesses" are not only objective regulatory requirements but also necessary actions for the Bank's own development. We will invest undivided effort in comprehensively solidifying and improving our core competitive advantages and accelerating the establishment and transformation process of financial technology capabilities. The Bank will uphold the "customer-oriented" principle, optimise the mechanisms in respect of small and micro financial services, materialise financial services benefitting farmers and targeted poverty alleviation in a practical manner, and assist in the new round of SOE reforms. The Bank will strive to support the development of the real economy through more effective integrated financial services and concentrate efforts in the implementation of national strategies, such as the construction of the "Belt and Road", "Northeast Revitalisation" and "Rural Revitalisation".

Thoroughly manage our compliance and strictly control risks to fully strengthen the risk management capability of the Group. Concentrating on the work theme of "Comprehensive Improvement", the Bank will shift its main focus for 2019 to enhancing the compliance awareness of all employees, upholding the standards for internal control and compliance, optimising the risk management measures and strengthening the establishment of the smart risk control system. At the same time, our internal audit mechanism will serve to carry out its supervision function and conduct strict investigation and control on the risk exposures of key businesses and key departments, so as to ensure that all the potential risks are under control.

To further improve the ESG management quality of the Group and manifest the importance of consumer right protection, it is proposed that a Consumer Right Protection Committee be established under the Board of Directors of the Group in 2019. The Consumer Right Protection Committee shall be responsible for determining and facilitating the strategies, policies and goals of the consumer rights protection action of the Company, and integrating the protection of consumer legal rights into its corporate governance, business culture development as well as operating and development strategies. The department of consumer rights protection will be set up at the headquarters to facilitate the thorough implementation of the strategies and policies.

Comprehensively fulfil the duties of the Board relevant to green credit to promote the construction of Green Bank. The Board's duties include setting the tone for green credit development strategies, as well as reviewing the green credit objectives formulated and green credit reports submitted by the senior management. One of the primary duties of the Board is to supervise and evaluate the progress of the Company in implementing the green credit development strategies. In 2019, we will further promote the construction of Green Bank, especially that of the green credit system. Under the ESG management framework, we will take the initiatives to advocate for green finance, persistently optimise our credit structure and enhance our green financial service capability so as to promote the brand image of "Green Banking Builder".

Enhance the overall professional quality and comprehensively elevate the capabilities of the Group's management and talent team building. Following completion of the re-election of the Group's management in 2018, some talented young management members served management positions, leading to a significant change in the age distribution and profession structure of the management team. In the upcoming year, we will put in dedicated efforts into strengthening the management and talent team building. We will pay close attention to the dynamic management of talents based on our "Leaders Program" with an aim to build a team that adheres to the values of "loyalty, diligence, integrity and accountability" and secure top talents for the Group's long-term development needs.

Good challenges are rare in life, so why not take up the challenge here and now! In the upcoming year, we will vigorously promote craftsmanship and marathon spirits to fight against all difficulties and challenges. We will contribute to the society in appreciation of its trust, support and expectation with the optimistic attitude of "Happy Work, Healthy Life", the brand essence of "Trust, Warmth, Connection, Commitment" and the positive development prospect of Harbin Bank (Group).

Our Awards and Honours

No.	Awarding Organisation	Name of Award	Month of Award
1	China Banking and Insurance Regulatory Commission	Application of Big Data Collection Technology on Commercial Banks: 2018 Information Technology Risk Management in Banking Industry Category IV Achievement Award	
2		Outstanding China Banking News Stories of 2017	January 2018
3		Best Trade Finance City Commercial Bank	June 2018
4	China Banking Association	Revolving Loan for Small Enterprises of Harbin Bank: 2017 Top 50 Financial Products for Small and Micro Enterprises	August 2018
5	,	2018 Comprehensive Evaluation of Customer Service Centres in China's Banking Industry: Quality Service Unit	November 2018
6		Top 1000 Model Units: Business Department of Dazhi Sub-branch of Harbin Branch	December 2018
7	Devel 1. Obvio Association of Obio	Medical Insurance Payment Project of Harbin Bank: "Innovation Practice Award" for the Selection of Excellent Cases for Network and Mobile Payment	January 2018
Payment & Clearing Association of China 8		"Mobile Payment Security and Convenience Week" Outstanding Event Organisation Award	July 2018
9	Government Securities Depository Trust & Clearing Co., Ltd.	The Excellent Proprietary Institution Award of 2017: Excellent CCDC Member	January 2018
10	National Interbank Funding Centre	Best Progress Award of the Interbank RMB Market in 2017	March 2018
11	Banking Wealth Management Product Registration & Depository Centre Co., Ltd. National Banking Industry Wealth Management Information Registration System		January 2018
12	High Level Guidance and Management Committee of Information Technology Risk in the Banking Industry	2017 Research Project 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)	January 2018
13	China Association for Engineering Construction Standardisation	2018 Data Centre Technological Achievement Award	November 2018
14	Chinese Athletic Association	Gold-level Competition: 2017 Harbin International Marathon	January 2018
15	Journal Council of National City Commercial Banks, Chinese Society of Ideological and Political Work	National City Commercial Bank's internal publication exchange: Best Newspaper Award (Harbin Local Finance Society: News of Harbin Bank News)	August 2018
16	Brand Finance	Ranked 217th in the 2018 Brand Finance China 300 and 32nd among 47 banks on the list	February 2018
17	The Banker	Top 1000 World Banks 2018: ranked 207th and ranked 34th in China	July 2018
18	Fortune China	Top 500 Chinese Companies for 2018: ranked 489th	July 2018
19	Headquarters building of Harbin Bank	LEED Silver Certification for 2009 Core and Shell Development of U.S. Green Building Council	August 2018
20	International ARC Awards	ARC Gold Award: Harbin Bank Co., Ltd. Social Responsibility Report 2016	August 2018

No.	Awarding Organisation	Awarding Organisation Name of Award	
21	China Financial Market	a Financial Market 2017 China Financial Market Award – Best Corporate Governance Award	
22	China Times 2017 Financial Technology (Inclusive Finance) Award of the "Golden Cicada Award"		January 2018
23	Investor Journal	2017 Most Trustworthy Featured Financial Bank	February 2018
24	China e-Finance Union	"Best Innovative Marketing Service Award" for the activities held in the Harbin Marathon Gala: Innovative e-Finance Award in the Banking Industry in 2017	March 2018
25	Finet.hk	Top 100 Hong Kong Listed Companies Selection – Top 100 Overall Performance in 2017: Ranked 5th in overall strength amongst the top 10 small enterprises	April 2018
26	Securities Times	Junding Prize for Investment Banking of City Commercial Banks in China in 2018	April 2018
27	www.cebnet.com.cn/	Harbin Marathon Gala: Excellent case for Marketing in "Finance×IP" category in 2018 Super IP Ecology Conference	May 2018
28	Chinese Banker, Research Centre for Institute of Finance and Banking of Chinese Academy of Social	Smart Medical: Top Ten Innovative Financial Technology Products Award under 2018 China's Financial Service Innovation Award	June 2018
29	Sciences, Research Centre for Wealth Management and China Centre for Internet Economy Research of Central University of Finance and Economics	An Ju Loan: Top Ten Innovative Financial Products Award (Retail Business) under 2018 China's Financial Service Innovation Award	June 2018
30	Modern Bankers	Iron-horse Bank Awards: Most Socially Responsible Bank	November 2018
31	China Financial Publishing House	Annual Case Award for Brand Marketing	November 2018
32	The Professional Committee of the Customer Contact Centre of China Electronic Commerce Association Chinese Customer Contact Centre Industry Development Annual Meeting	Customer Service Centre of Harbin Bank: The Model Bank of Quality and Efficiency for 2018	November 2018
33	China E-banking Network China E-banking Joint Promotion Year The China Financial Certification Authority	China E-banking Award: Best Mobile Banking Marketing Award (2018 Regional Commercial Banks)	December 2018
34	21st Century Business Herald	13th 21st Century Asian Financial Competitiveness: 2018 Inclusive Finance Bank	December 2018
35	China Business Journal	The New Generation of Core Business Systems: Outstanding Contribution Award for Development and Innovation	December 2018
36	Financial News	2018 Gold Medal Award of Chinese Financial Institutions • Golden Dragon Awards: Top Ten City Commercial Banks for the Year	
37		16th China's Financial Annual Champion Awards: Mobile Banking Progress Award of the Year	December 2018
38	Hexun.com	16th China's Financial Annual Champion Awards: Credit Card Brand for the Year	December 2018

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

	Scope		Main Indicator	Proposed disclosure	Corresponding section
		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.	Υ	Green office
	A1 Emission	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
Environment		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 Use of Resources	A2.2	Total water consumption and density (in production volume per unit or per facility)	Y	Green office
	AZ USE OF RESOURCES	A2.3	Description of energy use efficiency initiatives and results achieved	Y	Green office Green office The Company has not established greenhouse gas emissions statistics system. Green office Green office Green office Green office 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	services corporation and is not applicable to this
	A2 Environment on -	General disclosure	Policy on minimising material impacts on environment and natural resources caused by the issuer	Y	Green credit
	A3 Environment and natural resources	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
	B1 Employment	General disclosure	Policy on remuneration and dismissal, recruitment and promotion, working hours, holiday, equal opportunity, diversity, anti-discrimination, and other welfares and benefits	Y	Staff safety and career development
		B1.1	Total number of staff by gender, employment type, age and region	Y	Staff safety and career development
		B1.2	Staff turnover rate by gender, age and region	Y	Staff safety and career development
		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 Health and safety	B2.2	Day of absence due to work injuries	Y	Staff safety and career development
Social: Labour and employment practices	nt	B2.3	Description of occupational health and safety measures adopted and relevant implementation and supervision methods	N	Staff safety and career development
practices	B3 Development and training	General disclosure	Policy on enhancing knowledge and skill for performing duties. Description of training activities.	Y	Staff safety and career development
		B3.1	Percentage of staff attending training by gender and staff type (such as senior management and middle management)	Y	Staff safety and career development
		B3.2	Average training hours completed per employee by gender and staff type	Y	Staff safety and career development
	B4 Employment standards	General disclosure	Policy on preventing child labour and forced labour	Y	Staff safety and career development
		B4.1	Description of measures of employment practice to avoid child labour and forced labour	N	No child labour or forced labour employed by the Company
		B4.2	Description of steps adopted to eliminate the related noncompliance when discovered	N	No child labour or forced labour employed by the Company
	B5 Supply chain management	General disclosure	Policy on supply chain and social risk management	Y	Green office
Social: Operating		B5.1	Number of suppliers by geographical region	N	The Company intends to disclose gradually in the future
practice		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
		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	Ν	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	Financial responsibility management
	B6 Product responsibility	B6.3	Description of practices relating to observing and protecting intellectual property rights	Ν	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. The Company is a financial services corporation and is not applicable to this indicator
Social: Operating practice		B6.4	Description of quality assurance process and recall procedures	Ν	
		B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Ν	Financial responsibility management
		General disclosure	Policy relating to bribery, extortion, fraud and money laundering	Y	Anti-corruption and anti-money laundering management
	B7 Anti-corruption	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	Ν	management 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. The Company is a financial services corporation and is not applicable to this indicator Financial responsibility management Anti-corruption and anti-money laundering management
		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	
	B8 Community investment	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Y	, ,
		B8.2	Resources contributed (e.g. money or time) to the focus area	Ν	

Independent Assurance Report



	安永华明(2019)专字第 60715519_A02 号
	哈尔滨银行股份有限公司
III. Sco	pe of work, approach, and limitation
The sel	ected key data of the Bank in the 2018 ESG Report is as follows:
 Pro Pro Tot Nu Tot Acc Tot Tot Gre Pro See Was 	tal staff opportion of female management staff lat microcredit mber of clients of village and township banks tal government education loan granted in 2018 cumulated government education loan tal online banking customers tal charity donation seen credit balance opportion of green credit balance wer consumption wage discharge ter consumption ner cartridges used
Our wo	rk was performed at the Head Office of the Bank, which includes:
	erviews with management and personnel in the departments involved in providing information inclusion in the Social Responsibility Report in relation to the selected key data;
2) An	alytical procedures;
	amination, on a test basis, of documentary evidence relating to the selected key data on the G report;
4) Re	calculation;
5) Oth	ner procedures deemed necessary.
reasona reasona includin	ited assurance engagement, the evidence-gathering procedures are more limited than for a able assurance engagement, and the therefore less assurance is obtained than in a able assurance engagement. The procedures selected depend on the practitioner's judgment, g the assessment of the risks of material non-compliance of the selected key data prepared rdance with the basis of reporting.

EY	
安永华	明(2019)专字第 60715519_A02 号
	哈尔滨银行股份有限公司
Our work was limited to the selected key data as of 31 Dece in the ESG Report. We have not performed any procedure Report for 2018, nor have we performed any procedures on before. In addition, our work performed was not for the pu effectiveness of the Bank's internal controls.	s over other data included in the ESG other data or data for 2017 and years
IV. Conclusion	
Based on the limited assurance work which we have perforr that causes us to believe that the selected key data as at 31 ended has not been prepared, in all material respects, in acc	December 2018 and for the year then
V. Our independence, quality control and assurance tear	n
We have complied with the independence and other eth Code of Ethics for Professional Accountants issued by the for Accountants. We have complied with the quality con Standard on Quality Control 1. Our team has required c assurance engagement.	International Ethics Standards Board trol requirements of the International
Ernst & Young Hua Ming LLP Beijing, China 10 June 2019	
10 June 2019	
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Feedback Form

Dear reader,

Thank you for spending time from your busy schedule to read this report. For improving the corporate social responsibility	,
management work of Harbin Bank and promoting our ability to perform social responsibilities, we sincerely ask for your valuable opinions and suggestions and provide your feedback through any of the following means:	JUr
Fax: 86-451-86779829	
Telephone: 86-451-86779933	
Post: No. 888 Shangjiang Street, Qunli New District, Daoli District, Harbin, Heilongjiang Province, the PRC	
Postal Code: 150070	
Email: ir@hrbb.com.cn	
1. Please specify your stakeholder category:	
Government 🗌 Regulatory authorities 🗌 Shareholders 🗌 Clients 🗌	
Staff 🗌 Partners 🗌 Community 🗌 Environment 🗌 Other 🗌	
2. Have you obtained information you need from the report?	
Yes 🗌 Somewhat 🗌 No 🗌	
3. Your comment on the financial responsibilities performed by the Bank in fighting against poverty:	
Good 🗌 Fair 🗌 Acceptable 🗌	
4. Your comment on the environmental responsibilities performed by the Bank in green finance:	
Good 🗌 Fair 🗌 Acceptable 🗌	
5. Your comment on the social responsibilities performed by the Bank in financial services and urban marathons:	
Good 🗌 Fair 🗌 Acceptable 🗌	
6. Do you think the report discloses adequate quantitative data?	
Yes 🗌 Somewhat 🗌 No 🗌	
7. Do you think the layout of the report helps you read the report?	
Yes 🗌 Somewhat 🗌 No 🗌	

8. From this report, we have selected 18 key issues regarding social responsibility based on three aspects, the impact of corporate
business development on the environment, corporate social responsibility and corporate governance. Please select 5 issues that are
of the most interest to you. We will prioritise the issues based on the feedback results and focus on responding them in our future
social responsibility work and report compilation:
Targeted poverty alleviation Digital inclusive finance Supporting SMEs enterprises
Benefiting Agriculture, Rural Areas and Farmers with Integrity 🗌 Green credit 🗌 Green bond 🗌
Low-carbon operation 🗌 Risk management and compliance operation 🗌 Anti-money laundering 🗌
Anti-corruption 🗌 Staff career development 🗌 Happy work 🗌 Healthy life 🗌
Education of Financial consumers 🗌 Supporting education development 🗌 Promoting urban marathon 🗌
"Happy Community Programme" 🗌 Volunteer culture establishment 🗌 Other
9. Please specify your valuable opinions and recommendations for our 2018 Environmental, Social and Governance Report:

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