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Environmental, Social and Governance Report

HARBIN BANK CO., LTD. | Stock Code: HK6138

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

2021

Environmental, Social
and Governance Report





哈尔滨银行
HarbinBank

TRUST | WARMTH
CONNECTED | COMMITMENT

● Introduction to the cover design

The cover design of this report represents our inclusive and diverse development, taking the vision far away. With a planet mainly featured with the logo of Harbin Bank moving in the orbit as primary vision, it symbolizes our efforts to undertake social responsibility during the course of our self-development and progress, while also creates beneficial influences for our stakeholders. Meanwhile, the trajectory of the planet is similar to a growth ring, which implies that Harbin Bank is rooted in fertile soil and continuously grows up.

This report re-examines the relationship between human and nature in harmony and the laws of development. The brand values of Trust, Warmth, Connected and Commitment are also conveyed in the design of details, such as the box and the flap of the book cover.



2014-2021 Environmental, Social and Governance Report

The background features several decorative orange lines and dots. A large orange circle is centered on the page. Several thin orange lines curve across the page, some ending in small orange dots. One dotted orange line starts from the bottom left and extends towards the top right. Another dotted orange line starts from the top right and extends towards the bottom left. A solid orange line curves from the left side, passing through the circle, and then curves back towards the left. Another solid orange line curves from the right side, passing through the circle, and then curves back towards the right.

2021

HARBIN BANK CO., LTD.
Environmental, Social and
Governance Report
Stock Code: HK6138

Explanation on Report Compilation

(1) Scope of the report

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

Reporting period: 1 January 2021 to 31 December 2021 (with some content exceeding the above reporting period)

Reporting frequency: Annually

(2) Principle of report compilation

This report is compiled in accordance with the requirements of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange, and with reference to the G4.0 Sustainability Reporting Guidelines and Financial Services Sector Supplement of the Global Reporting Initiative ("GRI"), and in accordance with the Opinion on Strengthening Social Responsibility of Banking Financial Institutions of the CBIRC, 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 2021 Annual Financial Report, which was audited by BDO Limited, Certified Public Accountants in Hong Kong and BDO China SHU LUN PAN Certified Public Accountants LLP, the auditor. The reporting data is mainly based on the year 2021. For data related to previous years and shown in this report, its year is explicitly specified in accordance with disclosure requirements. Monetary amounts shown in this report refer to the currency RMB, unless otherwise specified.

(4) Report assurance method

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

(5) Report release method

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

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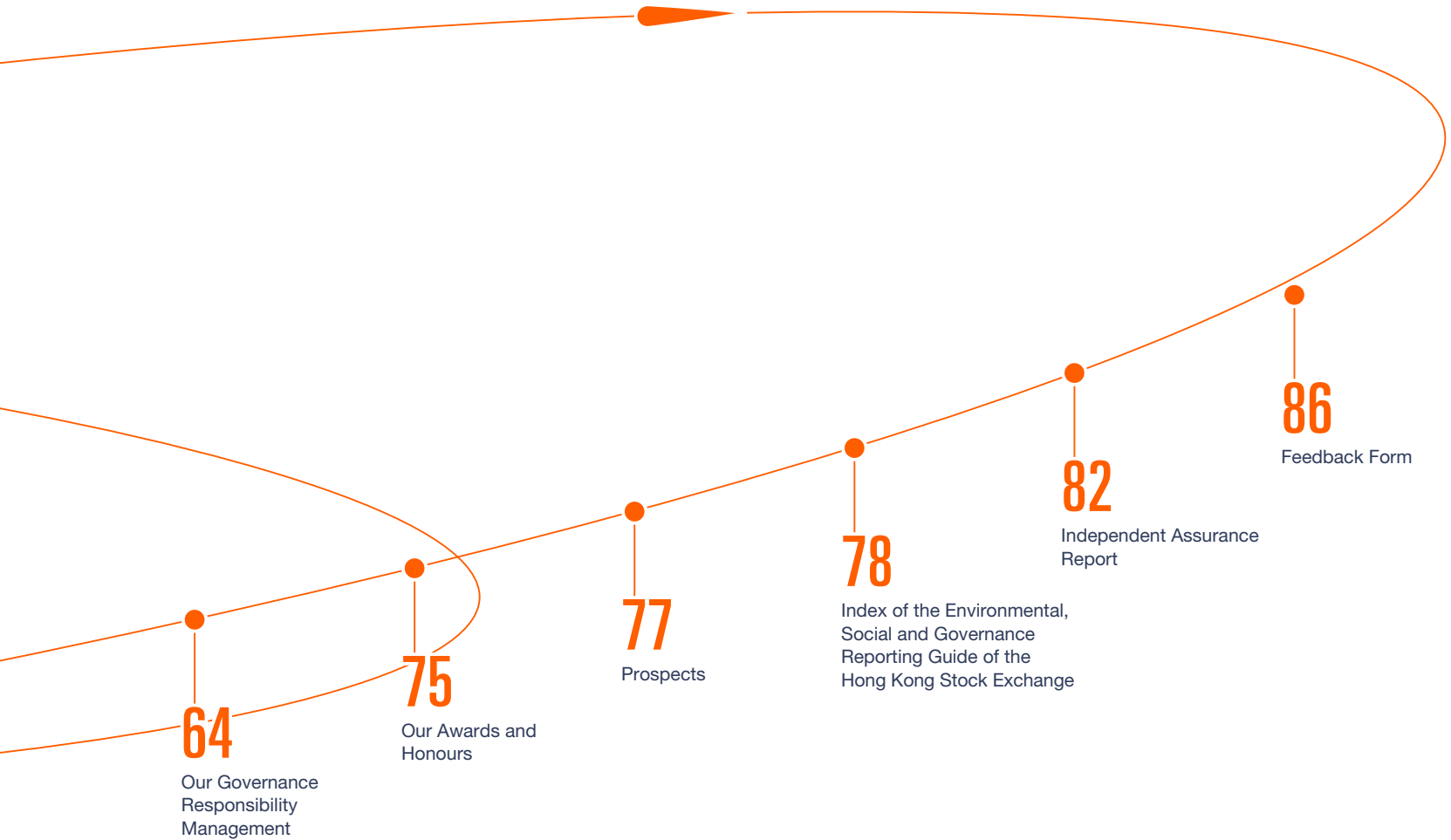
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Meaning of the Bank Logo: The shape of the logo is a square, meaning that Harbin Bank is financially stable and also a strong support for customer groups. The interwoven curves in the logo are interpreted from the shape of lilac's petals in the original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

The 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.





邓新权

Chairman's Statement

You can go wherever you want.

In 2021, we were in prosperous times. We witnessed and solemnly celebrated that the Communist Party of China had led the people of the whole country to achieve the first centenary goal of building a moderately prosperous society in an all-round way, with high-quality development achieving new results. We have weathered the storm and worked together to deal with the troubles and damages caused by the repeated COVID-19 epidemics. We have withstood the test of the increasingly severe and complex economic environment and financial situation, and achieved positive results.

2021 was a milestone year, which marked the first year of China's "14th Five-Year Plan", and the year when Harbin Bank started a new round of strategic cycle (2021-2023). Guided by the Thought on Socialism with Chinese Characteristics for a New Era proposed by Xi Jinping, we remain true to our original aspiration and return to the origin, participating in regional development with high quality to serve the real economy. In addition, strictly following the national strategy and local development strategy arrangements, we work assiduously to build a "good society" with "good finance", so as to effectively meet the people's basic financial needs for a better life. The good start of the new three-year strategic plan has made the brand connotation of "Trust, Warmth, Connected and Commitment" of Harbin Bank more deeply rooted in the hearts of the people.

As of 31 December 2021, Harbin Bank (Group) had total assets of RMB645.0462 billion, total loans and advances to customers of RMB294.3592 billion and total customer deposits of RMB501.7512 billion. During the year, the total expenditure on social charitable business of the Bank amounted to RMB17.3359 million, and the total tax amounted to RMB2.7813 billion.

The Bank insists on developing credit business back to the local market, and comprehensively contributes to the revitalization of the Northeast China and rural areas. The 2021-2023 Strategic Development Plan of Harbin Bank (Group) clearly states that it will build a troika of "corporate finance, retail finance and Sino-Russia financial services" to serve the real economy, small, medium and micro enterprises, and local development, so as to become the most competitive city commercial bank in the region

with characteristic advantages in inclusive finance.

In 2021, as a local corporate bank that grew up from the black soil land, Harbin Bank actively responded to the national “14th Five-Year Plan for Comprehensive Revitalization of Northeast China”. It insisted on developing credit business back to the local market to give full play to the advantages of local banking services, providing supporting financial services for the development of the real economy, with a focus on stimulating the vitality of market players in Northeast China, especially Heilongjiang Province. As of the end of 2021, the total loans in Heilongjiang region exceeded RMB152 billion, accounting for 51.6% of the Bank’s total loans, and the total loans in other Northeast region exceeded RMB40 billion, accounting for 13.6% of the Bank’s total loans, totally accounting for 65.2% of the Bank’s total loans, representing a year-on-year increase of 7 percentage points. The increase in loans in the province ranked second among financial institutions in the province, and the increase in loans in the city ranks first among financial institutions in the city.

In terms of contributing to rural revitalization, as of 31 December 2021, the balance of Harbin Bank’s agricultural loan amounted to RMB32.8150 billion, while the loan to farmers reached a record high, the balance of which exceeded RMB15 billion. The service scope of agriculture-benefiting financial business covers the majority of agricultural reclamation and rural village markets of 11 cities in Heilongjiang Province and 6 major Agricultural Cultivation Bureaus as well as some rural villages of Chengdu, Chongqing, Shenyang, Tianjin and Dalian areas which locate outside the province. During the reporting period, the established financial service system for “agriculture, rural areas and farmers”, especially the smart agricultural loan model of “all customer groups – all online”, efficiently met the financing needs of various agriculture-related inclusive customer groups, such as bulk grains, livestock and poultry of “beef and dairy cattle and hog”, special economic crops, black soil land protection and high-standard farmland construction. Moreover, it continued to deepen and consolidate the economic “growth pole” of the county areas, helping support the transformation of agricultural modernization and the construction of new rural villages. At the same time, it organically combined the consolidation of poverty alleviation achievements with the realization of rural revitalization, keeping working on financial assistance during the

transition period. The Bank was rated as “excellent” in the assessment and evaluation of financial institutions serving “rural revitalization” carried out by regulatory agencies such as the People’s Bank of China, and won the Award of 2021 Rural Revitalization Responsible Bank by the 19th China Finance Billboard.

It is noteworthy that in 2021, Harbin Bank continued to integrate into the Belt and Road construction, proactively participated in the process of Heilongjiang’s opening-up to the north, and contributed to the development of China (Heilongjiang) Pilot Free Trade Zone. During the reporting period, the Bank established a Sino-Russia settlement service centre in Harbin New District, as the third domestic city commercial bank with the qualification of CIPS direct participant, which has become the main force in promoting cross-border RMB business and CIPS system in the Russian market. The Bank set up self-service Rouble cash exchange machines in Harbin and Suifenhe areas of China (Heilongjiang) Pilot Free Trade Zone to continuously improve the integrated Sino-Russia financial services, thereby further expanding the characteristic brand influence and business advantages of Sino-Russia financial services.

Harbin Bank has further strengthened ESG management and integrated environmental responsibility and community investment into the implementation process of the development strategy.

Harbin Bank pays great attention to the Proposals of the CPC Central Committee for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-term Goals for 2035. During the reporting period, the Bank operated steadily, firmly defended the bottom line of risks, and strived to improve service quality and efficiency. At the same time, the Bank kept pace with the times, and integrated the goal announced by General Secretary Xi Jinping at the 75th UN General Assembly that “China will peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060”, and the objective of “widely accomplishing green production and lifestyle” by 2035 into the implementation process of the new three-year development plan.

During the reporting period, Harbin Bank gave full play to the coordinating role of the Development Strategy Committee of the Board of Directors, continuously explored the development of Green Finance, and formulated the Guiding Opinions on Green Finance of Harbin

Bank to further promote the implementation of green credit-related mechanisms and basic management systems. In respond to the call of the state and Heilongjiang Province on the protection of black soil in Northeast China, Harbin Bank launched “black soil loan” product to promote the development of Green Agriculture. Harbin Bank’s “Mobile QuickPass” Unbounded Platinum Credit Card was officially launched to minimize the potential impact of physical cards on the ecological environment at source. The Bank joined the “Double Carbon Action+” initiated by Caixin Insight and became a partner of the initiative.

It should be noted that in the process of unswervingly promoting the development of Inclusive Finance, Harbin Bank pays particular attention to the financial services for people’s livelihood and financial services for the elderly. While implementing renovations to business outlets and mobile terminal services for the elderly, the Bank has strived to expand the beneficiary groups of Inclusive Finance by doing practical things for the general public, serving over 5.8 million customers over the age of 50, and accumulatively issuing nearly 8.4 million social security cards. The Bank has been constructing a “finance + charity” retail financial service brand, cooperating with United Charity Foundation to continuously deepen community investment focused on the Happy Community Programme. By the end of 2021, over the past five years, the Programme has invested nearly RMB26 million to carry out more than 120 charity projects in 18 cities, attracting nearly 20,000 volunteers, and benefiting more than 500,000 participants. The influence of community investment has been increasing.

In 2021, while strictly implementing epidemic prevention and control measures to ensure the health and safety of employees, we also paid great attention to the conditions of enterprises affected by the COVID-19 epidemic, especially small and micro enterprises. In active respond to the national policies, the Bank endeavored to provide financial services during the epidemic and launched a series of measures to reduce customer financing costs, including interest rate concessions, extension of principal and interest payment, fee reduction and exemption, and provision of special credit facilities, so as to effectively meet the financing needs of enterprises during the epidemic, and actively help them cope with the impact of the epidemic and support the rapid resumption of production and operation. In total, the Bank ceded over RMB1 billion of income for the two years since the outbreak of the epidemic.

In the past year, Harbin Bank has always adhered to the leadership of the Communist Party of China, strictly implemented the rules of procedure of the Communist Party and the “three importance and one greatness” decision-making system, emphasized the role of the Communist Party in direction guidance, priority management and plan implementation, and gave full play to the role of Communist Party’s leadership and supervision, so as to continue with building Party integrity, strengthen the supervision and discipline accountability, and integrate the strengthening of Party’s leadership and improvement of corporate governance.

In 2022, in the face of the rapidly changing global situation and the capricious epidemic, as well as the uncertain external environment and risk challenges, Harbin Bank will unswervingly strengthen the comprehensive leadership of the Party to achieve high-quality development. The Bank will firmly conduct the three tasks of preventing and controlling financial risks, serving the real economy, and deepening financial reform, focus on local credit business, serve the real economy with high quality, support the comprehensive revitalization of Heilongjiang Province, and help build up Heilongjiang Province from six aspects and Harbin city develop in seven major areas. Harbin Bank is determined to fight against the epidemic in a firm and steady manner. Adhering to the business philosophy of Inclusive Finance and Common Prosperity, the Bank will improve ESG management capabilities in an all-round way, and provide premium financial services to customers in line with the support and expectations of various stakeholders, thereby making more contribution to local social and economic development. The Bank will welcome the successful convening of the 20th National Congress of the Communist Party of China with excellent results!

In 2022, Harbin Bank will insist on our brand connotation of Trust, Warmth, Connected and Commitment.

Board Statement

The Board of Directors of Harbin Bank undertakes the overall responsibility of supervising the ESG-related work of the Bank, and determines the guidelines and strategies for ESG management, so as to meet the management needs of ESG work and adapt to the development stage and key work of the Bank. In addition, Harbin Bank pays attention to the progress of ESG-related work through the ESG working group under the Development Strategy Committee of the Board of Directors, and regularly reviews the relevant requirements of various stakeholders, risks arising from special events and factors, and the progress of related businesses, in order to revise and adjust the promotion of related businesses and the priority ranking of ESG matters, so as to continuously improve ESG management. In this process, the Board of Directors and the Development Strategy Committee of the Board of Directors regularly review the determination of material issues, the annual ESG report and other contents.

In March 2021, the Board of Directors and the Development Strategy Committee of the Board of Directors considered and approved the Environmental, Social and Governance (ESG) Material Issues of Harbin Bank in 2021, which specified the development direction of the Bank in terms of Inclusive Finance, Internal Control, Employee Safety and Growth, Charity and Green Bank. The determination of the material issues shows that the Bank has, on the basis of maintaining stable basic direction, adhered to its main responsibilities and main business as a financial institution; continuously strengthened internal control, strengthened corporate governance, and continuously improved the level of risk management and compliance operations; and increased our attention to employees, small and medium-sized customers, financial consumers, and the community by taking into full account the possible impact of the continuation of the COVID-19 epidemic. In April, the Board of Directors and the Development Strategy Committee of the Board of Directors considered and approved the 2020 Environmental, Social and Governance (ESG) Report of Harbin Bank Co., Ltd. During the year, the Guiding Opinions of Harbin Bank on Green Finance was formulated to specify the Bank's work implementation plan in accordance with the relevant requirements of the central, provincial and municipal governments and regulatory agencies for Green Finance. During the reporting period, all directors, supervisors and senior management were provided with training on the theme of "achieving carbon neutrality goals and practicing high-quality development", they were encouraged to practice ESG philosophy, facilitate the systematic, standard and regular ESG governance, and further promote the full integration of ESG standards into corporate governance and business development.



Total Assets
6,450.462
(RMB100 million)

About Harbin Bank

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Overview

Harbin Bank¹ was founded in February 1997, headquartered in Harbin, Heilongjiang Province. Listed on the Main Board of the Hong Kong Stock Exchange (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 the northeast region, and Harbin Bank Consumer Finance Co., Ltd, the first consumer finance company in Heilongjiang Province, respectively. During the reporting period, the Group had 392 business outlets with branches and sub-branches across seven administrative regions in China. As at 31 December 2021, the Bank had total assets of RMB645.0462 billion, total loans and advances to customers of RMB294.3592 billion and total customer deposits of RMB501.7512 billion.

In 2021, Harbin Bank was ranked 261st in "2021 Brand Finance Global 500" published by Brand Finance (a famous UK-based branded business valuation consulting firm), 204th in "Top 1000 World Banks 2021" according to The Banker of United Kingdom and 34th in the "2021 China Banking Top 100 List" of the China Banking Association; and received the 2021 "Stars of China Awards: Best Corporate Governance Bank" awarded by Global Finance of United States, the "Best Cross-border Payment Innovation Small and Medium-sized Banks of the Year" in the 2021 Golden Medal List of Chinese Financial Institutions • Golden Dragon Award, the "2021 Bank of Inclusive Finance Business" of the 21th Century Financial Competitiveness Selection, the "Belt and Road Initiative" Financial Services Bank Award of the 2021 Financial Industry Selection by Caijing.com.cn, the "4th 'Iron-horse' Award for Small and Medium-sized Banks: Small and Medium-sized Banks with Best Asset Management Business", the "Outstanding Banks for Retail Banking 2021" in the 19th China Finance Billboard, and the "2021 Rural Rejuvenation Bank".

The Banker

"Top 1000 World Banks 2021" of
The Banker of United Kingdom

Harbin Bank
was ranked

204th

Brand Finance

"Brand Finance's Global 500 2021"

Harbin Bank
was ranked

261st

China Banking Association

"2021 China Banking Top 100 List"

Harbin Bank
was ranked

34th

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

Global Finance

Global Finance of United States 2021
"Stars of China Awards"

Harbin Bank was awarded as the

**Best Corporate
Governance Bank**

China Commerce Association China Entrepreneurs Association

Harbin Bank was rated as

**AAA Credit Enterprise
by Enterprise Credit
Rating Committee**



Financial Times

2021 Golden Medal List of Chinese Financial
Institutions • Golden Dragon Award

Harbin Bank was awarded as the

**Best Cross-border Payment
Innovation Small and Medium-sized
Banks of the Year**



21st Century Financial
Competitiveness Selection

Harbin Bank was awarded as the

**2021 Bank of Inclusive
Finance Business**



The 19th China Finance Billboard

Harbin Bank was awarded as the

2021 Rural Rejuvenation Bank

**Outstanding Banks for
Retail Banking 2021**



CAIJING.com.cn 2021 Financial Industry
Selection by Caijing.com.cn

Harbin Bank was awarded as the

**"Belt and Road
Initiative" Financial
Services Bank**

Key Performance Table

Type of Indicators	Specific indicators	Unit	2021	2020	2019
Economic performance indicators	Total assets	RMB million	645,046.2	598,603.6	583,089.4
	Operating income	RMB million	12,319.5	14,606.3	15,124.4
	Profit before tax	RMB million	561.2	1,408.9	4,790.5
	Net profit	RMB million	398.7	795.8	3,635.1
	Total tax	RMB million	2,781.30	3,018.02	2,798.49
	Earnings per share	RMB Yuan	0.02	0.07	0.32
	Average return on total assets	%	0.06	0.13	0.61
	Average return on equity	%	0.55	1.51	7.41
	Balance of loans to customers	RMB million	294,359.2	280,567.2	263,604.1
	NPL ratio	%	2.88	2.97	1.99
	Capital adequacy ratio	%	12.54	12.59	12.53
	Provision coverage ratio	%	162.45	133.26	152.50
Social performance indicators	Total staff	Person	6,910	6,992	6,941
	Proportion of female staff	%	57.28	56.99	57.08
	Proportion of female management staff	%	51.78	52.11	50.36
	Clients of village and township banking services	Account	641,078	592,863	530,490
	Microcredit balance	RMB million	196,775.7	179,120.6	178,441.7
	Balance of agricultural loans	RMB million	32,815	32,560	37,975
	Targeted poverty alleviation loans (current balance)	RMB million	383	387	390
	National student loan distributed during the year	RMB million	552	526	576
Environmental performance indicators	Total charity donation	RMB'0,000	1,733.59	1,945	2,820
	Green credit balance	RMB million	2,183	2,632	2,411
	Replacement rate of business transactions through electronic banking	%	97	95	93

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

The Group's Development Plan

- Branches
- Village and township banks



Stakeholders of Harbin Bank

Stakeholder	Expectation and requirements	Communication	Response
Government	To support the implementation of national strategies and healthy development of the regional and real economies.	To properly implement and enforce national financial policies; take part in formulation of relevant policies and in relevant research and discussion; and submit statistics reports.	Consistently implemented the macro-policies of the nation; supported national industry restructuring and transformation in economic development; implemented strategic planning of inclusive finance and green finance, supported development of the real economy including agriculture, rural areas and farmers, the private economy and SMEs; supported implementation of the Belt and Road Initiative and the policy of Entrepreneurship and Innovation by All; assisted in the battle against poverty, and undertook the responsibilities of a state-owned enterprise.
Regulatory authorities	To return to the basics of business; compliant, healthy and stable operation, stronger risk control and better corporate governance.	To properly implement and enforce regulatory policies; submit special reports and statistics reports.	Strict execution of regulatory policies and enforcement of regulatory requirements; compliant and honest operation; strengthening the internal control system; adopting comprehensive risk management; and continuous enhancement of corporate governance mechanisms.
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 reports; general meetings; results roadshows; and paying and receiving regular visits.	Sufficient protection of the legitimate interests of shareholders and investors and constant improvement on operational and management capabilities for sustainable shareholder value creation; Strengthening communication with the capital market by proper arrangements for investor and analyst visits and response to telephone and online enquiries; Active participation in domestic and overseas investor conferences held by investment banks and securities brokers and proactive arrangement of results announcement presentations and roadshows for investors.
Clients	To protect the legitimate interests of financial consumers; provision of quality financial services to boost client satisfaction.	Online and offline promotion and publicity of policies and knowledge; carrying out customer needs survey through questionnaires and interviews.	Continuous improvement of the mechanisms for protecting the interests of consumers; increased investment in science and technology, accelerated innovation in financial products and services; expanded customer service channels; reinforced customer relations management by inviting customers to our key events; improved customer complaint and whistleblowing channels and answered questions and solved problems for customers through multiple channels; and strengthened customer complaint handling and customer satisfaction survey.

Stakeholder	Expectation and requirements	Communication	Response
Environment	To promote the development of Green Finance, reinforce green indicator management of business operation and the office environment, and assist in achieving the goal of carbon neutrality.	Implementation of the national green finance development plan; strict enforcement of national policies on energy saving and emission reduction; and taking part in green charity activities.	Established a better green finance system; implementing green credit guidelines, allocated more resources for green credit, strengthened supply chain management and clarified green access requirements to support energy saving and emission reduction; promoted green operation by implementing paperless office and waste classification, etc.
Staff	Ample room for career 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.	Created better career development paths, established sound incentive and restraint mechanisms, improved performance assessment, paid attention to staff's work environment, cared about their physical and mental health, and protected their legitimate interests to promote the workplace culture of loyalty, diligence, integrity and accountability and an atmosphere for happy work and healthy life.
Partners	To build good cooperation relationship, focus on areas of strategic cooperation and achieve sustainable mutual benefit and win-win.	Strict contractual performance; improving tender procedures; strengthening communication; and paying regular visits.	Adhered to the principles of openness, fairness, justice, honesty and efficiency during the course of cooperation.
Community	To focus on new community relations and the battle against poverty, engage in social responsibility investment, and promote harmony and balance between financial institutions and the community.	To assist in achieving the goal of winning the battle against poverty by stationing poverty alleviation teams in villages or targeted poverty alleviation. To take part in community building activities intensively with United Charity Foundation; increase regular exchange and communication through publicity of financial knowledge; and carry out various charity activities.	Focused on winning the battle against poverty through calibrated financial poverty alleviation; carried out social responsibility investment and promoted community building activities with United Charity Foundation, focusing on the project of Happy Community Programme; promoted public sports development and improved urban cultural quality with the opportunity arising from sponsorship for the city marathon; established sub-branches incorporating community charity features; innovated inclusive finance service model to provide convenience for community life; and participated in charity donation to other types of activities for helping the poor and promoting education.

Issues of Significance in 2021

The Bank's material issues in 2021 were considered and approved at the 1st meeting of the Development Strategy Committee in 2021 and 2nd meeting of eighth session of the Board, and the order of priority is as follows: Inclusive Finance, Internal Control, Employee Safety and Growth, Charity and Green Bank. The rationale behind such order is set out below:

Inclusive Finance still ranked first. This is the key to implementing the Bank's core strategy of maintaining its principal business and supporting the real economy (SMEs/people's livelihood/agriculture, rural areas and farmers), and demonstrates the Bank's commitment to the national strategic plan for inclusive finance development. In particular, it provides strong support for the development of the real economy during the ongoing epidemic period.

The ranking of Internal Control remains unchanged. This is not only a response to the stringent regulatory requirements and uncertainties arising from changes in the external environment, and a high emphasis on the protection of consumer rights and interests, but also a necessary factor for laying a firm foundation for the Bank's high-quality development.

Employee Safety and Growth ranked the third, no change from the previous year. The primary content of the issue is to safeguard the health and safety of all employees during the anti-COVID-19 period, also the growth needs of employees in extraordinary times. On this basis, we ensure a happy, healthy working and living condition for employees.

Charity was ranked one place ahead of the previous year. This is mainly due to the fact that the Bank has continued to support the needs of the community residents and the building of community culture through the Happy Community Programme under United Charity Foundation initiated by the Bank during the ongoing epidemic period. It also took account of the organisation and mobilisation of staff to assist in the prevention and control of the epidemic.

Green Bank remained as one of the Bank's material issues. The Bank's paperless operational transformation has been preliminarily completed, and we will actively formulate plans for its upgrading and business development in view of the response to the Green Finance policy and the development of the Bank's internal programme in 2021.





Balance of the loans to farmers

150.024

(RMB100 million)



Topic: Our Focus in 2021

- Build an integrated cross-border financial service system with our unique business advantages
 - Striving to provide targeted rural and agricultural service to support the construction of agricultural and rural modernization
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- 
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Build an integrated cross-border financial service system with our unique business advantages

The year 2021 marks the 20th anniversary of the signing of the *China-Russia Treaty of Good-Neighborliness and Friendly Cooperation* and China-Russia cooperation in economy, trade and other sectors maintained a good momentum. During the year, China and Russia developed and completed the *Roadmap for the High-Quality Development of China-Russia Trade in Goods and Services*. They also agreed to promote the growth of cross-border e-commerce and trade in services and continued to implement the *Agreement on Economic and Trade Cooperation between China and the Eurasian Economic Union*.

With geographically advantageous location for Sino-Russia cooperation, the Bank has always taken developing Russian-related financial resources as one of its featured businesses, which is designed to serve the China-Russia overall strategic cooperation and promote China-Russia financial cooperation in a practical manner. In 2015, the Company, as the Chinese promoter and the chairing company, 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. There were 35 founding members, and the number of members has grown to 76 through continued attraction of new members during the reporting period. Based on the development objective of "resources sharing, complementary advantages and mutually beneficial cooperation", the Council is committed to giving full play to the advantages of an open and integrated platform, exploring the development space of the Sino-Russian cross-border financial cooperation, consolidating the advantages and resources of member institutions, upgrading the cross-border financial cooperation model, innovating Russian financial products and improving comprehensive service capabilities, and enhancing the participation and integration of financial institutions of the two countries in cross-border industrial projects.

In 2021, taking the opportunity of pushing forward Sino-Russia financial services and promoting the development of the Heilongjiang Free Trade Zone, the Bank actively integrated the system and resources of cross-border financial business and strived to establish an integrated cross-border financial service system to further improve its cross-border financial service capabilities. With a focus on the development plan of the Heilongjiang Free Trade Zone, the Bank concentrated on the innovation of Russian financial products, and launched the "Russian Express", a Russian featured settlement product, and the featured exchange rate hedging products for foreign exchange trading in Rouble, which achieved innovative breakthroughs in key business such as cross-border RMB direct investment business, foreign investment, cross-border direct investment in Russia and Chinese-funded US dollar bonds.

In December 2020, the Bank established the Russia-related Settlement Service Centre in Harbin New Area. Since then, the Bank set up a dedicated service team, opened a green channel for Russia-related settlement services, and successfully completed the first NRA account settlement business in the Free Trade Zone through the Russia-related Settlement Service Centre, which was selected as an innovative case in Heilongjiang Free Trade Zone. The Bank was the first to launch special foreign exchange hedging products such as T+1/T+2 settlement and sale of rouble, rouble forward, rouble option and rouble to USD foreign exchange trading, as well as rouble cash self-service exchange facilities, and completed the first cross-border RMB FDI business and rouble ODI business with Russia in the Harbin Area of Heilongjiang Free Trade Zone. The Bank also





Lecturer group of Harbin Bank's first Russian training camp



Invited to the China (Shenzhen) Cross-border E-commerce Exhibition and the Greater Bay Area Cross-border E-commerce Forum

launched special corporate financing products such as “Technology Loan” and “Risk Compensation Loan”. In 2021, Russia-related Settlement Service Centre was selected as a provincial innovative case in the Free Trade Zone.

The Bank has signed cooperation agreements with entities including Harbin New District Management Committee, Harbin Pingfang District People’s Government, Harbin Comprehensive Bonded Zone Management Committee, Harbin Songbei Investment and Development Group Co., Ltd., and Harbin Water Investment Group Co., Ltd., facilitating further improvement and upgrading of the financing model of “cross-border commercial banks + cross-border investment banks”. Since the establishment of Harbin New District, the Bank has granted loans to customers therein, with a total value of nearly RMB22 billion. In 2021, the Bank continuously deepened its cooperation with key enterprises in Harbin New District, with balance of loans to the existing corporate customers in the new district exceeding RMB8 billion. During the reporting period, the total international settlement volume of institutions in the Free Trade Zone reached nearly RMB2 billion, taking the lead among banks in the zone. In addition, the Bank actively provided high-quality quotations of Rouble for banks and counter customers, and once again ranked first in the ranking of the best price quotes during the year in terms of Rouble market making activities in the interbank foreign exchange market.

As an important force for driving Renminbi-Rouble settlements, the Bank successfully completed the development, launch and implementation of the CIPS (Cross-border Interbank Payment System) during the reporting period, becoming the third domestic city commercial bank to access the CIPS as a direct participant. As at 31 December 2021, 12 Russian banks have participated in the CIPS indirectly through the Bank, with the amount of business processed by the system exceeding RMB4.75 billion, which has become a major force in the development and promotion of cross-border Renminbi business and CIPS in Russian market. The Bank won two awards, namely, the Advanced Participant in Cross-border Renminbi Payment and Clearing Market Expansion for 2021, and the Advanced Participant in Cross-border Renminbi Payment and Clearing Institution Services. At the same time, in order to optimize cross-border clearing and settlement services, the Bank fully launched the SWIFT GPI service, which may achieve full transparency of fund transaction costs in cross-border remittance transactions, trackable and traceable entire process of remittance status, and complete transmission of remittance information, significantly improving the efficiency and transparency of cross-border remittances.

During the reporting period, the cross-border E-commerce financial business of the Bank maintained its robust development and constantly enriched the variety of Sino-Russia online settlement products. It can now support more than ten mainstream payment tools in Russia and the online real-time payment, collection and settlement of more than 60 currencies with international credit cards such as MASTER and JCB. Meanwhile, the platform has expedited the expansion and implementation of its business and system into the Sino-Russia settlement center in the Harbin Area of Heilongjiang Free Trade Zone to provide the Free Trade Zone with product, system and special support for building such center. In 2021, the platform witnessed an increase in the volume of transaction settlement of RMB543 million, and the aggregate transaction settlement volume reached RMB15.8 billion. The Bank received the “Best Risk Control Performance of the Year Award” and the “Outstanding Contribution of the Year Award” granted by MasterCard International, as well as the “Best Cooperation Efficiency Award of the Year Award” granted by JCB International Credit Card.

Striving to provide targeted rural and agricultural service to support the construction of agricultural and rural modernization

On 21 February 2021, the Opinions of the Central Committee of the Communist Party of China and the State Council on Comprehensively Promoting Rural Revitalization and Accelerating Agricultural and Rural Modernization was published. Adhering to the guidance of national strategies and based on the overall requirements and planning direction of the Decisions of the Heilongjiang Provincial Committee of the Communist Party of China on Deepening the Implementation of the New Development Philosophy, Accelerating the Integration into the New Development Dynamic, Promoting Agricultural and Rural Modernization, and Achieving New Breakthroughs, as well as the Opinions on the Financial Support for the Development of New Agricultural Operating Entities, the Bank formulated corresponding implementation schemes and strategies to bolster the construction of a strong agricultural province, after taking into consideration of its practices of agricultural financial business.

As the first domestic city commercial bank to carry out rural financial business, the Bank persists in “ensuring uninterrupted rural and agricultural services” by actively providing loans for preparing spring plowing during the peak season of agricultural loans and implementing “pre-approval of credit loans for new cycle + post-loan management for current cycle” during the off-season. For customer group planting grains in bulk, the Bank proactively provides “whole cycle all year round” rural and agricultural services, efficiently applies the mechanism of granting loans in batches, conducts follow-up in advance and grants loans at any time based on agricultural financing needs. For customer group in special planting and breeding industries such as Chinese herbal medicine, fungi, vegetables and fruits, “beef and dairy cattle and hog”, and potato planting, the Bank actively carries out exclusive customized services, innovates and upgrades the Agricultural Revitalization Loan, an exclusive product for new agricultural operating entities, thereby further improving its capability to serve agricultural modernized entities. Besides, the Bank has innovated and launched the product of “black soil loan”, which includes emerging agricultural customer group of black soil protection, smart agriculture, green agriculture, high-standard farmland planting and cultivation of the fine varieties on the basis of the customer group of traditional agricultural production, as well as specifies marketing scenarios and loan granting service elements for black soil customer group, so as to facilitate cultivating national key support industrial projects such as black soil protection and high-standard farmland construction.

In order to effectively improve the financial service experience of broad customers in rural areas, the Bank constantly upgrades smart agricultural loan granting service model, facilitating the rapid development of “Internet + rural and agricultural service”. It has diversified online rural and agricultural operation service of “mobile banking + mobile PAD”, efficiently applied the smart approval model, upgraded and launched the Agricultural Flash Loan 3.0, an online smart agricultural loan products based on the application





32,815.0 million

of agricultural big data, which practically ensure farmers in Heilongjiang can enjoy “handheld rural and agricultural services” without leaving home.

During the reporting period, the balance of agricultural loans granted by the Bank amounted to RMB32,815.0 million, and the balance of the loans to farmers amounted to RMB15,002.4 million. The business covered the majority of rural markets of 11 cities and 6 major Agricultural Cultivation Bureau of Heilongjiang and some rural villages of Chengdu, Chongqing, Shenyang, Tianjin and Dalian outside Heilongjiang Province. The Bank greatly promoted the economic development and the prosperity of rural financial markets in the counties, and vigorously supported the rural areas to achieve comprehensive revitalization. The Bank also linked the safeguarding of poverty alleviation achievements with rural revitalization, and to this end, it formulated targeted plans to incorporate the rural revitalization into its internal performance appraisal process to gather supports from the whole Bank for rural revitalization and poverty alleviation achievements safeguarding as well as provide constant financial assistance during such transition period.



Agricultural Machinery Leasing, A Featured Business, Provides Financial Instrument Supports for Agriculture-benefiting Services

In 2021, the agricultural machinery leasing, which is a featured business of Harbin Bank Financial Leasing Co., Ltd. (“Harbin Bank Financial Leasing”), gave top priority to the development of the business ecosystem, explored brand cooperation to develop exclusive products and serve the strategic customers by adhering to the “dual-cycle pattern” and industry chain financial perspective, so as to step on a new journey of scale development of agricultural machinery leasing to provide continuous and strong financial instrument supports for the agriculture-benefiting services.

Harbin Bank Financial Leasing has mechanisms in place for expedited review and approval for satisfying farmers’ demand of purchasing machinery in a convenient way. By virtue of developing standardized products and achieving standardized review and approval, the demand for review and approval at a peak of spring cultivation and autumn harvesting has been meet effectively, which led to a rapid growth of the machinery leasing business. Harbin Bank Financial Leasing focused on “manufacturers + distributors + regions”, adhered to brand strategy of “maintaining a medium profile in international market and high-end profile in domestic market”, conducted in-depth research on core manufacturers and accurately targeted at the core channel needs of manufacturers and distributors and others. Through customizing differentiated products such as “Shangyizu”, “Kuaiyizu”, “Ronguizu” and “Kurongzu” and others products by virtue of understanding of the profiles of target customers and leasing properties, an improving product system was established, with rapid increase in terms of customer stickiness, market share and product competitiveness, therefore achieving full coverage of quality dealers of some agricultural machinery brands in the three provinces in Northeast China, and entering into comprehensive cooperation agreements with some of the top domestic agricultural machinery brands. Meanwhile, Harbin Bank Financial Leasing continued to deepen its regional priority strategy to further break the regional monopoly and accelerate the pace of agricultural machinery leasing business to the whole country. As of the end of 2021, the annual balance of agricultural machinery leasing business amounted to RMB1,900 million, representing an increase of 235% as compared with the end of 2020; among which, the balance of agricultural machinery leasing business for farmers exceeded RMB1,500 million for the first time, representing an increase of 224%, achieving a multiple growth.

Case

Harbin Bank “Chinese Farmers’ Harvest Festival” Customer’s Story Telling in 2021




In 2021, the Bank held a range of promotion activities, such as “Chinese Farmers’ Harvest Festival” and “Agricultural Integrity Customer Festival”. All party members from the segment specialized in supporting agriculture went into the farming fields with customer managers to chat with farmers about their harvest. During the events, more than 100 celebratory events were held by relevant county-level branches, and 445 agricultural integrity customers were selected, during which the exhibition and broadcast of harvest stories telling by customers was awarded the “2021 Good News Award for Banking Financial Institutions Serving Agriculture, Rural Areas and Farmers” by the China Banking Association. The Bank was rated as “Excellent” in the assessment and evaluation of financial institutions in serving rural revitalization conducted by the People’s Bank of China and other regulatory authorities, and bagged the “2021 Bank Contributing to Rural Revitalization” award in the 19th China Finance Billboard.

[Harbin Bank “Chinese Farmers’ Harvest Festival” Customer’s Story Telling in 2021]:

“Cold and Black Soil Land Contains Strong Affection, Reflecting by Loans from Harbin Bank to Assist Us Going Forward” (<https://m.weibo.cn/1916825921/4684593967926743>)

“Supporting Agriculture with Loans from Harbin Bank to Make A Good Harvest” (<https://m.weibo.cn/1916825921/4685274703728440>)





**Formulated the Guiding
Opinions on Green
Finance of Harbin Bank**



Our Environmental Responsibility Management

- Green credit
- Low-carbon operation
- Green charity

In 2021, the Board of Harbin Bank attached great importance to the construction of ESG management capability and gave full play to the roles of the Development Strategy Committee of the Board, to continually explore the development path of green finance that is commensurate with current development stage of the Bank.

Harbin Bank paid close attention to the goal announced by General Secretary Xi Jinping at the 75th UN General Assembly that “China will achieve the goal of peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060”, and the objective of “widely achieving green production and lifestyle” by 2035 specified in the Proposals of the CPC Central Committee for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-term Goals for 2035, as well as the relevant requirements of HKEX’s new edition of the Environmental, Social and Governmental Reporting Guide and the Main Board Listing Rules.

During the reporting period, the Bank has particularly formulated work objectives of green finance from the strategic development planning level, in order to thoroughly implement the deployment requirements of the national, provincial and municipal governments, the PBOC and the CBRC on green finance, and follow the relevant requirements of the Guiding Opinions of the State Council on Accelerating the Establishment of a Sound Economic System with Green, Low-carbon and Circular Development (No. 4 [2021] of the State Council), the Implementation Plan of Green Finance in Heilongjiang Province (No. 32 [2021] of Heilongjiang Gov. Office), the Green Finance Management Measures for the Banking and Insurance Industry (Opinion Solicitation Draft), the Guiding Opinions on Building a Green Financial System (No. 228 [2016] of the PBOC) and the Evaluation Plan on Green Finance of Financial Institutions in Banking Industry (No. 142 [2021] of the PBOC) and other relevant requirements.

During the reporting period, the Bank invited the Partners of Climate Change and Sustainability Services of Greater China Financial Services in Ernst & Young Hua Ming LLP, and the Head of ESG Management Office, to conduct training for all members of the Board, the Board of Supervisors and Senior Management under the theme of “Achieving Carbon Neutrality and Enhancing Development Quality”. Summary of Proposal on the 2021-2023 Strategic Development Plan of Harbin Bank, which was approved at the general meeting, clarifies that “transform us into a ‘green bank’ that develops green finance gradually and improves green credit policies to guide the deployment of credit resources” shall form part of the “Strategy for Reshaping the Foundation”. Guiding Opinions of Harbin Bank on Green Finance was formulated to comprehensively facilitate seeking breakthroughs in the Bank’s green finance work.

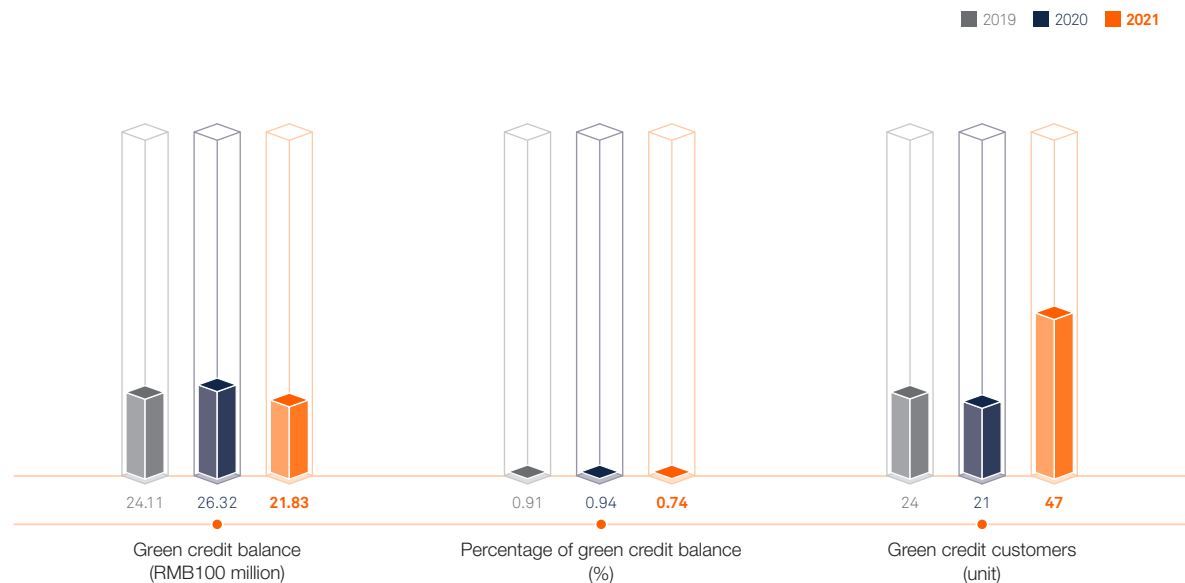
Also, it is noting that substantial progress was made in the development of climate-related financial products and services, which were developed by the Bank in advance. Furthermore, the product named “Black Soil Loan” was launched to respond the call of China and Heilongjiang Province on the protection of black soil in Northeast China, so as to promote the development of green agriculture. The Bank officially launched “Harbin Bank’s Unbounded Theme Platinum Credit Cards on Mobile QuickPass”, in an attempt to reduce the potential impact of physical cards on the ecological environment from the source. During the reporting period, the Bank also joined the “Double Carbon Action+” initiated by Caixin Insight to become a partner of the Double Carbon Action Initiative.

Integrating the environmental responsibility into strategic arrangements, product innovation, capacity building, daily low-carbon operations and community investments, being a new initiative of strengthening ESG management as well as effectively fulfilling of environmental obligation after the inclusion of the green credit development strategy in the Board’s terms of reference and the Articles of Association in 2018, the establishment of an ESG working group under the Development Strategy Committee of the Board in 2020, which will strongly promote the Bank’s response to climate change and achieve high-quality sustainable development.

Green credit: reshaping the foundation of the new three-year strategic development plan

In 2021, with an aim of building a Green Bank, the Bank has focused on reshaping the foundation of its green financial system. During the reporting period, the Bank has formulated the Guiding Opinions of Harbin Bank on Green Finance, to establish a sound green credit reporting system and green credit product management system. Besides, the Guidelines of Harbin Bank for Credit Granting to Industries (2021) has specified the principles and fields of green credit. Also, the head office has set up a green credit working group to strengthen supervision, resource allocation, close coordination and implementation of responsibilities, actively carry out green financial product innovation, and pay attention to improving environmental risk management capabilities for green credit and providing training on sustainability-related financial knowledge and skills for employees.

As at the end of 2021, the green credit balance of the Bank was RMB2.183 billion, including corporate loans of RMB2.127 billion and personal loans of RMB56 million, which were mainly granted for green upgrade of infrastructure, energy conservation and environmental protection and ecological environment industries; the number of green credit customers was 47, representing an increase of 26 over the previous year. The contribution to energy saving and emission reduction were 89,790.84 tonnes of standard coal, 31.82 tonnes of sulphur dioxide and 750,067.93 tonnes of water saving.





Faces of infinite credit cards

During the reporting period, the Bank purposefully paid more attention to strengthening the innovation of green credit business and institutional preparation.

In order to solve the financing difficulties of technology-oriented enterprises in Heilongjiang Province, the Bank carried out special product innovation and specially supported the growth of digital technology enterprises by fully exerting the functions of the New District Science and Technology Sub-branch established in Harbin. As at the end of 2021, the balance of corporate loans of the Bank in Heilongjiang Province's information transmission, software and information technology services and technology research and technology services industries was RMB350 million, representing an increase of 20% from the beginning of the year, and achieving a substantial increase in the scale of digital financial assets in the province.

In order to strongly support the protection industry of black soil arable land in Heilongjiang Province, the Bank innovatively launched the product called "Black Soil Loan" to improve the harmlessness, technology, industrialization and efficiency of agricultural production. The customers of this product are mainly the natural person customers who purchase and use the technical services and professional equipment required for black soil protection in agricultural production. The main purposes of the loan include the increase of infrastructure investment, purchase of professional agricultural machinery and materials and upgrading of technical services by agricultural production and business entities, in which specific loan scenarios include the purchase of professional fertilizers, such as organic fertilizers and slow release fertilizers; the purchase of professional agricultural machinery and tools used in black soil protection, such as no-tillage planters and straw pulverizers; and the introduction of farming agronomic techniques used in black soil protection. During the reporting period, the investment in "Black Soil Loan" amounted to RMB4.5 million.

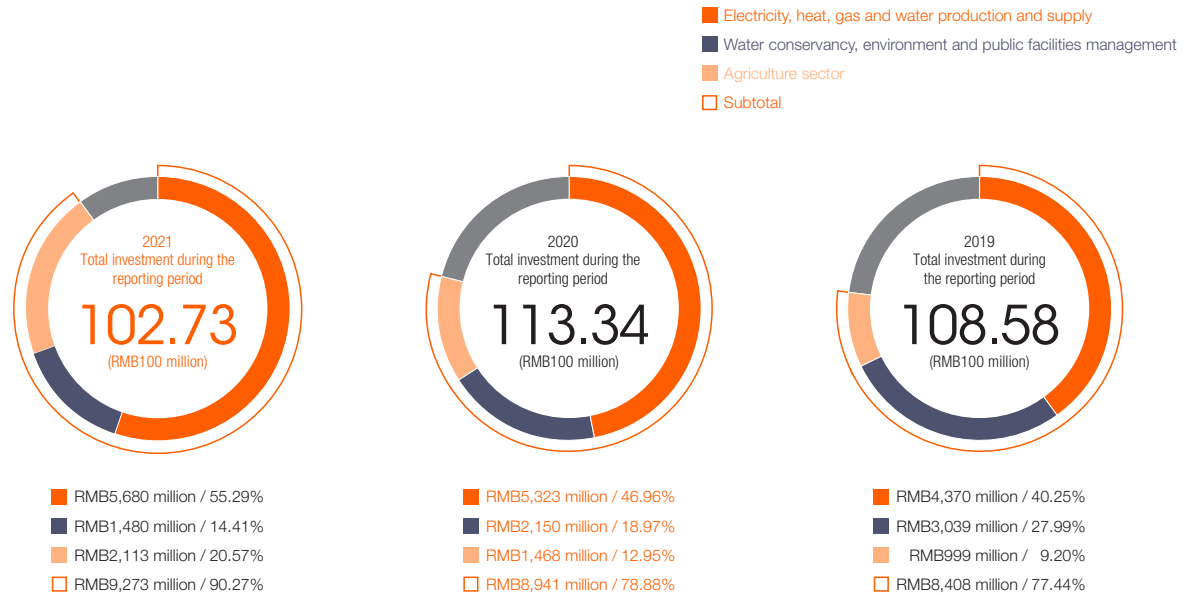
Since 2020, the Bank has cooperated with China UnionPay to deploy climate-related financial products and services and explored to reduce the potential impact of physical cards on the ecological environment from the source. On 1 September 2021, the Bank officially launched "Harbin Bank's Unbounded Theme Platinum Credit Cards on Mobile QuickPass", which exists in digital form and meets users' needs through digital services. The issuance of unbounded cards reduced the impact of discarded cards caused by replacement and loss on the ecological environment, unconsciously guided financial consumers to pay attention to ecological environmental protection and to choose a more ecologically friendly lifestyle, and reduced the environmental impact of financial services. As at 31 December 2021, nearly 5,000 unbounded cards have been issued.

In order to thoroughly implement the national arrangements of "carbon peaking" and "carbon neutrality", the Bank actively promoted the innovation of green financial products, further enriched the green financial product system and exerted the functions of financial support in promoting greenhouse gas emission reduction. During the reporting period, the Bank also actively promoted product innovation in the "pledged loans of carbon emission rights" and started the preparation of the Measures for the Management of Pledged Loans of Carbon Emission Rights of Harbin Bank, which is to clarify the Bank's management requirements of pledged loans of carbon emission rights.

Harbin Bank Financial Leasing, a subsidiary of the Bank, continued to increase the proportion of investment in green finance fields such as public utilities, green energy and agriculture. Founded in June 2014, Harbin Bank Financial Leasing is a holding subsidiary of the Bank, which is positioned as a “reputable financial leasing service provider involved in agriculture and environmental protection” and preliminarily established a leading position in the field of agriculture-related leasing in China. As at 31 December 2021, the total assets of Harbin Bank Financial Leasing amounted to RMB24.821 billion. During the reporting period, its total investment was RMB10.273 billion. Specifically, it invested RMB5.680 billion in the fields of electricity, heat, gas and water production and supply, RMB2.113 billion in the agriculture sector, and RMB1.480 billion in the fields of water conservancy, environment and public facilities management, accounting for 55.29%, 20.57% and 14.41% of the total annual investment, respectively.

It is worth mentioning that in 2021, Harbin Bank Financial Leasing’s proportion of total investment in green finance fields such as public utilities, green energy and agriculture increased by 11.39 percentage points as compared with that of the previous year. Specifically, the investment in fields of public utilities such as electricity, heat, gas and water production and supply and that in the agriculture sector continued to increase, representing an increase of RMB357 million or 8.33% and RMB645 million or 7.62% as compared with that of the previous year, respectively.

Distribution of key investment areas of Harbin Bank Financial Leasing



Low-carbon operation: committing to becoming a partner of the “Double Carbon Action” Initiative

During the reporting period, the Bank continued to advocate and bring into play the concept of green office and low-carbon operation in accordance with the “strategy for reshaping the basics”. In strict accordance with the Bidding Law of the People’s Republic of China, the Interim Provisions on Centralized Procurement Management of State-owned Financial Enterprises (Cai Jin [2018] No.9) and other laws and regulations, the Bank formulated the Measures for Centralized Procurement Management of Harbin Bank, which specified that centralized procurement should give priority to energy-saving and environmentally friendly commodities. For procurement projects involving green environmental protection, energy saving and water saving, as well as emission reduction and carbon reduction, the green access requirements for relevant products and services shall be clearly put forward and included in scoring management.

The Bank’s “Paperless Project” was fully implemented during the reporting period, increasing the efficiency of a single type of business by up to 30% and the overall efficiency of counter private business by 17%, saving more than 23.70 million sheets of voucher paper, which covers an area of approximately 158 cubic metres, and saving a total of approximately RMB2.84 million in costs. At the same time, the Bank has built a digital, intelligent and refined business management model, and realized electronic, online and process-based management of the entire life cycle of the management process with the construction of an integrated operation management platform as the starting point. The circulation of physical paper was reduced through online process approval, and “paperless” internal management process was promoted to empower the development of green finance with management innovation and process innovation.

As of the end of 2021, the Bank’s electronic channel business replacement rate and mobile channel business replacement rate were 97% and 73%, an increase of 2 and 6 percentage points over the end of the previous year, respectively. The growing capabilities in digital financial services and intelligent operations not only effectively promote low-carbon operation, but are also more in line with the requirements of COVID-19 prevention and control, and meet the basic financial needs of customers under the recurring pandemic situation to the greatest extent. Some environmental indicators of the head office also declined due to the impact of the pandemic. In 2021, water consumption (sewage discharge) dropped by 4,090 tonnes or 11.5%, and natural gas consumption declined by 46,700 cubic metres or 48.2%.

During the reporting period, the Bank joined the “Double Carbon Action+” initiated by Caixin Insight to become a partner of the Double Carbon Action Initiative. The Bank also continuously guided employees and customers to enhance their sense of responsibility for environmental protection and awareness of green finance by putting up posters for public causes on “World Environment Day” and organising branches and sub-branches to participate in the “Happy Community” Programme.



Screenshot of the PPT about ESG training

Case

The Bank's headquarters building in Qunli New District, Daoli District, Harbin received a LEED Silver Certification (LEED 2009 CORE AND SHELL DEVELOPMENT) from the U.S. Green Building Council (USGBC) in 2018. The architectural and interior design of the headquarters building was undertaken by Kohn Pedersen Fox Associates (KPF), a renowned American architecture firm. Based on the climate characteristics of Harbin, the architectural design is focused on improving use of resources, reducing carbon emissions, and facilitating environmental and human health.



An aerial view of HARBIN BANK's headquarters building



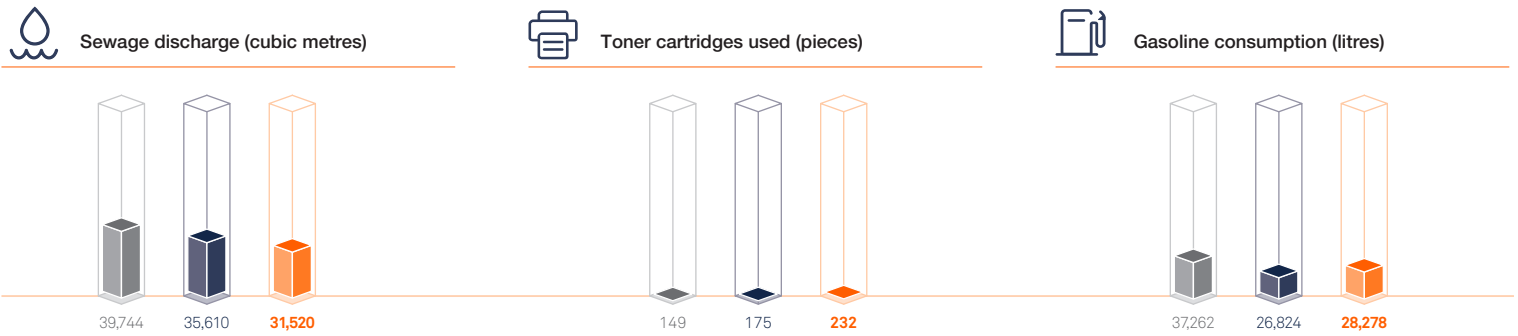
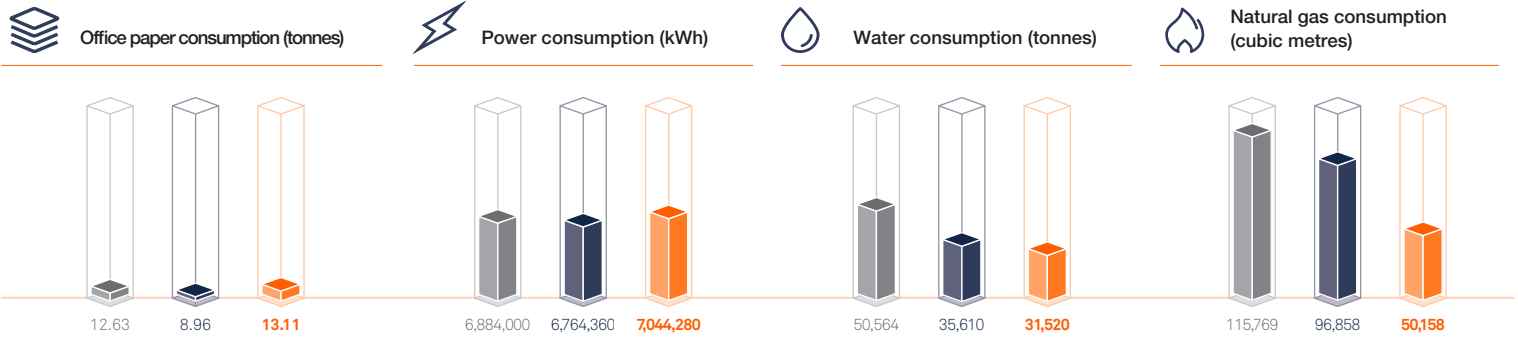
"World Environment Day" Posters for Public Causes

Harbin Bank Consumer Finance, a subsidiary of the Bank, continued to promote low-carbon operation. Harbin Bank Consumer Finance Co., Ltd. ("Harbin Bank Consumer Finance") officially opened for business in April 2017. It is the 19th licensed consumer finance company in China with the Bank as the main promoter, and is committed to building a warm consumer finance company. As of the end of 2021, its total assets reached RMB13.658 billion, a year-on-year increase of 19.88%.

Based on industry characteristics, Harbin Bank Consumer Finance continuously explores low-carbon operation and business development models, and strives to improve green financial services through digital capacity building featuring the development and application of artificial intelligence, big data, cloud computing and other cutting-edge technologies. In 2021, with the established five core capabilities, i.e. omni-channel customer acquisition system, distributed core system, big data risk control system, intelligent operation system and intelligent asset management system, it conducted business online by using digital contracts and certification documents. During the reporting period, Harbin Bank Consumer Finance saved more than 380 million sheets of paper by signing digital contracts online, and handled approximately 100,000 problems through smart customer service.

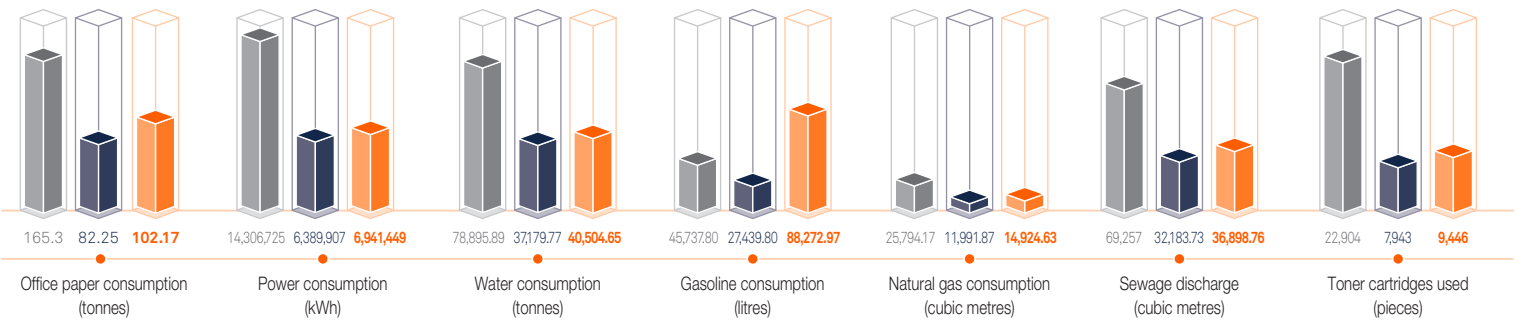
According to incomplete statistics, Harbin Bank Consumer Finance reduced power consumption by approximately 150,000kWh and carbon dioxide emissions by approximately 148.5 tonnes in 2021 through smart customer service, smart post-loan management and workplace energy conservation. In addition, it has started construction of systems on the cloud since 2018. During the reporting period, it put 17 sets of such systems into operation, making the number of systems operating on the cloud account for 70% of the total, which reduced a total of 104 physical servers and saved a total of 312,000kWh (representing a carbon emission reduction of approximately 309 tonnes).

■ 2019 ■ 2020 ■ 2021



Gasoline consumption of business vehicles (self-owned)

 Harbin Branch



Green charity: participating in the implementation process of the “Happy Community” Programme

During the reporting period, based on the “Happy Community” Programme in collaboration with United Charity Foundation, 53 business outlets of the Bank joined hands with the project implementation agencies to promote green lifestyles.

In the categories called for the “Happy Community” Programme in 2021, the “environmental protection” category continued to be retained, which includes advocating waste classification, promoting environmental knowledge, providing environmental services, and encouraging resource recycling, with a view to passing on a green culture and bringing the concept of green development into play. During the reporting period, a total of 53 projects were implemented in 8 cities, including Harbin, Shenyang, Dalian, Tianjin, Chongqing, Chengdu, Mudanjiang and Shenzhen, of which 4 were related to environmental protection, distributed in Chengdu, Dalian, Shenyang, Tianjin and other regions.



Cases

In March 2021, Xigang Sub-branch of our Dalian Branch and Yici Social Work Services Center jointly launched the charity activity of “Building Green Homes, Establishing Green Ideals”, during which they went to the Colorful Art School in Dalian to guide students to raise their awareness of environmental protection, to protect the earth and the natural environment.

In August 2021, in order to popularise the knowledge of waste classification, Huanggu Sub-branch of our Shenyang Branch joined hands with the social workers in Lizhou, Shenyang to organise a three-day activity of “Hand-painted Wall Paintings for Waste Classification Popularisation” in Shenyang Taishan Community, which was lively and interesting, enabling the residents to understand waste classification more intuitively.

In September 2021, the “Happy Community Hand in Hand” Programme, jointly implemented by Chengdu Beili Social Organisation Development Promotion Center and Chengdu Yongfeng Road Community Sub-branch of Harbin Bank, was launched in the Beilei Community, Yongfeng Road, High-tech District, Chengdu. The community actively played the role of the Green Plus Environmental Protection Service Team, which has been established for five years, to carry out activities such as recycling of old clothes, replacement of second-hand items and composting of kitchen waste following the launch of the “Happy Community” Programme to further enhance the community residents’ awareness of environmental protection and ecology.

In October 2021, Tianjin Beichen Sub-branch joined hands with Tianjin Yijia Social Work Development Center to carry out an activity with the theme of “Small Bottle • Big World – Micro-ecological Landscape Bottle Making” in New Home Community, Shuangjie Town, Beichen District to convey the life concept of green environmental protection to the residents, which not only enhanced the awareness of green environmental protection, but also promoted the harmony among neighbors and improved the sense of happiness of the community residents.

The infographic features a large central circle with a light blue background and a red hatched pattern on its right side. The text is centered within this circle. The background is a solid red color with decorative white dotted lines and thin white lines forming orbits around the central circle. A smaller circle with a red hatched pattern is located in the upper left corner.

Total Expenditure
on Social Charity
Initiatives

1,733.59

(RMB0'000)



Our Social Responsibility Management



- 
- Employee safety and growth
 - Supply chain management
 - Product responsibility
 - Anti-money laundering and anti-corruption
 - Community investment
- 

In 2021, in the face of the recurring pandemic and the impact of natural disasters throughout the country, the Bank encouraged its employees to actively participate in social welfare practices while paying great attention to their safety and growth, and took the fifth anniversary of the establishment of United Charity Foundation as an opportunity to strongly promote the further development of community investment projects. Under the principle of returning to the source and focusing on the main business, the Bank strongly supported important projects related to the development of local industrial economy in Heilongjiang, continued to support small and medium-sized enterprises to overcome the difficulties brought by the recurring pandemic, and devoted its efforts to support local livelihood projects to benefit a wider range of people, realizing a high degree of integration of the business philosophy of “Inclusive Finance, Harmonious Co-enrichment” with business development.

While strictly implementing the requirements of the Environmental, Social and Governmental Reporting Guide of the Hong Kong Stock Exchange, the Bank continued to improve ESG management. At the beginning of the year, the Bank identified the material issues for the year and made it clear that, as a financial institution, providing financial services that meet the needs of society is the most significant issue of the Bank. The Bank invited the Climate Change & Sustainability Partner of Greater China Financial Services of Ernst & Young Hua Ming LLP and the head of ESG Management Office to conduct training on all members of the Board of Directors, Board of Supervisors and senior management on the theme of “Achieving Carbon Neutrality and Practicing Quality Development”. The Statement of the Board of Directors was issued to further clarify the understanding, participation and supervision of the Board of Directors on ESG management while responding to the requirements of the Guide, and provide a clear target for the Bank to actively fulfill its social responsibilities. During the reporting period, the Bank received a series of awards, including the 2021 Bank of Inclusive Finance Business of the 21th Century Financial Competitiveness Selection (21st Century Business Herald), the “Belt and Road Initiative” Financial Services Bank Award of the 2021 Financial Industry Selection by Caijing.com.cn (Caijing.com.cn), the Best Cross-border Payment Innovation Small and Medium-sized Banks of the Year in the 2021 Golden Medal List of Chinese Financial Institutions (Financial News), and the Small and Medium-sized Bank with Best Asset Management Business of the 4th Iron-horse Award for Small and Medium-sized Banks (Modern Bankers). The Bank ranked 261st among the “2021 Brand Finance Global 500” released by Brand Finance, a famous UK-based brand consulting company.

Employee safety and growth: health and safety and career development under the pandemic

Effective and lasting pandemic prevention and control measures in place to safeguard the health and safety of employees. In the principle of “putting people and life first”, the Bank proactively implemented pandemic prevention and control policies at all levels and the leading group of Harbin Bank for pandemic prevention and control, is responsible for the strict implementation of anti-pandemic measures at all times by tracking and monitoring the health status of employees on a daily basis, thus safeguarding the health and safety of employees and customers. The Bank ensured stable operations while meeting employees’ epidemic prevention needs and safeguarding their basic rights and interests.

The Bank strictly abides by national laws and regulations including the Labour Law, the Labour Contract Law and the Social Insurance Law, and has signed labour contracts with 100% of its employees. In terms of employment management, the Bank has formulated internal regulations and related implementation rules including the Compensation Management Measures of Harbin Bank and the Measures for the Management of Employee Benefits Leave of Harbin Bank according to the law to protect the legitimate rights and interests of employees. We make contributions to social insurance (pension, medical, work-related injury, unemployment and maternity insurance) and housing provident fund for employees in full and on time according to the law; during the reporting period, in accordance with the Measures for the Enterprise Annuity, Measures for the Enterprise Annuity Fund Management, Notice of the Ministry of Finance on Amending the Measures for the Administration of Annuity of State-Owned Financial Enterprises and other laws, regulations, rules and relevant provisions, the Bank, in addition to participating in the basic pension insurance in accordance with the law, has operated the enterprise annuity plan; and arrange employees to take physical examination on a regular basis, covering 100% of employees. The Bank opposes any form of forced labour and discrimination. Employees who have not reached the retirement age stipulated by the state but voluntarily quit their jobs with the approval of the Bank are entitled to receive living allowances and other benefits from the Bank starting from the date of approved retirement until they reach retirement age stipulated by the state.

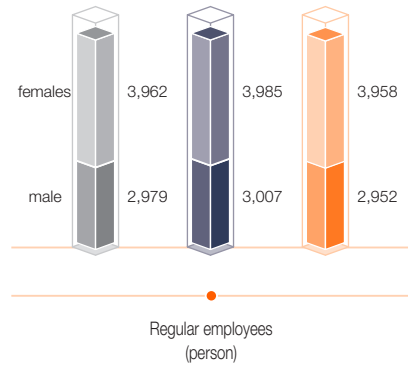
Continuously promoting the efficiency of training system and optimising the staff incentive system. During the reporting period, the Bank linked the work theme of “high-quality development” with employee management. In particular, it focused on the training needs of staff from different levels with respect to job competency and core competency improvement, with particular emphasis on “new employees” and “employees in new management positions”. We continued to advance the professional capabilities of the staff by initiating the “Ten Hundreds” construction project and creating the “embark, endure, guide, escort, voyage, cruise, pilot” training system with online and offline integration for the continued creation of excellent training programs. Both training completion rate and coverage rate were 100%. In 2021, the Bank (excluding subsidiaries) arranged 529 training sessions in total, including 480 internal training sessions, and 49 external training sessions for selected staff of the Company. The total training hours amounted to 2,850.

The Bank has established a series of staff incentive policies in line with its development needs based on scientific performance review results to implement comprehensive performance management: firstly, the Bank has optimised the performance coefficient in annual bonus, improved the performance coefficient in annual bonus for “middle and low grade employees with high performance”. For the employees with excellent performance appraisal results, their performance coefficient in annual bonus is relatively high; secondly, the Bank has established a career development platform, and carried out the financial and asset liability management talent reserve. Through the written test and interview selection, 15 people were added to the system; thirdly, we adopted a points system for the performance review results, with employees’ annual performance review results translated into points directly, which may be redeemed for rank or salary promotion qualifications, ensuring the “fairness, openness, transparency” in the rank and salary promotion system, with over 1,900 employees achieving promotion in rank or salary during the year; fourthly, in October 2021, the enterprise annuity (supplementary pension insurance) has been officially paid and operated.

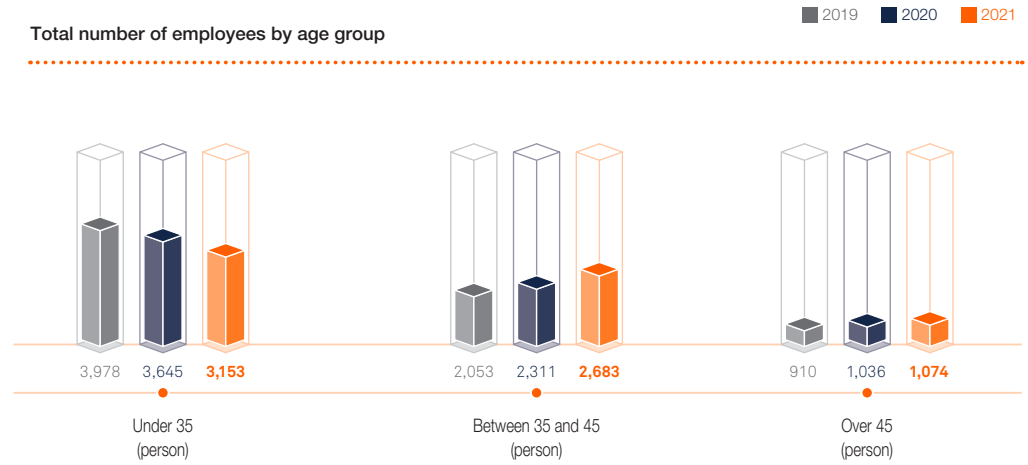
The Bank is able to strictly comply with regulatory requirements in remuneration payment by adopting deferred payment and setting up a lock-up period for paying senior management as well as employees holding positions that may exert significant influence to risks in order to tie their job duties with risk management responsibilities. Meanwhile, the Bank will recover the performance remuneration of senior management and key staff whose behaviors of obvious negligence or failure to fulfill their prudent management obligations led to the risk exposures beyond the limited levels within the scopes of their duties.



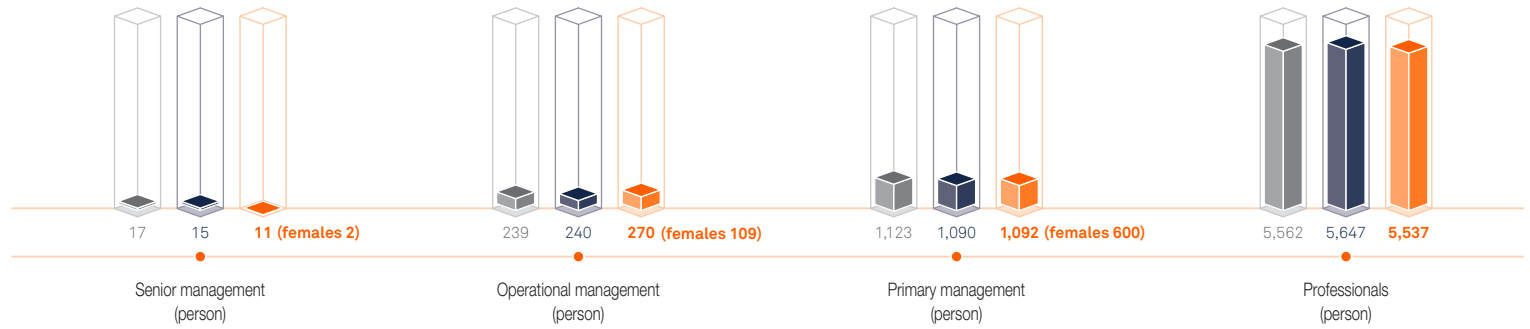
Total number of employees by employment type/by gender



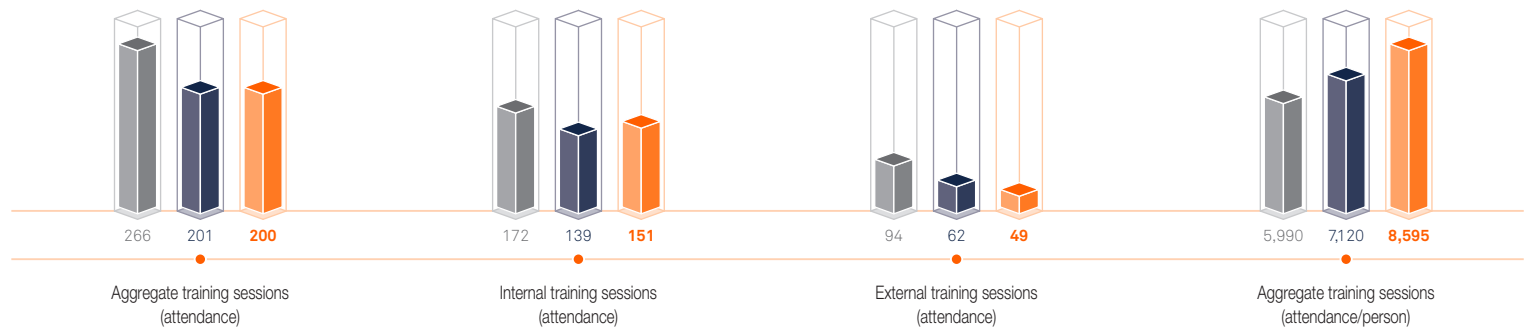
Total number of employees by age group



Total number of employees by rank



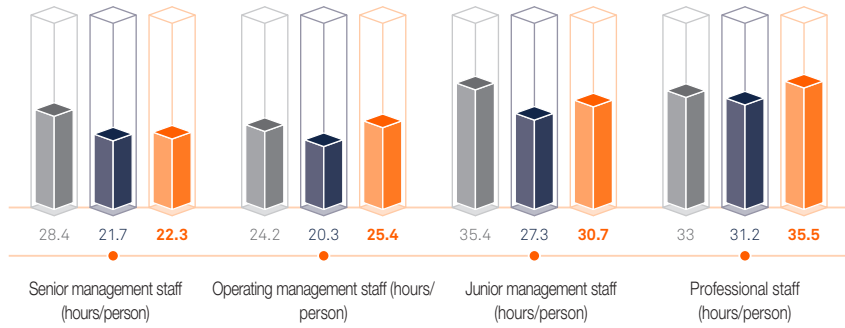
Training for departments of the head office



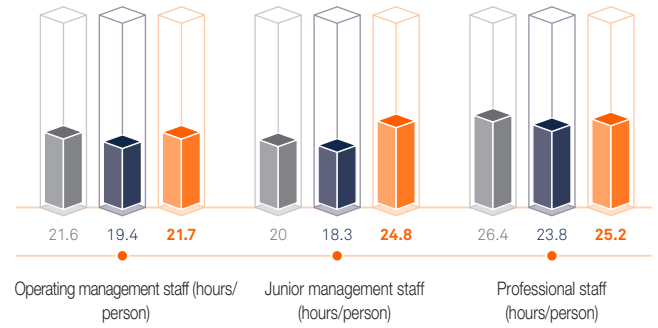
Training hours per capita by employee type

■ 2019 ■ 2020 ■ 2021

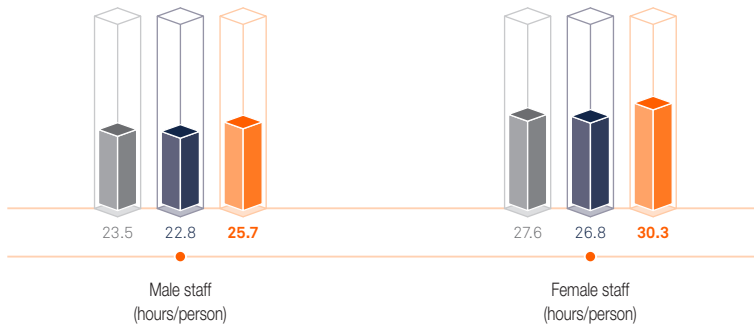
Head office



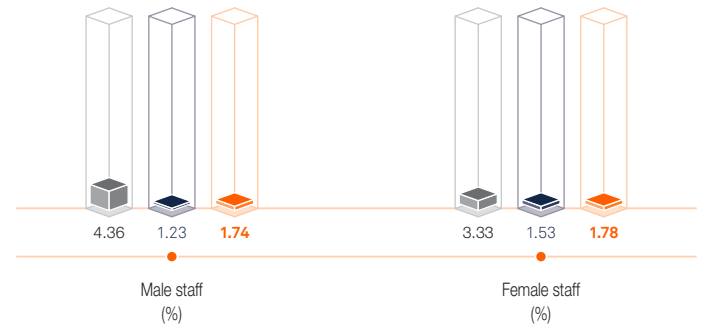
Branches



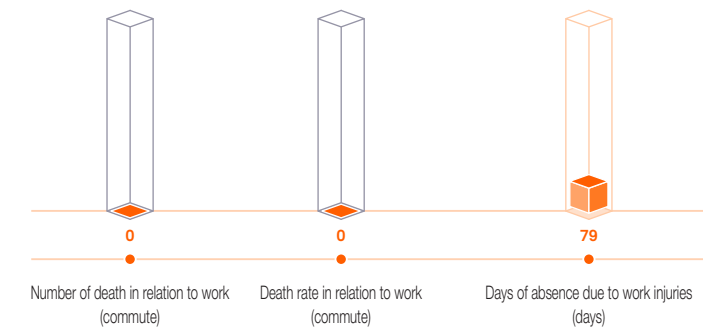
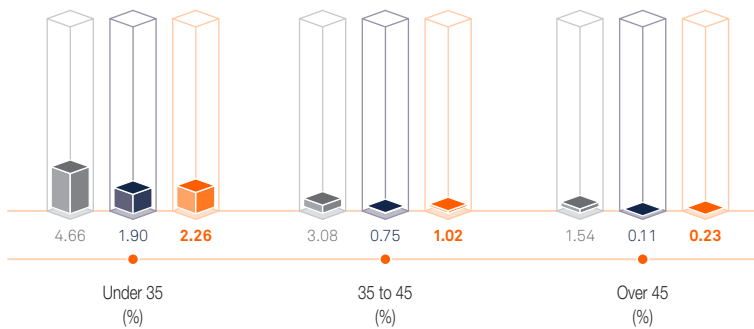
Training hours per capita by gender



Staff turnover rate by gender



Staff turnover rate by age group



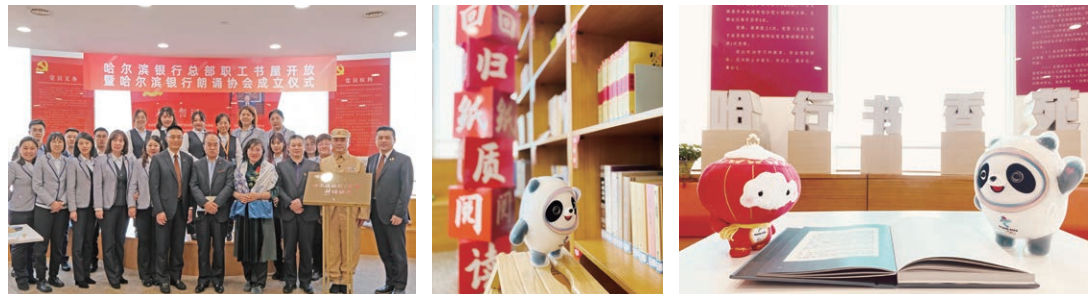
Bringing happy work and healthy life into play to stimulate employees willingness of engaging into corporate culture building through trade union. The Bank always cares about the safety of employees at the workplace and their physical and mental health, safeguards the legitimate rights and interests of employees, and improves their satisfaction and happiness, in an effort to ensure that employees grow together with the Bank. During the reporting period, the trade union of the Bank convened 2 employee representative meetings, with three employee representative Supervisors elected and 10 proposals considered, such as the Management Measures for Promotion to Senior Professional Positions of Harbin Bank, the Management Measures of Harbin Bank for Deferred Payment and Recover of Performance Bonus and Compensation, and the Administrative Measures of Harbin Bank for Travelling and Attendance of Employee. The Bank also carried out routine home visits, daily conversations and visits to employees in need and veteran cadres by online and offline means; upgraded the maternity lounge and added more books to the staff library on the premise of implementing epidemic prevention measures. During the reporting period, the Bank and the Bank's Harbin Branch were awarded the Warm Home of Staff by Harbin Federation of Trade Unions.

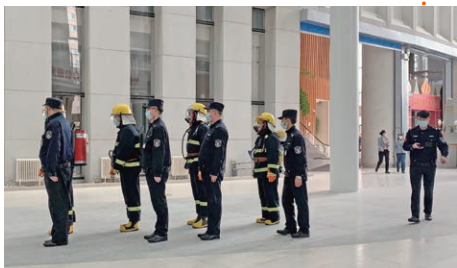
In 2021, the Bank maintained interaction with employees through its official accounts on Weibo under themes like Reading and On-Duty Diary during Spring Festival with the aim of tracking their growing footprint in both work and life. The Bank also organized the first Youth Innovation and Efficiency Competition themed "Harbin Bank Activated by Innovation" to give full play to their innovation potential at work. In addition, as the year of 2021 was the 100th anniversary of the Communist Party of China (CPC), the Bank organised a series of large-scale activities with themes of Singing a Red Song to the Party, Party History Learning by the Youth of Harbin Bank and so on, to express our blessings and expectations to the Communist Party of China.



Harbin Bank Bookstore: Feeling the book, smelling the words

In order to create a reading-friendly environment for our staff to read and learn for self-promotion and spiritual enjoying, Harbin Bank Bookstore, set up in the Head Office Building, officially opened on 27 October 2021. Our staff may do some reading during the rest time at noon or check out books. The bookstore had received great popularity among staff since its opening and also advice for book collections. The Bank had made twice replenishments of books in a few months since its opening to better meet staff's needs for books in certain fields.





Supply chain management: respecting the principle of credit and advancing the standardised management of suppliers

The Bank strictly complied with the requirements of the Law of the People's Republic of China Against Unfair Competition and other laws and regulations, and kept promoting the standardised management of suppliers. The Supplier Management Measures of Harbin Bank for Centralized Procurement and the Management Measures for Centralized Procurement Evaluation Committee of Harbin Bank were formulated to require suppliers to comply with national laws and regulations, keep good business reputation and sound financial and accounting systems and provide products and services that satisfying the national and industry standards. The Bank has developed a sustainable value chain for joint growth with suppliers.

To achieve openness, fairness, justice and good faith during procurement, the Bank monitors the dynamic risks of suppliers in procurements through external credit platforms such as Sky Eye Check, Qichacha and Credit China. Suppliers are required to provide proof of social insurances of project responsible persons, etc., and are urged to strengthen their employment management. The Bank evaluates suppliers' performance annually and the results shall constitute an important indicator for the following cooperation, if any.



Product responsibility: construction of a customer-oriented product and service system

In 2021, the Bank actively responded to national calls in economic and financial policies and duly implemented regulatory requirements. On the one hand, the Bank advanced the development of its special businesses, represented by adjusting the agriculture-benefiting business continuously to the requirements of the rural revitalisation policy and meet the needs generated from the modernisation of agriculture and rural areas (See: “Our Focus in 2021 - Striving to provide targeted rural and agricultural service to support the construction of agricultural and rural modernization” for details), as well as building cross-border financial service system to support the development of the Heilongjiang Free Trade Zone (See “Our Focus in 2021 - Build an integrated cross-border financial service system with our unique business advantages” for details). On the other hand, the Bank provided high-quality services to the real economy, small and medium-sized enterprises and individuals during urban construction leveraging on its advantages as an urban commercial bank. In order to deliver customer-oriented service and products, the Bank improved its financial technology to build product and service systems that are suitable for the social development and greater scope.

As at 31 December 2021, the Bank had total assets of RMB645.0462 billion, total loans and advances to customers of RMB294.3592 billion and total customer deposits of RMB501.7512 billion. The Bank recorded operating income of RMB12.3159 billion, net profit of RMB398.7 million, and core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio of 9.28%, 11.33% and 12.54% respectively.

Returning to the basics of business and continuously improving inclusive financial service by centering on people’s desire for a better life

In 2021, the Bank continuously constructed and promoted smart lobby service, with the integration of mobility, openness and intelligence into the customer service, creating a smart and convenient lobby service. We have completed the popularization of smart machines throughout the bank, promoted the upgrading of services for the elderly and equipped the outlets with convenient facilities such as wheelchairs, baby carriage, presbyopia glasses and medical kits. On the back of its online service channels such as phone banking and WeChat banking, we introduced online functions such as online authorisation, online guarantee and LPR conversion for small and micro customers, and provided services such as payment for daily life expenses, collateral valuation and loan application. We collaborated with the government to connect social security fund services, healthcare services, lifestyle services and other value-added services, and provide convenient services such as social security fund, provident fund and payment for daily life expenses, thus established a mobile Internet ecosystem with multiple scenarios of lifestyle, consumption and finance. At the same time, we advanced the implementation of paperless projects at the counter, accurately correlated information such as customer electronic signatures, customer electronic identification and business scenarios, facilitated the verification of the authenticity of customer identification and business intentions, and implemented paperless business models such as facial recognition at the counter across the bank. We have accomplished multi-dimensional improvement of risk prevention and control, service quality and effectiveness and customer experience. Meanwhile, we actively promoted the integrated management of the PAD of outlets together with the lobby service in order to gain the ability to provide off-site, door-to-door and mobile financial services, and then to improve the overall service level of Harbin Bank. In terms of digital inclusive finance, the Bank explored the ecological development of e-CNY, conducted cooperation and communication with the advanced peers, entered into the e-CNY strategic cooperation agreement, so as to push forward the Bank’s e-CNY construction in an orderly manner, and promote the diversification of digital currency business model in full-force.





As one of the first batch of partner banks in Heilongjiang Province to provide the third-generation social security card service, the Bank has actively established a social security fund service platform, rapidly set up the service outlets and organised training for social security personnel, to create an innovative service mode of “customisation” of social security cards, realise the “creations done while you wait” of the third-generation social security cards, simplify and optimise the card application process to a maximum extent, and comprehensively enhance card use experience of the general public. During the reporting period, the Bank has planned 81 outlets for the third-generation social security card service in the province, which can provide card-related service during the whole process of social security cards. In recent years, in response to the call of the national “Internet + Human Resources and Social Security” 2020 Action Plan, the Bank has been taking the social security card as a carrier to create an online and offline multi-channel smart and convenient social security service system by expanding the coverage of social security services, reducing service fees, establishing an exclusive social security service team, setting banking and community self-service machines and continuously improving mobile financial services, which truly makes the social security cards more reliable and customised for the majority of participants, helping to improve the level of social security services and providing high-efficient and convenient one-stop social security services for the general public.

As at the end of the reporting period, the Bank had 13,996.1 thousand retail deposit customers, representing an increase of 344.4 thousand or 2.52% as compared with that of the same period of last year. The number of retail customers with personal financial assets (in RMB and other currencies) over RMB300,000 amounted to 334.6 thousand, representing a year-on-year increase of 29.4 thousand or 9.63%. Total retail deposits (in RMB and other currencies) amounted to RMB310,915.4 million, representing an increase of RMB31,584.0 million or 11.3% as compared with that at the end of last year. The average balance of retail deposits (in RMB and other currencies) amounted to RMB295,361.8 million, representing an increase of RMB33,760.1 million or 12.9% as compared with that at the end of last year. Demand deposits accounted for 16.5% of the retail customer deposits balance. According to the statistics provided by the Harbin branch of the People’s Bank of China, the balance of retail deposits of the Harbin branch of the Bank ranked first in the local market for four consecutive years with a market share of 18.6% during the reporting period.

As at the end of the reporting period, the total number of issued credit cards of the Bank reached 1,586.9 thousand, representing an increase of 24.2% as compared with that at the end of last year, of which 309.4 thousand were newly issued during the reporting period. The credit card asset balance amounted to RMB16.151 billion, representing an increase of 7.7% as compared with that at the end of last year. The total number of issued debit cards reached 17.5560 million, of which 362,000 were newly issued during the reporting period, representing an increase of 2.11% as compared with that at the end of last year.

Providing organisational and policy support for calibrated poverty alleviation and ensuring resource allocation and efficiency. Guided by General Secretary Xi Jinping’s important speeches on poverty alleviation and the poverty alleviation policies of governments and regulatory authorities at all levels, the Bank defined the responsibilities of its working group on calibrated financial poverty alleviation, and issued a series of measures including the Work Plan of Harbin Bank on Further Strengthening Calibrated Financial Poverty Alleviation, the Notice of Harbin Bank on Further Regulating the Special Statistical Work of Calibrated Financial Poverty Alleviation Loans, the Guiding Opinions of Harbin Bank on Calibrated Financial Poverty Alleviation from 2020 to 2021 and the Work Measures of Harbin Bank’s Financial Support for Consolidating and Extending the Achievements of

Poverty Alleviation and Pushing Forward All-round Rural Revitalisation to channel bank-wide manpower and resources for rural revitalisation and calibrated poverty alleviation, thus providing strong financial support for promoting rural revitalisation and building a well-off society in an all-round way in 2021.

In 2021, the Bank made every effort to ensure the timely, sufficient and efficient supply of calibrated poverty alleviation loans, thereby meeting the demand of entrepreneurial leaders and poor customers for funds and alleviate their concerns under the impact of COVID-19. As at the end of 2021, the outstanding balance of the Harbin Bank's poverty alleviation loans was RMB382.6 million and the Bank supported 8,552 calibrated poverty alleviation households.

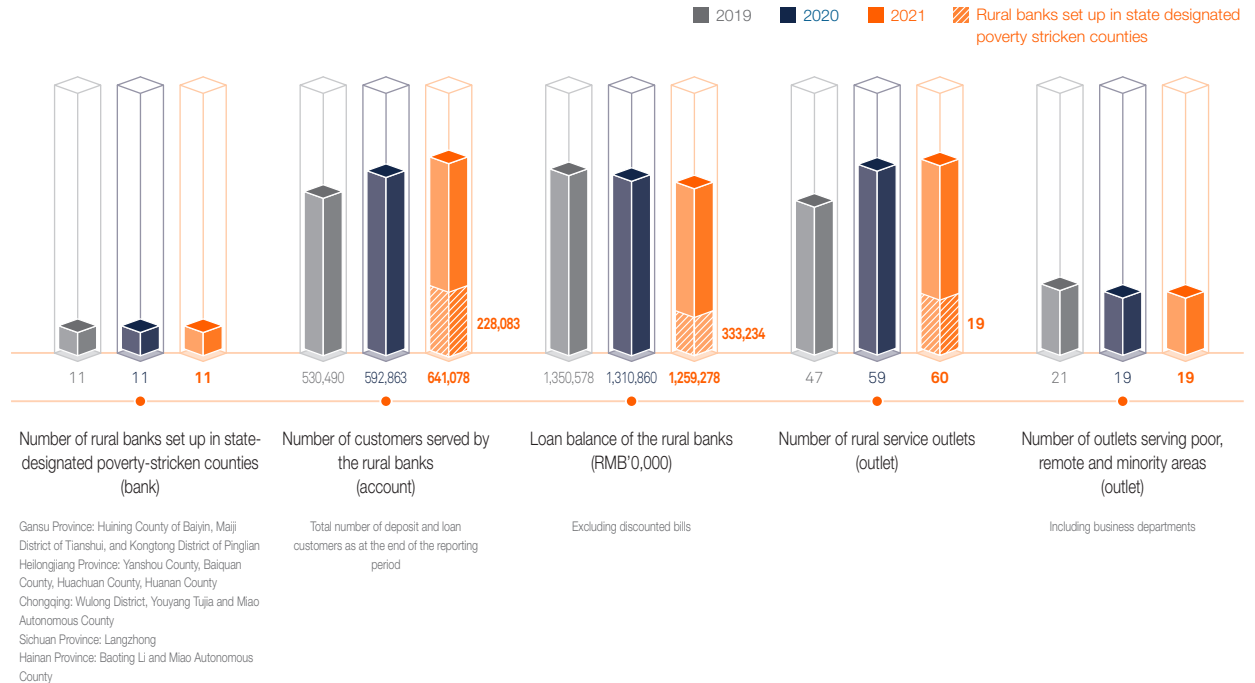




Rongxing’s Efforts in Supporting the “Last Mile” of Agriculture-benefiting Service

Since 2008, the Bank has initiated the establishment of 32 rural banks. As at the end of 2021, these rural banks had 47 branches, an increase of 1 over the previous year; 60 rural service outlets, an increase of 1 over the previous year; and 19 outlets serving poor, remote and minority areas. Of the 32 rural banks, 11 were set up in former state-designated poverty-stricken counties (all of which have been lifted out of poverty by the end of 2020), namely Huining County of Baiyin, Maji District of Tianshui and Kongtong District of Pingliang in Gansu Province, Yanshou County, Baiquan County, Huachuan County and Huanan County of Heilongjiang Province, Wulong District and Youyang Tujia and Miao Autonomous County of Chongqing, Langzhong City of Sichuan Province, and Baoting Li and Miao Autonomous County of Hainan Province.

As at 31 December 2021, the 32 rural banks had total assets of RMB26.457 billion, total loans of RMB12.593 billion and total customer deposits of RMB21.281 billion, and served 641,078 customers. The 32 rural banks insisted on being locally oriented with trickle-down features and characteristic operations and serving agriculture, rural areas and farmers and SMEs, and enriched county-level financial services, contributing to the local economic development and the battle against poverty.

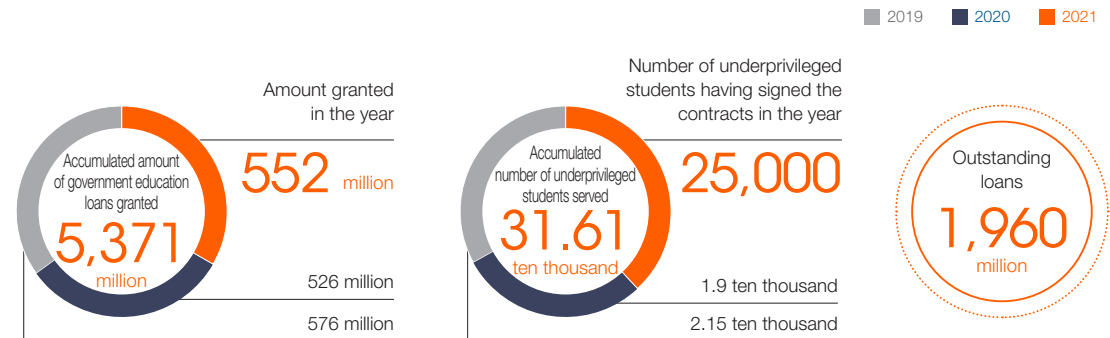




Government Education Loan

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 bureaux and over 80 high schools in 14 regions.

As at the end of 2021, the government education loans granted amounted to RMB5,371 million, of which RMB552 million was granted in the year. Outstanding loans amounted to RMB1,960 million, serving 316,100 underprivileged students, of which 25,000 students signed the contracts in the year. Meanwhile, the Bank has granted Student-Origin-Based Loans to graduate students since 2014, assisting nearly 57,100 graduate students with education loans of RMB650 million.



Actively participating in local development with the guidance of allocating more credit resources to local applications to fully assist in the revitalization of Northeast China

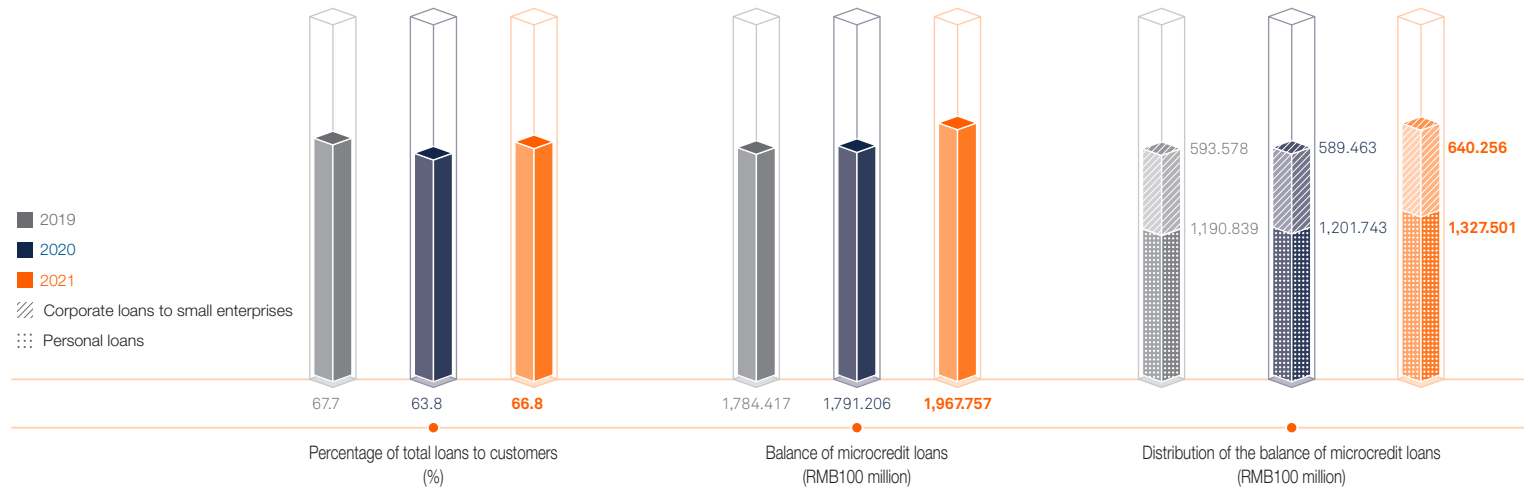
In 2021, Harbin Bank, as a local corporate bank developed in the black soil plains, proactively responded to the national Implementation Plan for Northeast China's Full Revitalization during the 14th Five-year Plan Period with the guidance of allocating more credit resources to local applications and giving full play to the advantages of local banking services, to satisfy local financial needs for the real economy development, thereby striving to stimulate the vitality of market players of Northeast China, especially Heilongjiang Province. As at the end of 2021, total loans in Heilongjiang region exceeded RMB152 billion, representing 51.6% of the Bank's total loans; total loans in other regions in Northeast China exceeded RMB40 billion, representing 13.6% of the Bank's total loans; and the two together accounted for 65.2% of the Bank's total loans, representing a year-on-year increase of 7 percentage points.

In the face of the repeating epidemic and more uncertainties of the economic environment, the Bank supported the development of small and micro enterprises in terms of products, policies and technology empowerment. The priority was to continuously upgrade small and micro financial products and improve loan accessibility. Specifically, we optimized revolving loan products for microfinance customers and upgraded pure credit loan products for micro enterprise customers, which significantly enhanced the financing accessibility. On this basis, the Bank has given full play to the policy effect by adding small enterprises supporting re-lending limits, providing microfinance customers with renewing loans without repayment of principal service, strictly implementing the policy of avoiding early repayment, termination of loans or delay of granting loans, so as to reduce customers' consolidated cost of capital. In addition, we developed our own valuation system, which allows microfinance customers to use property valuation service provided by the Bank, thus reducing their valuation expenses. The balance of inclusive small and micro loans of the Bank was RMB41.995 billion, representing an increase of RMB2.709 billion as compared with the beginning of the year, and the "two increases" target was fully achieved; the accumulated small enterprises supporting re-lending extended for the whole year amounted to RMB3.464 billion, with the policy put into practice.

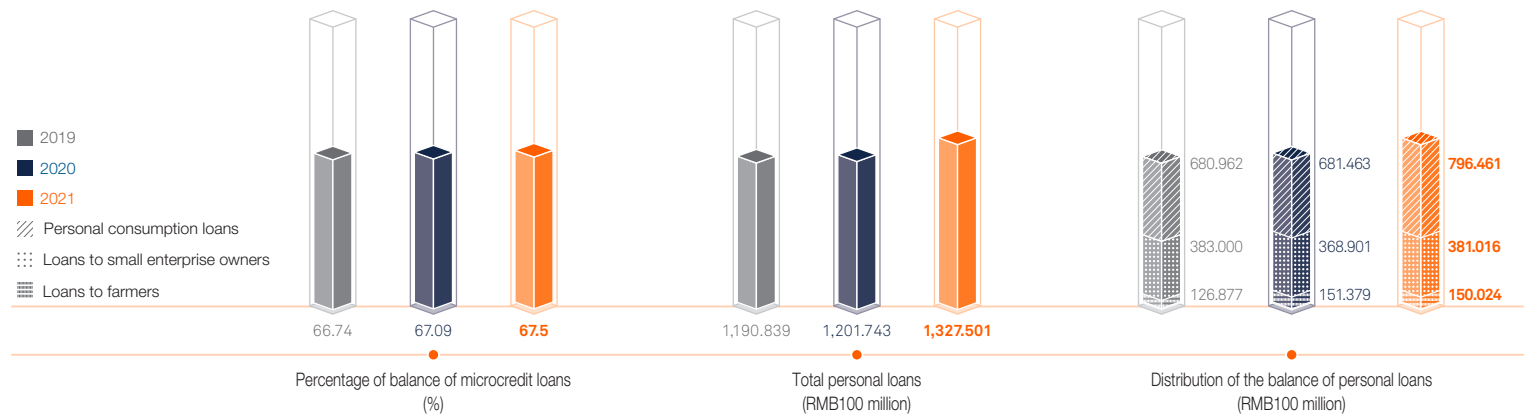
As at 31 December 2021, the balance of the Bank's microcredit loans reached RMB196,775.7 million, representing 66.8% of the Bank's total loans to customers, of which the balance of loans to small enterprises amounted to RMB64,025.6 million and the balance of loans to small enterprise owners amounted to RMB38,101.6 million.



Distribution of the balance of microcredit loans



Distribution of the balance of personal loans





**Physical outlets
(Unit: outlets)**

Branches
2021: **17**
2020: 17
2019: 17

Sub-branches
2021: **292**
2020: 292
2019: 282

Headquarters business department
2021: **1**
2020: 1
2019: 1

Branch-level financial service centre for small enterprises
2021: **1**
2020: 1
2019: 1

Controlling village and township banks
2021: **32**
2020: 32
2019: 32

Sub-branches of village and township banks
2021: **47**
2020: 46
2019: 41



**Self-service banking
(Unit: machines)**

BCDMs
2021: **484**
2020: 478
2019: 472

ATMs
2021: **265**
2020: 269
2019: 310

Card issuance machines
2021: **249**
2020: 236
2019: 218

Multi-media enquiry machines
2021: **87**
2020: 87
2019: 87

Smart cabinets
2021: **15**
2020: 15
2019: 15

Non-cash super counters
2021: **217**
2020: 212
2019: 130

CRS III for social security cards
2021: **53**
2020: -
2019: -

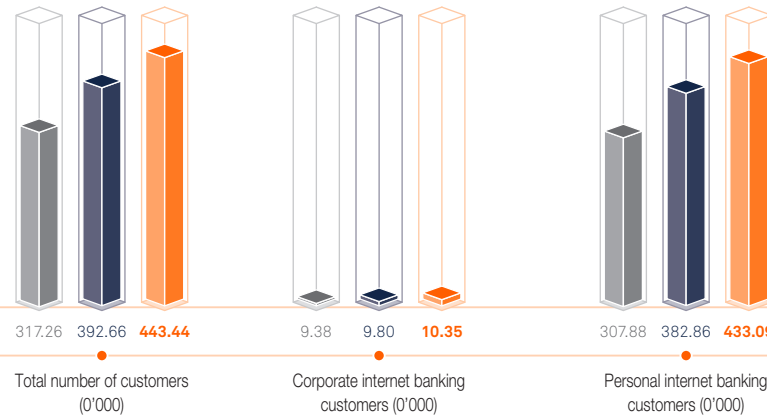
Customer complaint resolution rate
100%

95537 /
400 60 95537

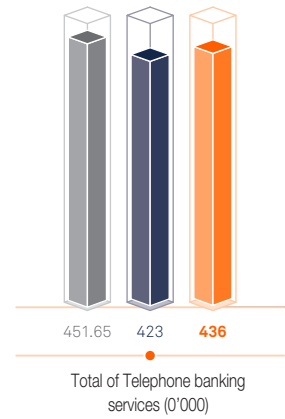
The Bank provides customers with 24/7 uninterrupted telephone banking services through the nationwide unified customer service telephone number.



Online banking



Telephone banking



Credit card

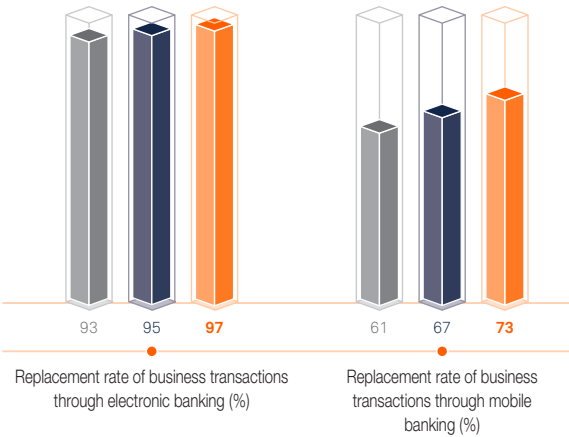


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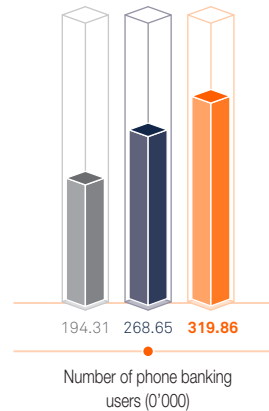
Customer service number for credit cards



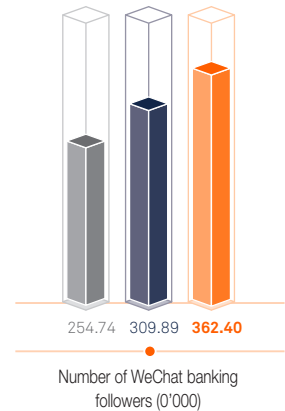
Electronic banking



Phone banking



WeChat banking





Strengthening the protection of customer privacy by continuously improving the standard of consumer rights protection

During the reporting period, the Bank strictly complied with laws, regulations and regulatory requirements including the Guiding Opinions of the General Office of the State Council on Strengthening the Protection of Financial Consumer Rights, the Implementation Measures of the People's Bank of China on Protection of Financial Consumer Rights, and the Guiding Opinions on Strengthening the Protection of Banking Consumer Rights and Resolving the Current Public Concerns Issued by the General Office of the CBIRC to fully boost the efficiency in protecting consumer rights. In September 2021, the Bank's Consumer Rights Protection Department operated independently to ensure better service delivery to consumers. The Bank has established a management system for consumer rights protection by fully linking three lines of defense under the leadership of the Board of Directors and the senior management, with the Consumer Rights Protection Department taking the lead, relevant departments actively rendering assistance and subordinate branch institutions undertaking their respective functions to ensure authoritative leadership, sound arrangement and effective enforcement in consumer rights protection.

In 2021, the Consumer Rights Protection Committee of the Board of Directors held 3 meetings, at which 5 proposals and reports were considered, including the Proposal on 2020 work summary and 2021 work plan of Consumer Rights Protection Committee of the Board of Directors, Proposal on the Report on Consumer Rights Protection of Harbin Bank in 2020, Proposal on Formulate Consumer Rights Protection Plan of Harbin Bank in 2021, Proposal on the Report of Consumer Rights Protection of Harbin Bank in the First Half of 2021 and Proposal on the Analysis Report of Consumer Complaints and Petitions of Harbin Bank in 2021.

The Bank places emphasis on communication with customers and provides timely feedback to customers. It provides 24-hour telephone banking services through its national customer service hotline 95537, and services including business enquiries, complaints and recommendations, card activation, reporting for loss and repayments by installments through its credit card customer service hotline 400-66-95537. During the reporting period, the customer service centre of the Bank handled a total of 2.46 million cases, and its credit card centre handled a total of 1.9 million cases for the year; and 1,958 consumer complaints were processed, representing a year-on-year increase of 12.21%, of which 1,297 were general business complaints in areas such as loan business, RMB saving, bank card and payment and settlement. There were 1,183 complaints on credit card business from regions including Heilongjiang Province, Liaoning Province and Sichuan Province, and 100% of the complaints for the year were settled.

In order to better protect personal data, the Bank established a system of protecting consumer personal data and formulated the Measures for the Administration of Data Security of Harbin Bank and the Management Measures for Protection of Financial data of Harbin Bank Consumers to regulate the collection, storage, usage, processing, transmission, provision and publication of consumers' financial data. In order to prevent and respond to the emergencies upon protection of personal financial data, and ensure to provide a clear and operable processing and efficient solutions for events such as personal financial information leakage, tampering, destruction and other emergencies, to the extent of the minimum damage to customers and the banks and full protection of the customers' interest. The Bank formulated the Emergency Plan for Protecting Personal Financial data of Harbin Bank. At the same time, the Bank formulated Management Measures for Production Data Security of Harbin Bank and taken measures that are in line with the national electronic data management regulations to implement requirements such as internet security, host security, data security and physical security, so as to ensure the safety of personal financial data in the process of storage, access, transmission, usage and destruction.

The Bank continued to strengthen the construction of the consumers' rights and interests protection-related mechanism of the Bank, including further improving the closed-loop management mechanism of product and service management in the full-

process of pre-screening, monitoring and post-supervision; strictly abiding by the Administrative Measures of the Harbin Bank on Information Disclosure of Financial Consumer Products and Services, the Administrative Measures of the Harbin Bank on Protecting Consumers' Rights and Interests and Marketing and Promotion to standardize the information disclosure of financial products and services, and the disclosure of the retail products and services through the retail product information access platform for financial consumers' enquiry; regarding the protection of the financial consumers' rights and interests as an important part of the assessment and evaluation, so as to effectively promote the institutions to carry out consumers' rights and interests protection-related work.

In 2021, the Bank proactively implemented national and regulatory requirements, actively fulfilled its responsibilities, conducted the publicity and education of financial consumer products and services as a normal practice to solid the system, formulated specific publicity and education work plans, required all relevant units to actively carry out financial knowledge publicity and education activities, in order to continuously strengthen financial consumers' awareness of self-protection and enhance prior risk prevention management. Furthermore, the Bank formulated an annual work plan on consumer education and knowledge publicity and organised bank-wide publicity and education activities on the themes of 3.15 Financial Consumer Rights Day, Keep Your Money Safe, and Financial Knowledge in Ten Thousand Families. By fully leveraging the advantages of fast dissemination and wide audience of online media, the Bank carried out extensive publicity, including issuing more than 1,000 posters, distributing more than 200,000 folders and producing 17 vivid promotional videos through Weibo official account, WeChat official account, publicity vans and other promotion channels in the form of pictures and videos. By using pictures and texts in financial knowledge publicity for the general public, the Bank helped financial consumers enhance their knowledge in financial products and services and their ability to protect themselves, and guided financial consumers to choose financial products in a rational manner, with a target customer base of more than one million people involved. The publicity work was done in a more solid and effective manner, which effectively raised the general consumers' awareness of financial knowledge and promoted the public to strengthen their awareness of financial risk prevention.



Anti-money laundering and anti-corruption: Innovative methods and means to ensure coverage and high pressure

Resolutely fulfill anti-money laundering obligations and manage anti-money laundering practices. During the reporting period, the Bank adhered to the risk-based approach by incorporating money laundering risks into its total risk management policy in terms of anti-money laundering management, continuously improved the internal control system for anti-money laundering and took multiple measures to steadily enhance risk prevention and control capabilities. Firstly, the Bank continued to improve internal control system for anti-money laundering. According to the regulatory requirements and combined with the actual business of the Bank, the Administrative Measures of Harbin Bank on the Self-assessment of Money Laundering Risks was revised and improved to further clarify the division of responsibilities among the main bodies and the self-assessment mechanism and business processes, standardise the requirements of anti-money laundering management, providing a solid guarantee for the smooth implementation of anti-money laundering management. Secondly, the Bank actively promoted the establishment and optimization of anti-money laundering system, by the means of vigorously promoting the group-wide construction of the unified blacklist monitoring system to enhance the automation and intelligence of anti-money laundering work; continuously optimizing the functions of the anti-money laundering system to raise the effectiveness of fund monitoring. Thirdly, the Bank effectively conducted anti-money laundering publicity and training for the public, by the means of actively arranging all branches and departments of the Head Office to participate in the anti-money laundering and anti-terrorist financing essay campaign organized by Harbin branch of the People's Bank of China, and the selected works won the third prize. The Bank released a total of three studies reviews and analysis on suspected money laundering by underground bankers, money laundering by fund raising and drugs to strengthen the ability to identify and analyze suspicious transactions, arranged anti-money laundering personnel to participate in anti-money laundering training for the financial industry organized by the China Financial Training Center, and a total of 715 people successfully passed the examination and obtained the certificate, further enhancing the ability of anti-money laundering personnel to perform their duties. Fourthly, the Bank carried out various tasks such as identification of clients, reporting of large amount transactions and suspicious transactions, the preservation of client identity information and trading records as required, and continued to improve the risk prevention and control system for the full-process, closed-loop management of money laundering of pre-screening, monitoring and post-supervision, so as to further raise the compliance and effectiveness of its anti-money laundering management. Moreover, the Bank actively cooperated with the regulatory authorities to carry out anti-money laundering investigation, with a view to build a good internal and external environment for conducting anti-money laundering and effectively practicing corporate social responsibility, and to stringently perform the legal obligations of financial institutions in anti-money laundering and anti-terrorist financing.

Unswervingly promoting anti-corruption and integrity. In compliance with the relevant rules including the Constitution of the Communist Party of China, the Supervision Law of the People's Republic of China and the Regulation of the Communist Party of China on Disciplinary Actions and under the continuous guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Bank thoroughly studied and brought in play the spirit of the 19th CPC National Congress as well as Plenary Sessions of the 19th Central Committee and the Plenary Sessions of the Central, Provincial and Municipal Commission for Discipline Inspection; firmly supported the "two establishments", continued to raise "awareness in four aspects", maintained "confidence in four areas" and accomplished "upholding of two political stances"; remained true to the Party's original aspiration and kept its mission firmly in mind; was committed to strict governance of the Party, and continued to work on discipline to provide strong disciplinary safeguards for a good start to the Bank's new three-year strategy.

The Bank carried out solid anti-corruption education, and created a good atmosphere of upright financial culture. It continually carried out anti-corruption education with innovative methods by compiling electronic specials on disciplinary inspection and supervision, with a focus on various aspects such as the important expositions by General Secretary, Xi Jinping, on rigorous Party governance, policy interpretation, anti-corruption courses and case reports, as multi-dimensional anti-corruption education for general cadres and employees. The Bank arranged business units at all levels to watch anti-corruption education features, by which to give full play of warning and education from negative examples, make cadres and employees learn from such cases, guide and urge cadres and employees to improve their consciousness of complying with the party disciplines, strengthen their awareness of discipline and law-abiding, anti-corruption and self-discipline while strictly complying with the requirements of pandemic prevention and control, practicing the integrity of financial cultural, upholding the bottom line and adhering to the red line, for the purpose of pushing forward rigorous party governance in terms of depth and breadth.

Community investment: the fifth anniversary of the Happy Community Programme and voluntary services in pandemic prevention and control



In 2021, the Bank regards community investment as a significant supplementary for financial enterprises to better fulfill their social responsibilities, continues to explore social responsibility practices such as pandemic prevention and control, encouraging employees to participate in voluntary services, assisting in the battle against poverty, and supporting education development, and takes the opportunity of the 5th year of establishment of United Charity Foundation which is funded by the Bank, to deepen the construction of new community relations. During the reporting period, the Bank's total expenditure on social charity initiatives was RMB17.3359 million.

The fifth anniversary of the Happy Community Programme and United Charity Foundation

Shenzhen United Charity Foundation, a non-public foundation initiated and established by Harbin Bank (Group), was officially established on 30 June 2016 and the Foundation celebrated its fifth anniversary in 2021. Since the date of inception, United Charity Foundation has been positioned to be a community leader in creating well-being of life, with the Happy Community Programme as a core charity project. United Charity Foundation always adheres to the concept of "community is the frontline for residents to express their needs", focuses on the concerns of the public, responds to people's needs, and has achieved fruitful results in improving community governance, assisting in the battle against poverty and promoting financial charity. It has been widely recognized by the relevant authorities, urban communities and non-profit organisations. It was ranked as "3A" social organisation by the Shenzhen Civil Affairs Bureau in 2019, and was qualified as a social organisation to undertake the transfer of government functions and purchase services in 2020.

As the core project of United Charity Foundation, the Happy Community Programme is implemented by United Charity Foundation through purchase of services, cross-sector collaboration, common growth, etc. It has social workers rooted in the community, uses professional social work methods to independently design, develop and track charity services, and motivates surrounding community residents to participate in relevant activities, thereby bringing beneficial changes to the community. In the course of this project, the Bank has explored a sustainable development model with "charity + finance" features, and actively integrated it into community governance and good-neighbour culture establishment. On the one hand, each project implementation branch is rooted in the community through the Happy Community Programme, and the Bank's staff serve as community services volunteers and actively assist the street office and community to plan, implement and participate in community charity activities, which are well-received by community residents. On the other hand, each project implementation branch adheres to the concept of "providing residents with a home in the bank", deeply optimizes the standard function partition modules of business outlets, focuses on strengthening the construction of non-financial special segments such as community building, Happy Kitchen, Health Corner, Children's Corner, Charity Hall. The special public welfare segments represented by "New Era Civil Practice Station", "Dingxiang Refreshment Station" and "Party-masses Service Center", focuses on charity services which are of concern to the core target customers, such as pandemic prevention and anti-pandemic, Happy and Health Care Programme, to build a community financial ecosystem in the last mile of residents' lives. Over the past five years, a total of nearly RMB26,000,000 has been invested in the project, covering 18 cities including Tianjin, Chongqing, Dalian, Shenyang, Chengdu, Harbin, Shenzhen, Mudanjiang, Daqing and Qiqihar, with about 20,000 volunteers participating in these activities and benefiting more than 500,000 participants.

In 2021, a total of 73 agencies under the Happy Community Programme in 8 cities where the Bank's branches and rural banks operate, namely Harbin, Mudanjiang, Shenyang, Dalian, Tianjin, Chongqing, Chengdu and Shenzhen, and 53 business outlets of the Bank joined hands with the project implementation agencies to carry out over 1,200 online and offline activities, covering approximately 400 communities and benefiting more than 100,000 participants. About 5,700 social volunteers and 1,600 volunteers of Harbin Bank participated in these activities.







Case

Dingxiang Refreshment Station

Harbin Bank Chongqing Branch, together with Chongqing Municipal Federation of Trade Unions to establish the “Trade Union Outdoor Worker Service Station – Dingxiang Refreshment Station” at six outlets, i.e. its Branch Office, Daping Sub-branch, Shapingba Sub-branch, Liangjiang Sub-branch, Jiulongpo Sub-branch and Tongliang Sub-branch, which is a semi-open exclusive and functional space built on financial strength to provide a warm rest area like home for outdoor workers such as urban beauticians, taxi drivers, traffic officers, city inspectors and couriers as well as other people in need.

Green bean soup and herbal tea in summer, hot tea and boiled water in winter are available for sanitation workers at their break time. Once knowing courier received a fraud message about high-yield products while heating his meal at the station, our employee immediately explained to the courier about preventing telecommunication fraud, deposit insurance, so as to protect its precious deposit. Since the establishment of “Dingxiang Refreshment Station” in May 2020, it has provided warm service for more than 200 outdoor workers, and freely provided nearly 100 umbrellas and canvas bags.

Case

“Graceful Calligraphy to welcome Chinese New Year” – Online Live Broadcast Spring Festival Couplets Delivery Campaign by Calligraphers of Heilongjiang Financial System Literature and Arts Federation

On 14 January, New District Science and Technology Professional Sub-branch of Harbin Branch invited Secretariat of Heilongjiang Financial System Literature and Arts Federation, Heilongjiang Financial Calligraphy and Art Association, the Regional Finance Institute of Harbin, United Charity Foundation, Songxiang Street Office in Songbei District and Zhanxin Industrial Park in Heilongjiang Free Trade Zone, jointly organized the activity of Graceful Calligraphy to welcome Chinese New Year – Online live broadcast Spring Festival Couplets Delivery Campaign by Calligraphers of Heilongjiang Financial System Literature and Arts Federation, so as to write Spring Festival couplets and give “Fu” (a Chinese character means good fortune) to anti-pandemic frontline communal volunteers, small- and medium- sized entrepreneurs, residents in the community and front-line employees of the financial system, and to deliver the best wishes of financial practitioners to them. More than 30 SMEs in Harbin New Area and representatives of Financial System Literature and Arts Federation member, community anti-epidemic front-line volunteers, and nearly 200 community residents were invited and attracted to interact in the live broadcast room and received Spring Festival couplets and “Fu” from calligraphers of Heilongjiang Financial System Literature and Arts Federation.

Further consolidate the achievements in poverty alleviation

In response to the call of the state, the poverty alleviation team dispatched by the Bank to Shuanglong Village, Liutuan Town, Yanshou County, Heilongjiang Province is still working in the village to further consolidate the achievements in poverty alleviation after finishing the task of helping all designated poor households to get rid of poverty in 2020. In addition, the work of consolidating the achievements in fixed-point poverty alleviation and calibrated poverty alleviation are also in continuous progress in Hulin City and Jidong County of Jixi City, Heilongjiang Province, Yilan County of Harbin City, Tonghe County of Harbin City and other places.

Continuously paying attention to and supporting education

Since 2010, the Bank has made donations to the Harbin Institute of Technology's Education Development Foundation for twelve consecutive years to finance schools' development and construction. In 2021, donations reached RMB3.00 million, sending total donations to RMB19.57 million. In 2021, the Bank continued to implement the "Harbin Bank Lilac Blossoms, Dream Achievement Hope Project" in conjunction with Heilongjiang Youth Development Foundation and finance poverty-stricken Huining students sitting the National Higher Education Entrance Examination via Harbin Bank's Hongyi Education-aid Association, helping more impoverished students with excellent performance in both character and learning to complete their studies.



"World Book Day" - Book Donation and Education Aid Launching Ceremony

On 22 June, representatives of the Youth League Committee of Harbin Bank and United Charity Foundation went to Harbin Leye Primary School to deliver the books donated by Harbin Bank's employees on World Book Day, as well as measuring tools and teaching aids to the students, and also held the education aid launching ceremony. During the event, Zhou Ziyi, a volunteer from Harbin Bank, brought a fascinating financial quotient course to the students. From the history of currency to how to spend money wisely and understand what is beyond the reach of money, Guo Ting, a volunteer from Harbin Bank, performed a demonstration of cash counting skills and on-site teaching of cash counting, and the students operated seriously afterward like a professional. In this activity, the Youth League Committee of Harbin Bank and United Charity Foundation donated more than 200 books to Leye Primary School, along with skipping ropes, hula hoops, basketballs, volleyballs, badminton rackets, stopwatches and other sports goods.





Inheriting and carrying forward the spirit of volunteerism, serving where there is a need

The Bank always encourages its employees to actively organize and participate in volunteer service activities, make full play of their professional advantages, promote financial knowledge and financial consumer education, as well as play an active role in other social charity activities such as environmental protection and community building. Meanwhile, each branch is encouraged to carry out special volunteer service activities that meet local needs and are feasible for branches to organize and participate in. In 2021, in response to the actual needs of epidemic prevention and control, employees of several branches of the Bank took the initiative to join the local volunteer team and devoted themselves to the frontline of epidemic prevention and control. Some of them assisted the community in the control work after shifts, some reminded the public to pay attention to personal protection on the street, and some are couples who work together at the nucleic acid monitoring site to assist medical staff in nucleic acid testing. They all interpreted the volunteer service spirit of dedication, fraternity, mutual assistance, and progress with their practical actions, and brought more people to understand the brand connotation of the Bank: "Trust, Warmth, Connected and Commitment". In 2021, the Bank's employees participated in voluntary services for more than 13,700 cumulative days.



The relevant link is as follows:

Nangang Branch of Harbin Bank was selected as the "20th National Youth Civilization Group"
<https://mp.weixin.qq.com/s/zggsuFalHluukDYaPQ9K4Q>



Number of significant proposals and reports audited and approved

340

Number of various significant meetings organised and convened

68



Our Governance Responsibility Management

- Corporate governance
 - Risk management and internal control
- 
- 
- 

The relevant link is as follows:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0419/2022041900389.pdf>

The Bank issued its 2021 Annual Report on the website of HKEX on 31 March 2022, and the relevant issues are fully disclosed in the third chapter Corporate Governance Report and the fourth chapter Report of the Board of Supervisors.

The contents in this Our Governance Responsibility Management report are extracted from the contents of the above two chapters, with supplements on other relevant contents.

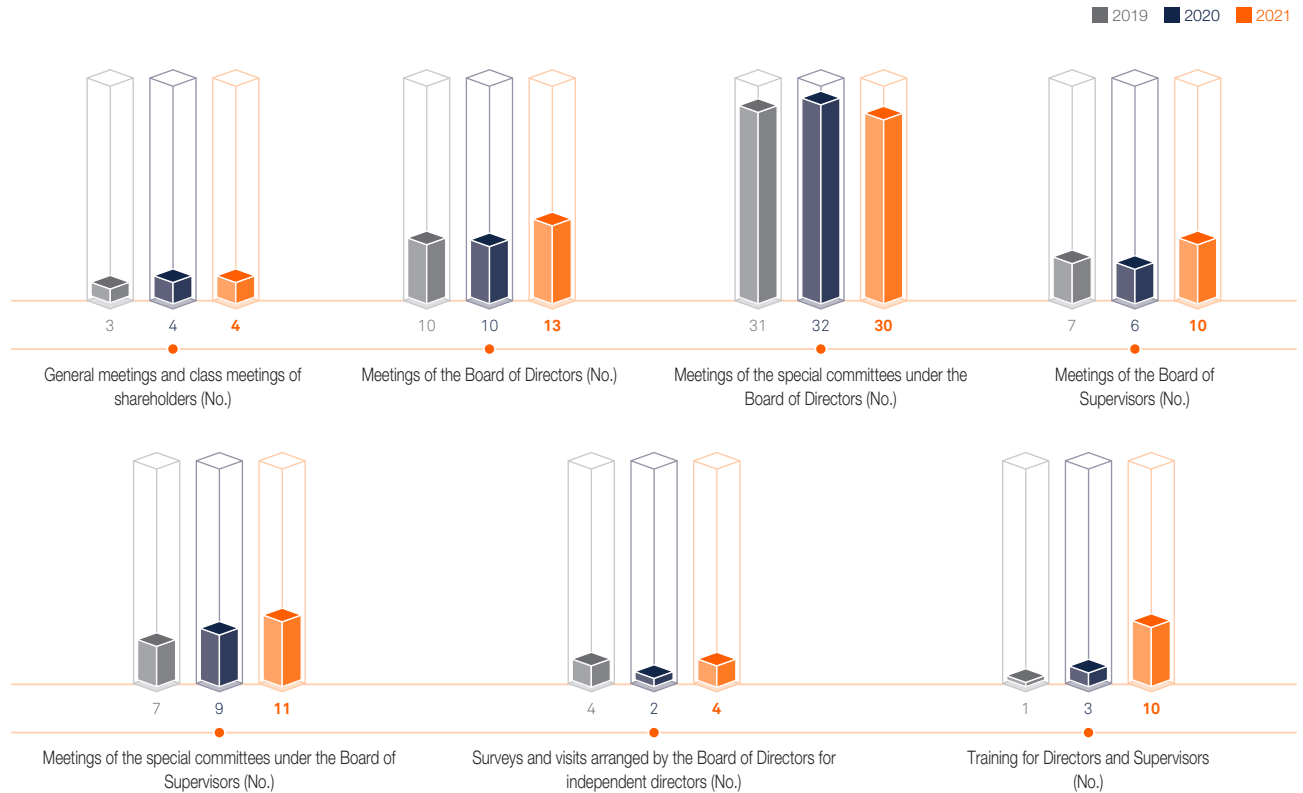
Sound corporate governance is the essential responsibility of the Board of Directors of the Company. The Bank strictly complied with relevant overseas listing regulatory requirements, and strived to improve the Bank's corporate governance mechanisms and enhance its corporate governance. The Bank has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

During the reporting period, 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 Terms of Reference of the Development Strategy Committee of the Board of Directors, the Terms of Reference of the Risk Management and Related Transactions Control Committee of the Board of Directors, the Terms of Reference of the Audit Committee of the Board of Directors, the Terms of Reference of the Nomination and Remuneration Evaluation Committee of the Board of Directors, the Terms of Reference of the Consumer Rights Protection Committee of the Board of Directors, the Terms of Reference of the President, the Administrative Measures for Shareholding, the Administrative Measures for Related Transactions, the Information Disclosure Administrative Measures, etc.

In 2021, the Company arranged and held a total of 68 important meetings of all kinds (such as general meetings and class meetings of shareholders, meetings of the Board of Directors and its special committees, and meetings of the Board of Supervisors and its special committees), including 4 general meetings and class meetings of shareholders, 13 meetings of the Board of Directors, 30 meetings of the special committees of the Board of Directors, 10 meetings of the Board of Supervisors and 11 meetings of the special committees of the Board of Supervisors. At the meetings, the Company considered and approved 340 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 Budgets Report, the Final 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 Management Report, the amendments to the Articles of Association, the institutional development plan, etc.

During the reporting period, the Board of Directors of the Company conducted an annual evaluation of the senior management approved to be appointed in accordance with the requirements of the Administrative Measures on the Performance Evaluation of Senior Management, and applied the performance evaluation results in the remuneration distribution and terms of employment of the evaluated targets so as to provide incentives for the continuous improvement of duty performance of the senior management, and to enhance the systematic, standard and regular evaluation mechanism of the Board of Directors on the performance of the senior management. In accordance with the requirements of the Evaluation Method on Duty Performance of Directors, the Board of Supervisors of the Company conducted an annual evaluation of duty performance of the directors in order to promote careful, earnest and diligent duty performance and self-discipline of the directors.

It should be noted that the Company attaches great importance to the relevant requirements of HKEX's new edition of the Environmental, Social and Governance Reporting Guide and the Main Board Listing Rules and in 2021, in order to better demonstrate that "The board has overall responsibility for an issuer's ESG strategy and reporting", the Development Strategy Committee of the Board of Directors organised a training with theme of "Achieving Carbon Neutrality and Enhancing Development Quality" during the reporting period, brought the concept of ESG into play, promoted the process-oriented, standard and regular ESG governance and further integrated the ESG standard into all aspects of corporate governance and business development. Following the national, provincial and municipal policies, the Company gave full play to the positive role of green finance in adjusting structure, changing mode and promoting green low-carbon development in the industry, strengthened green finance



capability and formulated the Guiding Opinions of Harbin Bank on Green Finance to further promote the implementation of green credit-related mechanism and basic management system.

Placing great emphasis on Board diversity policy. The Company understands and is aware of the importance of Board diversity and considers it a major factor to ensure that the Company can enhance its corporate governance standards and achieve sustainable development. The Company has developed the Policy of Harbin Bank Co., Ltd. on Board Diversity, pursuant to which the Company should take into account board diversity from various aspects, including gender, age, nationality, education background, professional qualifications, industry experience and other factors when designing the composition of the Board of Directors. When selecting and appointing members of the Board of Directors, the Company should take into full account the diversity characteristics of relevant candidates; evaluate their talents, skills, experience and background comprehensively; and assess their potential contributions to the Bank objectively, thereby making sure the Board of Directors has diverse views and perspectives when discharging its duties by having the best combination of members in line with the Company’s development strategy.

Among the 9 current members of the Board of Directors of the Company, one² is executive director, four are non-executive directors and four are independent non-executive directors. The executive director has been engaged in bank operation and management for a long period of time with rich bank management and professional experience. The four non-executive directors, all nominated by shareholders,

2. In 2021, the Company had 3 executive directors (including 1 female).

have experience in the management, financial and finance fields. The four independent non-executive directors are experts in the economics, financial, finance and legal aspects. One of them is from Hong Kong and has extensive experience in auditing, finance, management consulting, corporate governance, risk control and bank management.

During the reporting period, all of the Company's directors exercised the rights granted by the Company and the regulatory authorities cautiously, conscientiously and diligently, and devoted sufficient time and energy to handling the Company's affairs.

Overcoming the impact of COVID-19 when conducting special training and research for directors and supervisors to enhance their capacity to discharge duties. During the reporting period, the independent directors of the Company have actively made full use of their professional expertise. Sun Yan, being an independent director, the chairman of the Nomination and Remuneration Evaluation Committee and an attorney, conducted the "Training on the Data Compliance Management of Financial Enterprise" for directors, supervisors and senior management. During the reporting period, the Board of Directors also organised specific trainings for all directors, supervisors and senior management, such as the trainings with themes of "Achieving Carbon Neutrality and Enhancing Development Quality", data compliance management of financial enterprise, interpretation of the latest developments and regulatory policies related to the requirements on directors' and supervisors' duty performance in China's banking sector. In addition, they also participated in the training on "Management of Major Transactions, Connected Transactions and Insider Dealings" provided by the Hong Kong Institute of Chartered Secretaries to have a better understanding of the overview of the latest development of Hong Kong's capital market and the interpretation of its cutting-edge issues, with an adequate appreciation of the duties and liabilities of directors, supervisors and senior management of a listed company. Hence, the duties and obligations of directors, supervisors and senior management have been clarified, and the risk awareness and management activities have been further enhanced, thereby promoting the healthy development of the Company.

During the reporting period, the Board of the Company also arranged independent directors to carry out investigation and research on its subsidiaries, certain branches and head office departments. In-camera meetings of independent directors and seminars between the Chairman and independent directors were convened to listen to directors' opinions and suggestions in time.

During the reporting period, the Bank arranged Supervisors to study the regulatory requirements, relevant laws and regulations, understand the spirit of supervision and their responsibilities. One of the actions was to arrange Supervisors to participate in the trainings with themes of "Achieving Carbon Neutrality and Enhancing Development Quality" and "Data Compliance Management of Financial Enterprise". The second was to participate in the training on "Management of Major Transactions, Connected Transactions and Insider Dealings" organised by the Hong Kong Institute of Chartered Secretaries. The third was to invite internal control experts from Deloitte to conduct the training on the "Analysis of the Policy and Practice of Performance Evaluation of Directors and Supervisors (2021)" for Supervisors. The fourth was to arrange Supervisors to participate in the training on "Interpretation of the Measures on the Assessment of Performance of Duties of the Board of Supervisors in Commercial Banks issued by CBRC and Enhancement of the Performance Ability of Supervisors" on www.auditcn.com, for Supervisors to continuously improve their theoretical level and performance capability.

During the reporting period, the Bank conducted interviews and surveys with 2 senior managements, 2 institutions, 4 branches, 12 rural banks and 5 departments at our head office, focusing on understanding the operation, management, risks, internal control, implementation of regulatory opinions, rectification, difficulties and problems in the work of various offices, and put forward suggestions for rectification.

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Purposive investor relationship management and timely response to investors' concerns. The Bank always places great emphasis on investors' rights and concerns by focusing on adopting various measures to strengthen communication and relations management with investors. During the reporting period, the Bank worked hard to overcome the impact of COVID-19. Through online annual results press conferences, mainstream media reports at home and abroad and timely response to questions and suggestions raised by investors and analysts through various channels, the Bank managed to effectively present the latest achievements, development trends and future potentials of its featured business areas such as microfinance, mobile finance and Sino-Russia finance, as well as that of Harbin Bank Financial Leasing and Harbin Bank Consumer Finance and other subsidiaries sponsored and established by the Bank, to enhance investor confidence. As at the end of the reporting period, the Company had a total of 10,995,599,553 shares, including 7,972,029,553 domestic shares and 3,023,570,000 overseas listed H shares. Investors may, at any time, make enquiries in writing to the Board of Directors through the Bank's Board Office.

Statement of Changes in Shares of the Company during the reporting period

(Unit: Share(s))

	1 January 2021		Increase/Decrease during the reporting period (+/-)					31 December 2021	
	Number	Percentage	Private placement	New shares issued	Bonus issue	Others	Subtotal	Number	Percentage
Domestic shares									
1. Non-listed shares held by corporations	7,908,966,550	71.93%	-	-	-	-	-	7,908,966,550	71.93%
Including: (1) Shares held by state-owned enterprises	6,886,196,734	62.63%	-	-	-	-	-	6,886,196,734	62.63%
(2) Shares held by private enterprises	1,022,769,816	9.3%	-	-	-	-	-	1,022,769,816	9.3%
2. Non-listed shares held by natural persons	63,063,003	0.57%	-	-	-	-	-	63,063,003	0.57%
H shares									
3. Overseas listed foreign shares	3,023,570,000	27.50%	-	-	-	-	-	3,023,570,000	27.50%
Total number of shares	10,995,599,553	100%	-	-	-	-	-	10,995,599,553	100%

Note: Non-listed shares held by corporations (domestic shares) of the Company were held by 36 state-owned corporate shareholders, including Harbin Economic Development and Investment Company Limited, Heilongjiang Financial Holdings Group Co., Ltd., Harbin Hadong Investment Co., Ltd., and Harbin Industrial Investment Group Co., Ltd., etc.

Shareholding of Top 10 Shareholders of the Company as at the end of this reporting period

Name of shareholder	Nature of shareholder	Number of shares held (shares)	Shareholding percentage (%) ³	Number of shares pledged or frozen	Type of shares
1 Harbin Economic Development and Investment Company Limited	State-owned	3,257,943,986	29.63%	–	Non overseas-listed shares
2 Heilongjiang Financial Holdings Group Co., Ltd.	State-owned	2,035,675,058	18.51%	–	Non overseas-listed shares
3 Fubon Life Insurance Company Limited	Foreign investment	745,628,000	6.78%	–	H shares
4 Huaxia Life Insurance Co., Ltd.	Private enterprise	486,702,000	4.43%	–	H shares
5 Harbin Heli Investment Holding Co., Ltd. ¹	State-owned	397,000,000	3.61%	–	Non overseas-listed shares
6 Finance Bureau of Daoli District, Harbin	State-owned	386,025,859	3.51%	–	Non overseas-listed shares
7 Finance Bureau of Nangang District, Harbin	State-owned	378,941,968	3.45%	–	Non overseas-listed shares
8 Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd. ²	State-owned	301,315,846	2.74%	–	Non overseas-listed shares
9 CITIC Capital HB Investment L.P.	Foreign investment	284,212,000	2.58%	–	H shares
10 Beijing Xinrun Investment Co., Ltd.	Private enterprise	255,418,587	2.32%	–	Non overseas-listed shares

- Notes:
1. The controlling shareholder of Harbin Heli Investment Holding Co., Ltd., shareholder of the Company, is the State-owned Assets Management Bureau of Harbin Economic and Technological Development Zone Management Committee, which held 63.16% of its shares.
 2. Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd., shareholder of the Company, and Harbin Science and Technology Innovation Investment Co., Ltd. are related with each other. Harbin Science and Technology Innovation Investment Co., Ltd. held 96,220,000 shares of the Company, with aggregate shareholding of 397,535,846 shares, representing 3.62% of total shareholding.
 3. The above shareholding percentage of non overseas-listed shares and H shares as at the date of this report is calculated based on the total share capital of the Company, being 10,995,599,553 shares.

Risk management and internal control

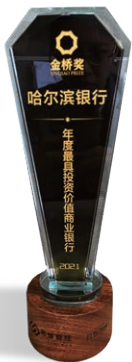
The Board of Directors is responsible for supervising the Company's risk management and internal control systems on an ongoing basis, upholds responsibility for the Bank's risk management and internal control system and takes responsibility to review the effectiveness of such risk management and internal control systems. The Board of Directors reviews the effectiveness of the Group's risk management and internal control systems through its special committees on an annual basis.

During the reporting period, the Company strictly implemented the normative requirements of laws and regulations on internal control of enterprises such as the Guidelines for Internal Control of Commercial Banks, followed the principles of comprehensiveness, prudence, effectiveness and independence, resolutely carried out the strategic requirements of risk prevention, strict internal control and strong compliance, and practiced a series of internal control optimization and improvement work around the five internal control elements of internal environment, risk assessment, control measures, information and communication and internal supervision, so as to reasonably ensure the Company's operation and management was compliant with laws and regulations.

The Board of Directors has reviewed the effectiveness of the Group's risk management and internal control systems were effective or not for the year ended December 31, 2021 through its special committees, and carried out internal control evaluation in accordance with the requirements of the Guidelines for Internal Control of Commercial Banks issued by the CBIRC: with respect to various controls involving the Company's business and matters included in the scope of the internal control evaluation at the company level and business level as well as in the information technology field, the internal control systems for the major aspects covering Company's operation and management such as finance, operation, compliance monitoring and risk management, were effective and adequate during the year.

The Company has established and maintained a stable and prudent internal control environment in compliance with laws and regulations.

The Company's internal control management framework is clear and reasonable. In particular, the Board of Directors is the decision-making body, which is responsible for ensuring the establishment, soundness and effective implementation of internal control; while the management of institutions of all levels are the coordinating bodies, which are responsible for organizing and coordinating the establishment, implementation and day-to-day work of internal control; all branch offices and departments are responsible for establishing and continuously improving their own internal control systems in accordance with the requirements of laws and regulations; compliance management departments and independent internal audit departments at all levels are responsible for supervising and evaluating the Bank's internal control system. Therefore, an internal control governance and organizational structure with reasonable division of labor, specific duties and responsibilities, and clear reporting relationship has been established. The Bank continues to improve its risk assessment policy. Through inspection and checking, corrective measures and accountabilities, performance appraisal, internal audit and other working mechanisms, a work pattern in which operating units and business departments, specialized departments for internal control and compliance management, internal audit and other supervision departments are jointly managed. Such three lines of defense perform their respective roles, adopt scientific risk management techniques and methods, fully identify and assess risks associated with its operations, and ensure the synergy and effectiveness of the risk assessment work. Multiple measures are taken to implement practical and effective risk control measures. The Company adheres to the principles of full coverage, checks and balances, prudence and matching, and has developed comprehensive, systematic, and standard business rules and management rules for all operations and management activities, while institutions at all levels implement uniform business flows and management procedures. Information transmission and communication channel construction shall be standardized and reasonable. The Company has established a compliance report and other information reporting and feedback systems, to specifically prescribe the reporting institutions, routes, contents, frequency, paradigms, ensuring that all branch offices, business departments, the departments with the function of internal control management and other internal control personnel are able to report internal control results and hidden risks in operation and management to the Board of Directors, management or relevant departments in a timely manner, while at the same time, the decision-making level can effectively transmit information such as strategies, policies, systems and related regulations in a timely manner, and solidly build a top-down and bottom-up two-way information communication mechanism.



The Bank adheres to the core philosophy of “risk management creates value”, and promotes the construction of total risk management policy. The Company’s Board of Directors, senior executives and relevant management staff are fully aware of the credit risk, market risk, liquidity risk, compliance risk, operational risk, legal risk, reputation risk and other risks that they are taking in the course of operation and management. The Bank continues to improve various risk management systems and procedures covering credit risk, market risk, liquidity risk and operation risk, improves the risk identification, measurement, monitoring and control mechanism covering all assets, all calibers, all processes and all institutions, and effectively strengthens the internal control methods for beforehand prevention, in-process control, after-the-event supervision and correction, and various risks have been actively resolved and prevented, which have laid a solid foundation for the operation and steady development of the Bank, and maintains the overall risks under control.

In terms of credit risk management, the Bank has always promoted the level of credit risk management in a down-to-earth manner, continuously improved the standardization and regularization of the collateral risk valuation system, optimized and updated models and commodity property parameters, and improved the accuracy and timeliness of collateral risk valuation; promoted the enforcement of notarization for mortgage and pledge credit business, strengthened risk control, and enhanced the Bank’s tenure rights security. The Bank also continues to improve retail and non-retail internal rating model optimization and the system and policy build-up, improve the reliability and stability of the Bank’s internal rating system, and promote the standardization and regularization of risk data management, so as to lay a solid foundation for the sound development of the business. The Bank sustains the improvement of the application of financial technology in the review and approval sessions, makes full use of external resources such as big data, credit information, corporate credit inquiry platform, etc., conducts cross-validation in an all-round and multi-angle manner, fully reveals business risks, and improves the scientific degree of review and approval, continuously optimizes the credit approval mechanism and credit risk management and control capabilities, and reasonably prevents credit risks.

In terms of market risk management, the Bank continually improved the market risk quota system, optimised the setting up of market risk quota indicators, and improved risk management level. The Bank diversified its measurement means of market risks, and conducted sensitivity analysis, duration analysis and PVBP analysis to market risk and position with reference to actual situation, keeping the market risks of the Bank under effective prevention and control and ensuring its overall interest rate risk level within the acceptable scope.



In respect of liquidity risk management, during the reporting period, the Bank coordinated the epidemic prevention and control and its operation development, strictly followed its risk management policies, and effectively balanced the relationship among liquidity, safety and profitability on the premise of ensuring the liquidity safety, so as to provide a solid safeguard for the steady development of the Bank. The Bank proactively adjusted the structure of assets and liabilities, coordinated and stabilized various sources of debt funds of the Bank, continuously optimised the large capital position provision forecasting system for domestic and foreign currency, and ensured liquidity security while fully improved the efficiency of capital operation, so that the overall liquidity risk was under control.

With respect to compliance risk management, the Company resolutely landed the decision-making arrangements of the CPC Central Committee and the State Council to prevent and resolve financial risks, conscientiously implemented the requirements of the regulatory authorities to strengthen internal control and compliance management, deepened the integrated management concept of prevention, control, investigation, and rectification, adhered to the tasks of “risk prevention” and “steady growth”, continuously improved the level of refined compliance risk management, persistently deepened the efficiency of internal control and compliance governance, and promoted the compliance risk management of the Company to operate in the same track and direction as the steady development of the financial industry. The Company fully implemented the regulators’ work requirements of the “Internal Control Compliance Management and Construction Year”, improved the “Comprehensive Task System for Rectification and Implementation”, revised and improved the accountability mechanism for violations, conducted special compliance inspections and compliance investigations in a refined manner, further promoted the special action of centralized case clean-up, and improved the working mechanism and structure of consumer rights protections. At the same time, the Board of Directors and senior management of the Company attached great importance to the construction of compliance culture, persistently made compliance culture training and lectures normal, systematical and intensive, and further promoted its compliance philosophy of “giving highest priority to compliance, making all employees in compliance, working in compliance actively, and creating value through compliance”, thereby constantly building a good internal control environment and a corporate culture of “compliance with high efficiency”.

Regarding operational risk management, the Bank strengthened the application of the three major operational risk management tools in practical areas to effectively prevent the occurrence of operational risk events in risky areas. It continued to improve operational risks management through on-site inspections, off-site monitoring and other risk control measures. By conducting frontline research, summarising risks control key points from actual business cases and communicating in a timely manner for systematic and effective control, the Bank effectively improved management capabilities for operational risk.

Concerning information technology risk management, an information technology risk management system with three defensive lines of information technology, risk management and internal audit has been formed to gradually fulfill the responsibilities of information technology risk management. At the systematic level, the Bank regulated information technology management with the establishment of information technology management systems to improve its management of information technology risks. At the implementation level, the Bank regularly conducted information technology risk identification, evaluation, monitoring and measurement through the use of management tools such as risk and control self-assessment, key risk indicators, and loss event collection. The Bank effectively strengthened information technology risk management at key times, continued to reinforce various work measures such as security protection, monitoring and early warning, and emergency response, and enhanced risk management in the construction of major informatization projects to help improve the construction level of informatization projects.

As at the end of the reporting period, the amount involved in outstanding material legal proceedings against the Bank (as a defendant or a third-party defendant) and the subject amount for single dispute of which exceeded RMB0.01 billion was RMB72 million, which did not have any material impact on the Bank’s operating activities. Save for the above, there were no other material legal proceedings or arbitrations which had substantial impact on the operating activities of the Bank. During the reporting period, no investigations, administrative penalties or circulated criticisms by the CSRC or public censures by the Hong Kong Stock Exchange or penalties by other relevant regulatory authorities that had significant impact on the Company’s operation had been imposed on the Company and its directors, supervisors and senior management.

Our Awards and Honours

No.	Name of Award	Awarding Party	Time of Award
1	2020 Good News in China Banking Industry	China Banking Association	January 2021
2	2020 Responsible Brand Award	10th China Charity Festival	January 2021
3	2020 Charity Promotion Award	10th China Charity Festival	January 2021
4	2020 Excellent Bank for Banking Wealth Management Registration	Banking Wealth Management Registration & Depository Center	January 2021
5	261st in "2021 Brand Finance Banking 500"	Brand Finance	February 2021
6	2020 China Banking Top 100 List: ranked 32nd	China Banking Association	March 2021
7	Youth League Branch for Business Department of Mudanjiang Branch – National May 4th Red Flag Youth League Branch in 2020	The Central Committee of the Communist Young League	April 2021
8	The "Unified Intelligent Risk Control Platform" won the 2021 China Outstanding Financial Digital Innovation Cases Award	China Computerworld, CCW New Finance Institute	April 2021
9	2021 China Customer Service Festival – Best Happiness Team	The Organising Committee of China Customer Service Festival	May 2021
10	Top 1000 World Banks 2021: ranked 204th	The Banker of the United Kingdom	June 2021
11	The "Retail Customer Data Intelligent Analysis Platform" won the "Gold Award for Technological Innovation Application" in the 2021 FinTech Innovation Contest	Cebnet.com.cn	June 2021
12	2021 China Banking Top 100 List: ranked 34th	China Banking Association	July 2021
13	2020 Outstanding Organization for Data Quality in the Corporate Credit Reference System	Credit Reference Center, The People's Bank of China	August 2021
14	Rated as AAA Credit Enterprise by Enterprise Credit Rating Committee	China Commerce Association, China Entrepreneurs Association	August 2021
15	2021 Best Corporate Governance Bank of the 14th Stars of China	Global Finance	August 2021
16	Nangang Sub-branch of Harbin Branch – 20th National Youth Civilization	The Central Committee of the Communist Young League	September 2021
17	2021 IDC Technology Application Scenario Innovation Award in the Chinese Financial Sector	IDC (China)	September 2021
18	The "Community-based Elderly Care Financial Characteristic Model Innovation Cases" won the Top 10 Retail Banking Innovation Award of 2021 China's Financial Innovation Award	The Banker	September 2021

No.	Name of Award	Awarding Party	Time of Award
19	Golden Reputation Award – Outstanding Innovative Financial Product Award	PYSTANDARD & Financial Investment News	September 2021
20	2021 Excellent Cases of Financial Services for Micro, Small and Medium-Sized Enterprises	The Organising Committee of China SME Investment & Financing Expo	September 2021
21	Small and Medium-sized Bank with the Most Outstanding Asset Management Business Award of the 4rd Iron-horse Award for Small and Medium-sized Banks	Modern Bankers	October 2021
22	“Excellent Group Award” for News Communication 2021	China Banking And Insurance News	October 2021
23	“2021 Inclusive Finance Business Bank Award” of the 21st Century Financial Competitiveness List	21st Century Business Herald	November 2021
24	Golden Bridge Award – Most Valuable Commercial Bank 2021	Thinking Finance, Investor.org.cn	November 2021
25	Business Department of Chongqing Branch – Top 1,000 Demonstration Units for Civilized and Standardised Service of Outlets in Banking Industry 2021	China Banking Association	November 2021
26	The “Intelligent Upgrading Project of Mobile Banking” Won Outstanding Achievement Award in Shining Star Project of Banking Digital Transformation 2021	Financial Internet Branch of China Computer Users Association	November 2021
27	2021 Outstanding Retail Bank Award of the 19th China Finance Billboard	Hexun.com	December 2021
28	2021 Responsible Bank for Rural Revitalization Award Award by the 19th China Finance Billboard	Hexun.com	December 2021
29	2021 China Digital Finance List – Best Personal Mobile Banking Award	Cebnet.com.cn	December 2021
30	Annual User Experience Award in the 4th (2021) China Financial Annual Brand Case Competition	China Financial Publishing House	December 2021
31	2021 China Financial Gold Medal List • Golden Dragon Award – Best Cross-Border Payment Innovation Award for Small and Medium-sized Banks	Financial Times	December 2021
32	The 6th Golden Tangerine Awards of Time Finance – Technology – empowered Financial Institutions Award	Time-weekly	December 2021
33	The Financial Industry Selection by Caijing.com.cn: Financial Services Banking Award for the Belt and Road Initiative	CAIJING.com.cn	December 2021

Prospects

In 2022, the global political and economic situation are still characteristic with profound uncertainties, intertwined with the impacts and damage arising out of the repeated COVID-19 epidemic on the economic order and the life order of the common people, the financial market, already under economic downward pressure, is full of risks and challenges.

The year 2022 marks the second year for China to implement the 14th Five-Year Plan and will greet the victory of the 20th CPC National Congress. With accelerated endogenous demand and motivation driven by the conversion between old and new forces, new industries, new structures and new growth points are also reserving power and momentum for development. Against the backdrop of “stability” prioritized above all policies, China is expected to remain a reasonable level of economic and social development on the basis of proper epidemic prevention and control.

The year 2022 is a critical year for the implementation of Harbin Bank’s new three-year strategic development plan and also a crucial year for Harbin Bank to enter into high-quality development. As long as we adhere to the main theme of seeking improvement amidst stability, further improve internal control mechanism, firmly grasp the three tasks of preventing and controlling financial risks, serving the real economy and deepening financial reform with the guidance of allocating more credit resources to local applications, in bid to improve the quality and efficiency of financial services, Harbin Bank will certainly be able to promote the high-quality development.

Harbin Bank will be committed to the general principle of strengthening the overall leadership of the Party and adhere to the business philosophy of “Inclusive Finance, Harmonious Co-enrichment” to improve comprehensive ESG management capabilities. We believe that deep convictions thereon every policies and measure, every product design, every service optimisation, every staff training, every growth process of customer in 2022 are:

No matter how difficult the development process is, Harbin Bank’s determination to fight against the epidemic, to move steadily, and to forge ahead remains unchanged!

No matter how the external environment changes, Harbin Bank’s brand philosophy of “Trust, Warmth, Connected and Commitment” remains unchanged!

Let us march toward a bright future.

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

Aspect	Main indicator	Disclosure	Corresponding section
Environmental	General disclosure: Information on the policies and compliance with relevant laws and regulations that have a material impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. (Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.)	Y	Low-carbon operation
	A1.1 The types of emissions and respective emissions data.	Y	Low-carbon operation
	A1.2 Direct and energy indirect greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Y	The Company has not yet established any greenhouse gas emission statistics system.
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Y	Low-carbon operation
	A1.5 Description of emissions target(s) set and steps taken to achieve them.	Y	Low-carbon operation (the Bank has relevant measures in place, but specific targets have not yet been set.)
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Y	Low-carbon operation (the Bank has relevant measures in place, but specific targets have not yet been set.)
	General disclosure: Policies on efficient use of resources, including energy, water and other raw materials. (Note: Resources may be used in production, in storage, transportation, in buildings and electronic equipment, etc.)	Y	Low-carbon operation
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Y	Low-carbon operation
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Y	Low-carbon operation
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Y	Low-carbon operation (the Bank has relevant measures in place, but specific targets have not yet been set.)
A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Y	Low-carbon operation (the Bank has relevant measures in place, but specific targets have not yet been set.)	

Aspect	Main indicator	Disclosure	Corresponding section
Environmental	General disclosure: Aspect A3: The Environment and Natural Resources Policies on minimising the issuer's significant impacts on the environment and natural resources.	Y	Green credit
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Y	Green credit
	General disclosure: Aspect A4: Climate Change Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Y	Green credit Low-carbon operation Corporate governance
	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Y	Green credit Low-carbon operation Corporate governance
Social: Employment and Labour Practices	General disclosure: Aspect B1: Employment Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Y	Staff safety and career development
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Y	Staff safety and career development
	B1.2 Employee turnover rate by gender, age group and geographical region.	Y	Staff safety and career development
	General disclosure: Aspect B2: Health and Safety Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Y	Staff safety and career development
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Y	Staff safety and career development
	B2.2 Lost days due to work injury.	Y	Staff safety and career development
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Y	Staff safety and career development

Aspect	Main indicator	Disclosure	Corresponding section	
Social: Operating Practices	General disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. (Training refers to vocational training. It may include internal and external courses paid by the employer.)	Y	Staff safety and career development	
	Aspect B3: Development and Training			
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Y	Staff safety and career development
	B3.2	The average training hours completed per employee by gender and employee category.	Y	Staff safety and career development
	General disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child labour and forced labour.	Y	Staff safety and career development	
	Aspect B4: Labour Standards			
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	N	No child labour or forced labour employed by the Company
	B4.2	Description of steps taken to eliminate such practices when discovered.	N	No child labour or forced labour employed by the Company
	General disclosure: Policies on managing environmental and social risks of the supply chain.	Y	Low-carbon operation, supply chain management	
	Aspect B5: Supply Chain Management			
	B5.1	Number of suppliers by geographical region.	N	The Company intends to disclose gradually
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	N	The Company intends to disclose gradually
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Y	Low-carbon operation, supply chain management	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Y	Low-carbon operation, supply chain management	

Aspect	Main indicator	Disclosure	Corresponding section
Social: Operating Practices	General disclosure: Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Y	Product responsibility
	B6.2 Number of products and service related complaints received and how they are dealt with.	Y	Product responsibility
	Aspect B6: Product Responsibility		The Company formulated the Administrative Measures for Intellectual Property Rights of Harbin Bank in accordance with rights provided in relevant laws, including the Trademark Law, Copyright Law, Measures for Administration of Chinese Internet Domain Names and Patent Law.
	B6.3 Description of practices relating to observing and protecting intellectual property rights	N	
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Y	Product responsibility
	General disclosure: Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Y	Anti-money laundering and anti-corruption
	Aspect 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	Anti-money laundering and anti-corruption Internal control
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Y	Corporate governance Internal control
	General disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Y	Community investment
Aspect B8: Community Investment			
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Y	Community investment	
B8.2 Resources contributed (e.g. money or time) to the focus area.	Y	Community investment	

Independent Assurance Report



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Independent Assurance Report on the Environment, Social and Governance Report

安永华明（2022）专字第 60715519_A03 号
Harbin Bank Co., Ltd.

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

We have been engaged to express a limited assurance opinion on the selected data as at 31 December 2021 and for the year then ended in the Harbin Bank Co., Ltd Environmental, Social and Governance Report 2021 (the "ESG Report") prepared by the Harbin Bank Co., Ltd. (the "Harbin Bank" or "the bank").

Selected Data

The selected data in the ESG Report of the Harbin Bank for 2021 that is covered by this report is as follows:

- Total staff (person)
- Proportion of female staff (%)
- Proportion of female management staff (%)
- Number of female directors and executives (Person)
- Microcredit balance (RMB million)
- Clients of village and township banking services (Account)
- Balance of loan to agricultural loans (RMB million)
- National student loan distributed during the year (RMB million)
- Government education loans granted amounted (RMB 100 million)
- Total customers of online banking (0,000 people)
- Total charity donation (RMB 0,000)
- Targeted assistance loans for rural revitalization (RMB million)
- Replacement rate of business transactions through electronic banking (%)
- Green credit balance (RMB million)
- Green credit balance of the total customer loans (%)
- Power consumption (kWh)
- Sewage discharge (cubic metres)
- Office paper consumption (tons)
- Toner cartridges used (pieces)

Our assurance was with respect to the selected data as at 31 December 2021 and for the year then ended only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2021 ESG Report.

Criteria applied by the Bank

The criteria used by the Harbin Bank to prepare the selected data in the 2021 ESG Report is set out in the "Guidelines of the Report" of the selected data (the "guidelines of the report") within the "Introduction" of 2021 ESG Report.



Independent Assurance Report on the Environment, Social and Governance Report

安永华明（2022）专字第 60715519_A03 号
Harbin Bank Co., Ltd.

The Board of Directors' Responsibilities

The Board of Directors of the bank are responsible for selecting the guidelines of the report, and for presenting the selected data in accordance with the guidelines of the report within the 2021 ESG Report, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the selected data, such that it is free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express a conclusion on the presentation of the selected data as at 31 December 2021 and for the year then ended in the 2021 ESG Report based on the evidence we have obtained.

We conducted our engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. The standard require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the selected data in the ESG Report is presented in accordance with the guidelines of the report, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

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



Independent Assurance Report on the Environment, Social and Governance Report

安永华明（2022）专字第 60715519_A03 号
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Description of Procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the selected data in the ESG Report and related information, and applying analytical and other appropriate procedures.

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

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

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the selected data as at 31 December 2021 and for the year then ended in the 2021 ESG Report, in order for it to be in accordance with the basis of reporting.





Independent Assurance Report on the Environment, Social and Governance Report

安永华明（2022）专字第 60715519_A03 号
Harbin Bank Co., Ltd.

Restricted use

Our report has been prepared for and only for the board of directors of Harbin Bank and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Ernst & Young Hua Ming LLP

Ernst & Young Hua Ming LLP

Beijing, China

29 April 2022



Feedback Form

Dear reader,

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

Fax: 86-451-86779829; Telephone: 86-451-86779933.

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

Postal Code: 150070.

Email: ir@hrbb.com.cn

1. Please specify your stakeholder category:

Government Regulatory authorities Shareholders Clients

Environment-related Staff Partners Community Others

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 city 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. In this report, we have selected 17 issues based on three aspects, the impact of corporate business development on the environment, corporate social responsibility and corporate governance. Please select 5 issues in which you are most interested. We will set the priority of the issues based on the feedback results and focus on responding to them in our future social responsibility work and report compilation:

Battle against poverty Digital inclusive finance Supporting small, micro and private enterprises

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

Low-carbon operation Risk management and compliant operation Anti-money laundering

Anti-corruption Financial consumer rights protection Board Diversity Staff safety and career development

Promoting city marathon Happy Community Programme Supporting education development

Volunteer culture establishment

Others _____

9. Please specify your valuable opinions and recommendations for our 2021 Environmental, Social and Governance Report:

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