



哈尔滨银行
HarbinBank

2022

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



NEW VISION / NEW SPACE / NEW FUTURE

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Introduction to the cover design

Architecture is frozen music and a witness of history. With new horizon, new space and new future as the theme, cover design of this report is inspired by the architectural style of Harbin Bank's headquarters building. The cover not only contains the music element of the 2020 annual report but also is easily associated with the boundless cover design of the 2021 annual report. The evolution from boundless design to infinite design represents the efforts to explore prosperous and organic growth as well as the infinite potential for expansion. It embodies Harbin Bank's plan to enhance internal management and to build close partnership with external parties, reflecting the Bank's strong commitment to local market-rooted development, resilient growth and future-oriented strategy.

Harbin Bank's headquarters building boasts the minimalism and functionality of modernist buildings but also subtly incorporates a classical understanding of form and space. The building thus received a LEED Silver Certification (LEED 2009 CORE AND SHELL DEVELOPMENT) from the U.S. Green Building Council (USGBC) in 2018. Based on the climate characteristics of Harbin, the building is such designed to improve utilisation of resources, reduce carbon emissions, and facilitate environment and human health.

Envelope of the report is a variant of the facade window of the headquarters building. The details of the internal structure can be clearly seen with the hollow process, implicating the efficient and transparent information disclosure of the Bank. The perspective composition of lines outlines the internal structure of the building. The stretching lines from the centre of the picture emphasises the theme, showcasing the brand connotation of "Trust, Warmth, Connected and Commitment".

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



2014-2022 Environmental, Social and Governance Report

2022

HARBIN BANK CO., LTD.

Environmental, Social and Governance (ESG) Report

Stock Code: HK6138

Explanation on Report Compilation

(I) 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 2022 to 31 December 2022 (with some content exceeding the above Reporting Period)

Reporting frequency: Annually

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 2022. 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 are denominated in RMB, unless otherwise specified.

(II) 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 former CBRC, and the Guidelines on Corporate Social Responsibility of Banking Institutions of the China Banking Association and other standards, thereby ensuring that the report is in compliance with the general practise in the banking industry and the international prevailing practise.

(III) Report data explanation

All financial data in this report is taken from the 2022 Annual Financial Report, which was audited by BDO Limited, Certified

(IV) 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 (Amendment): Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE3000") for performing a limited assurance on selected key information with an independent assurance report issued.

(V) Report release method

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

CONTENTS

6

Chairman's Statement

8

President's Statement

10

Board's Statement

12

About Harbin Bank

22

Topic: Our Focus in 2022

30

Our Environmental
Responsibility
Management

42

Our Social
Responsibility
Management

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 petal shape of lilac, the city flower of Harbin, 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

A journey of a thousand miles begins with a single step. Despite the difficulties ahead, we shall overcome and triumph in the end.

The year 2022 is a critical year in the history of the Communist Party of China (CPC) and our country. The success of the 20th CPC National Congress has guided the entire Party and the Chinese people of all ethnic groups to embark on a new journey to build China into a modern socialist country in all respects and advance toward the Second Centenary Goal. In 2022, employees across the Bank united as one and forged ahead to make progress and create new hopes.

With the strong leadership, decisions and plans of the CPC Central Committee and the State Council, and powered by the overall planning of Party committees and governments of the province and city, staff and cadres across Harbin Bank worked towards better performance and exhibited resilience under the guidance of well-designed policy of People's Bank of China and regulators. The Bank has overcome all obstacles and forged ahead, achieving all-around improvements in "Scale, Quality and Efficiency". As of the end of 2022, Harbin Bank (Group) had total assets of RMB712.7331 billion, up by 10.5% year-on-year; total loans and advances to customers of RMB284.4149 billion and total customer deposits of RMB557.8258 billion, representing an increase of 11.2% year-on-year. Net profit of the year was RMB712.5 million, up by 78.7% year-on-year.

Taking political building enhancement as the overarching principle, the Bank has made sweeping efforts to strengthen Party leadership and achieved new progress in Party building. We took deep dive into and practised Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and unswervingly advocated the "Two Establishes" and "Two Upholds". The Bank effectively embedded the guiding principles from the 20th National Congress into each aspect and process of its operation through in-depth study, publicity and implementation of those principles, issuing special work plans, and organizing a variety of activities. The Bank's Party Committee has given full play to its role of core leadership to "set the right direction, keep in mind the big picture, and ensure the implementation" of Party policies and principles. The Bank improved the "closed-loop" management mechanism of the Party Committee for supervision and decision-making by taking front-loaded approach on major issues and making scientific decisions. We made the best of the "Four Systems" by continuously carrying out follow-up inspections. We vigorously strengthened Party building at primary level and dynamically optimised the establishment of primary-level Party organisations. We strengthened the management of the cadres and further enriched the strength of cadres. The Bank selected and appointed cadres and staff who are loyal to the Party, have moral integrity, and demonstrate a keen sense of responsibility. By doing so, our officials who want to act, are not afraid to act, and are able to act and deliver could stand out. To improve the Party's work style and build a clean bank, we conducted thematic activities on violation of Party disciplines and laws to give full play to the warning and education from negative examples for leaders and young cadres. The goal was to enable

cadres and employees to learn lessons from such cases, and improve their awareness of discipline and law-abiding. We improved the evaluation system, held the first “International Workers’ Day” labour award and selected corporate culture image ambassador to create a good atmosphere of competitive learning to strive for excellence.

We spared no efforts to integrate ourselves into local development and made bolder moves in fulfilling social responsibilities in supporting development of the real economy.

We strengthened our services for local market and made great achievements in relief for enterprises. Acting around the “14th Five-year” development plans of Heilongjiang province and Harbin city, the strategy of “Developing Longjiang in Six Areas” of Heilongjiang Province and the “Cities of Seven Domains” initiative of Harbin, the Party Committee of the Bank established a special work group. The group formulated “A Hundred Measures” for local economic and social quality development of and “Ten Measures” to support medium-to-small-sized enterprises and relieve economic pressure with financial services. Besides, as a part of implementation of the 16 supportive financial measures across the Bank, the group also formulated “Ten Measures” to boost the stable and sound development of real estate industry. As the Bank vigorously expanded its distinguished cross-border businesses, major indicators hit a record high. International settlement volume reached RMB54.6 billion during the year, up by 165% year-on-year. The business volume of cross-border RMB recorded RMB59.3 billion, which was ten times of that of last year. Both indicators were top among peers in Heilongjiang Province. We provided more convenient and effective diversified and multi-layered financial services for special groups and groups with special needs to safeguard the financial health of customers. We continuously explore the best participation way to fulfil social responsibilities such as rural revitalisation, community investment, education support, volunteer services and urban marathon. We bagged awards such as the “2022 Leading Regional Services Leadership Bank” and the “2022 Leading Bank with Cross-border Finance Services” in the 20th China Finance Billboard.

The Bank continuously improved corporate governance, deepened institutional reform, and solidified the basis for internal control and compliance.

We further optimised our corporate governance system, which enabled the “General Meeting, Board of Directors, Board of Supervisors and Senior Management” to operate efficiently in a legitimate and compliant manner. We gave the role of independent director and external supervisor into full play and enhanced their ability to perform their duties. The Bank has kept optimizing organisational structure, and established another two headquarters to launch our plan to optimise structures of headquarter and branch in an all-around way. The Bank optimised the incentive and restraint mechanism, improved performance distribution, and linked performance-related salary with responsibilities. We allocated more resources to frontline staff and designed special incentive mechanism for major projects. We enhanced staff incentive program as appropriate. What is worth noting is that staff at mid-entry levels whose total performance-related salary went up by 27% year-on-year. With further cost control and standardisation of financial expense management, administrative and flexible costs across the Bank decreased by 29%. We enhanced our internal control and compliance

mechanism as well as risk management and control capability. We accomplished 88 audit projects of various kinds, conducted 285 internal and control inspections, sorted out 731 rules and regulations, compiled 31 policy manuals and e-book of over 13,000 pages. We also stepped up our efforts on system implementation to achieve substantial results. We maintained operational security at critical time points based on case risk assessment and enhanced management of liquidity risk and reputation risk. Given the efforts on digital transformation and data-based governance, the rating of the Bank’s information technology governance was 2C and disaster recovery system also ranked top among urban commercial banks. We enhanced the compliant governance mechanism, achieving noticeable reduction in consumer complaints.

New breakthrough was made in ESG management through implementing concept of sustainable development and enhancing top-down design.

As pointed out in the Report of the 20th CPC National Congress, we must implement the new development concept on a complete, accurate and comprehensive basis, accelerate the creation of the new development pattern, and strive to promote high-quality development. In 2022, Harbin Bank attached great importance to integrating ESG concept into its development, improved ESG management ability of the Board of Directors and the whole Bank, and linked executive compensation with ESG performance. For the first time, we listed “Comprehensive Consumer Protection” as a separate major ESG issue, and made significant efforts to develop “Big Consumer Protection” working mechanism to improve consumer rights protection system as well as people’s financial health. Harbin Bank actively responded to climate changes, made business development plan from the perspective of harmonious coexistence between human and nature, accelerated the innovation process for green financial products and services and extended China’s first pledge loan with carbon emission rights. We carried out the first performance measurement of greenhouse gas emissions at headquarter level, and our branches started to explore operational “carbon neutrality”. We worked with all stakeholders to highlight the green nature of new financial activities in the new era, and promoted cross-industry and cross-business coordinated development to create long-term value for both society and customers.

As the year 2023 marks the last year for Harbin Bank to implement the new Three-year Plan, we will continue to take Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the guide, study and implement the guiding principles of the 20th CPC National Congress, and continue to comprehensively strengthen the Party leadership. We will prioritise stability and make steady progress while fully deepening reform. With the goal of high-quality development, the Bank will firmly improve “stability on six key fronts, advancements in six key domains” and “security in six key areas”. We will grasp trends of the times by integrating ESG concept into our corporate development. We will strive to joint hands with all stakeholders to make great progress towards the goal of nationwide urban commercial bank with risks under control, outstanding performance, distinguished features and strong competitiveness.

With strong determination, we will succeed despite all difficulties.



President's Statement

Fulfilling social responsibilities is the bounden responsibility and obligation for enterprises. The year 2022 marks a crucial year for our journey to build China into a modern socialist country in all respects and advance toward the Second Centenary Goal. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Harbin Bank thoroughly implemented the guiding principles of the 19th and all plenary sessions of the 19th CPC National Congress and the 20th CPC National Congress, put the guidelines of important remarks and instructions made by General Secretary Xi Jinping into practise. The Bank implemented the new development concept in a complete, accurate and comprehensive manner based on the new development stage, and actively served and adapted to the new development pattern. The Bank witnessed an all-around improvement in "Scale, Quality and Effectiveness", achieved extraordinary performance and fulfilled the responsibility as the largest local financial institution in Heilongjiang Province.

Keeping the fundamental purpose of financial sector in mind to serve the development of the real economy. The Bank always took providing financial support to local economic and social development as the priority, and bore the political and people-oriented nature of financial work in mind. We thoroughly implemented the decision-making arrangements and political requirements on stabilizing the economy, employment and prices and promoting development as required by the CPC Central Committee, the State Council, the People's Bank of China and regulators. After realizing unity in thinking, we changed business philosophy and adjusted business development strategies so as to integrate our development into local economic and social development in grand-context, big-picture and grand-strategy terms. The Bank actively practised the "customer-oriented" service concept by creating a full-cycle comprehensive financial service system for customers, thus developing an integrated and comprehensive financial service pattern of "quick response to customer demand, and coordinated service scheme design and financial services promotion" to support the quality development of local economy and society.

Enhancing, strengthening and stabilizing supply chain to support industrial transformation and upgrading. Around the "14th Five-year Plan" at national and regional levels, we built a multi-level, multi-model and multi-product financial product supply chain system. We actively supported high-end industries such as high-end equipment manufacturing and high-tech precision manufacturing as well as quality enterprises with high added value and enterprises that play a key role in industrial chain. We aim to promote the creation of new modern industrial system, develop strategic emerging industries and improve the development capacity of service industry. By the end of 2022, the balance of corporate manufacturing loans of RMB6.764 billion, representing an increase of RMB578 million compared with that at the end of last year. The financing balance of corporate industrial enterprises was RMB14.736 billion, up by RMB1.068 billion over the end of last year. We enhanced our support for major local projects which will help significantly improve the people's wellbeing, infrastructure projects and affordable rental housing projects. We held a signing ceremony for strategic cooperation to support the development of real estate industry, issued ten measures to support the stable and sound development of the

real estate market, provided financing credit and supporting financing support of RMB10 billion for key real estate enterprises to facilitate the stable and sound development of the real estate market with concrete actions.

Deepening green financial services to serve the development of technological innovation. The Bank established a variety of financial service models and product systems for digital economy, bio-economy, digital upgrading of traditional industries as well as the cultivation of specialised and sophisticated SMEs that produce new and unique products. We strengthened our cooperation with key universities and science and technology management institutions, engaged in the development ecosystem of science and technology enterprises to support the construction of modern science and technology financial system. By the end of 2022, the financing balance for technology enterprises was RMB5.201 billion, and the financing balance for digital economy was RMB10.914 billion. We accelerated our digital transformation, explored digital RMB business, and strengthened the development of financial technology application scenarios such as big data and artificial intelligence. The Bank issued the “Measures for the Management of Pledged Loans of Carbon Emission Rights of Harbin Bank”, which aims to improve green financial business system, actively support deep processing industry development of local green agricultural products and the construction of green industrial parks.

Responding to relief policy for enterprises to support market stabilisation. With strong understanding of the political significance of developing inclusive finance, the Bank provided financial assistance for enterprises, and formulated ten relief measures for enterprises. Moreover, we also provided special credit resources, enhanced professional service capabilities, reduced financing costs for enterprises, provided targeted financial support, and promoted the loan volume, scale, price reduction and quality improvement for SMEs. By the end of 2022, the balance of the Bank’s inclusive loans for SMEs was RMB34.514 billion, and the balance of self-operated businesses for SME was RMB14.581 billion. The Bank formulated such development strategy as to benefit agriculture and farmers through finance, and created an all-round and multi-level agricultural service system. The Bank effectively broadened financing channels for rural loans, provided strong support to the “grain planting to the forefront and produce to follow (this means that grain planting should be the source, and produce should be found on the dining table, which requires us to properly deal with the relationship between planting and marketing)” and “agriculture to the forefront and industry to follow (This requires us to integrate the primary and secondary industries and realise intensive processing of agricultural products)” and the upgrading of rural industry chain, supported the consolidation and expansion of poverty-alleviation achievements and the promotion of rural construction, and accelerated the effective implementation of the rural revitalisation strategy. In 2022, the spring ploughing loan recorded RMB13 billion, and the breeding loan for “Two Cows and One Pig” was RMB1.5 billion.

Improving the quality and efficiency of financial services to enhance wellbeing of the people. We continued to enhance our financial support to expand employment, promote business startups and improve people’s livelihood. By the end of 2022, the Bank has provided secured business start-up loans of nearly RMB3 billion and provided support to nearly 50,000 start-ups and jobs. The accumulated national student loans exceeded RMB5.7 billion, bringing

benefits to over 310,000 poor students. The Bank attached high importance to consumer finance business, actively integrated the three major consumer finance business lines and these lines are credit card, internet loan and consumer loan. We have built a broad product system of small-scale and high-frequency credit card consumption, large-scale consumption scenario, internet loan and personal consumer credit. We enhanced financial support to boost domestic demand, and provided support to consumption recovery, expansion and upgrading. In view of the various financing needs of SMEs of different types, scales and industries of new citizens, we provided a broad range of one-stop and comprehensive targeted financial services to improve the availability and convenience of financial services for new citizens to enhance their sense of fulfilment, happiness and security. We actively fulfilled the mission of “Serving Local People’s Livelihood”, held the product launch conference for “Good Life Account”, launched “Good Life Account” and themed debit card, and built a series of service systems for residents such as children finance, growth finance, family finance, wealth finance and pension finance. The Bank emphasised the multi-level, diversified and high-quality financial needs of the elderly and the disabled, and further explored the high-frequency consumption scenarios of special customer groups, strengthened the protection for financial consumers’ rights and interests. The Bank launched the “distilled version” of mobile banking service to create a variety of online financial service scenarios such as medical insurance, social security and provident fund. The goal is to continuously improve the services of online finance, digital finance and financial services suitable for the elderly.

Strengthening building of talent team to achieve common growth of the Bank and employees. We deepened the talent development system reform, established an institutional environment where everyone is inspired to discover and develop his or her own talent and to realise his or her full potential. It provided opportunities for staff who are “willing to act and ready to deliver good results”. We continuously improved the talent training plan, established a hierarchical and classified training system, and created seven training systems: “Embark, Endure, Guide, Escort, Voyage, Cruise, and Pilot”. We implemented three talent development programs of “new staff training”, “staff growth” and “top talents development” to strengthen the cross-regional, cross-line and cross-level communication among employees. We also broke obstacles and barriers for communication, realised the regular, normal and two-way communication across all lines, between headquarters and branches, parent and subsidiaries to provide a broad room for employee career development.

The year 2023 is the last year of the Bank’s three-year strategic development plan, and it is also a critical year to start the new journey of revitalizing entrepreneurship in an all-round way. The Bank will always adhere to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, comprehensively study and implement the spirit of the 20th National Congress. Based on the three tasks of financial services and the three goals of urban commercial banks, we will integrate our own development with national and regional development strategies. With high-quality development as the goal, the Bank aims to accelerate the construction of a nationwide urban commercial bank with risks under control, outstanding performance, distinguished features and strong competitiveness. We will also accelerate the coordinated development of economy, environment and social benefits, and create greater value and contribute more to boost high-quality economic and social development.

Board's Statement

As the top decision-making authority of the Bank on ESG matters, the Board of Directors undertakes the overall responsibility of supervising the ESG-related work of the Bank, determines the guidelines and strategies for ESG management, and explore the integration of ESG concepts into development strategies, governance structure, corporate culture and business processes, 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.

During the Reporting Period, the Board of Directors and the Development Strategy Committee of the Board of Directors considered and approved the Proposal on Environmental, Social and Governance (ESG) Material Issues of Harbin Bank in 2022, the Proposal on the 2021 Environmental, Social and Governance (ESG) Report of Harbin Bank Co., Ltd., and the Proposal on Performance Evaluation Indicators of Senior Management in 2022, which specified the “Inclusive Finance, Internal Control, Consumer Rights Protection, Green Bank, Employee Safety and Growth, and Charity” as the Bank’s material issues in 2022. The number of material issues increased from five in the previous year to six, the level of ESG information disclosure was continuously improved, and various ESG-related measures were implemented; the indicators of “Green Credit Proportion” and “ESG Key Performance Indicator Disclosure” are set in the executive performance appraisal indicators, and the qualitative and quantitative performance indicators related to the substantive issues of enterprise ESG are included in the executive salary appraisal and reward plan in a certain proportion, so as to realise the linkage between executive compensation and ESG performance, and raise the enthusiasm of executives for ESG matters to a new level. The “driving force” of ESG improvement is better transmitted to the whole governance and management. The Development Strategy Committee of the Board of Directors considered and approved the Proposal on the Guiding Opinions of Harbin Bank on Green Finance, which specified the tasks and objectives from three aspects: optimizing

the green finance governance mechanism, implementing its own low-carbon transformation, and promoting green information disclosure, and strived to play its role in promoting the construction of an ecological civilisation system and promoting the comprehensive green transformation of economic and social development.

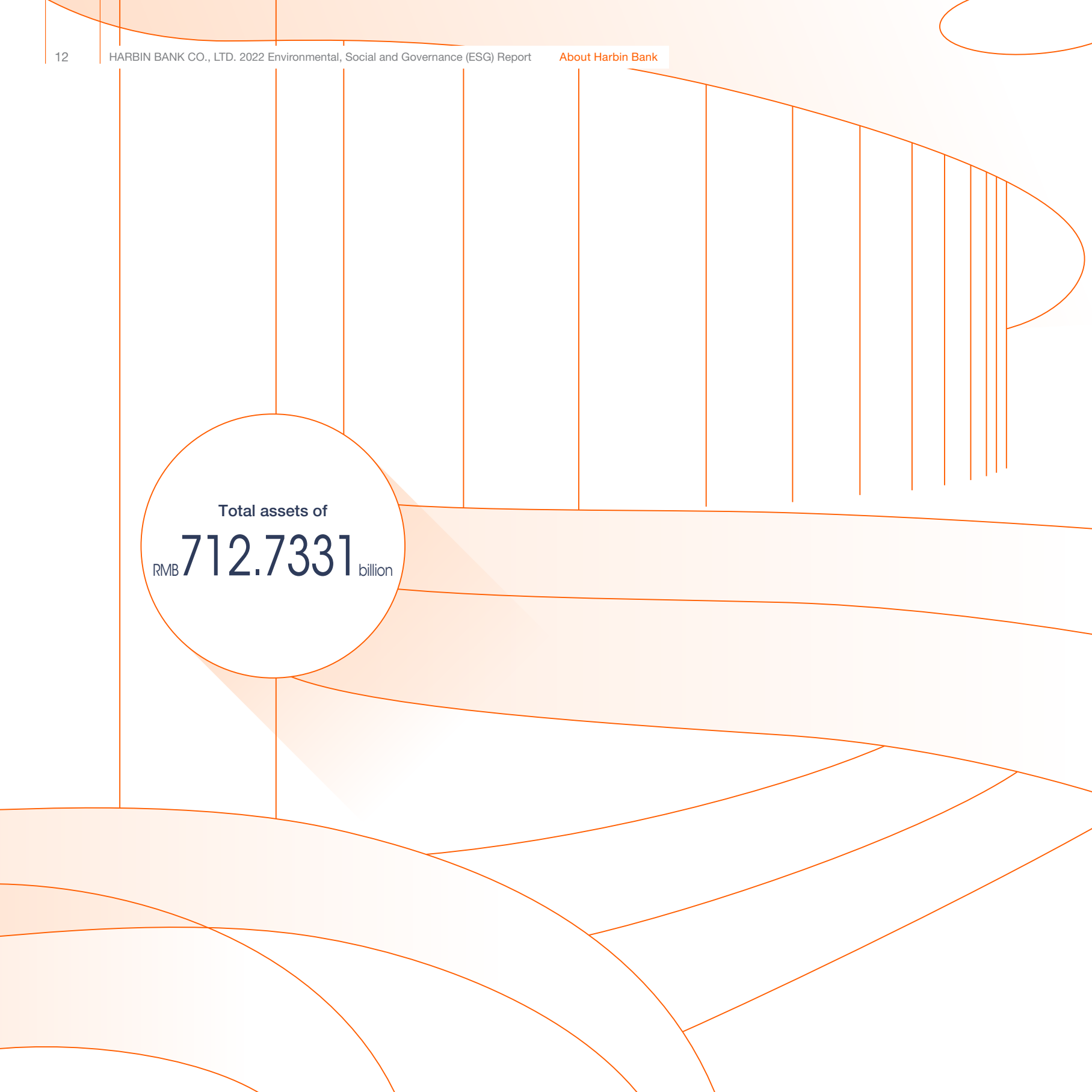
It is noteworthy that in 2022, the Bank listed “consumer rights protection” as a separate material ESG issue for the first time, integrated consumer rights protection into corporate governance, and defined rights and responsibilities to ensure objectives and policies are implemented, and the quality and efficiency of consumer rights protection are improved effectively. The Consumer Rights Protection Committee of the Board of Directors considered and approved the Proposal on the Report on Consumer Rights Protection of Harbin Bank in 2021 and the Proposal on the Report of Consumer Rights Protection of Harbin Bank in the First Half of 2022. In addition, the Consumer Rights Protection Committee of the Board of Directors also considered and approved four proposals, including the Proposal on Consumer Rights Protection Plan of Harbin Bank in 2022.

During the Reporting Period, the Bank organised all directors, supervisors, senior management and other relevant employees to receive ESG management improvement trainings on the theme of “practising sustainable development and building a high-quality future” and anti-corruption trainings, during which they were encouraged to practise 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.

Meanwhile, the Bank also actively promoted the construction of ESG management structure, the formulation of ESG management system and the improvement of ESG information disclosure to further improve the quality and efficiency of ESG management and promote the ESG performance.



Total assets of
RMB 712.7331 billion





About Harbin Bank

Overview

Key Performance Table

The Group's Development Plan

Stakeholders of Harbin Bank

Issues of Significance in 2022

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 commercial bank in Northeast China.

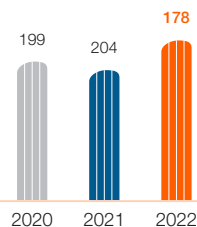
Harbin Bank has established 17 branches in Tianjin, Chongqing, Dalian, Shenyang, Chengdu, Harbin, Daqing, etc., and 32 village and township banks in 14 provinces and municipalities, including Beijing, Guangdong, Jiangsu, Jilin, and Heilongjiang, etc. The Bank, as a controlling shareholder, has promoted the establishment of Harbin Bank Financial Leasing Co., Ltd. ("Harbin Bank Financial Leasing"), the first financial leasing company in the northeast region, and Harbin Bank Consumer Finance Co., Ltd. ("Harbin Bank Consumer Finance"), the first consumer finance company in Heilongjiang Province, respectively. During the Reporting Period, the Group had 389 business outlets with branches and sub-branches across seven administrative regions in China. As of 31 December 2022, the Bank had total assets of RMB712.7331 billion, total loans and advances to customers of RMB284.4149 billion and total customer deposits of RMB557.8258 billion.

In 2022, Harbin Bank ranked 249th in "2022 Brand Finance Global 500" published by Brand Finance (a famous UK-based branded business valuation consulting firm), 338th in "2022 Brand Finance China 500" published by Brand Finance, 178th in "Top 1000 World Banks 2022" according to The Banker of United Kingdom and 34th in the "2022 China Banking Top 100" of the China Banking Association; and received the "5th 'Iron-horse' Award for Small and Medium-sized Banks: Small and Medium-sized Banks with Best Retail", the "2022 Leading Bank in Cross-border Finance" in the 20th China Finance Billboard, and the "2022 Pioneer Bank in Inclusive Finance", "2022 Leading Bank in Regional Service" and other awards.

The Banker

"Top 1000 World Banks 2022"
according to The Banker of United Kingdom

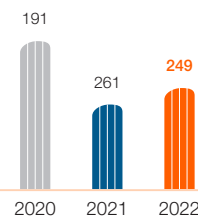
Harbin Bank ranked **178th**



Brand Finance

2022 Brand Finance Global 500

Harbin Bank ranked **249th**



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.

China Banking Association

2022 China Banking Top 100

Harbin Bank ranked

34th

当代金融家 Modern Bankers

5th "Iron-horse" Award for Small and Medium-sized Banks

Harbin Bank was awarded

Best Retail Small and Medium-sized Bank

和讯 hexun.com

20th China Finance Billboard

Harbin Bank was awarded

2022 Leading Bank in Cross-border Finance

2022 Pioneer Bank in Inclusive Finance

2022 Leading Bank in Regional Service

思维财经 | 投资者网 Thinking Finance | 投资者网 致远 臻易 透明

Golden Bridge Award

Harbin Bank was awarded

2022 Outstanding Commercial Bank of Digital Transformation

ARC AWARDS INTERNATIONAL XXXVI

ARC Awards

The 36th International Annual Report Competition

Harbin Bank was awarded

Best in China
Best Interior Design

Gold Winner of ESG Report
Gold Winner of Cover Design
Gold Winner of Interior Design

Key Performance Table

Type of Indicators	Specific indicators	Unit	2022	2021	2020
Economic performance indicators	Total assets	RMB million	712,733.1	645,046.2	598,603.6
	Operating income	RMB million	12,870.5	12,319.5	14,606.3
	Profit before tax	RMB million	1,001.2	561.2	1,408.9
	Net profit	RMB million	712.5	398.7	795.8
	Total tax	RMB million	2,217.52	2,781.30	3,018.02
	Earnings per share	RMB Yuan	0.002	0.02	0.07
	Average return on total assets	%	0.10	0.06	0.13
	Average return on equity	%	0.04	0.55	1.51
	Balance of loans to customers	RMB million	284,414.9	294,359.2	280,567.2
	NPL ratio	%	2.89	2.88	2.97
	Capital adequacy ratio	%	11.91	12.54	12.59
	Provision coverage ratio	%	181.54	162.45	133.26
	Social performance indicators	Total staff	Person	6,825	6,910
Proportion of female staff		%	56.81	57.28	56.99
Proportion of female management staff		%	51.11	51.78	52.11
Clients of village and township banking services		Account	671,487	641,078	592,863
Microcredit balance		RMB million	178,380.8	196,775.7	179,120.6
Balance of agricultural loans		RMB million	27,857	32,815	32,560
Targeted poverty alleviation loans (current balance)		RMB million	341	383	387
National student loan distributed during the year		RMB million	384	552	526
Environmental performance indicators	Total charity donation	RMB0'000	591.40	1,733.59	1,945
	Green credit balance	RMB million	3,089	2,183	2,632
	Replacement rate of business transactions through electronic banking	%	98	97	95

- 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.

Stakeholders of Harbin Bank

Stakeholder	Expectation and requirements	Communication	Response
Government	To support the implementation of the national strategy, based on the positioning of urban commercial banks, strengthen financial assistance to enterprises to relief, and actively serve the real economy.	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.	Focusing on the requirements of national, provincial and municipal “14th five-year” plans and regulatory policies, the strategy of “Developing Longjiang in Six Areas” of Heilongjiang Province and the “Cities of Seven Domains” initiative of Harbin, putting financial support for local economic and social development in the first place, and formulating the “A Hundred Measures of Harbin Bank to Support Local Economic and Social Development”. Accelerating the return to fundamental purpose of financial sector, guiding credit funds to be weighed towards the province, and increasing support for the top 100 provincial projects and provincial and municipal state-owned enterprises. Implementing the relief policies for enterprises, “Double Stabilities” and bank-tax authority cooperation, and formulating ten measures to help enterprises bail-out. Supporting rural revitalisation and promoting inclusive finance and green finance. Actively integrating into the new development pattern of the country’s “Dual Circulation” and respond to the “Belt and Road” initiative.
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; company announcements; general meetings; mainstream media news coverage; results release; 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; convening general meetings of shareholders; timely information disclosure through the Hong Kong Stock Exchange and the Bank’s official website; Strengthening communication with the capital market by proper arrangements for investor and analyst visits and response to hotline and email; publishing news reports on investor relations in mainstream media at home and abroad, effectively publicizing corporate image, and enhancing market attention and influence. Active participation in domestic and overseas investor conferences held by investment banks and securities brokers and proactive arrangement of results announcement presentations.
Clients	To protect the legitimate interests of financial consumers; provision of quality financial services to boost client satisfaction.	Online and offline promotion of policies and publicity of and knowledge; carrying out customer needs survey through questionnaires and interviews; timely circulation and tracking of customer complaints.	Paying close attention to relevant policy changes of regulatory authorities, establishing and completing the mechanisms for protecting the interests of consumers, continuously improving the working mechanism; increasing investment in technology, accelerating innovation in financial products and services, expanding customer service channels and reinforcing customer relations management; improving channels of customer complaint, whistleblowing and answering questions and solving problems, and accepting and properly dealing with complaints in a timely manner in accordance with the process, and strengthening customer complaint handling and customer satisfaction survey; maximizing the protection of the legitimate rights and interests of financial consumers.

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.	Establishing a better green finance system; establishing a Green Credit Working Group; implementing green credit guidelines, allocating more resources for green credit, promoting green finance transformation and scale efficiency growth; strengthening supply chain management and clarifying green access requirements to support energy saving and emission reduction; and promoting 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.	Creating better career development paths, establishing sound incentive and restraint mechanisms, improving performance assessment, paying attention to staff's work environment, caring about their physical and mental health, and protecting their legitimate interests; launching a collection mechanism of rational suggestion to greatly mobilise the enthusiasm of employees to provide views and suggestions; strengthening the development of corporate culture, improving the system of evaluation of excellence and priority, and creating a good atmosphere of competitive learning to strive for excellence.
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.	Adhering to the principles of openness, fairness, justice, honesty and efficiency during the course of cooperation.
Community	To consolidate and expand the achievements in poverty alleviation, pay attention to community investment and volunteer culture construction in the new era, promote harmony and balance between financial institutions and the community.	To consolidate and expand the achievements in poverty alleviation and strictly prevent the phenomenon of returning to poverty by stationing poverty alleviation teams in villages or targeted poverty alleviation. To take part in community governance activities in conjunction with United Charity Foundation; increase regular exchange and communication through publicity of financial knowledge; and carry out various charity activities.	Focusing on consolidating and expanding the achievements in poverty alleviation through calibrated financial poverty alleviation; carrying out community governance in conjunction with United Charity Foundation, supporting public welfare projects that are suitable for the concept of corporate public welfare, and promoting harmonious coexistence between financial institutions and the community; promoting public sports development and improving urban cultural quality with the opportunity arising from sponsorship for the city marathon; and participating in charity donation to other types of activities for helping the poor and promoting education.

Issues of Significance in 2022

The Bank's material issues in 2022 were considered and approved at the 2nd meeting of the Development Strategy Committee in 2022 and 9th meeting of eighth session of the Board, and the order of priority is as follows: Inclusive Finance, Internal Control, Protection of Consumer Rights and Interests, Green Bank, Employee Safety and Growth, and Charity. The number of material issues increased from five in the previous year to six. 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. It provides strong support for the development of the real economy to continuously improve the capabilities of digital inclusive financial services.

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, but also a necessary factor for laying a firm foundation for the Bank's high-quality development and an important guarantee for the sustainable and steady development of the Bank.

For the first time, "protection of consumer rights and interests" was listed as a separate material issue, ranking third. The Bank actively implements relevant regulatory requirements, improves the financial consumer rights protection system, and promotes the deep integration of consumer protection work with business development and service management. The Bank strengthens the governance of petition complaints, continues to popularise financial knowledge, practises the obligations of financial institutions, effectively protects the legitimate rights and interests of consumers, and comprehensively improves service quality.

Ranking of "green bank" improved by one place from the previous year. It is mainly considering that with the steady advancement of the "Dual Carbon" goal strategy, the national and local green finance policy framework has been continuously improved, and the guidance of the People's Bank of China and regulatory authorities has become more standardised and precise. In 2022, the Bank continued to promote the construction of green financial mechanisms, product innovation and business development, vigorously advocated low-carbon operations, and strove to achieve high-quality and sustainable development.

"Employee safety and growth" was adjusted from third place in the previous year to fifth place. The Bank always puts people first, cares about the health and safety of employees from the beginning to the end, attaches importance to the cultivation of employees' sustainable development ability, builds a platform for employees to realise self-value improvement, creates a positive, simple and harmonious entrepreneurial environment and atmosphere, and enhances employees' sense of belonging, honour and happiness.

"Philanthropy" continues to be included in the annual major issues. The Bank has supported 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; the Bank has continued to promote the cross-border integration of urban marathon sports and financial services, and advocated the concept of healthy life; the Bank has supported the consolidation of achievements in poverty alleviation, and continued to pay attention to and support education.

Inclusive Finance

Support the field of SMEs/people's livelihood, serve the "agriculture, rural areas and farmers", revitalise rural area, and constantly improve the digital inclusive financial service capabilities.

Internal Control

Internal control system and mechanism construction, risk management and compliance operations, the culture of compliance and clean finance, anti-money laundering and anti-corruption.

Protection of consumers' rights and interests

Improve the protection system of consumers' rights and interests, personal information protection and financial consumer education, enhance employees' awareness of protection of consumers' rights and interests, and improve service quality.

Green Bank

Green financial system construction, low-carbon operation, carbon footprint management.

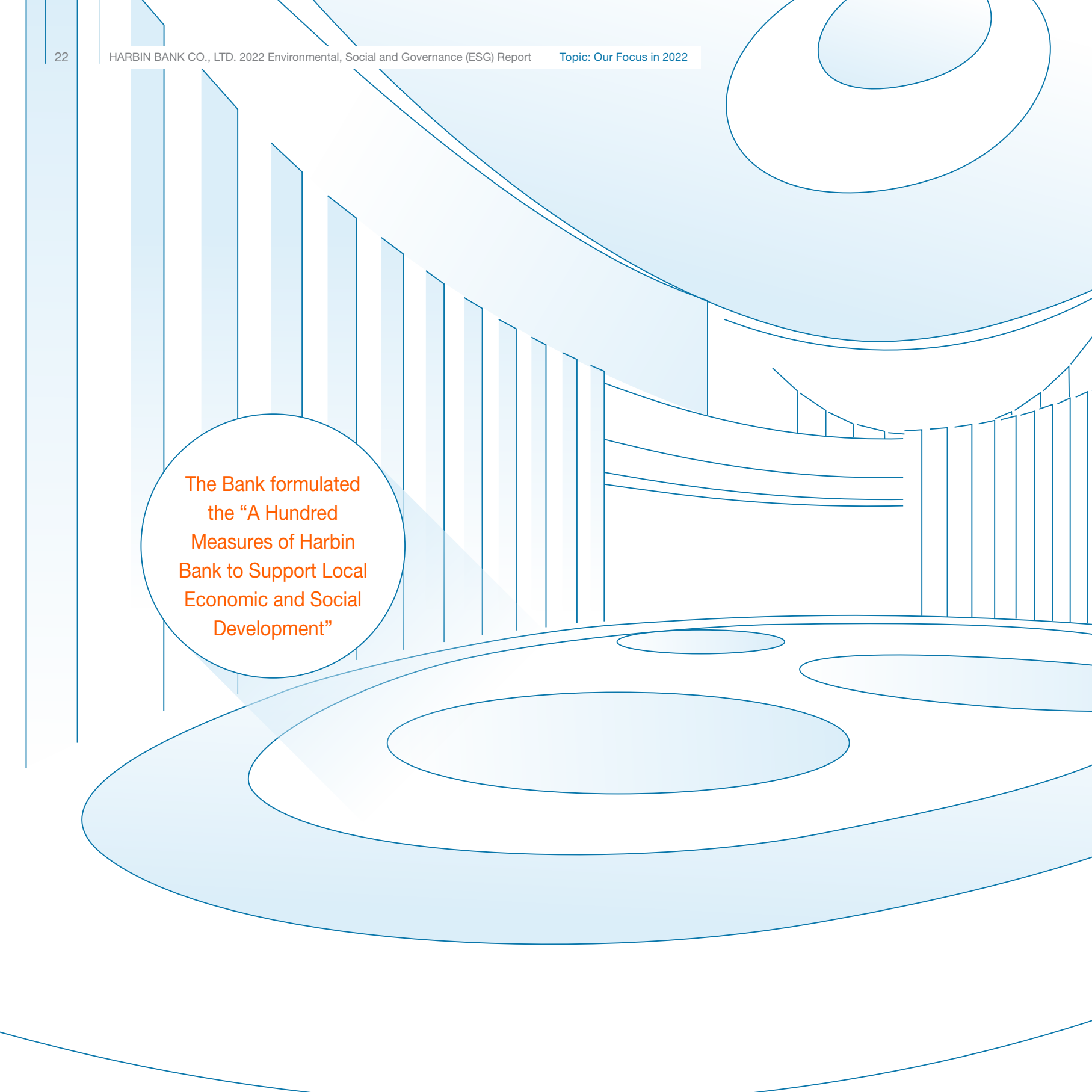
Employee Safety and Growth

Employee health and safety, remuneration and benefits, and training system construction under COVID-19 prevention and control; the idea of happy work and healthy life.

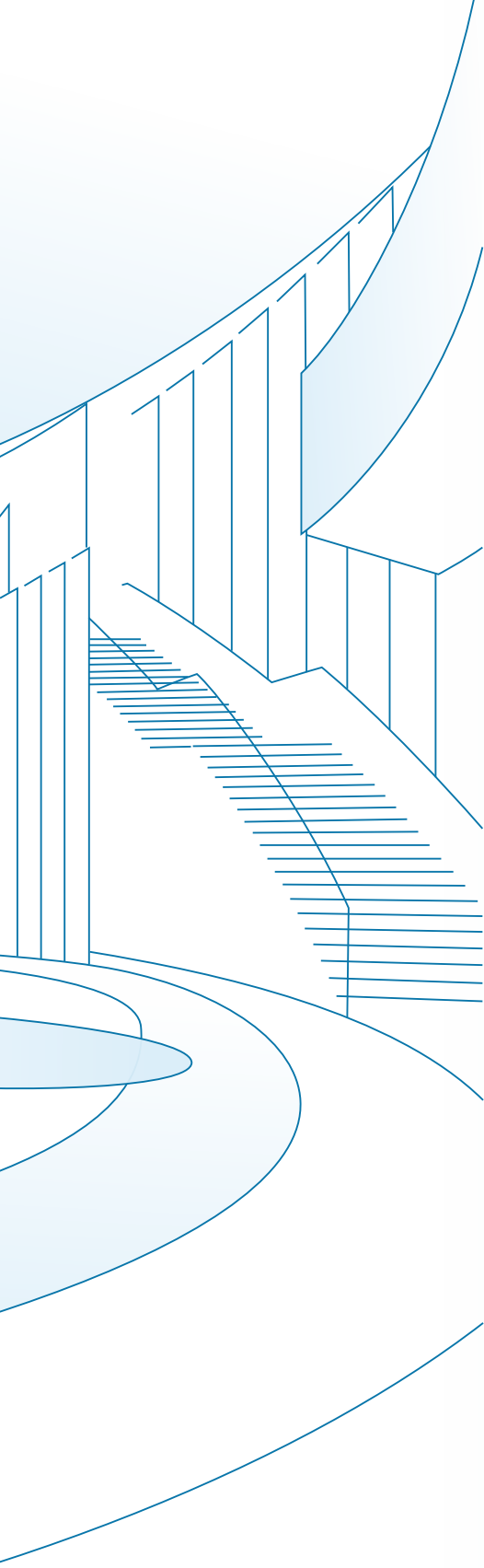
Charity

"Happy Community" Programme, popularizing financial literacy, supporting city marathons, accurate assistance, helping the poor access education, and volunteer culture building.

2022



The Bank formulated
the “A Hundred
Measures of Harbin
Bank to Support Local
Economic and Social
Development”



Topic: Our Focus in 2022

Enhance the quality and efficiency of serving the real economy and support the all-round revitalisation of Northeast China

Promote the quality and quantity improvement of green finance, and make new breakthroughs in serving the green and low-carbon transformation of the real economy

Enhance the quality and efficiency of serving the real economy and support the all-round revitalisation of Northeast China

General Secretary Xi Jinping stressed in the report to the 20th CPC National Congress that the focus of economic development should be on the real economy. As a state-owned financial enterprise under the leadership of the Party, Harbin Bank has always practised the political and people-oriented nature of financial work, focused on the big-picture interest of national development and the development strategy of the province and the city, and allocated more financial resources to the key areas and weakness in the development of the real economy.

In 2022, the Bank thoroughly implemented the decisions, plans and policy guidelines of the CPC Central Committee, the State Council, the provincial Party committee, the provincial government, the municipal Party committee, the municipal government, the People's Bank of China, and the regulatory authorities on stabilizing the economy and promoting development; adhered to the strategic positioning of returning to the source and local applications, adhered to the national, provincial and municipal "14th Five-Year Plan" development plan, and focused on the three tasks of serving the real economy, preventing and controlling financial risks and deepening financial reform; strongly supported the strategy of "Developing Longjiang in Six Areas" and "Eight Revitalisations" of Heilongjiang Province, and the "Cities of Seven Domains" initiative of Harbin, put financial support for local economic and social development in the first place, guide more credit resources to Heilongjiang Province, and effectively improve the quality and efficiency of serving the real economy. As at the end of 2022, the balance of the Bank's loans in Heilongjiang Province was RMB178 billion, representing an increase of 12% as compared with the beginning of the year; and the balance of the Bank's loans in Harbin was RMB149.5 billion, representing an increase of 14% as compared with the beginning of the year.

It is noteworthy that during the Reporting Period, the Bank closely focused on the spirit of the 13th Party Congress of Heilongjiang Province and the 15th Party Congress of Harbin, fully supported Harbin to build the "Cities of Seven Domains", "Seven New" targets and "Eleven Major Tasks", concentrated credit resources, and formulated the "A Hundred Measures of Harbin Bank to Support Local Economic and Social Development". 89 specific plans have been formed. In accordance with the requirements of the "Four Systems", a work task ledger and a supervision and accountability mechanism have been established, the work direction, implementation path, target planning, specific measures and guarantee mechanism have been specified, and a complete closed-loop work implementation system has been built. The measures clearly propose that the credit investment in key areas and fields such as Harbin New Area will exceed RMB100 billion within three years.

The Company has stepped up efforts for the development of key industries and key projects, with a total credit of RMB10.739 billion for 100 projects in Heilongjiang Province, a financing balance of RMB11.457 billion for corporate industrial enterprises in Heilongjiang Province, a financing balance of RMB5.169 billion for science and technology enterprises in Heilongjiang Province, and a financing balance of RMB7.106 billion for the digital economy in Heilongjiang Province as of the end of the Reporting Period. We have implemented the policy requirements of "16 Financial Measures", held a signing ceremony for strategic cooperation to support the development of the real estate industry, and issued ten measures to support the stable and healthy development of the real estate industry. We have also stepped-up efforts to help small and medium-sized enterprises with finance, formulated "ten measures" to support and serve them and help them with finance, invested inclusive small and micro loans of RMB18.6 billion, and invested guaranteed loans of RMB753 million to "assisting enterprises and stabilizing jobs". We have implemented the policy of deferred repayment of principal and interest as well as fee and interest reduction. Since the outbreak of the COVID-19 pandemic, the aggregate fee and interest reduction has exceeded RMB1.1 billion. In terms of supporting rural revitalisation, the Bank invested RMB13 billion for spring ploughing loans, and the growth rate of inclusive agriculture-related loans exceeded 10%.



Case

Harbin Bank Introduced Ten Measures to Support the Stable and Sound Development of the Real Estate Industry

In November 2022, the People's Bank of China and the China Banking and Insurance Regulatory Commission issued the Notice on Further Providing Financial Support for the Stable and Sound Development of the Current Real Estate Market, in which 16 financial measures were introduced to promote the stable and sound development of the real estate market. Heilongjiang Province and Harbin actively promoted the implementation of these policies. Harbin Bank immediately conducted thematic investigation and plan refinement and launched ten measures to support the stable and healthy development of the real estate industry.

1 a special team was set up to promote the implementation

3 ensure the quality and efficiency of examination and approval

5 credit reporting protection was carried out in compliance

7 improve online services and experience

9 continuously strengthen customer visits and matchmaking

2 provide more abundant financial products

4 the reasonable extension of stock financing

6 differentiated support for housing purchase needs

8 do a good job in the relief of mortgage loans

10 improve the supporting measures for due diligence and liability exemption



Related link:

Harbin Bank's 100 Measures to Promote the "Cities of Seven Domains" initiative of Harbin
http://epaper.hljnews.cn/hljrb/pc/con/202205/05/content_85441.html





During the Reporting Period, the Bank took the responsibility of serving new development of “dual-circulation pattern”, seized the opportunity of revitalizing Northeast China, and deeply integrated itself into the overall pattern of jointly building the “Belt and Road”. We strengthened the research and judgment of macroeconomic situation and regional economic development, relied on the characteristics and advantages of the Bank’s cross-border financial business over the years to deeply integrate into the construction of Harbin New Area and Heilongjiang Free Trade Zone, and continuously made innovations in cross-border RMB settlement, investment and financing, foreign investment introduction and other fields. We put forward the overall development idea of “consolidating the customer foundation, expanding the business scope and promoting the integration of industry and finance” in three steps; establish the deputy bank-level headquarters for Russia and cross-border finance, and build a professional management structure of “three departments and two centres” of foreign exchange management, trade finance, financial institutions, settlement and transaction, and digital trade, so as to further enhance the strategic position of cross-border business in its own development; help to build a new highland of opening-up to the north. In 2022, the main indicators reached the best level in history, with an international settlement volume of RMB54.6 billion, representing a year-on-year increase of 165%. The amount of cross-border RMB business volume reaching RMB59.3 billion, which is ten times that of the previous year. Both of the above two indicators ranked among the top in Heilongjiang Province.

As the third domestic city commercial bank that has obtained the qualification of direct participant in CIPS (Cross-border Interbank Payment System), the Bank continued to promote the construction of cross-border financial infrastructure, launched CIPS standard transceivers during the Reporting Period, unblocked the cross-border transmission channels of standby financial information, and ensured the timeliness and safety of cross-border RMB business information interaction. As at the end of 2022, 33 domestic and foreign banks had signed CIPS cooperation agreements with the Company, and the aggregate business amount processed by the system amounted to RMB59.3 billion. Meanwhile, the Bank was awarded the honorary title of “CISD Promotion Star” by virtue of the promotion of CIPS innovative product – Cross-border Innovative Service Device (CISD), which was recognised by CIPS institutions and peers. In addition, the Bank’s second-generation RMB Cross-Border Payment Management Information System (RCPMIS) was successfully launched, which is the first corporate bank in Heilongjiang Province to launch the system. After the system is launched, it can directly realise the automatic submission of cross-border RMB business data through the business system, improve the timeliness, completeness, and accuracy of data, and provide systematic support for continuing to expand the scale of cross-border RMB business.

During the Reporting Period, the Bank closely focused on the national, provincial, and municipal strategies, deeply participated in the construction of new areas and free trade zones, and continuously improved the functions of Settlement Service Centre. Institutions in Heilongjiang Free Trade Zone successfully settled in the Government Affairs Service Hall of Harbin Area of the Free Trade Zone and made continuous breakthroughs in financial innovation in cross-border RMB settlement, financing, foreign investment, and other fields. Meanwhile, strategic cooperation with key central enterprises, state-owned enterprises and private leading enterprises has been deepened. In 2022, the Bank’s international settlement amount in various institutions in the Harbin Area of the Free Trade Zone amounted to RMB4.78 billion, taking a leading position among various financial institutions in the Free Trade Zone and becoming an important force for financial support to the construction of the Heilongjiang Free Trade Zone.

During the Reporting Period, the cross-border E-commerce financial business of the Bank has developed steadily. It can now support multiple payment and settlement methods worldwide and real-time online payment, collection, and settlement of foreign exchange in more than 60 currencies, including MASTER and JCB international credit cards. In 2022, the Bank witnessed an increase in the volume of transaction settlement of RMB303 million, and the cumulative transaction settlement volume reached RMB16.1 billion.

Case

Opening of Harbin Bank Shenzhen-Harbin Industrial Park Sub-branch

On 24 October 2022, the opening ceremony of Harbin Bank Shenzhen-Harbin Industrial Park Sub-branch was held in Harbin New Area. Shenzhen-Harbin Industrial Park is a model in the construction and operation of science and technology parks and intelligent parks in Harbin and even Heilongjiang Province, and a model park with strong support and full cooperation from governments at all levels in Shenzhen and Harbin. In order to further support the development of Harbin New Area and Harbin Area of China (Shenzhen) Pilot Free Trade Zone, support the construction of Shenzhen-Harbin Industrial Park, and promote the rapid growth of enterprises in the park, Harbin Bank actively operated and prepared to establish Shenzhen-Harbin Industrial Park Sub-branch.

“Technology, cross-border and inclusive” are the three features and positioning of the business of Harbin Bank Shenzhen-Harbin Industrial Park Sub-branch; and “youth, vitality, self-discipline and dedication” are the positioning of the culture and philosophy of Harbin Bank Shenzhen-Harbin Industrial Park Sub-branch. At the opening ceremony, Harbin Bank and Shenzhen (Harbin) Industrial Park Investment and Development Co., Ltd. signed a strategic cooperation agreement. For enterprises in Shenzhen-Harbin Industrial Park, Shenzhen-Harbin Industrial Park Sub-branch has innovatively launched a number of featured business such as Shenzhen-Harbin Park Technology Loan, Shenzhen-Harbin Park Operation Loan, Shenzhen-Harbin Park Venture Loan, Shenzhen-Harbin Park Kaixin Loan and Shenzhen-Harbin Park Cross-border Financial Services to meet the diversified and differentiated financial service needs of enterprises in the park and make new and greater contributions to the economic and social development of Harbin New Area.



Promote the quality and quantity improvement of green finance, and make new breakthroughs in serving the green and low-carbon transformation of the real economy

The report to the 20th CPC National Congress pointed out that it is necessary to implement the new development philosophy, accelerate the construction of a new development pattern, and strive to promote high-quality development completely, accurately and comprehensively. Harbin Bank attaches great importance to sustainable development, actively responds to climate change, anchors green financial action goals from a strategic perspective, and works with all relevant parties to seize new opportunities for “Dual Carbon” development and create a new future for green transformation.

During the Reporting Period, the Bank thoroughly implemented the deployment requirements of the national, provincial and municipal governments, the People’s Bank of China and regulatory agencies on green finance, continuously focused on the national “Dual Carbon” goals and the goal of “widely achieving green production and lifestyle” proposed in the 14th Five-Year Plan. The Bank conscientiously implemented the spirit of the Guiding Opinions of the State Council on Accelerating the Establishment of a Sound Economic System with Green, Low-carbon and Circular Development, the Comprehensive Plan for Energy Conservation and Emission Reduction in the 14th Five-Year Plan, the Guidelines for Green Finance in the Banking and Insurance Industry, the Evaluation Plan on Green Finance of Financial Institutions in Banking Industry, the Guidelines for Environmental Information Disclosure of Financial Institutions, the Implementation Plan of Green Finance in Heilongjiang Province and other documents. The Bank accelerated the innovation of green financial products and services, actively promoted low-carbon and emission reduction actions, and carried out cooperation and exchanges with various parties, so as to better meet the requirements of HKEX’s new edition of the Environmental, Social and Governance Reporting Guide and the Main Board Listing Rules, and promoted sustainable development to present a new outlook, make new breakthroughs and achieve new leaps.

During the Reporting Period, the Bank issued the Guiding Opinions of Harbin Bank on Green Finance, clarifying the tasks and objectives from three aspects: optimizing the green finance governance mechanism, implementing its own low-carbon transformation and promoting green information disclosure, and striving to play its role in promoting the construction of an ecological civilisation system and promoting the comprehensive green transformation of economic and social development. The Guidelines of Harbin Bank for Credit Granting to Industries (2022) was formulated to propose new implementation strategies for establishing and enhancing the green credit policy system, improving the professional service and risk management capabilities of green finance, innovating green financial products, strengthening the whole process management of green credit projects, and establishing a green credit reporting system. The Bank clearly supported the development of green ecological agriculture, ice and snow tourism, culture and sports and several strategic emerging industries in Heilongjiang Province, provided financial support to enterprises in the “Green Enterprise Database” and “Green Transformation Enterprise Database” in Heilongjiang Province, and took environmental factors as important parameters for comprehensive review and evaluation of customers and projects.

The green credit working group established at the head office level will further improve the coordination mechanism and management system of green credit, strengthen supervision, resource allocation, close coordination, implement responsibilities, and accelerate the transformation of green finance and the growth of scale benefits. In the process of credit review and approval, the enterprise’s production process, ESG risk management ability and green and low-carbon operation ability shall be evaluated with full reference to the relevant ESG situation of the enterprise, and the impact on the repayment ability of the enterprise shall be investigated; focus on key industries and key areas, implement differentiated credit granting strategies, focus on and analyse potential risk factors and impacts of ESG, reasonably set up risk prevention measures, and put forward targeted management requirements; implement the green channel priority approval mechanism, formulate the Guiding Opinions on Establishing a Special Green Channel for the Examination and Approval on Green Finance Credit Granting Business of Legal Person; adopt exclusive service modes such as prior intervention, parallel operation, special personnel connection, data simplification and flexible discussion; strengthen the linkage operation among the head, branch and sub-branch offices, achieve quick response and differentiated services, accelerate examination and approval, and improve quality and efficiency; meanwhile, priority will be given to matching the loan scale and lending, and a certain interest rate preference will be given to qualified projects; strengthen the dynamic management of green finance business, and optimise the green finance identification and accreditation marks in the whole-process credit management system.

In 2022, the Bank continued to strengthen its support in the field of green finance, accelerated the structural adjustment of green credit business, and encouraged investment in fields such as environmental protection, energy conservation, clean energy, green transportation, and green buildings. The Bank also accelerated the matching of business processes, increased the innovation of products and services, continuously enriched the green financial product system with carbon emissions as the starting point, provided customers with comprehensive financial service solutions,

and further improved the level of green financial services. As of the end of 2022, the green credit balance of the Bank was RMB3.089 billion, representing an increase of RMB906 million or 41.5% over the end of the previous year.

In order to respond to the national policy orientation of carbon emission trading and carbon emission quota, transform the policy into tangible measures and relieve the operating pressure of enterprises, the Bank innovated and developed the “pledged loans of carbon emission rights” product during the Reporting Period. This product is a credit product issued to eligible market entities with the carbon emission quota as the pledge and repaying the principal and interest within the agreed time limit on the premise of complying with relevant national financial laws, regulations, and credit policies. As a key project of green financial product innovation nationwide, “pledged loans of carbon emission rights” is of great significance in giving full play to the connectivity role of carbon emission right trading between financial capital and the real economy, further revitalizing the carbon assets of energy-intensive enterprises, improving the management efficiency of carbon assets, and optimising and upgrading the management links of energy conservation and emission reduction.

On 10 October 2022, Harbin Bank Jixi Branch implemented the first future domestic pledged loans of carbon emission rights, granting a credit of RMB10.5 million to a thermal power plant in Jixi, marking a new breakthrough in the green finance field and carbon finance innovation financing. This business is different from the existing credit model in the domestic industry to obtain working capital by pledge of existing carbon emission quotas. It is the first credit fund matching investment based on the future carbon emission quota reserve demand before enterprises pay off, and special credit is granted in advance for enterprises to purchase the quotas required by enterprises on the national carbon emission trading platform. In addition, the purchased quotas were pledged to form a risk control model of “credit loan + pledge of future carbon emission quotas”, which pioneered the future domestic pledged loans of carbon emission rights. From the perspective of enterprises, this model has made a great contribution to further saving the operating costs of enterprises, fully revitalizing the carbon quota trading market, and unblocking the transmission channels between carbon price and power price.

On 24 August 2022, Shenyang Branch and Liaoning Branch of China Datang Corporation signed a strategic cooperation agreement on green finance. The two sides will carry out all-round financial cooperation in carbon finance, low-carbon clean energy use, new energy transformation and other related green power development fields, to achieve a major breakthrough in the Bank’s strengthening of green finance business planning outside the province.

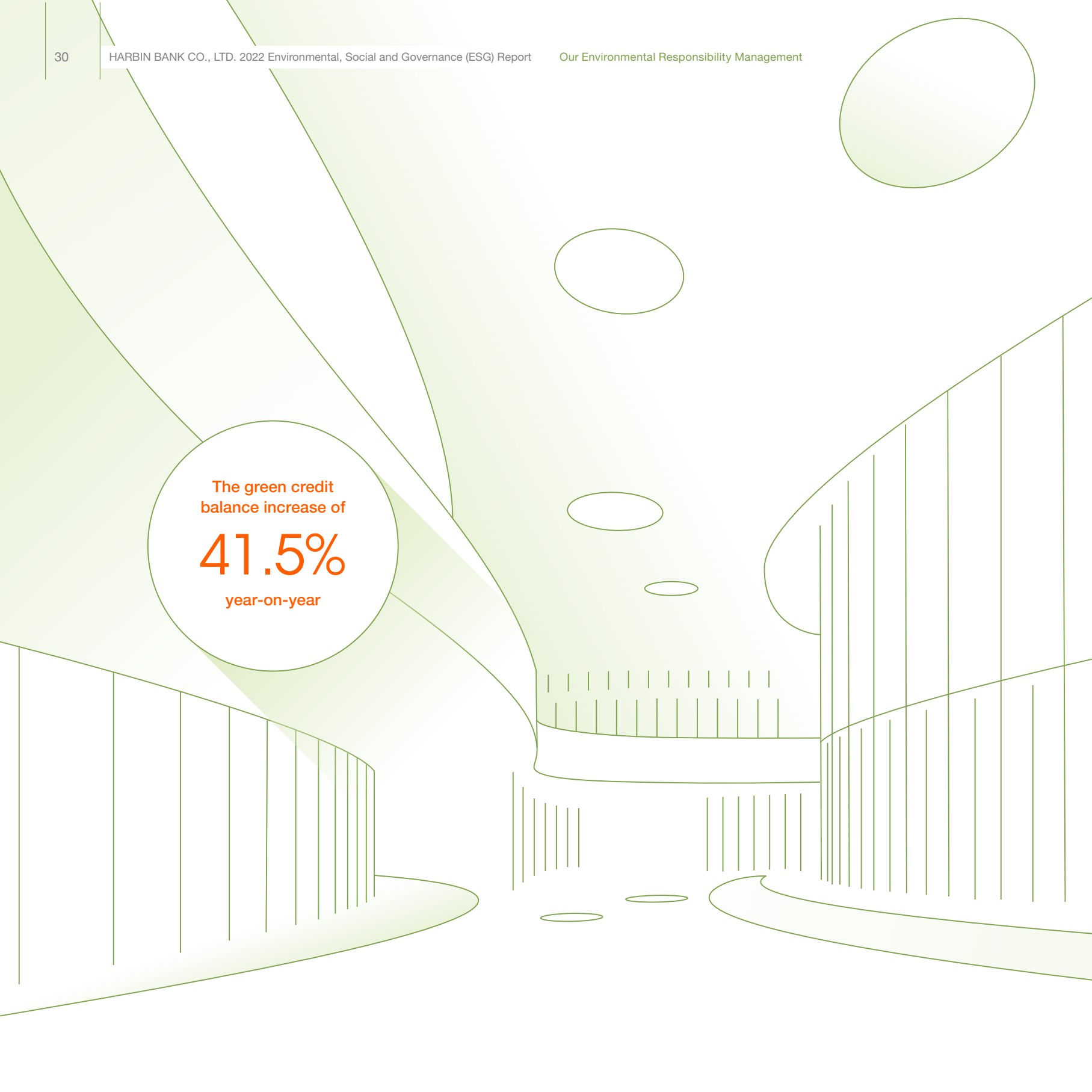
Harbin Bank Qiqihar Branch has set up a special green credit promotion team to actively visit relevant local enterprises. Through the visit, the team learned that two enterprises, Beiman Special Steel Company and Beiman Renewable Resources Utilisation Company, are engaged in scrap steel processing and scrap steel recycling and reuse business. Since scrap steel can reduce the smelting process of steel in the process of recycling, production and reuse, carbon emissions are greatly reduced. Therefore, this industry is a key support area for the country to alleviate the constraints of resources and environment and moderately reduce the external dependence of iron ore. After understanding the situation, Qiqihar Branch immediately docked with the enterprise to have an in-depth understanding of the positive role of scrap steel recycling and reuse in carbon emission reduction. According to the business scale and capital demand of the enterprise, all the RMB200 million credits were invested in October 2022 to support the green development of the enterprise.



The green credit
balance increase of

41.5%

year-on-year





Our Environmental Responsibility Management

Green credit
Low-carbon operation
Green charity

In 2022, the Board of Harbin Bank attached great importance to the building of ESG management capability to continually explore and implement the development path of green finance that is commensurate with current development stage of the Bank, strengthened the top-level design, promoted sustainable development with a high sense of responsibility and mission to assist the realisation of the national carbon peaking and carbon neutrality goals.

The Articles of Association of the Bank clarified that “the Board is responsible for determining the green credit development strategy, reviewing and approving the green credit objectives set by the Senior Management and the green credit reports submitted, and supervising and evaluating the implementation of the green credit development strategy”. 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”.

Also, it is worth noting that during the Reporting Period, the Board and the Development Strategy Committee of the Board considered and approved the Proposal on the 2022 Senior Management Performance Evaluation Indicators, setting the “proportion of green credit” evaluation indicators in the development transformation indicators, with the goal that the proportion of green credit balance at the end of the year in all the loan balance, being a weight of 2%, shall not be lower than the level at the beginning of the year, aiming to promote those in governance and the management to actively improve ESG performance by means of “linked remuneration” evaluation and incentive. The Bank set up a “green credit item” in the evaluation system of branches to encourage branches to increase green credit.

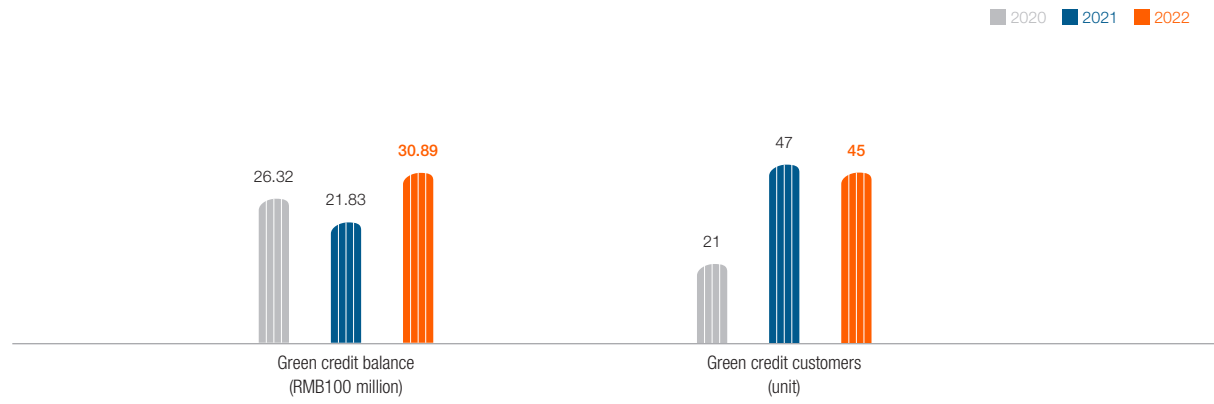
During the Reporting Period, the Bank invited the Partners of Climate Change and Sustainability Services of Greater China Financial Services in Ernst & Young Hua Ming LLP, and the Head of ESG Management Office, to conduct training for all members of the Board, the Board of Supervisors and Senior Management, the management of all departments of the headquarter, and Senior Management of Harbin Bank Financial Leasing, Harbin Bank Consumer Finance, and the management headquarters of village and township banks under the theme of “Fulfilling Sustainable Development and Building a High-Quality Future”, so as to get in-depth insight into the latest regulatory policies on ESG management, green finance and the responsibilities of listed companies, and further improve the professionalism of duty performance.



Green credit: building a multi-level green financial system to improve green finance capacity building

In 2022, with an aim of building a “green bank”, the Bank focused on building a green financial system in terms of policy implementation, mechanism construction, product innovation, business expansion, green channel construction, system construction, assessment and evaluation, publicity and training, information disclosure, etc., continuously deepened its own reform and development, vigorously supported the green economy, circular economy, low-carbon economy, and achieved multi-disciplinary and multi-dimensional green financial innovation and breakthroughs.

As at the end of 2022, the green credit balance of the Bank was RMB3.089 billion, representing an increase of RMB906 million or 41.5% over the end of the previous year, including corporate loans of RMB3.056 billion and personal loans of RMB33 million, which were mainly granted for green upgrade of infrastructure, energy conservation and environmental protection, ecological environment industries and clean production industry. The number of green credit customers was 45. The contribution to energy saving and emission reduction were 86,165.88 tonnes of standard coal, 83.24 tonnes of sulphur dioxide and 718,706.20 tonnes of water saving.



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 GHG emission reduction. (see “Topic: Our Focus in 2022” for details). During the Reporting Period, the Bank continued to support the development of green breeding industry, granted animal husbandry loans, and strengthened financial support for ecological environment industry. Such loans were mainly granted to natural person customers with financial needs in the breeding industry, which were mainly used for the construction of modern breeding shed, the purchase of good seeds and high-quality feeds, etc., offering comprehensive, multi-purpose and high-quality financial services for breeding farmers. As at the end of 2022, the balance of green animal husbandry loans of the Bank in pig breeding and sales in the ecological environment industry was RMB15.64 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 Infinite Theme Platinum Credit Cards on Mobile QuickPass”, which exists in digital form and meets users’ needs through digital services. The issuance of infinite 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. As at 31 December 2022, nearly 13,000 infinite cards have been issued. In addition, the Bank launched the “digital transformation of standard card products” in 2022. While ensuring the safety of credit card customers, the Bank improved the card experience of consumers, reduced the environmental impacts in financial services, and comprehensively implemented the green and low-carbon financial concept of “card-free payment”.

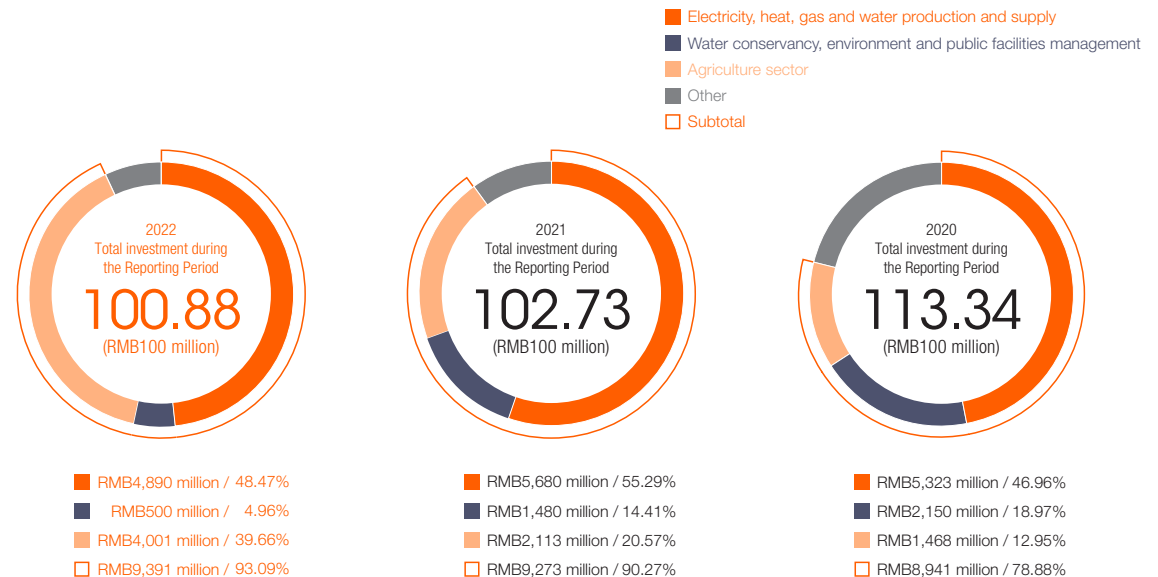
By continuously developing exclusive high-quality courses for green credit, consistently strengthening the professional knowledge and operational skills of relevant employees on green credit business, timely comprehending the changes in national environmental protection policies and in the green credit business market. The Bank actively organised special training courses such as Green Finance – Promoting the Achieving of Dual Carbon Goals and Fulfilling High-quality Development, Green Finance Practise Case Analysis and Key Project Investment Direction, and Green Credit Standards and Recognition for branches and sub-branches, and immediately communicated the policy guidance and work requirements of the headquarter. The Bank also participated in a number of summaries for green enterprise project declaration experience and green finance standard training organised by the Harbin Central Sub-branch of the People’s Bank of China, strengthened the marketing skills of front-line personnel on green finance business, achieved the precise positioning of target enterprises, and promoted the sustainable and rapid development of green finance business.



Harbin Bank Financial Leasing, a subsidiary of the Bank, continued to increase the proportion of investment in green finance fields such as 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 2022, the total assets of Harbin Bank Financial Leasing amounted to RMB24.235 billion. During the Reporting Period, its total investment was RMB10.088 billion. Specifically, it invested RMB4.89 billion in the fields of electricity, heat, gas and water production and supply, RMB4.001 billion in the agriculture sector, and RMB500 million in the fields of water conservancy, environment and public facilities management, accounting for 48.47%, 39.66% and 4.96% of the total annual investment, respectively.

It is worth mentioning that during the Reporting Period, Harbin Bank Financial Leasing steadily expanded the green energy sector represented by photovoltaic power stations and hydropower, and the green environmental protection sector represented by water and sewage treatment. In terms of green environmental protection, Harbin Bank Financial Leasing actively provide financial leasing services for customers’ pollution control projects. In 2022, Harbin Bank Financial Leasing invested nearly RMB1 billion in the sector of green leasing such as sewage treatment. In terms of green energy, by virtue of lessons learned from leasing business of clean energy such as photovoltaic, hydropower and energy storage, Harbin Bank Financial Leasing closely followed policy changes and industry hotspots, actively identified renewable energy projects such as wind power and solar power to seek cooperation opportunities, proactively selected distributed photovoltaic projects to explore a new model of financial leasing to support its development by centring on the 14th Five-year Plan of Heilongjiang Province. In 2022, Harbin Bank Financial Leasing’s proportion of total investment in green finance fields such as public utilities, green energy and agriculture increased by 2.82% as compared with that of the previous year. Specifically, the investment in agricultural sector increased by RMB1.888 billion over the previous year, representing an increase of 19.09%.

Distribution of key investment areas of Harbin Bank Financial Leasing



Low-carbon operation: facilitating low-carbon transformation to comprehensively promote carbon emission reduction in operation

During the Reporting Period, the Bank continued to advocate and bring into play the concept of green office and low-carbon operation. Adhering to the principle of “Being Prudent and Strict Conservation”, the Bank refined budget management and improved the accuracy of budget preparation. The Bank cultivated the concept of comprehensive expense management to build a cost management mechanism with full participation; advocated paperless office to save paper for daily office use, reduced the procurement of bottled water to save water and electricity for daily office use, revitalised idle fixed assets and reduced equipment procurement, increased gain from asset disposal and fully shared the internal equipment of the organisation to improve the utilisation rate of existing equipment. The Bank further reduced the expenses of travel, entertainment, conference, training and other flexible expenses to eliminate extravagance and waste. The Measures for Centralised Procurement Management of Harbin Bank specified that centralised 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.

During the Reporting Period, most of the environmental indicators of the head office decreased, among which, the electricity consumption in 2022 decreased by 564,480 kWh or 8%; the water consumption decreased by 6,410 tonnes or 20.3%; and the natural gas consumption decreased by 22,732 m³ or 45.32%. It is worth mentioning that 2022 is the first year that the Bank disclosed the GHG emission performance of the head office. In the future, the Bank will continue to improve ESG-related information disclosure to promote long-term and sustainable development.

Resources Consumption and GHG Emissions (Head Office Scope)

Total GHG emissions (Scope 1 and Scope 2)	Direct GHG emissions (Scope 1)	Indirect GHG emissions (Scope 2)	GHG per unit area
3,827.65 CO ₂ equivalent (tonnes)	110.47 CO ₂ equivalent (tonnes)	3,717.18 CO ₂ equivalent (tonnes)	0.04 CO ₂ equivalent (tonnes/m ²)
Comprehensive energy consumption per unit office area	SO ₂ emissions	Carbon monoxide emissions	
0.01 Tonnes of standard coal/m ²	0.30 kg	61.66 kg	
NO _x emissions	PM emissions	Comprehensive energy consumption	
276.57 kg	0.79 kg	857.35 Tonnes of standard coal	

- Notes:
- The data in 2022 is based on the energy and resource consumption of the head office and the area used by the head office.
 - The sources of air pollutant emissions include the use of stationary and mobile sources. Emissions from stationary sources are calculated in accordance with the First National Pollutant Census Manual for Urban Source Discharge Coefficients; emissions from mobile sources are calculated in accordance with the Technical Guidelines for the Compilation of Air Pollutant Emission for Road Vehicles (Trial).
 - GHG includes carbon dioxide, methane and nitrous oxide, mainly from purchased electricity and fossil fuel combustion. GHG emissions data is presented in CO₂ equivalent and is calculated based on the 2015 Baseline Emission Factors for Regional Power Grids in China issued by the National Development and Reform Commission of the PRC and the 2006 IPCC Guidelines for National GHG issued by the Intergovernmental Panel on Climate Change (IPCC).
 - Direct GHG emissions mainly come from natural gas, oil and gas consumption for office purpose; indirect GHG emissions mainly come from purchased electricity and fresh water consumption.



Head Office

■ 2020 ■ 2021 ■ 2022



Office paper consumption (tonnes)

8.96 13.11 13.3



Electricity consumption (kWh)

6,764,360 7,044,280 6,479,800

Electricity consumption per unit office area (kWh/m²)

68.41



Water consumption (tonnes)

35,610 31,520 25,110

Water consumption per unit area (tonnes/m²)

0.27



Natural gas consumption (cubic metres)

96,858

50,158

27,426



Sewage discharge (cubic metres)

35,610

31,520

25,110



Toner cartridges used (pieces)

175

232

189



Diesel consumption (litres)

2,175



Gasoline consumption (litres)

26,824

28,278

20,441.79

Gasoline consumption from office vehicles (self-owned)



Harbin Branch

82.25

102.17

137.68

6,389,907

6,941,449

7,066,858

37,179.77

40,504.65

51,064.24

250

621.89

1,193

27,439.80

88,272.97

27,446.84

11,991.87

14,924.63

12,531.28

32,183.73

36,896.76

44,859.58

7,943

9,446

7,807

Office paper consumption (tonnes)

Electricity consumption (kWh)

Water consumption (tonnes)

Diesel consumption (litres)

Gasoline consumption (litres)

Natural gas consumption (cubic metres)

Sewage discharge (cubic metres)

Toner cartridges used (pieces)

During the Reporting Period, Harbin New District Technology Sub-branch of Harbin Bank achieved “carbon neutrality” in advance. The branch purchased the carbon sequestration projects from Longjiang Sengong Carbon Assets Co., Ltd. at a price of RMB60/tonne, which is used to offset the estimated GHG emissions during the operation period in 2022 and thus achieved “carbon neutrality” in advance. As the first carbon sequestration project in Heilongjiang Province that was successfully listed and traded through the online platform, the project plays a demonstration and leading role in the unified efforts to improve the carbon sequestration market in Heilongjiang and to develop carbon preferences and carbon neutrality in the province.

In 2022, the Bank continued to expand the application of “paperless” business, and fully connected our systems with smart self-service equipment, thus forming a “paperless” business processing model of “Counter + Hall”. The service efficiency was thus improved. During the Reporting Period, the Bank saved more than 9.89 million sheets of voucher paper, which covered an area of approximately 65 cubic metres, and saved a total of approximately RMB1.3 million in costs; the “paperless” project till now saved more than 33.59 million sheets of voucher paper, which covered an area of 223 cubic metres, and saved a total of more than RMB4.1 million in costs. At the same time, the Bank has built a digital, intelligent and refined business management model, and realised “paperless” approval of operation business matters and reduction of circulation of physical paper with the construction of an integrated operation management platform as the starting point. As at the end of 2022, the Bank’s electronic channel business replacement rate and mobile channel business replacement rate were 98% and 74%, representing an increase of 1% over the end of the previous year, respectively. The growing capabilities in digital financial services and intelligent operations not only effectively promoted low-carbon operation, but also met the basic financial needs of customers to the greatest extent.





During the Reporting Period, the Bank continued to participate in the “Dual Carbon Action +” initiated by “Caixin Think Tank”, and as a partner of the Dual Carbon Action Initiative, the Bank paid ongoing attention to ESG issues. The Bank also guided employees and customers to enhance their awareness and sense of responsibility for environmental protection by putting up posters for public causes on “World Earth Day” and “World Environment Day” and organising branches and sub-branches to participate in the “Happy Community” Programme.

Harbin Bank Consumer Finance, a subsidiary of the Bank, continued to promote low-carbon operation. Harbin Bank Consumer Finance officially opened for business in April 2017. It is the 19th licenced consumer finance company in China with the Bank as the main promoter, and is committed to building a consumer finance company that “Makes Life Better for People”. As of the end of 2022, its total assets reached RMB15.238 billion, a year-on-year increase of 11.57%.

Harbin Bank Consumer Finance has always been committed to promoting sustainable development, continuously exploring low-carbon operation and business development models, vigorously promoting the R&D and application of advanced technologies such as artificial intelligence, big data and cloud computing, promoting green financial services with the mode of informatisation, automation and intelligent business processing, and enhancing green and inclusive financial services with the construction of digital and intelligent capabilities. The Bank built an omni-channel contactless and paperless customer access channel covering APP, H5, mini programmes, official accounts, API, etc., and a fully automatic intelligent decision-making and management system that is embedded throughout customers’ lifecycle. The Bank continuously streamlined business links, improved handling efficiency, optimised customer experience, and continuously reduced energy consumption. Harbin Bank Consumer Finance signed an average of 25 million digital contracts every year, and accumulated more than 150 million digital contracts, saved more than 1.5 billion pieces of paper, and a total of approximately 6,540 tonnes of paper and paper products.

Harbin Bank Consumer Finance actively advocated and promoted the “paperless” green action for all employees. Relying on digital platforms and mobile terminals, the Bank realised the “Paperless Office” with informatisation, intelligence and security by transforming the traditional office mode, further saved office resources and reduced carbon emissions. In 2022, 15,000 cases were transferred online, saved approximately 225,000 pieces of paper and 450,000 pieces in total, a total of approximately 2.07 tonnes of paper and paper products.

Harbin Bank Consumer Finance reduced carbon emissions by building a sustainable cloud infrastructure embodying cloud computing technology. Through the work load flexibility and more energy-saving infrastructure of cloud technology, the resource utilisation rate of cloud is 5-10 times that of the traditional IDC computer room by gathering computing resources and transferring work load. From the perspective of overall server computing, network and IT labour costs, the Bank saved up to 30%-40% of costs to promote green operation. The Bank adopted the basic system architecture model of “IDC + Financial Cloud”, and reduced 150 physical servers and supporting construction. In 2022, it saved 459,900 kWh of electricity and reduced 461 tonnes of carbon dioxide emissions.

Green charity: guiding a new ethos of low-carbon and environmental protection by relying on the “Happy Community” Programme



During the Reporting Period, based on the “Happy Community” Programme focusing on environmental protection in collaboration with United Charity Foundation, 50 sub-branches, village banks of the Banks and 50 social organisations jointly promoted a green and low-carbon lifestyle. The activities carried out included popularisation of garbage classification knowledge, encouraging low-carbon living and green travel, and advocating resource recycling, etc., aiming to promote resource conservation and recycling, actively practise the concept of green environmental protection, and create a civilised and healthy life together. In 2022, a total of 56 projects were implemented in seven cities, namely Tianjin, Chongqing, Dalian, Shenyang, Chengdu, Harbin and Shenzhen, where a number of environmental protection activities were conducted. In addition, certain branches of the Bank also actively organised voluntary tree planting activities to contribute to the society.

Case

On 10 March 2022

Chengdu Branch Yongfeng Road Community Sub-branch, Chengdu High-tech Zone Fangcao Street Beilei Community and Chengdu High-tech Youpin Community Development Centre jointly launched the activity of “Plant Collecting • Green Budding”.



On 17 May 2022

the Yuhong Sub-branch of Shenyang Branch and Shenyang Tiexi District Lehe Social Service Centre jointly launched a parent-child painting activity with the theme of “Protecting Green and Caring for the Earth”.





On 22 May 2022

the Anfa Sub-branch of Harbin Branch and Harbin Yangyi Youth Public Welfare Development Service Centre jointly organised the outdoor painting activity of “Colourful Community ‘Well’ Decorated with Flower” at Anxiang Community, Daoli District.



On 22 June 2022

Guanyinqiao Sub-branch of Chongqing Branch and Chongqing Jiangbei Happiness Plus Social Work Service Centre jointly organised an environmental protection activity with the theme of “Waste Classification, Our Best”.



On 11 August 2022

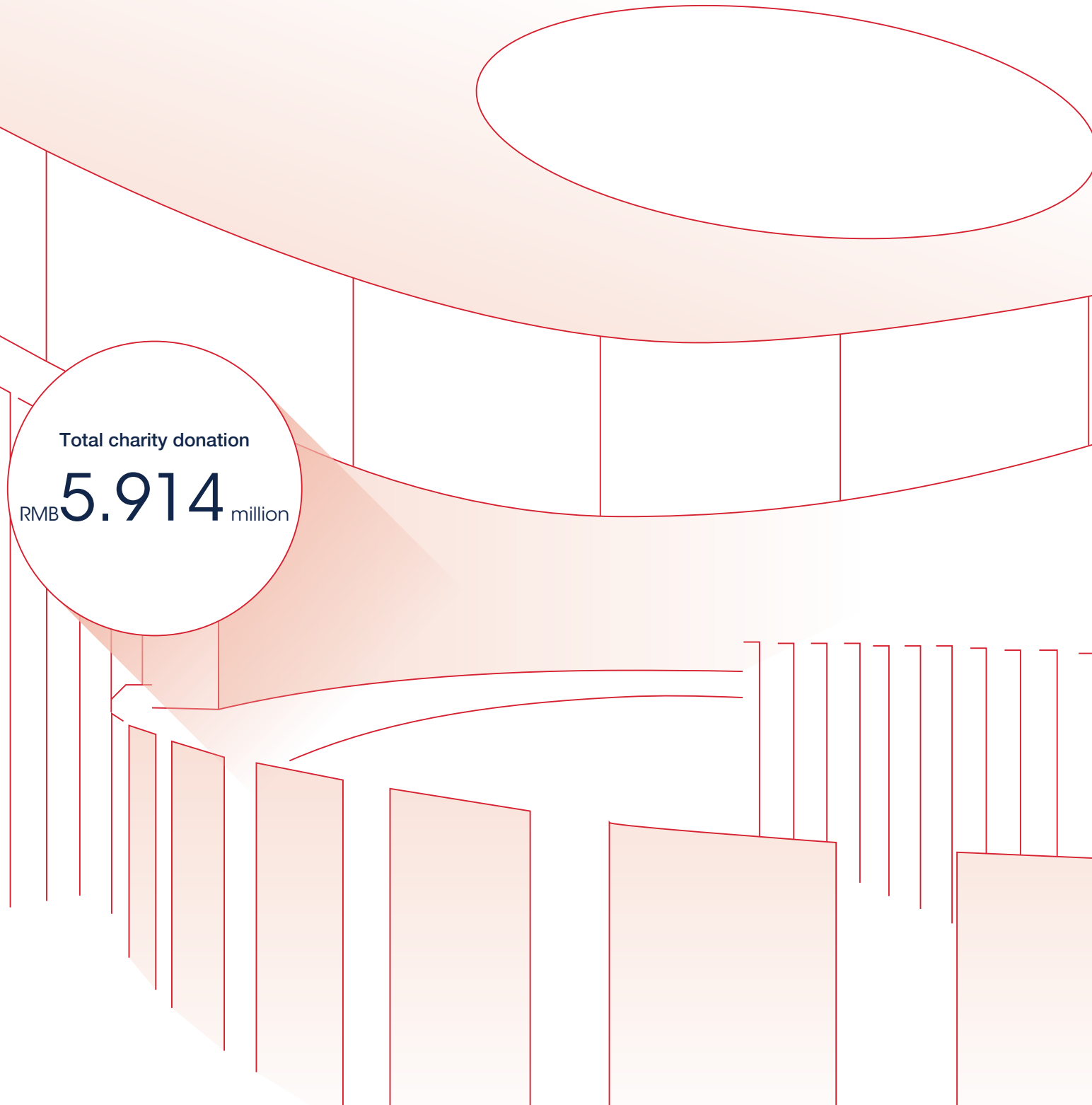
Wuqing Sub-branch of Tianjin Branch and Tianjin Wuqing Tonghe Social Service Centre jointly held the “National Fitness Day” cycling event.



On 25 September 2022

Shenzhen Bao'an Rongxing Village and Township Bank and Shenzhen Bao'an District Shangde Social Work Service Agency organised a colourful bag painting environment-friendly activity.





Our Social Responsibility Management

Employee safety and growth

Supply chain management

Product responsibility

Anti-money laundering and anti-corruption

Community investment

In 2022, while strictly implementing the requirements of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange, the Bank continued to improve ESG management, deepen the brand connotation of the Bank: “Trust, Warmth, Connection and Commitment”.

It is worth noting that the number of material issues of the Bank increased from 5 in last year to 6 in 2022. Among them, the newly added issue “consumer rights protection” was included as a single item for the first time and ranked third. The specific work of the issue in 2022 covering “improving the consumer rights protection system, personal information protection, financial consumer education, enhancing employees’ awareness of consumer rights protection, and improving service quality”. The change fully indicates the Bank’s great attention to the protection of consumer rights and interests, and also marks a new level for the Bank’s social responsibility management.

During the Reporting Period, the Bank continued to focus on the safety and growth of employees, and was committed to providing employees with a rewarding remuneration and welfare system, a fair and smooth promotion channel, and a scientific and sound training system. The Bank dynamically optimised and adjusted the pandemic prevention and control measures according to the situation, kept improving the scientific and precise prevention and control level to coordinate prevention and control work. The Bank always regards the provision of financial services that meet the needs of the society, especially the local needs, as its most important topic. The Bank focused on its main responsibilities and businesses, accelerated the construction of digital inclusive finance and livelihood financial system, relentlessly explored and improved the mechanism for consumer rights protection, carried out public welfare and charity activities, and strived to contribute the force of the Bank.

In 2022, the Bank ranked 178th in the “Top 1000 World Banks 2022” according to The Banker of United Kingdom; 34th in the “2022 China Banking Top 100 List” of the China Banking Association; 249th in the “2022 Top 500 Banking Brand Value List” of Brand Finance (a famous UK-based branded business valuation consulting firm); 338th in the “2022 Brand Finance China 500” released by Brand Finance; and received the “2022 Inclusive Finance Pioneer Bank”, “2022 Cross-border Finance Leading Bank” and “2022 Regional Service Leading Bank” awards at the 20th China Finance Billboard; the “Best Small and Medium Retail Bank” award in the selection of small- and medium-sized banks at the 5th Iron-horse Award for Small and Medium-sized Banks (Modern Bankers); two comprehensive awards, namely “China’s Best” and “Best Interior Design”, and three ESG reporting golden awards, namely Gold ESG Report Award, Gold Interior Design Award and Gold Cover Design Award at the 36th Global Best Annual Report Competition (2022 ARC Awards).

Employee safety and growth: consistently focusing on employee health and safety and career development

Constantly improve epidemic prevention and control measures, and always pay attention to the health, safety and life security of employees. In the principle of “putting people and life first”, the Bank proactively implemented pandemic prevention and control policies at all levels while optimised the same based on the current situation, 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, reserving and distributing pandemic prevention materials in stages, thus safeguarding the health and safety of employees and customers. The Bank ensured stable operations while meeting employees’ pandemic prevention needs and safeguarding their basic rights and interests.

The Bank strictly abided 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. The Bank made 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 arranged employees to take physical examination on a regular basis, covering 100% of employees. The Bank strictly abided by the relevant national laws and regulations, strictly implemented various recruitment procedures, and signed labour contracts with all employees in a fair, just and open manner. During the recruitment process, the Bank strictly checked the identity documents of the applicants to avoid forced labour or child labour. 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. Number and rate of work-related fatalities occurred in each of the past three years (including the Reporting Period) were zero.

The Bank also emphasised the behaviour management of employees to effectively prevent the moral and operational risks of employees related to financial security and stability. During the Reporting Period, the Bank's labour union convened five employee representative meetings and two committee representative meetings, and by-elected one employee supervisor, at which several proposals were considered, including the Guiding Opinions on Employee Performance Assessment of Harbin Bank for 2022, the Harbin Bank Employee Violation Handling and Accountability Management Measures (Revised), the Guidelines for Due Diligence and Exemption of Harbin Bank, and the Management Measures of Harbin Bank for Deferred Payment and Recover of Performance Bonus and Compensation (Revised).

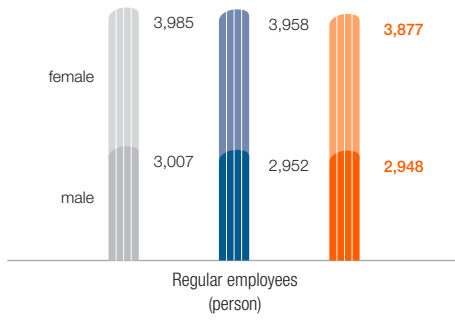
Building multiple channels to support employees' career development. In 2022, focusing on the development needs of the Group, the Bank emphasised the training needs of staff from different levels with respect to job competency, professional capacity building and core skills improvement, with particular emphasis on "new employees" and "employees in new management positions". The Bank continued to advance the professional capabilities of the staff by initiating the "Ten Hundreds" construction project and creating the "Embark, Guide, Escort, Cruise, Voyage, Endure, Pilot" training system with online and offline integration for the creation of excellent training programs. During the Reporting Period, the Bank (excluding subsidiaries) arranged 579 training sessions in total, including 507 internal training sessions, and 72 external training sessions for selected staff of the Company. The total training hours amounted to 2,952 with both training completion rate and coverage rate reached 100%.

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 adopted performance appraisal 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 Reporting Period; thirdly, the Bank set up an enterprise annuity plan (supplementary pension insurance) to effectively protect and improve the post-retirement benefits of employees.

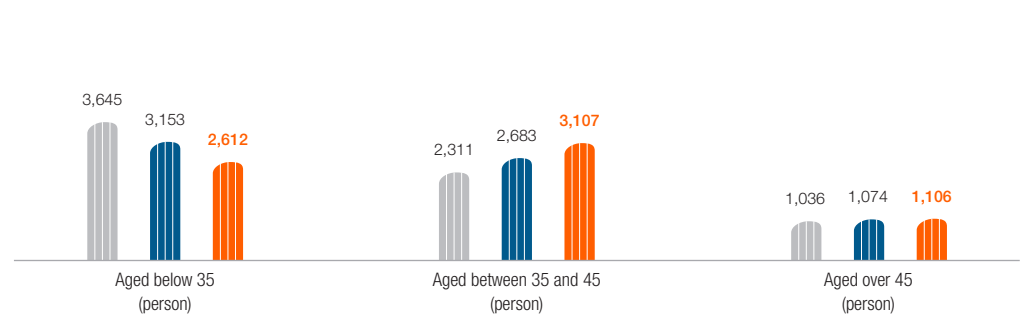
The Bank strictly complied with regulatory requirements in remuneration payment by adopting deferred payment and setting up a lock-up period for paying senior management as well as employees holding positions that may exert significant influence to risks in order to tie their job duties with risk management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

■ 2020 ■ 2021 ■ 2022

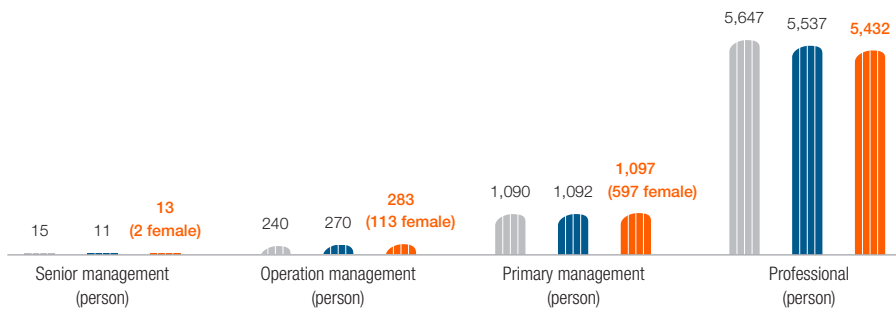
Total workforce by employment type/by gender



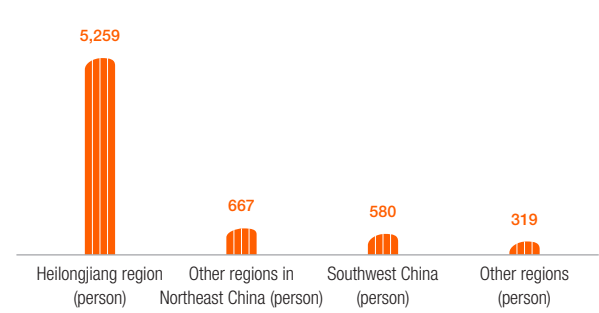
Total workforce by age group



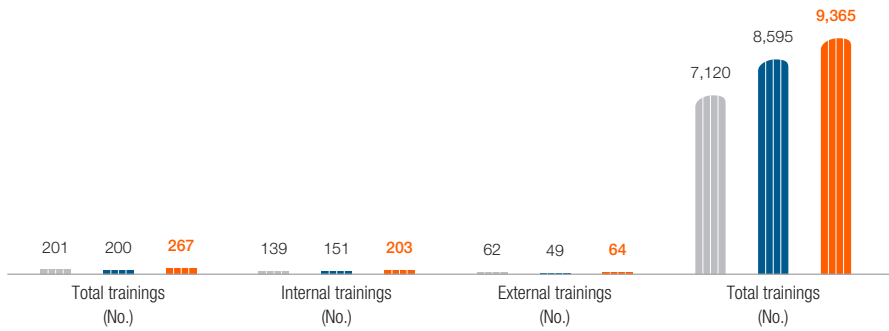
By rank



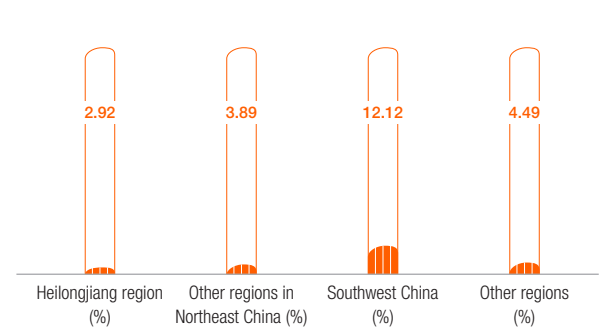
Total workforce by geographical region



Training of departments of the head office



Employee turnover rate by geographical region

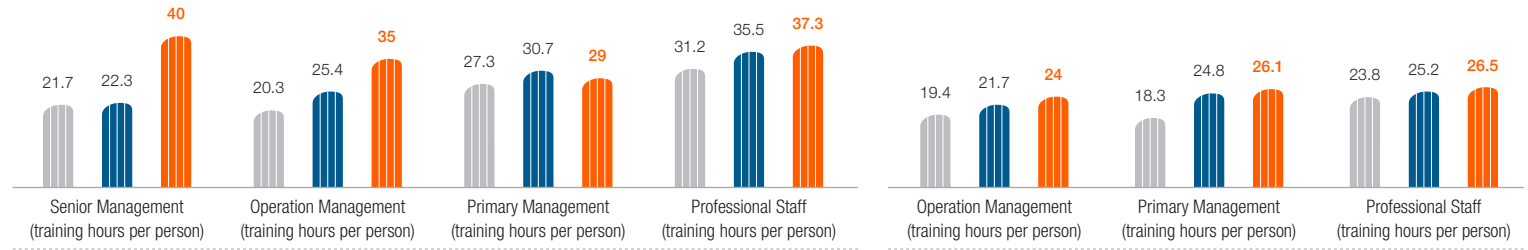


■ 2020 ■ 2021 ■ 2022

Training hours per capital by employment type

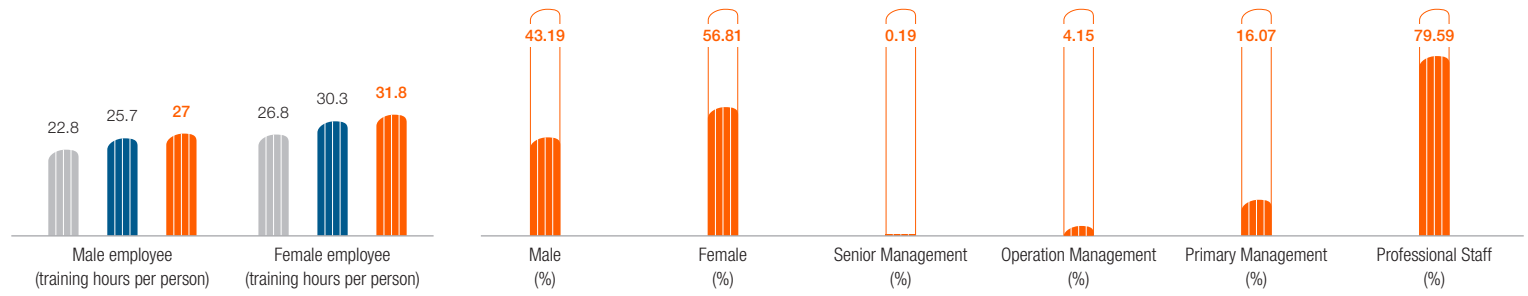
Head Office

Branch



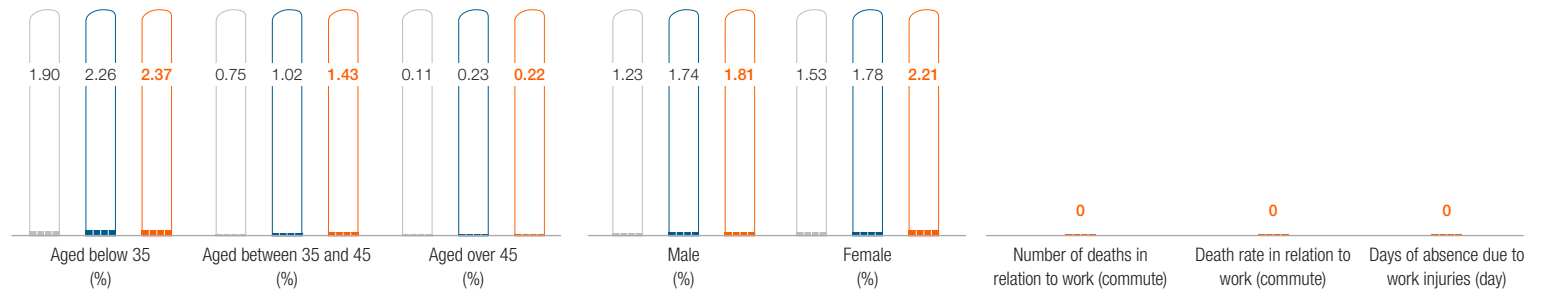
Training hours per capital by gender

The percentage of employees trained by gender and employee category (number of employees trained in the category/ total number of employees trained during the Reporting Period)



Staff turnover rate by age group

Staff turnover rate by gender



Case

Intellectual Property Management and Training

The Bank continued to guide all employees to improve their awareness of intellectual property protection, and constantly improved the means and methods of intellectual property protection. The Bank has been pursuing an innovation-driven progress, core competitiveness enhancement with scientific and technological research and development, and value creation with intellectual property to contribute to high-quality development. In 2022, the Bank comprehensively surveyed the actual management status of intellectual property, prevented intellectual property risk events, strengthened intellectual property reserve and protection capability, and stimulated innovation vitality to strive to improve the comprehensive management level of intellectual property.

The Bank improved the intellectual property management mechanism, optimised the management process, strengthened the compliance control, and completed the revision and release of the Administrative Measures for Intellectual Property Rights of Harbin Bank.

The Bank accelerated the innovation of financial technology, improved the level of software research and development, devoted to the continuous improvement of independent controllable ability, carried out the research and development and declaration of intellectual property in an orderly manner, and strengthened the reserve ability of independent intellectual property.

The Bank organised the whole bank to carry out the sorting and investigation of intellectual property rights, and carried out the normalised monitoring of phishing websites and fake APPs involving the Bank by means of external Internet monitoring technology, so as to improve the ability of independent intellectual property rights protection.

The Bank strengthened the publicity and training of intellectual property rights, prepared and issued four Compliance Tips on Intellectual Property Laws and Regulations, guiding all units to strengthen the study and grasp of intellectual property rights laws and regulations, preventing relevant legal compliance risks, and fully safeguarded the legitimate rights and interests of the Bank.

Following the guidance of Party building to attract and motivate talents with excellent corporate culture. During the Reporting Period, the Bank paid close attention to the pioneering role of Party members and business backbones when deepening the Bank's brand connotation of "Trust, Warmth, Connected and Commitment", and focused on creating a positive corporate atmosphere to enhance employees' sense of belonging and honour. The Bank successively organised the "First Labour Award Selection and Commendation of Harbin Bank (Group)", "Celebration of the 100th Anniversary of the Founding of the Communist Youth League and the 2021 "May 4th" Excellent Selection and Commendation", "18th Front Office Skills Competition of Harbin Bank", "Selection of Corporate Culture Ambassadors", "Top Ten Characters Benefiting Agriculture" and other related activities, and presented a number of advanced collectives and individuals, fully demonstrated our staff's spirit and charm of dedication, loyalty and pursuit of excellence.

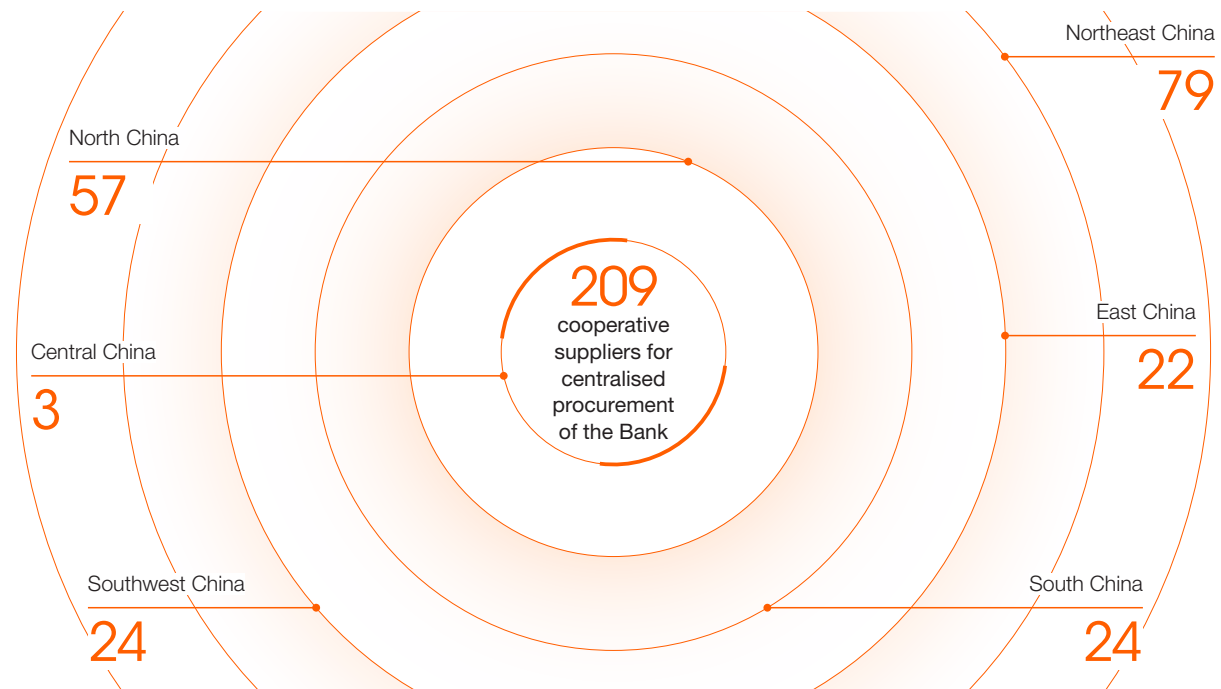
During the Reporting Period, the Bank also planned and implemented the corporate culture development project. The Bank promoted the construction of the "cultural and artistic exhibition centre", including the Party building hall, the history hall and the art hall, launched the first news column "Panoramic Harbin Bank" to create a new corporate culture platform integrating exhibition and publicity and education. The "Harbin Bank Bookstore" located in the head office of the Bank is open to employees every day. The Bank maintained interaction with employees through its official accounts on Weibo (Spring Festival/National Day) under themes like Reading and On-Duty Diary during Spring Festival. At the same time, the employees from various places make friends via books and show the temperament of Harbin Bank to the outside world. The Bank Organised the second headquarters badminton tournament, attracting more than 300 participants of 35 teams. The Bank supported employees to participate in Chengdu Marathon event where the Bank act as a sponsor. The above sports activities not only enriched the employees' amateur life, strengthened their physique, but also enhanced the confidence of the employees of resumption of work and production.



Supply chain management: full chain coverage to continuously strengthen the standardised management of suppliers

During the Reporting Period, the Bank revised the Measures for Centralised Procurement Management of Harbin Bank to further standardise the centralised procurement standards and procedures. During project procurement, the Bank comprehensively considered the implementation ability of suppliers from the dimensions of quality, environmental protection, business reputation, professional service, etc., promptly issued the notification of winning the bid to qualified suppliers, and signed the procurement contract. The Bank promptly tracked the performance of suppliers, carried out supplier performance evaluation on an annual basis, and took the evaluation results as the basis for subsequent project cooperation. The Bank specified the centralised procurement supervision and management department and supervised the centralised procurement activities. The Bank strengthened the management of suppliers, investigated whether suppliers have been listed as dishonest, dishonest judgment debtors, or subject to abnormal operation, and ensured that suppliers actively perform their social responsibilities.

During the Reporting Period, there were a total of 209 cooperative suppliers for centralised procurement of the Bank. According to regional division, there are 79 in Northeast China, 57 in North China, 24 in South China, 24 in Southwest China, 22 in East China and three in Central China.



Product responsibility: customer-oriented, boosting economic recovery and safeguarding financial health

In 2022, in accordance with the requirements of the national epidemic prevention and control policy, considering that people's production and life are still affected and troubled by epidemic, the Bank specified the main content of "Inclusive Finance" at the beginning of the year, which topped the list of major topics of the year, as supporting the small and micro areas/people's livelihood, serving the "agriculture, rural areas and farmers", rural revitalisation, and continuously improving the digital inclusive finance service capacity. During the Reporting Period, this top priority has been fully implemented. On the one hand, the Bank proactively responded to the national policy to give full play to the regional advantages of the local banks, to help the economic recovery and enhance the quality and efficiency of the service to real economy. On the other hand, the Bank strictly implemented the decisions and policy requirements on stabilizing the economy, promoting development, guaranteeing economic growth, employment, and stable prices. The Bank adhered to the development direction of "Back to the fundamental purpose of financial sector and focus on principal business", integrated its own economic development into the overall background, pattern and strategy of local economic and social development, and increased support for key industries and projects (see "Our Focus in 2022: Improving the quality and effectiveness of serving the real economy and supporting the all-round revitalisation of Northeast China"). At the same time, adhering to the principle of "customer-oriented", the Bank has further promoted the protection of consumer rights, and made new breakthroughs in improving the protection system of consumer rights, personal information protection, financial consumer education, enhancing the awareness of employees on consumer rights protection, and improving service quality, so as to comprehensively protect the financial health of the people.

As at 31 December 2022, the Bank had total assets of RMB712.7331 billion, total loans and advances to customers of RMB284.4149 billion and total customer deposits of RMB557.8258 billion. The Bank recorded operating income of RMB12.8705 billion, net profit of RMB712.5 million, and core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio of 8.64%, 10.69% and 11.91% respectively. The balance of the Bank's microcredit loans reached RMB178,380.8 million, representing 62.7% of the Bank's total loans to customers. With the achievements of deep-rooted real economy and rural revitalisation, it won the award of "Annual Inclusive Financial Pioneer Bank" in the Outstanding Retail Bank Award of the 20th China Finance Billboard.

Financial assistance to enterprises in difficulty: actively respond to the national policies, use the monetary policy tools to constantly strengthen financial assistance

In 2022, affected by external factors such as the COVID-19 pandemic, enterprises and customers experienced difficulties in their production and operation, and their repayment capacity decreased. In active respond to the national policies, the Bank endeavoured to provide financial services during the epidemic. The Bank intensified efforts on financial assistance to enterprises in difficulty, effectively used the central bank's structural monetary policy tools such as small enterprises supporting re-lending, rediscounting, and the inclusive support facility for extending loans to small and micro businesses, and extended loans to small and micro businesses and the self-employed. The Bank 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. During the reporting year, inclusive small and micro enterprise loans of RMB18.6 billion were granted, and the number of customers were 170,000. The Bank's loans guaranteed by the "assisting enterprises and stabilizing jobs" fund ranked fourth among the 17 financial institutions in Heilongjiang Province.



News link:

"Dual Stability" loans to boost business confidence
http://www.cbimc.cn/content/2023-01/16/content_475513.html

Case

On 26 April 2022, the Work Plan on Promoting the Implementation of Business for Assisting Enterprises and Stabilising Jobs in Harbin was issued

In order to implement the policies of the provincial and municipal governments and regulatory authorities on financial assistance to enterprises in difficulty, the Bank issued the Work Plan on Promoting the Implementation of Business for Assisting Enterprises and Stabilising Jobs in Harbin on 26 April 2022, and set up an “Assisting Enterprises and Stabilising Jobs” team. At the same time, the Bank deepened the cooperation with government departments and guarantee institutions, and jointly issued the “interest subsidies, interest cut, interest free” combination scheme. With the interest subsidies provided by Harbin Municipal Finance Bureau, the Bank reduced the loan interest rate, the guarantee company reduced the guarantee fee. The “three-zero service commitment” (zero assessment fee, zero service fee and zero guarantee fee) has been implemented to give the maximum profit to the enterprises, providing financial assistance for the small, medium and micro enterprises in difficulty. During the Reporting Period, the loans granted amounted to RMB380 million in Harbin Branch, focusing on the resumption of work and production of small, medium and micro enterprises and the self-employed in wholesale and retail, accommodation and catering, cultural tourism, transportation and logistics, manufacturing and other industries that have been greatly affected by the epidemic.

Finance benefiting rural area, agriculture and farmers: speed up the innovation of products and services, boost the “rural revitalisation” and promote the modernisation of agriculture and rural areas

In 2022, guided by General Secretary Xi Jinping’s important speeches on rural revitalisation and the agriculture policies of governments and regulatory authorities at all levels, the Bank made solid progress in all aspects of rural revitalisation. 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 Modernisation, 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 practises of agricultural financial business. The Bank fully implemented the “Twelve projects” and strived to be the financial vanguard of agricultural modernisation. The Bank facilitated the cultivation of new agricultural operation entities and large-scale land management through improving service model for agriculture-benefiting finance. This approach enabled the Company to continuously generate endogenous power for consolidating the foundation of agriculture and modernizing agricultural development, which effectively contributed to stabilizing and increasing agricultural production, steadily boosting farmers’ incomes while promoting rural peace and stability. In the assessment and evaluation of rural revitalisation services served by financial institutions by regulatory authorities such as People’s Bank of China, the Company was rated as “excellent” at the highest level for two consecutive years, and was highly praised by the regulatory authorities.

During the Reporting Period, the Company remained the province-wide second largest Bank in terms of sale of business of loans benefiting rural area, agriculture and farmers. The Company was effectively expanded with loans for spring farming exceeding RMB13 billion, and the growth rate of inclusive agriculture related loans exceeding 10%, which was higher than the growth rate of various loans in the Bank. Based on the position of “Bank for the cultivation of new agricultural subjects”, the investment of new agricultural subjects, accounting for 90% of the total, realizing the “three-year consecutive increases”, which promoted more than 20% of the large-scale land transfer and operation in Heilongjiang Province. 11,600 new agricultural business entities were invested, achieving 230% of the target for this year. The agriculture-benefiting business customer base is diversified. In addition to the traditional paddy fields, the Bank also supported the “beef and dairy cattle and hog and poultry” raising customer base and 20 types of agricultural customer base with regional advantages, such as agaric, flue-cured tobacco, fresh corn, Chinese



herbal medicine and understory economy. The Company has implemented certain innovative initiatives, including the innovate the “Off-Season Pre-credit” enabling farmers to obtain loans for spring cultivation loan without worry; innovate the mode of “new agricultural subject + Pledge of the Right to the Expected Income of Grain” and successfully realise the first business distribution; innovate the “Ten Standardised Services for Farmers”. Taking the opportunity of “Chinese Farmers’ Harvest Festival”, the activities of “the 4th Agricultural Integrity Customer Festival” and “Harbin Bank agricultural loan officer to take you to enjoy the beautiful countryside” were held. “Agricultural Integrity Customer Festival” has become a brand activity of the Bank to reward honest customers and spread the culture of agriculture-benefiting.

As at 31 December 2022, the balance of agricultural loans granted by the Company amounted to RMB27,856.6 million, and the balance of the loans to farmers amounted to RMB13,959.3 million. The business covered the majority of rural markets of 11 cities and six major agricultural cultivation bureaus 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.

Consolidating and expanding the achievements in poverty alleviation: continuing to do a good job in policy and organisational guarantees

In 2022, the Bank formulated and released 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, promoted the effective connection and smooth transition of financial precision poverty alleviation policies and work systems with financial services for rural revitalisation, continued to promote credit support for areas out of poverty and people who have been lifted out of poverty, promoted the enrichment and innovation of financial products and service models for rural revitalisation, strengthened the use of financial technology means, and improved the quality and efficiency of rural financial services while strengthening risk control, incorporated the rural revitalisation into its internal performance appraisal process to gather supports from the whole Bank for rural revitalisation and poverty alleviation achievements safeguarding. As of the end of 2022, the outstanding balance of the Harbin Bank’s poverty alleviation loans was RMB341 million. In terms of organisational protection, we highly integrated the financial service team of the counties under the jurisdiction, clarified the positioning of the agriculture-benefiting professional branches of the 33 county branches in Heilongjiang Province, established a professional customer service team to benefit agriculture, ensured that the development personnel of the agriculture-benefiting business are in place, and comprehensively improved service efficiency.

News link:

RMB8 billion for spring ploughing!
Harbin Bank took the word “early” first
<https://hlj.cri.cn/2022-03-31/624dd0cf-1708-5697-ae94-4dd62b9c92fa.html>

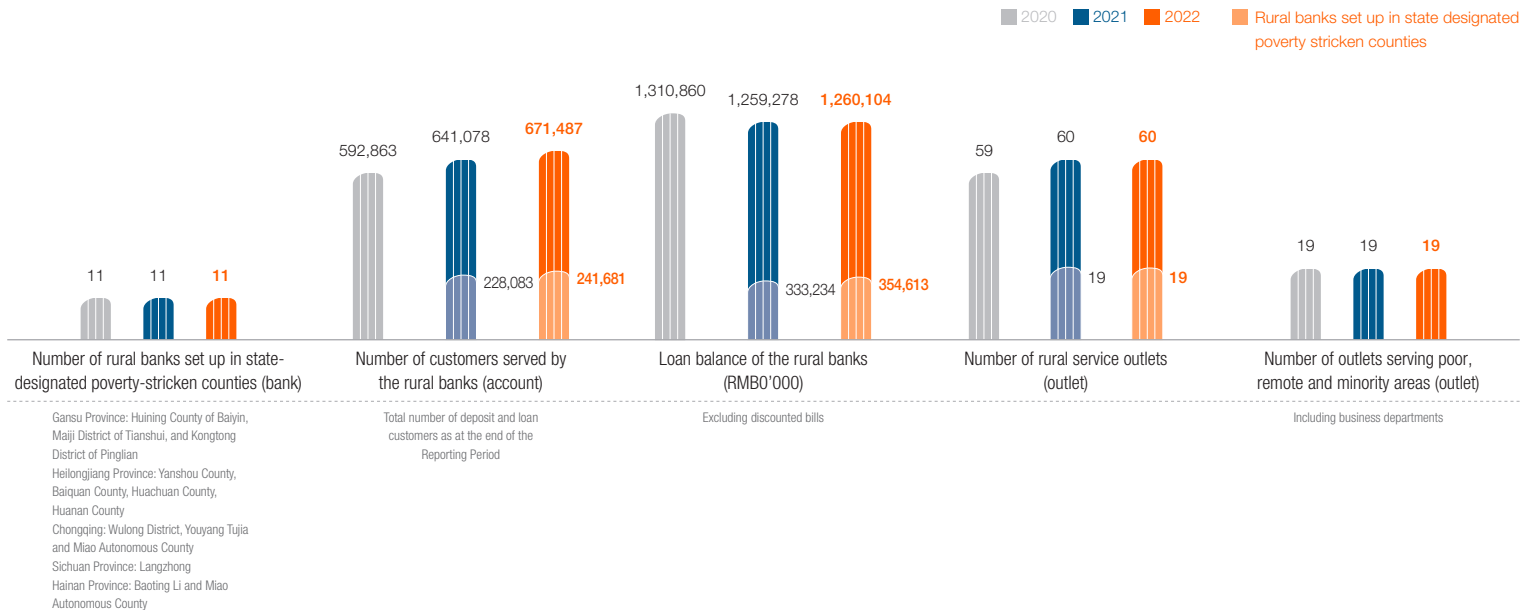
Case

The “Rongxing’s Efforts” Consolidates and Expands the Achievements in Poverty Alleviation

As at 31 December 2022, Harbin Bank has established 32 rural banks in 14 provinces and municipalities, including Beijing, Guangdong, Jiangsu, Jilin, Heilongjiang, etc., among them, 30 rural banks are named by “Rongxing”, so they are represented by “Rongxing’s Efforts” to insist on being locally oriented with trickle-down features and characteristic operations and serving agriculture, rural areas and farmers and SMEs, and enrich county-level financial services, contribute to the local economic development and consolidation and expansion of the achievements in poverty alleviation.

As at the end of Reporting Period, 32 rural banks had 48 branches, 60 rural service outlets; and 19 outlets serving poor, remote and minority areas. Among them, 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, Maiji 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 2022, the 32 rural banks had total assets of RMB27.555 billion, the loans balance of RMB12.601 billion and total customer deposits of RMB22.035 billion, and served 671,487 customers.



Case

Government Education Loan

The Bank has been authorised to process government education loans to residents in Heilongjiang since 2007, assisting students in 22 provinces, 5 autonomous regions and 4 municipalities across China, of which Heilongjiang Province covered 82 education bureaux and over 80 schools in 14 regions.

As at the end of 2022, the government education loans granted amounted to RMB5,755 million, of which RMB384 million was granted in the year. Outstanding loans amounted to RMB1,895 million, serving 316,100 underprivileged students. Meanwhile, the Bank has granted Student-Origin Based Loans to graduate students since 2014, assisting nearly 57,100 graduate students with education loans of RMB702 million.





Technology empowerment: improve the financial quality and efficiency of digital inclusive finance in an all-round way, and provide high-quality financial services to meet the people's aspirations for a better life

During the Reporting Period, the Bank committed itself to promoting digital transformation and data governance. The information technology regulatory rating has reached 2C level, while the level of the development of disaster recovery system ranks among the excellent city commercial banks.

The Bank has implemented and promoted smart operation projects based on new fintech approaches such as smart risk, smart customer service and data governance in an orderly manner in recent years, constantly enhancing the financial technology capabilities. During the Reporting Period, the Bank focused on channel service upgrade, platform intelligent innovation, customer digital operation and security foundation tamping, continued to accelerate the construction and operation of online channels, strengthened business function improvement and business process reshaping, and further improved channel service capability and value contribution. The Bank continued to strengthen the six online channels with mobile banking as the centre, and provided guarantee for the stability and sustainable development of financial services for customers during the operation and development of the whole bank, especially during the period of the epidemic prevention and control. The continuous enhancement of the Bank's financial technology capability promotes the continuous optimisation and innovation of products and services, and the efficiency and convenience of digital inclusive financial services are constantly improved.

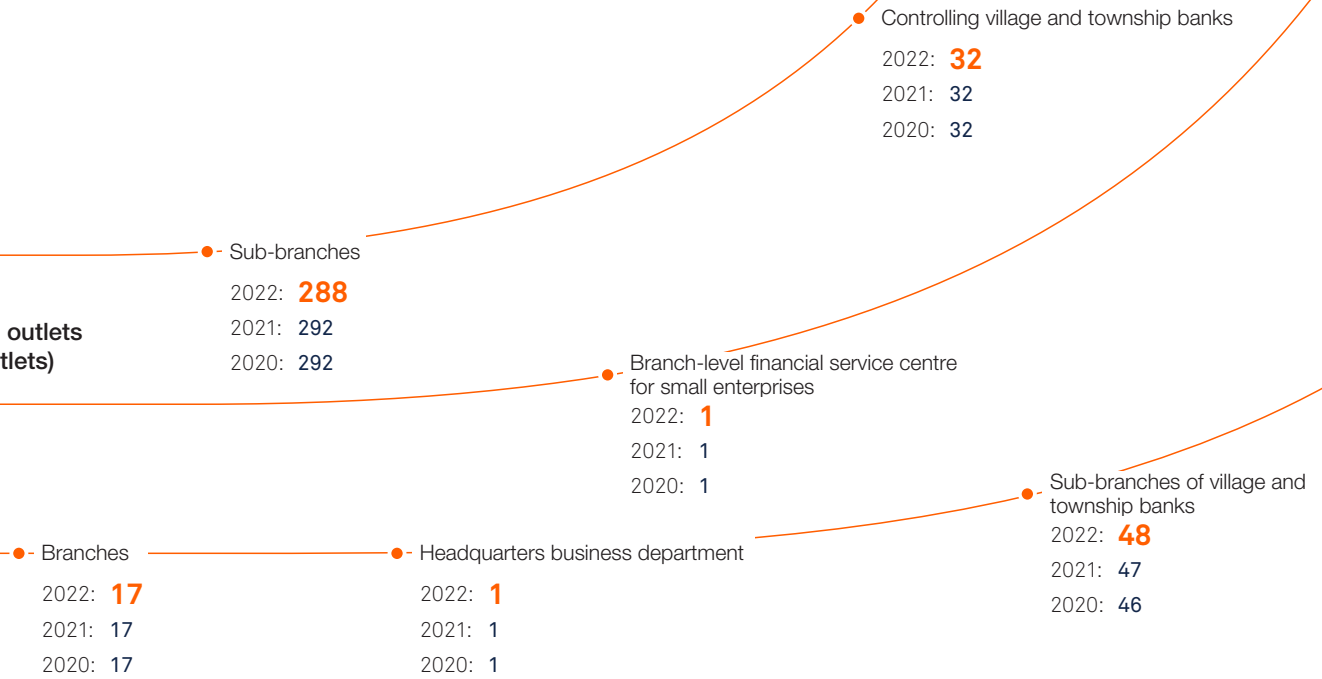
Over the years, the Bank strived to promote the development of social insurance, and has successively undertaken a number of livelihood services such as pension payment for retired residents, minimum living security benefit, and medical insurance collection and deduction with a total amount of more than 8.50 million social security cards. As one of the first batch of partner banks in Heilongjiang Province to provide the third-generation social security card service, the Bank has set up 118 social security service outlets in Heilongjiang Province, covering 11 cities, 52 districts and counties in the province, and provided services such as issuance and replacement of the third-generation social security cards to 547,800 residents in Heilongjiang Province. The Bank has actively implemented the policy of fee reduction and profit sharing, opened the channel for online card exchange and mailing, and upgraded the social security and convenience services. The Bank also made every effort to build an intelligent social security service system, and expand multi-dimensional card issuance channels, such as lobby, outreach and online channels, to meet the online and diversified card needs of customers. The Bank also provided services for people's livelihood and strengthened government-banking cooperation by setting up an "social-banking integrated service zone" in 14 business outlets and creating a "15-minute service circle", realizing one-stop services for social security business. The Bank extended the reach of social insurance services, provided door-to-door card issuance services for special customer groups, and implemented social insurance services "zero distance".

During the Reporting Period, the Bank also actively cooperated with the e-government of the government and the construction of the project benefiting the people, so as to promote the local economic development. The Bank continued to promote the construction of Golden Tax Phase III Project and complete the function of allocation and issuance of medical insurance funds. The Bank completed the access of new national medical insurance platform, realised the three functions of medical insurance collection and payment, tax, bank and social insurance collection, and national medical insurance fund, and actively responded to and completed Heilongjiang, Liaoning, Sichuan finance treasury electronic system, non-tax collection system docking needs. In view of the needs of people's livelihood projects such as endowment, unemployment, work-related injury and medical insurance, the Bank gave priority to the completion of the medical insurance participation business for urban and rural employees and flexible employed persons, the enterprise pension business in many cities, the payment of unemployment benefits and the granting of subsidies for farmers, effectively ensuring the stable operation of the Bank's government business for people's livelihood.

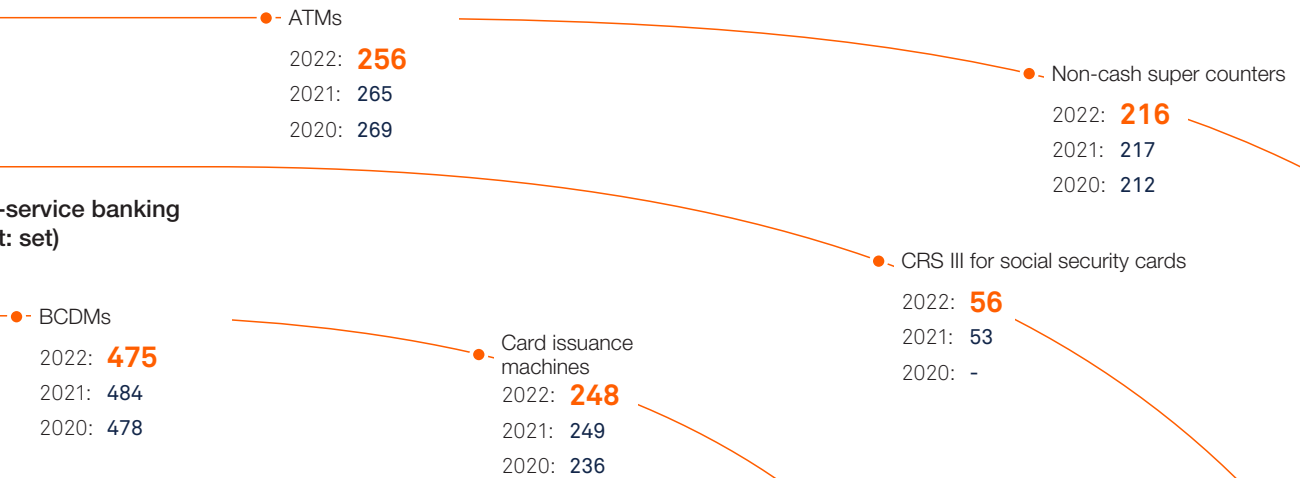
During the Reporting Period, on the one hand, the Bank built an online business processing system covering the whole-process nodes of credit by relying on the financial technology capabilities such as face recognition, big data and OCR analysis, so as to realise the whole-process credit service functions such as loan application, authorisation signing, collateral evaluation, loan approval, contract signing, withdrawal repayment and repayment plan inquiry through online channels, effectively improving the credit acquisition experience. In combination with the high-frequency online financial function involved in the business activities of small and micro customers, the special area of small and micro financial online is specially built to realise seamless connection of financial services such as payment, settlement and financing. The Company has signed a long-term cooperation agreement with Beidahuang Information Co., Ltd. in respect of the digital agricultural service project. We have built a comprehensive database for agriculture-benefiting business, and fully upgrade the agricultural loan products online - "Agricultural Flash Loan 4.0". As at the end of the Reporting Period, the accumulated investment of "Agricultural Flash Loan" has exceeded RMB2.7 billion, promote farmers to use mobile banking for withdrawal and repayment, accounting for more than 60%. The Bank also continued to build a comprehensive consumer financial service (product) system, speed up the in-depth combination of digital technologies such as big data, cloud computing and AI with traditional financial services, and improve the universality of consumer financial services by constantly broadening the scenarios and customer coverage of consumer financial services.



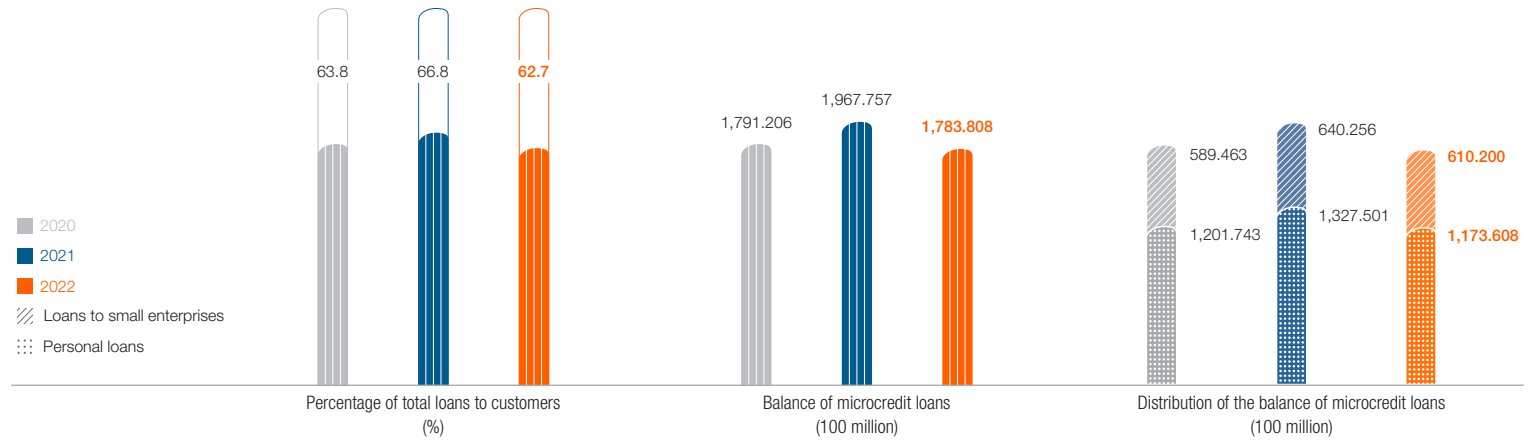
Physical outlets (Unit: outlets)



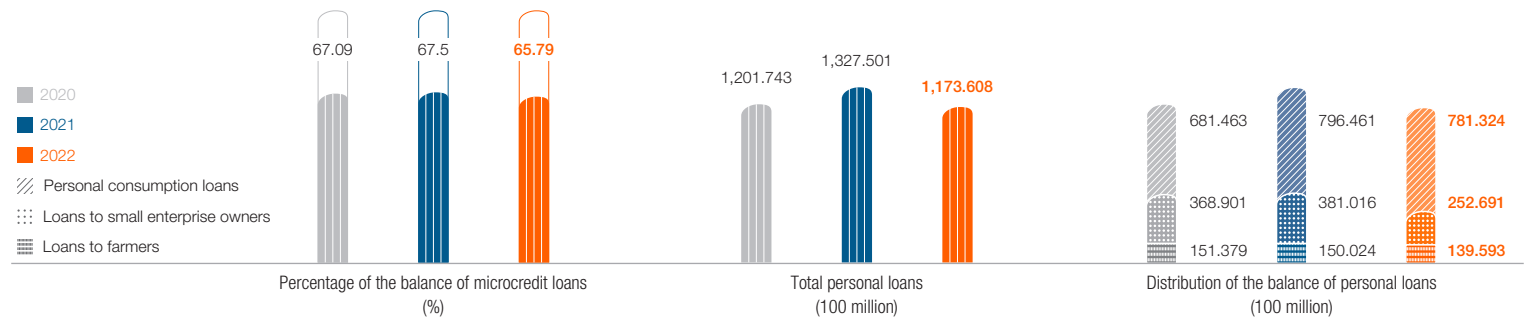
Self-service banking (Unit: set)



Distribution of the balance of microcredit loans



Distribution of the balance of personal loans





95537/
400 60 95537

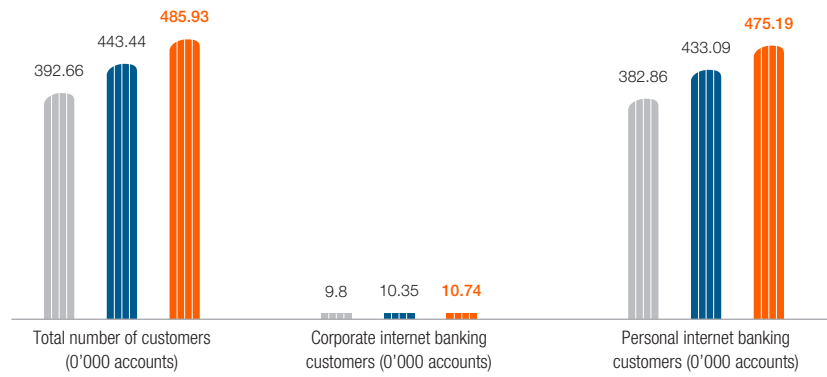
The Bank provides customers with 24/7 uninterrupted telephone banking services through the nationwide unified customer service telephone number.

Customer
complaint
resolution rate

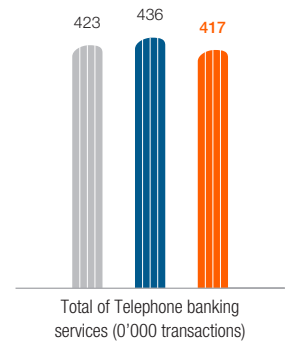
100%



Online banking



Telephone banking



Credit card

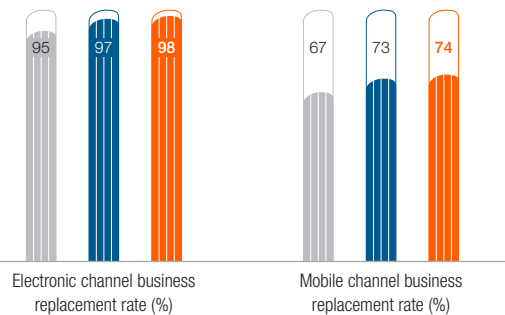


400 66 95537

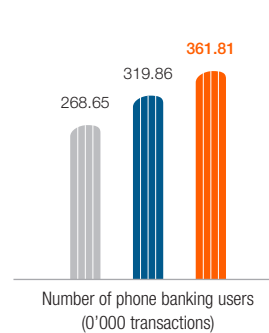
Customer service number for credit cards



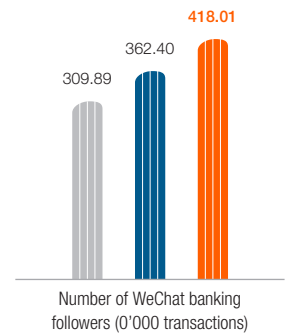
Electronic banking



Phone banking



WeChat banking



Case

Good Life Account Product Launch

On 10 December 2022, the Bank and Heilongjiang Branch of China UnionPay jointly launched “Good Life Account” and issued dedicated themed debit cards to provide customers with life cycle financial services covering children, growth, family and elderly care. The account guides customers to develop long-term saving habits by means of fixed-term deposit contract investment, and realises the life objectives and stable value-added of assets at all stages. In the design of the theme card, the innovative fusion of “two-way character” of Chinese character aesthetics is used to skilfully integrate “wealth” and “guardianship,” representing the beginnings and ingenuity of “gathering wealth and protecting a better life” of Harbin Bank.



Case

Connected with New Citizens: Improve Financial Energies and Share a Good Life

New citizens are not only an important presence to promote urban development, but also a group with rapid growth of overall consumption demand in urbanisation construction. They are also an important link to achieve common prosperity. In order to improve the popularity and awareness of new citizens' financial services, strengthen the financial literacy and risk prevention ability of new citizens, the Bank actively responded to the call of the regulatory authorities and organised the "New Citizens' Financial Service Promotion Month 2022" in November 2022 with the theme of "Connected with New Citizens, Improve Financial Energies and Share a Good Life". All branches provided a financial service and publicity matrix through "online + offline" linkage, expanded the supply of products and services, provided diversified financial services for new citizens, and continuously enhanced the sense of acquisition and happiness of new citizens. Aiming at the special customer groups of new citizens, such as takeout workers, couriers and migrant workers, the Bank popularised the financial knowledge of mobile payment, prevention of telecom network fraud, rational investment and network security, strengthened the risk awareness of new citizens and improved their financial literacy.

Nangang Sub-branch of Harbin Branch opened the first letter of guarantee for the wages of migrant workers for Heilongjiang Runda Construction Engineering Co., Ltd. to guarantee the timely and full payment of the wages of migrant workers and to ensure the labour remuneration rights and interests of migrant workers. Chongqing Branch has built a "Dingxiang Refreshment Station" for new citizens such as delivery person and courier to shield them from the wind and rain. Harbin Bank Consumer Finance Company opened the entrance of "Stars Program" for new citizens by launching self-run APP, and pushed relevant publicity from time to time through new media channels such as WeChat public account, video and Douyin to popularise financial knowledge. The Bank launched multi-period new citizens "Accompany Day" special price instant kill commodity activity through the self-run APP instalment payment mall.



Consumer rights protection: take customers as the centre, establish the innovate working mechanism of “Comprehensive Consumer Protection” and safeguard the financial health of the people



The Bank strictly complied with laws, regulations and regulatory requirements including the Law of the People’s Republic of China on the Protection of Consumer Rights, 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, Guiding Opinions of the China Banking and Insurance Regulatory Commission on Strengthening the Development of Systems and Mechanisms for the Protection of Consumer Rights and Interests by Banking or Insurance Institutions and other laws, regulations and regulatory requirements, so as to effectively improve the effectiveness of our work in protecting consumers’ rights and interests.

Continuously improve the top-down design of consumer rights protection. In 2019, the Bank strengthened the top-down design of consumer rights protection, added the clause of “establishing the Consumer Rights Protection Committee of the Board of Directors” to the Articles of Association, and established the Consumer Rights Protection Department (co-located with the Compliance Management Department). In 2021, the Consumer Rights Protection Department worked independently as the first-level department of the Head Office. In 2022, the Bank incorporated “consumer rights protection” as an independent issue in the annual material issues for the first time, ranking third and only after the inclusive finance and internal control. Since June 2022, the original responsibilities of the Consumer Rights Protection Department have been expanded and adjusted to the overall management department of personal information protection, consumer rights protection review, financial knowledge publicity and education, complaint letters and visits, customer service and reputational risk management, with the scope of work covering the protection and management of the rights of all-aspect financial consumers, including legal persons and natural persons. Efforts were made to establish a working mechanism of “Comprehensive Consumer Protection”, build a consumer rights protection management system with the features of the Bank, and ensure the authoritative leadership, organisational completeness and effective enforcement of consumer rights protection.

During the Reporting Period, the Consumer Rights Protection Committee of the Board of Directors held four meetings, at which six proposals and reports were reviewed and approved, namely, the Proposal on the Self-assessment Report on the Supervision and Evaluation of Financial Consumer Rights Protection of Harbin Bank in 2021, the Proposal on 2021 Summary and 2022 Plan of Consumer Rights Protection Committee of the Board of Directors, the Proposal on the Report on Consumer Rights Protection of Harbin Bank in 2021, the Proposal on Consumer Rights Protection Plan of Harbin Bank in 2022, the Proposal on the Report of Consumer Rights Protection of Harbin Bank in the First Half of 2022, and the Proposal on the Self-assessment Report on the Supervision and Evaluation of Protection of Financial Consumer Rights of Harbin Bank in 2022.

Benefiting from the development pattern of “Comprehensive Consumer Protection”, the main contents of material issues such as “improving the consumer rights protection system, personal information protection, financial consumer education, enhancing employees’ awareness of consumer rights protection and improving service quality” specified by the Bank at the beginning of the year have achieved practical results, laying a solid foundation for the stable operation and high-quality development of the Bank.

Establish and improve the consumer rights protection system. The Bank attaches great importance to the construction of the institutional system for the protection of consumers rights, improves the corporate governance structure, standardises the working procedures and effectively protects the legitimate rights and interests of financial consumers with the decision-making mechanism of work management. As at the end of the Reporting Period, the Bank’s current systems include 12 items, including

the Working Procedures of the Consumer Rights Protection Committee of Harbin Bank, the Measures for the Administration of Consumer Rights Protection of Harbin Bank, the Management Measures for Protection of Financial Data of Harbin Bank Consumers, the Measures for the Administration of Review of Consumer Financial Rights Protection of Harbin Bank, the Measures for the Administration of Consumer Rights Protection and Publicity of Harbin Bank, the Measures for the Administration of Information Disclosure of Financial Consumer Products and Services of Harbin Bank, the Measures for the Administration of Data Security of Harbin Bank, the Measures for the Administration of Production Data Security of Harbin Bank, the Measures for the Administration of Customer Complaints of Harbin Bank, the Measures for the Administration of Letters and Visits of Harbin Bank, the Measures for the Administration of Consumer Rights Protection Assessment of Harbin Bank, and the Emergency Plan for Protecting Personal Financial data of Harbin Bank.

During the Reporting Period, the Bank revised the Administrative Measures for the Protection of Financial Consumer Rights of Harbin Bank, Administrative Measures for Protection of Financial Data of Harbin Bank Consumers, and Emergency Plan for Consumer Financial Data Protection of Harbin Bank; the Administrative Measures for the Review of the Protection of Financial Consumers Rights of Harbin Bank have been formulated to clarify the review subject, review scope, review points, and review process, ensure that problems in financial products or services that may damage the legitimate rights and interests of financial consumers are found and corrected in a timely manner, move forward the risk barrier, and promote the in-depth integration of consumer rights protection philosophy with business development, operation management, and risk prevention and control. Therefore, the closed-loop management measures for financial consumer rights protection have been further improved, the full life cycle consumer rights protection management has been implemented in product design and service links, and the level and effectiveness of consumer rights protection have been continuously improved from the aspects of preventing and responding to personal financial information leakage, standardizing the publicity and disclosure of financial products and service information, and clarifying the content of examination.

Pay close attention to the protection of customers' personal information and build a secure boundary for information sharing. In 2022, the Bank focused on strengthening the security guarantee of mobile Internet channels. Mobile applications were reinforced through security reinforcement platforms, and protection was strengthened in terms of static security, dynamic security, transaction verification security, data security, and release integrity protection. By simulating the attack method used by real hackers to test the offensiveness of the application system of the Bank, the security threats were fully discovered, and the relevant vulnerability repair work was completed, thus completely eliminating the potential information security hazards. In addition, the Bank carried out real-time monitoring of mobile Internet channels, monitored the integrity, vulnerability and availability of the Bank's service websites, monitored mainstream search engines and websites for downloading application, application markets, forums and other channels in real time to promptly detect and dispose of phishing attacks, effectively safeguarding the privacy security of customers.

Continuously strengthen multi-level financial consumer education, optimise consumer complaint channels, safeguard consumers' legitimate rights and interests, and effectively protect consumers' financial health. The Bank actively implements the national and regulatory requirements, earnestly fulfils its social responsibilities as a banking financial institution, and regards safeguarding the financial health of consumers as the core and normal of financial consumer education. While strictly abiding by the requirements of the Bank's various systems for consumer rights protection, relevant units incorporated consumer rights protection in the annual employee training plan. During the Reporting Period, a series of consumer rights protection training with the theme of "Co-building Trust, Linking Commitment" was carried out for more than ten years, covering internal control management of consumer rights protection, improvement of complaint handling capacity, service management and public opinion control. The Bank has effectively improved the awareness, business skills and ability of all employees to protect consumers' rights and interests. Meanwhile, the Bank also strengthened its attention to the protection of consumers' rights and interests within the Group, and comprehensively guided and standardised the subsidiaries and rural banks in terms of institutional system construction and daily consumer rights protection management to meet the needs of the Bank's high-quality development.

The Bank took the initiative to carry out various forms of financial consumer knowledge popularisation and education activities, especially by taking the publicity activities such as "3.15 Financial Consumer Rights Day", "Popularise Financial Knowledge Over Thousand Miles of

Journey”, “Popularise Financial Knowledge, Keep Your Money Safe”, “Financial Knowledge Popularisation Month”, and “Financial Knowledge in Ten Thousand Families, Strive to Be Rational Consumers, Strive to Be Financial Netizens”. The Bank has taken the prevention of financial fraud as an opportunity to continuously improve the self-protection awareness of financial consumers and strengthen pre-risk prevention and management. It is noteworthy that the Bank kept pace with the times, seized the characteristics of communication in the era of new media, and jointly carried out extensive content-rich live streaming activities for new financial consumer education with financial regulatory authorities and public security departments, which achieved remarkable results and were widely praised. In September 2022, the Bank cooperated with Harbin Central Sub-branch of the People’s Bank of China, Heilongjiang Office of the China Banking and Insurance Regulatory Commission and other institutions to innovatively carry out the first live streaming activity of financial knowledge fraud prevention online, and invited the police of the Anti-Fraud Centre of the Criminal Investigation Detachment of Harbin Public Security Bureau as a guest in the live streaming to explain the real financial fraud cases, with approximately 200,000 likes. The promotional short video of the Chinese Currency History produced by the Bank was selected as a national education promotional video of Heilongjiang Province in the “Popularise Financial Knowledge in a Small Classroom on the Cloud” organised by the Harbin Central Sub-branch of the People’s Bank of China and played in the pilot elementary schools in the province. Our entries won the third prize in the 2022 Short Video Contest on Preventing Illegal Fund-raising of “Keep Your Money Safe and Safeguard Families with Happiness” sponsored by China Banking and Insurance News.

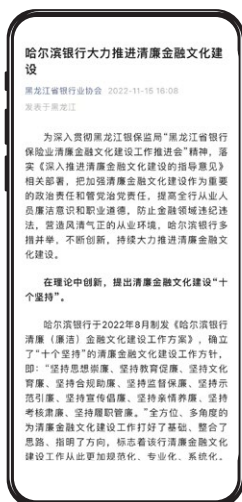




Continuously optimise consumer complaint channels, implement targeted policies, make accurate breakthroughs, and reduce complaints. The Bank pays particular attention to effective communication with customers and timely feedback of customer information. The Bank's national unified customer service telephone numbers 95537, 400-60-95537 and 400-66-95537 (credit card customer service telephone numbers) can provide consumers with 24/7 uninterrupted telephone banking services including business consultation, complaints and suggestions. During the Reporting Period, the Bank's customer service centre handled 2.55 million transactions and the credit card centre handled 1.62 million transactions. Heilongjiang's regulatory authorities transferred 730 consumer complaints, representing a year-on-year decrease of 25.13%. Specifically, there were 310 comprehensive business complaints, including loan business, RMB savings, bank cards, self-managed wealth management, and 420 credit card business complaints. The complaint areas included Heilongjiang Province, Liaoning Province, and Sichuan Province, and the annual complaint settlement rate reached 100%. A good communication mechanism lays a solid customer foundation for the Bank.

In 2022, the Bank thoroughly implemented the spirit of General Secretary Xi Jinping's important instructions on strengthening and improving the complaint letters and visits of people, actively adapted to the new situation, new changes and new requirements, adhered to the people-oriented principle, acted in accordance with the law, adhered to the problem-oriented principle, resolved contradictions, and adhered to multiple measures to maintain stability. During the Reporting Period, the Bank focused on the special work of dispute risk investigation and complaint resolution, formulated and issued the Work Plan on Financial Dispute Risk Investigation and Complaint Resolution, adhered to the combination of source governance and classified policy implementation, established a ledger for conflict and dispute investigation and resolution, and carried out dynamic management and real-time follow-up, with a conflict and dispute resolution rate of 99.5%. Under the background of the continuous growth of the total number of complaints from peers, the Bank ended the situation of ranking first in the total number of complaints from banking financial institutions for three consecutive years, and achieved reduction and withdrawal.

Anti-money laundering and anti-corruption: consolidate the foundation, make solid progress, and maintain a high-handed posture



Concrete efforts were made to further optimise and improve the management mechanism of anti-money laundering efforts. During the Reporting Period, the Bank always took the “risk-based” approach in its anti-money laundering efforts, strictly followed various laws, regulations and regulatory provisions as guidance, promoted various money laundering risk management efforts in an orderly manner, and earnestly performed the legal obligations of financial institutions in anti-money laundering and anti-terrorist financing.

Firstly, the Bank consolidated the management foundation and strengthened the construction of internal control and governance system. In combination with the regulatory spirit to objectively assess the risk trend, the anti-money laundering risk management policy was formulated, and the money laundering risk management was incorporated into the comprehensive risk management system, ensuring that the money laundering management was oriented, focused and effective. Secondly, the Bank strengthened the internal drive improvement and improved the internal risk prevention and control capability. In accordance with the external environment and regulatory situation, compliance risk warnings were carried out in a timely manner, money laundering risk assessment of new products was carried out, product access was strictly controlled, and quarterly notifications were issued in combination with the performance of various units to stimulate the motivation to perform their duties. A dual-pillar management framework of “risk assessment + compliance inspection” has been established to deepen the anti-money laundering work pattern of “the responsibilities for well governing the regions and performing their respective responsibilities”, and form a systematic, continuous and overall working mode. Thirdly, the Bank’s technology-enabled efficiency has improved to construct the monitoring and analysis system. The Bank has established a monitoring system dominated by the anti-money laundering system and guaranteed by the unified blacklist system of the Group, vigorously promoted the improvement of basic customer identity information, 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 effectively optimise the system efficiency. Fourthly, the Bank strengthened publicity and training and improved its ability to prevent money laundering risks. The Bank carried out multi-channel and multi-form anti-money laundering publicity and training both within the Company and externally, strengthened the construction of personnel team and effectively practised corporate social responsibility.

The Bank resolutely cracked down on money laundering crimes, actively practised the social responsibility of “outposts” for money laundering risk monitoring, and safeguarded the property safety of the people. During the Reporting Period, the Bank assisted the public security departments in successfully dismantling two online gambling and telecommunications fraud gangs, arrested 13 criminal suspects, and investigated and dealt with illegal profits of more than RMB160,000. The successful case of “Banking-Police Cooperation” was reported by the People’s Bank of China and Heilongjiang TV’s Rule of Law Channel, delivering remarkable results for the “Three-year Special Campaign”. In December 2022, we won the “Best Creative Award” and the “Excellent Individual Award” in the “2022 Publicity Work Plan for Anti-money Laundering Compulsory Institutions in Heilongjiang Province” organised by the Harbin Central Sub-branch of the People’s Bank of China.

Give full play of warning and continue to tighten the construction of discipline and conduct. 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 fully studied and brought in play the spirit of the 19th CPC National Congress, Plenary Sessions of the 19th Central Committee, the 20th CPC National Congress, and the Plenary Sessions of the Central, Provincial and Municipal Commission for Discipline Inspection; thoroughly implemented the main responsibility and supervision responsibility of comprehensively strengthening the strict governance of the Party, continuously deepened the construction of Party conduct and a clean government to combat corruption, and provided a strong disciplinary guarantee for the high-quality development of the Bank.

During the Reporting Period, the Bank invited the Senior Manager of the Financial Services Consulting Department of Ernst & Young (China) Advisory Limited to conduct anti-corruption training for all directors, supervisors, senior executives, heads of first-level departments of the Head Office, and senior executives of the management headquarters of rural banks, Harbin Bank Financial Leasing Co., Ltd. and Harbin Bank Consumer Finance on the impact and risks of corruption. The training also considered anti-corruption from the perspective of ESG, financial anti-corruption management and other aspects. Through the anti-corruption training, it guided the Bank to improve its anti-corruption management capability, further deepened its understanding of the Party discipline and anti-corruption regulations, improved its understanding of the construction of Party conduct, building a clean government, and combating corruption, and enhanced its sense of responsibility and legal awareness of professional integrity.

News link:

Harbin Bank vigorously promotes the construction of clean financial culture | ③ Accurate Monitoring and Early Warning, Strengthening Clue Transfer, and Dedicating Financial Forces to Combating Money Laundering
<https://mp.weixin.qq.com/s/z00NoLXOLxY3PFG2wEz9pA>

News link:

Screenshots of anti-corruption training; photos of anti-corruption education activities of all units; Harbin Bank vigorously promoted the construction of upright financial culture.

<https://mp.weixin.qq.com/s/YfxSSpm1hDX9IQ8GQKHL9Q>

The Bank has established a hotline and an email address for offence reporting matters related to corruption, bribery, etc. In case of letter reporting of corruption and bribery, the Bank shall deal with it in accordance with the Rules for the Supervision and Enforcement of Discipline by the Discipline Inspection Organs of the Communist Party of China and the Working Rules for the Dealing with Offence-reporting and Charging by Discipline Inspection and Supervision Organs and other rules and regulations, and corresponding punishment shall be given in accordance with relevant systems. During the Reporting Period, the Bank carried out solid anti-corruption education, and created a good atmosphere of upright financial culture. The Bank formulated and issued the Plan for the Construction of Upright Financial Culture of Harbin Bank, and proposed the “Ten Adherences” for the construction of upright financial culture; organised leading cadres at all levels, personnel in important fields and key positions of the Bank to carry out special warning education activities of “top leaders” who have violated the laws or disciplines and warning education for young cadres; arranged business units at all levels to watch anti-corruption education features; The Bank have compiled and issued the “Bank Casebook - Warning Education Book of Typical Cases of Bank Violations of Discipline and Law” and the special issue of discipline inspection and supervision theories and examples, produced the Harbin Bank Integrity Culture Construction Achievements Exhibition, carried out the collection of paintings and calligraphy works on the theme of upright financial education, continuously and vigorously promoted the construction of upright financial culture, guided and urged cadres and employees to learn from such cases and give full play of warning; improved employees’ awareness of complying with the Party disciplines, practised the upright financial culture, and effectively strengthened the awareness of self-discipline and anti-corruption capability and change. At the board meeting of the Bank’s rural banks, the Proposal on 2021 Employee Behaviour Assessment Report was included into the proposals of board meeting for the first time.



Community investment: continuously developing charity undertakings and voluntary cultural construction to promote harmony and balance between financial institutions and the community in the new era

Harbin Bank has always taken focusing on the needs of society and the needs of the masses as its mission. The seven-year (2016-2022) "Happy Community" Programme development plan, a social charity project jointly initiated with United Charity Foundation, has been productive in reconstructing new community relations. The branch implementing the project adheres to the concept of "providing residents with a home in the bank", and employees have deeply participated as volunteers of the project; support or sponsor city marathons represented by "Hama", "Chengdu Marathon" and "Chongqing Marathon" through title sponsorship to further promote the cross-border integration of financial service culture and marathon culture and the in-depth exchange of urban culture. Since 2019, members of Heilongjiang Financial Calligraphers Association have been invited to grassroots outlets to write Spring Festival couplets and send "blessings" during the Spring Festival every year, giving full play to the role of culture in "warming people's hearts, rallying people's support, and building people's confidence", inheriting China's traditional culture and prospering financial culture. Through volunteer cultural construction and social charity activities such as supporting education and poverty alleviation, the Bank's responsibility for social charity has been continuously demonstrated. In the activity to pay tribute to "the Star of Longjiang Dream Achievement Hope Project" carried out by Heilongjiang Dream Achievement Hope Project Donation Centre and Heilongjiang Youth Development Foundation in 2022, the Bank was awarded the title of "the Star of Longjiang Dream Achievement Hope Project for Social Charity of the 30th Anniversary". During the Reporting Period, the Bank's total expenditure on social charity initiatives was RMB5.914 million.

Helping the poor, the warmth of Harbin journey remaining unchanged. In 2017, the Bank continued to work with the team for helping the poor stationed in Shuanglong Village, Liutuan Town, Yanshou County, Harbin City, Heilongjiang Province. In 2022, the village has 84 households lifted out of poverty and 134 people have an annual net income of RMB6,950 per capita (RMB3,068 in 2017). In addition, branches of the Bank have also continued to carry out targeted assistance to effectively prevent the occurrence of returning to poverty. During the Reporting Period, the Bank donated money to Heilongjiang Youth Development Foundation through United Charity Foundation to support the "Children Harbour" project, which will support the operation of 50 "Children Harbour" each year for five consecutive years, and the donation of RMB1 million in the first year has been allocated in place; Meanwhile, the Youth League Committee of the Head Office organised employees to donate more than RMB22,000 to establish a "Children Harbour" activity base with the Heilongjiang Youth Development Foundation. The volunteers of the Bank will also cooperate with the "Child Companion Mothers" to accompany the left-behind children. In addition, the Bank also raised personal donations of more than RMB74,000 for the Dream Realisation Action of the Dream Achievement Hope Project of "Helping Students in Golden Autumn".

News link:

Harbin Bank invited financial calligraphers to write Spring Festival couplets for customers
http://www.cfgw.net.cn/2022-01/16/content_24997873.htm





From Harbin to Chengdu - Harbin Bank served “Chengdu Marathon” restarted in 2022, and Harbin Bank’s services appeared again. Since becoming the support enterprise of Chengdu Marathon for the first time in 2018, Harbin Bank has participated in the promotion of Chengdu Marathon for five consecutive years. In 2022, Chengdu Marathon upgraded the sponsorship level of the event, and the Bank was upgraded from an official supplier to the only designated banking strategic partner and official sponsor of the event; the co-branded credit card between Harbin Bank and the 2022 Chengdu Marathon was released, which integrated Chengdu’s cultural symbols, landmark buildings and panda elements, perfectly demonstrating Chengdu’s profound cultural heritage. In addition, the Bank has carried out win-win co-operation with Wanda Sports, the exclusive operator and promoter of the event, to inject new force into the event. With the theme of “From Harbin to Chengdu”, the Bank has promoted the integration of urban culture and helped the 2022 Chengdu Marathon to kick off. The Bank partnered with marathon enthusiasts to accelerate the confidence in resumption of work and production and spread urban civilisation.



Promote the “volunteer service spirit” and deliver unity and positive energy. In recent years, the Bank has actively encouraged young employees to establish professional volunteer service teams, build and improve the volunteer service system for employees, regularly organise and carry out various and meaningful volunteer service activities, and give full play to the role of the Volunteer Service Department of the Youth League Committee of the Head Office to actively create a good volunteer service atmosphere.

During the Reporting Period, the Youth League Committee of the Head Office launched the “China Women’s Development Foundation @Female Entrepreneurship Plan”: Female Employment Empowerment Project - Special Training on Financial Health. We have planned that Harbin Branch, Qiqihar Branch, Shuangyashan Branch and Qitaihe Branch would recommend volunteer lecturers respectively to carry out charity lectures on planning and financial management, financial market and reasonable lending, risks and insurance, prevention of financial fraud, etc., and provide training for vulnerable female groups such as low-income, unemployed and single mothers and women who need to improve their entrepreneurial ability. The first training was held on 7 November 2022. The Bank and Harbin Blood Centre jointly organised the 2022 Voluntary Blood Donation Activity of the Bank Headquarters, with a total of 141 employees participating in the blood donation. This is the 18th voluntary blood donation activity organised by the Youth League Committee of the Head Office since 2005.

It is noteworthy that in 2022, the Youth League Committee of the Bank specially invited professional trainers from the Red Cross Society of Heilongjiang to provide professional training for 50 members of the inclusive medical team, the volunteer service team of the Bank on cardiopulmonary resuscitation (CPR), automatic external defibrillator (AED) operation, removal of foreign-body airway obstruction, traumatic bleeding and hemostasis, on-site dressing technology and other rescue operations and theoretical knowledge. The training activity provided technical support to continuously meet the needs of the Bank’s employees for life safety, network service safety, harmonious community construction and social first aid.



Case

United Charity Foundation and “Happy Community” Programme Development Plan

Shenzhen United Charity Foundation is a non-public foundation funded by Harbin Bank and registered in Shenzhen in 2016. The United Charity Foundation has always been positioned to be a community leader in creating well-being of life. Since the date of inception, United Charity Foundation has spent a total of RMB31.5 million on charity projects in 18 cities, including Tianjin, Chongqing, Dalian, Shenyang, Chengdu, Harbin, Shenzhen, Mudanjiang, Daqing and Qiqihar, with more than 20,000 volunteers participating, directly benefiting more than 600,000 participants. In 2019, the Foundation participated in the rating assessment of social organisations in Shenzhen for the first time and was ranked as “3A” social organisation by the Shenzhen Civil Affairs Bureau in 2019. In 2020, it obtained the social organisation qualifications of Shenzhen Municipality that give priority to undertake the transfer of government functions, the purchase of services by the government, and government rewards. The establishment of the Party branch in 2021 marks a new stage in the development of the foundation.

The Foundation has successively won the “2019 Charity Collective Award”, “2019 Charity Project Award (Happy Community Programme)”, “2020 Charity Innovation Award”, “2021 Social Responsibility Pioneer Award” and “2022 Charity Practise Award” awarded by the Organizing Committee of the 9th to 12th “China Charity Festival”. In 2020, the Foundation was shortlisted for the first time in the 4th China Foundation Evaluation List of the “Golden Orange Award”. In 2021 and 2022, it won a full score of 100 points in the Foundation Transparency Index (FTI) and was ranked as the highest level “A+”.

The “Happy Community” Programme is the core charity project of the Foundation. It actively participates in social governance innovation and enriches the supply mode of social services, while assisting local governments to improve the social service system. Through the five-party linkage of “government + foundation + social organisation + community + enterprise”, a unique path of financial charity development has been initially formed with the help of finance for social good. The project focuses on supporting guidance of Party building, financial charity services, community services, environmental protection, culture and art, etc.

In the process of project promotion, the Bank was deeply involved in project services and explored the development mode with “charity + finance” features for the guidance of Party building. On the one hand, the Bank gives full play to the advantages of financial services and integrates the idle resources and strength of businesses; on the other hand, the Bank actively advocates employees to practise charity as volunteers, provide charity services and financial knowledge for community residents, and take residents as the core and take business outlets as the “last mile” to extend happiness. The survey results show that the “Happy Community” Programme has achieved good service results and positive social impact, and has explored a beneficial path for the continuous construction of a warm “community with community governance”.



Milestones of the “Happy Community” Programme



• 2016

In June 2016, United Charity Foundation was registered and established in Shenzhen as a non-public foundation. Two “Happy Community” Programme charity projects were piloted in 2016, undertaken by professional social work teams in colleges and universities, respectively corresponding to the social groups with “care for the elderly and children”. Many activities have been highly praised by communities and residents.



• 2017

The pilot work of the “Happy Community” Programme was officially launched. On the basis of the first batch of two pilot projects in 2016, the first Venture Philanthropy was launched in Jiamusi City, with an investment of RMB1 million to support 58 projects, benefiting ten communities in the city and tens of thousands of participants. The Bank has co-organised the “Happy Community Programme Micro charity” activity in Harbin with the Civil Affairs Bureau of Heilongjiang Province and Life News, and provided RMB100,000 to

fund the implementation of 35 micro charity proposals. The service direction involves home care for the elderly parents who lost their only child, helping the disabled and the poor, improving the community environment, and preventing pyramid financial fraud. The community has carried out more than 150 activities. Approximately 5,000 direct participants have brought a new force to the construction and innovation of community relations in Heilongjiang Province.

• 2018

The government, enterprises and communities joined hands with each other, and the project layout was extended in multiple aspects. 12 new “Happy Community” Programme were approved, of which four projects were renewed in 2017, and cultural, sports and artistic activities were introduced. The project implementation areas include Harbin, Daqing, Chongqing, Shenyang, Dalian and other places. Meanwhile, volunteers of the Bank’s employees were invited to the project implementation community to provide services and participate in charity activities. More than 600 activities were held

during the year, serving approximately 25,000 participants. Specifically, the “Happy Community Programme · Innovative Social Service Micro Charity” project, co-organised by the Civil Affairs Bureau of Heilongjiang Province and Harbin Bank and funded by United Charity Foundation, attracted more than 30 social organisations and many enthusiastic residents to participate, and carried out more than 180 charity services in 8 cities in Heilongjiang Province, directly benefiting about 3,300 participants. By the end of 2018, a total of RMB2.15 million had been invested in the “Happy Community” Programme.



● 2019

The Bank donated RMB10 million to United Charity Foundation to solve community problems, improve community services, activate community resources, cultivate community self-organisation, create a community culture of mutual assistance and trust, and improve the quality of community residents. Through the “Happy Community” Programme, the Bank began to root charity activities such as financial services and financial consumer education, green lifestyle advocacy and “Happy Kitchen” in the communities around the business outlets, and explored a new mechanism for the construction and integration of bank cooperatives by providing warm and reliable financial services and non-financial services for community residents.

During the year, the Foundation innovated its mechanism and adopted a rolling project application approach to carry out two centralised

project solicitation activities nationwide. It received 180 project applications from seven cities, including Shenyang, Dalian, Tianjin, Chengdu, Chongqing, Shenzhen and Harbin, and implemented 25 projects. “Happy Kitchen · Hahabao” is introduced as a new charity extension project, focusing on the actual needs of the elderly residents in the community such as nutrition and health and food safety. The Foundation continued to cooperate with the Civil Affairs Bureau of Heilongjiang Province, Life News and Heilongjiang Social Work Service Centre to carry out micro charity activities of “Happy Community” Programme. 22 sub-branches and 23 charity institutions of the Bank carried out more than 1,600 charity activities, serving more than 100,000 community residents. By the end of 2019, a total of RMB4.3 million had been invested in the “Happy Community” Programme.



● 2020

Facing the severe situation of COVID-19 prevention and control, the Bank donated RMB5 million to four key hospitals for pandemic prevention in Heilongjiang Province as soon as it started the pandemic prevention and control work. The donation was used to support and help to fight and win the battle against the pandemic. Through United Charity Foundation and Heilongjiang Social Work Service Centre, the Bank has purchased a high amount of death insurance of RMB1 million and hospitalisation compensation for 500 front-line workers in sub-districts and communities in Harbin, with a total insured value of RMB500 million.

The “Happy Community” Programme focused on the reconstruction, revitalisation and reserve security of community relations in extraordinary times, and carried out various online activities and services in accordance with the needs of residents for financial services and cultural life: including mobile banking operation training, financial fraud prevention lectures and other “online financial classes” to meet residents’ financial investment needs; popularisation of pandemic prevention knowledge, health and wellness lectures, online free treatment and other extraordinary rights and interests; online cultural activities such as home cooking competition, parent-child talent competition, and photography appreciation were also held.





- 2020

The “Happy Community” Programme implemented 55 “Happy Community” Programme charity projects with 49 charity organisations in eight cities including Shenzhen, Tianjin, Chongqing, Dalian, Shenyang, Chengdu, Harbin and Mudanjiang, covering five major fields: guidance of Party building, community construction, financial charity, environmental protection, culture and art. Over 2,000 activities have been carried out, covering approximately 400 communities and benefiting more than 400,000 participants. About 6,000 volunteers and 3,000 employees of the Bank participated in these activities.

- 2021



After years of exploration, the “Happy Community” Programme has basically matured in the joint implementation mode of service purchase, cross-border cooperation and united growth adopted by the Foundation, and has become a large-scale charity project with large total project funds, wide geographical coverage, long service cycle and many communities. During the year, 77 “Happy Community” Programme charity projects were carried out with 73 charity organisations in Harbin, Mudanjiang, Shenyang, Dalian, Tianjin, Chongqing, Chengdu, Shenzhen and other cities, of which 59 projects were newly implemented. 53 business outlets of the Bank joined hands with the project implementation agencies to carry out over 1,200 activities, covering approximately 400 communities and benefiting more than 100,000 participants. About 5,700 volunteers and 1,600 volunteers of the Bank participated in these activities.

It is noteworthy that the project implementation sub-branch of the Bank has continuously optimised the standard function partition modules of business outlets, focusing on strengthening the construction of non-financial segments such as community building, Happy Kitchen, Health Corner, Children’s Corner, Charity Hall. The special public welfare segments represented by “New Era Civil Practise Station”, “Dingxiang Refreshment Station” and “Party- masses Service Centre” have emerged. It is deeply loved by the surrounding residents and contributes to community governance and the construction of good-neighbourly culture in the new era.

- 2022

The “Happy Community” Programme carried out 56 charity projects with 50 social organisations in seven cities, including Tianjin, Chongqing, Dalian, Shenyang, Chengdu, Harbin and Shenzhen, of which seven projects were newly implemented. Through online and offline activities, a total of 921 activities have been carried out, covering 129 communities and benefiting more than 60,000 participants. About 3,500 volunteers and 1,300 employees of the Bank participated in these activities.



Milestones of the “Happy Community” Programme
(2016-2022)

The Bank considered
and approved

365

major proposals
and reports



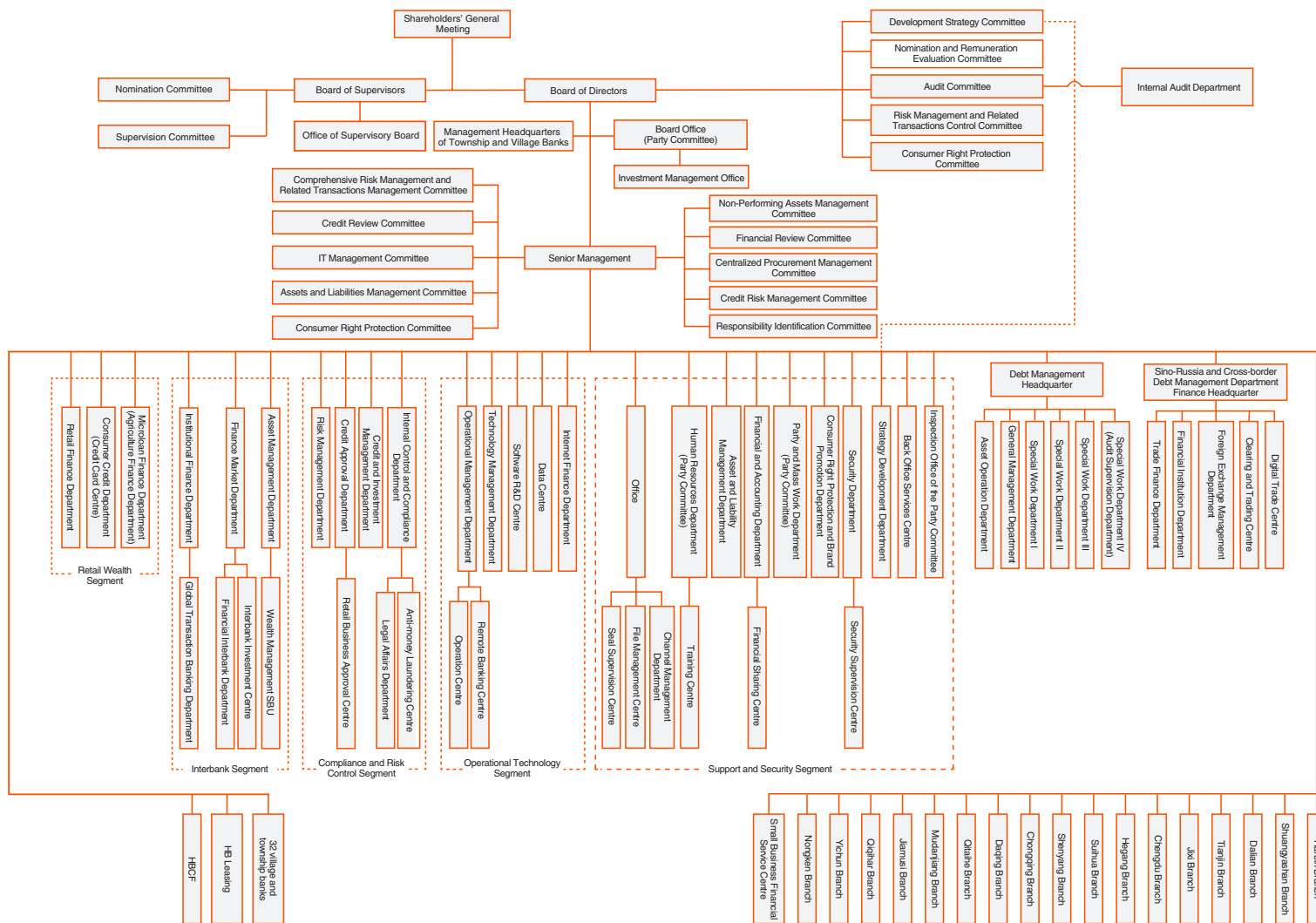
Our Governance Responsibility Management

Corporate governance

Risk management and internal control

Corporate governance

Organisation Chart



Relevant Link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042702402.pdf>

The Bank issued its 2022 Annual Results Announcement on the website of Hong Kong Stock Exchange on 30 March 2023, and the relevant issues are fully disclosed in the Report of the Board of Directors, the Corporate Governance Report and the 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.

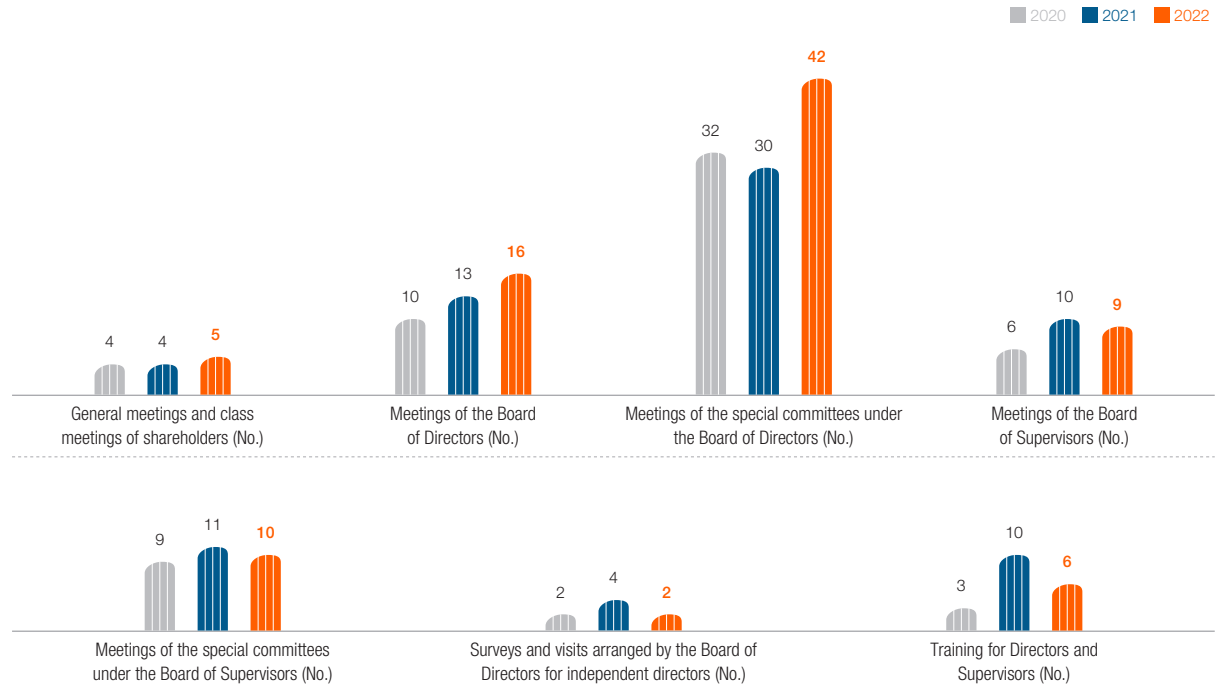
Leadership of the Party was comprehensively strengthened and good results were achieved in Party building. The Bank continues to promote the integration of Party leadership and corporate governance by incorporating Party building work into the Articles of Association, and establishing and improving the structure of Party organisation in accordance with the relevant provisions on Party organisation. We have conscientiously implemented the leadership system of “two-direction entry, cross appointment”, adhered to the principle of democratic centralism. Decisions on all major issues were made through discussion by the Party Committee in accordance with the principles of collective leadership, democratic centralism, pre-meeting contemplation, and meeting-based decision making, giving full play to the central role of the Party Committee of the Bank to set the right direction, keep in mind the big picture, and ensure the implementation of Party policies and principles. As a part of our efforts to study, publicise and implement the guiding principles from the 20th National Congress, the Group held the study and propaganda conference, issued the special work plan, produced a compilation of study materials and organised various activities so that those principles could be effectively implemented throughout the Bank. We also set up “Commando Team of Party Member”, “Demonstration Post of Party Member”, “Party Building Museum” in the head office and “Party Building Column” in OA to create a strong learning atmosphere. We comprehensively promoted the strict governance over the Party. In this regard, we held a conference on the construction of Party style and clean government and discipline inspection and supervision, and carried out special warning education on disciplinary cases involving “heads” and warning education for young cadres. The Party Committee Inspection Office was established to strengthen political supervision.

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 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 2022, the Bank arranged and held a total of 82 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 five general meetings and class meetings of shareholders, 16 meetings of the Board of Directors, 42 meetings of the special committees of the Board of Directors, nine meetings of the Board of Supervisors and 10 meetings of the special committees of the Board of Supervisors. At the meetings, the Company considered and approved 365 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, and 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.



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 ten current members of the Board of Directors of the Company, two are executive directors, four are non-executive directors and four are independent non-executive directors. These two executive directors have 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, 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. The Board of Directors of the Company currently has no female director, and will elect female director no later than 31 December 2024, so that the Board of Directors of the Company can meet the gender diversity of the Board of Directors as soon as possible.

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.

Conducting special training and research for directors and supervisors to enhance their capacity to discharge duties.

During the Reporting Period, the Board of Directors arranged all Directors, Supervisors and senior management to participate in trainings on internal control and compliance management, ESG management and anti-corruption, in order to fully understand the way the Board of Directors ensures the Bank to establish and implement an internal control system with sufficient effectiveness to ensure the prudent operation by the Bank under the legal and policy framework; have better understanding of the indicator system and the latest regulatory policies on ESG management, green finance and anti-corruption with an adequate appreciation of the duties and liabilities of a listed company, thereby promoting the professionalism of directors in performing their duties. During the Reporting Period, the Board of the Company also arranged independent directors to carry out investigation and research on its subsidiaries and head office departments. In-camera meetings of independent directors were convened to listen to directors' opinions and suggestions in time.

During the Reporting Period, the Company arranged Supervisors to study the regulatory requirements, relevant laws and regulations, understand the spirit of supervision and their responsibilities. The Company arranged Supervisors to participate in the special trainings on internal control and compliance management, ESG management and anti-corruption to continuously improve their theoretical level and performance capability. The Company conducted interviews with five branches, two subsidiaries, the management headquarter of rural banks, five rural banks and eight 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.

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 relationship management with investors. During the Reporting Period, through 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, as well as that of rural banks, 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.

Contact information:

Address: No. 888 Shangjiang Street, Daoli District, Harbin, China
Post code: 150010
Tel: 86-451-86779933
Fax: 86-451-86779829
E-mail: ir@hrbb.com.cn

Statement of Changes in Shares of the Company during the Reporting Period

(Unit: Share(s))

	1 January 2022		Increase/Decrease during the Reporting Period (+/-)					31 December 2022	
	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	738,251,000	6.71%	–	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 practised a series of internal control optimisation 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 2022 through its special committees. The Company carried out internal control evaluation in accordance with the requirements of the Guidelines for Internal Control of Commercial Banks. The Board of Directors is of the view that 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 Bank has basically established and implemented the control procedures and measures. The Bank has established various risk management policies and human resources policies. There are specific units and personnel that are responsible for handling reputation, strategic, legal, compliance, credit, market, operational, liquidity and interest rate risks. There are also procedures and internal controls for the handling and dissemination of inside information. The Bank has set up mechanisms to identify, evaluate and manage all the major risks (including the environmental, social and governance risks) in a timely manner, and has established corresponding internal control procedures.

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 organisational structure with reasonable division of labour, specific duties and responsibilities, and clear reporting relationship has been established. 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 construction normal, systematic 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", comprehensively built a "compliance, stability, innovation, development" culture.

The Bank continues to improve its risk assessment policy. The Company's Board of Directors, senior management 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, and help to establish comprehensive risk management appropriate for the Bank. 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, specialised 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. The Company comprehensively applies the review mechanism, filing mechanism, abolition mechanism and evaluation mechanism of the system to standardise system management. Institutions at all levels implement uniform business flows and management procedures. At the same time, the Bank continuously strengthened the working system of “intelligent” risk control. Through the effective combination of internal control process, business operating system and management information system, the Bank monitored, warned about, and prevented hidden operational risks in a multi-dimensional, all-round and accurate manner. It continued to build an integrated internal control management system combining on-site inspection with off-site monitoring, effectively controlled various potential risks in the process of business development, and firmly upheld the bottom line of zero systematic risks.

The Company was standardised and reasonable in the establishment of information transmission and communication channels.

The Company established information reporting systems such as compliance reports, clarified the reporting responsibility mechanism, reporting path, reporting content, reporting frequency and reporting paradigm, ensured that branches, business departments, internal control management functions and other internal control personnel promptly report the internal control results and potential risks in the operation and management work to the Board of Directors, management or relevant departments, and ensured that the decision makers could convey in a timely and effective manner all information on the strategies, policies, systems and relevant requirements to the employees so as to firmly establish a two-way internal communication mechanism from two dimensions, namely top-down and down-top communication. Regarding external disclosure and information gathering, the Company also specified responsible departments, relevant processes and document circulation mechanisms to ensure compliance thereof and timely circulation of official documents.

The Company has continuously strengthened its multi-level, multi-dimensional and multi-channel internal supervision mechanism.

“The Board of Directors, Board of Supervisors and the senior management” continuously and regularly analysed, monitored and guided the internal control compliance management across the Bank, giving full play to the roles of leadership, decision-making, supervision and management. At the same time, all units of the Bank work together to ensure the independence, synergy and effectiveness of the supervision work. In view of the internal control defects found in internal supervision, the Company timely carried out rectification, improvement and upgrading, actively promoted the matching of supervision quality with the actual situation of risk prevention and control, comprehensively improved the quality and efficiency of internal control monitoring and promoted the effective operation of internal control mechanism.

The Bank adheres to the core philosophy of “creating value through risk management”, and promotes the construction of total risk management policy. Adhering to the core philosophy of “creating value through risk management”, the Bank continued to implement its “stable and prudent” risk appetite and continuously promoted the construction of an Enterprise Risk Management system that is commensurate with its development strategy, organisational structure, business scale and risk characteristics. The Bank continued to improve its risk management system and process covering credit risk, market risk, liquidity risk and operational risk and refine its risk identification, measurement, monitoring and control mechanisms covering all assets, standards, processes and institutions, effectively strengthened its internal control mechanisms of pre-prevention, in-process control, post-event monitoring and correction, and proactively prevented and addressed various risks, so as to lay a solid foundation for the Bank’s operation and steady development.

In terms of credit risk management, the Bank closely monitored the macroeconomic situation and kept abreast of the changes of market environment and regulatory policies to improve its credit risk systems and policies. With the national strategies and cutting-edge technology in high-tech industry development as its guidance, the Bank actively contributed to the sectors of “new infrastructure and new urbanisation initiatives and major projects”, green finance as well as “agriculture, rural areas, and farmers”, increased policy guidance and financial assistance for the real economy especially small and micro enterprises, technological innovation, and green development. Besides, the Bank exercised strict control over risks in key areas such as local government financing business, real estate industry and “high pollution, high energy consumption and overcapacity industries”, with a view to continuously improving the management of limits and risk monitoring in key areas. The Bank continued to enhance the programmatic status of risk policies, while optimising management and control flexibility against the difficulties in actual business operations. It also continued to refine its internal evaluation systems and improve credit risk rating model to enhance the accuracy and forward looking of risk trend judgments. Moreover, the Bank continued to improve the standardised, normalised and refined management of the collateral risk valuation system, and actively strengthen risk control over weak links in the entire process of collateral management. The Bank continued to improve active credit management, and gave full play to the role of examination and approval in risk disclosure and risk control. The Bank increased the efforts to dispose of non-performing assets, and identify all underlying risks. The Bank followed the principles of marketisation and rule of law. It firmly promoted the collection and disposal of non-performing assets by strengthening the collection and disposal measures, enhancing assessment mechanisms, intensifying the collection and disposal efforts, and innovating methods of collection and disposal.

In terms of market risk management, the Bank continued to diversify its measurement methods of market risks by conducting stress testing, sensitivity analysis, duration analysis and PVBP analysis to measure market risks according to the actual conditions. The Bank continually improved the market risk quota system, optimised the setting up of market risk quota system, and improved risk management level, so as to ensure that its overall interest rate risk level is within the acceptable scope.

In respect of liquidity risk management, the Bank continues to optimise the liquidity risk management framework and management strategies. It fully identified, accurately measured, continuously monitored and effectively controlled liquidity risk, and comprehensively applied overall management of liquidity risk, such as daytime liquidity risk management, mid-and-long term cash flow analysis, qualified high-quality current assets management, liquidity emergency management, liability quality management and other means to control the safety of its liquidity risk. At corporation and group level, the Bank implemented liquidity risk stress testing. The Bank strengthened forward-looking forecasts and increased qualified high-quality current asset reserves in a timely manner.

With respect to compliance risk management, the Company was committed to preventing and resolving financial risks with focusing on supervision, facilitating rectification, strengthening governance and promoting continuous improvement. The Company continuously establishes a system with a scientifically designed, stringent and clear structure to standardise system management. The Company continuously establishes a legal risk prevention and control system with clear responsibilities and mutual checks and balances. We have properly implemented a chain of control processes, such as pre-access, pre-audit, in-process follow-up, post-evaluation and full support. The Company continuously optimised its internal control management structure, improved the “Comprehensive Task System for Rectification and Implementation”, coordinated the management of rectification of internal and external risk issues, and continuously enhanced its rectification and governance capabilities. The Company has actively built an accountability mechanism with an integration of punishment and linkage and cooperation, a due diligence exemption mechanism, and continuously improved the compliance performance assessment indicator system. The Bank launched in-depth investigation and disposal of case risks, accelerated the disposal of the stock of cases, and comprehensively enclosed the risks of cases.

Regarding operational risk management, the Bank continued to enhance its operational risk management system, including the governance structure, policies, and systems, management tools, and measurement methods, thereby further promoting the practical application of the three instruments of operation risks and effectively preventing the occurrence of operational risk events in high-risk areas. As for risk and control self-assessment (RCSA), the Bank constantly streamlined its existing processes and conducts self-assessment on key processes for further improving the management of operational risks for new products and businesses. As for key risk indicators (KRI), the Bank re-assessed its annual KRIs based on its operational risk management position and proactively promoted the timely presentation of KRIs at both bank and process levels and the timely rectification of overdue conditions to further enhance the effectiveness of operational risk management. As for loss data collection (LDC), the Bank was actively engaged in training on loss data collection methods, enhanced loss data collection efforts and extended the scope of loss data collection for further improving the quality and effectiveness of operational risk management. Also, the Bank has enhanced training on operational risk, raised staff awareness of operational risk management, and strengthened the complementarity of the three major tools of operational risk management to improve the overall operational risk control capability.

Concerning information technology risk management, the Bank constantly improved its information technology risk management system, further enhancing the Bank’s information technology risk management, prevention and control capabilities. During major festive periods, the Bank coordinated the deployment of network security to ensure the smooth and stable operation of its system. By constantly strengthening the construction of the Bank’s fault recovery plan for critical information systems, as well as conducting emergency combat drills in relation to important business and information systems in an orderly manner as planned, ensuring that the Bank shall continue to operate on an ongoing basis through local and nonlocal fault recovery drills. By building a high-quality technical team, we have improved the independent development and maintenance capability of our systems and realised the information technology project construction mode of “primarily independent research and development, supplemented by outsourcing” as well as an independent and controllable operation and maintenance management mode. Meanwhile, in addition to the continuous quantified project service evaluation on the outsourcers’ project service quality, the Bank constantly monitored the service quality and capabilities of the outsourcers, and conducted testing of service support capabilities of the outsourcers in actual emergency drills so as to improve the Bank’s outsource risk management ability.

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 RMB36.4 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	2021 Good News in China Banking Industry	China Banking Association	January 2022
2	2021 City Commercial Bank	China Times	January 2022
3	249th in "2022 Brand Finance Global 500"	Brand Finance	February 2022
4	2022 China Banking Top 100: ranked 34th	China Banking Association	June 2022
5	Gold Award of the 5th (2022) FinTech Innovation Contest	Cebnet.com.cn, Digital Finance	July 2022
6	Top 1000 World Banks 2022: ranked 178th	The Banker of the United Kingdom	July 2022
7	338th in "2022 Brand Finance China 500"	Brand Finance	August 2022
8	"HARBIN BANK 2020 ESG Report", the Comprehensive Award Winner including "Best in China" and "Best Interior Design"; Three Gold Winner in ESG Report Category, including "Gold Winner of ESG Report", "Gold Winner of Interior Design" and "Gold Winner of Cover Design"	ARC (International Awards Competition)	September 2022
9	"Excellent Group Award" for News Communication 2022	China Banking and Insurance News	September 2022
10	CISD Promotion Star	CIPS	October 2022
11	5th "Iron-horse" Award for Small and Medium-sized Banks: Best Retail Small and Medium-sized Bank	Modern Bankers	November 2022
12	Demonstration Organisation for Innovative Service of Banking Business Outlet	National Financial Technology Certification Centre (Beijing)	November 2022
13	2022 Outstanding Commercial Bank of Digital Transformation	Thinking Finance/Investor.org.cn	November 2022
14	Leading Bank in Cross-border Finance of the 20th China Finance Billboard	Hexun.com	December 2022
15	Pioneer Bank in Inclusive Finance of the 20th China Finance Billboard	Hexun.com	December 2022
16	Leading Bank in Regional Service of the 20th China Finance Billboard	Hexun.com	December 2022

Prospects

The year 2023 marks the first year to fully implement the guiding principles of the 20th CPC National Congress. China's macro-policies will focus on "stabilising growth, promoting recovery, preventing risks and ensuring safety" to improve the confidence and expectations of market participants, and continuously restore and enhance the organic growth of the economy. With continuous support for high-quality development of real economy, financial policies aim to proactively prevent and control risks in key areas of the financial market. The goal is to make overall plans to promote the operational mechanism of the financial market, boost steady reform and development, and ensure efficient and stable operation of financial infrastructure, so as to provide strong and effective financial support to build a socialist modern country in an all-round way.

The year 2023 is also the first year of Harbin Bank to commence its "Three Plans" of promoting entrepreneurship, reshaping corporate culture and building talent development system. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank will comprehensively study, deeply understand and practise the principles of the 20th CPC National Congress, and implement the spirit of economic work conferences of the Central Committee, Party committees at provincial and municipal levels, as well as the principles of work conferences of the People's Bank of China and other regulators. The Bank will comprehensively strengthen the Party leadership, take stability as the top priority, strive for progress while maintaining stability, and will comprehensively carry out in-depth reform. With an emphasis on the three tasks of serving the real economy, preventing and controlling financial risks and deepening financial reform, the Bank will vigorously support Heilongjiang Province in "Developing Longjiang in Six Areas", promote "Eight Revitalisations" and Harbin City's plan to build "Cities of Seven Domains". With the objectives of stability on "six key fronts, advancements in six key domains" and "security in six key areas", we will uphold integrity and innovation, and make great efforts to continuously improve our financial services. We will work hard to ensure an overall improvement of the Group in "Scale, Quality and Efficiency", and strive to open a new chapter for high-quality development.

In the context of China's vigorous promotion of green transformation and sustainable development, Harbin Bank will actively respond to climate changes, and accelerate green products and services innovation. The Bank will partner with external parties to promote green transformation, fulfil social responsibility, create social value, improve corporate governance and facilitate ESG work. The above actions are not only in line with the requirements of international and domestic market trends, but also strategic choices to realise economic transformation, explore new development models and promote ecological civilisation. As we are aware of the importance of ESG management for optimisation of development strategy, realisation of goals and process management, we are actively optimising ESG management structure, developing ESG system, improving staff's ESG awareness, and disclosing ESG-related information. The Bank aims to make continuous contributions to the green and low-carbon transformation and sustainable development of economy and society.

"Those who work will succeed, and those who walk will arrive at their destination". In 2023, Harbin Bank will keep faith in development, shoulder responsibilities of development, step up efforts to achieve development. We will create a corporate culture with "Compliance, Stability, Innovation and Development" as the core. The Bank will start a new journey of development in an all-round way with new initiatives in order to achieve greater success. We will strive to make new achievements in harmonious coexistence with the environment, harmonious sharing of our achievements with the society and creation of a harmonious win-win outcome with stakeholders.

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

Aspect	KPI	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 NO _x , SO _x , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.)	Low-carbon operation
	A1.1 The types of emissions and respective emissions data.	Low-carbon operation
	A1.2 Direct (scope 1) and energy indirect (scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Low-carbon operation
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The Bank is a financial enterprise, not applicable
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Low-carbon operation
	A1.5 Description of emissions target(s) set and steps taken to achieve them.	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.	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.)	Low-carbon operation
	A2.1 Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (in '000 kWh) and intensity (e.g. per unit of production volume, per facility).	Low-carbon operation
	A2.2 Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Low-carbon operation
	A2.3 Description of energy use efficiency target (s) set and steps taken to achieve them.	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.	Low-carbon operation (the Bank has relevant measures in place, but specific targets have not yet been set.)
	A2.5 Total packaging materials used for finished products (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume).	The Bank is a financial enterprise, not applicable
	General disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.	Topic: Our Focus in 2022 Green credit Low-carbon operation
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Topic: Our Focus in 2022 Green credit Low-carbon operation

Aspect	KPI	Corresponding section
Environmental	General disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Topic: Our Focus in 2022 Green credit Low-carbon operation Corporate governance
	Aspect A4: Climate Change 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.	Topic: Our Focus in 2022 Green credit Low-carbon operation Corporate governance
Social: Employment and Labour Practises	General disclosure: 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.	Staff safety and career development
	Aspect B1: Employment B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Staff safety and career development
	B1.2 Employee turnover rate by gender, age group and geographical region.	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 providing a safe working environment and protecting employees from occupational hazards.	Staff safety and career development
	Aspect B2: Health and Safety B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Staff safety and career development
	B2.2 Lost days due to work injury.	Staff safety and career development
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Staff safety and career development
	General disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. (Note: training refers to vocational training. It may include internal and external courses paid by the employer.)	Green credit Employee safety and growth Product responsibility Anti-money laundering and anti-corruption Corporate governance
	Aspect B3: Development and Training B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Staff safety and career development
	B3.2 The average training hours completed per employee by gender and employee category.	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.	Staff safety and career development
	Aspect B4: Labour Standards B4.1 Description of measures to review employment practises to avoid child and forced labour.	Staff safety and career development
B4.2 Description of steps taken to eliminate such practises when discovered.	Staff safety and career development	

Aspect	KPI	Corresponding section
Social: Operating Practises	General disclosure: Policies on managing environmental and social risks of the supply chain.	Low-carbon operation Supply chain management
	B5.1 Number of suppliers by geographical region.	Supply chain management
	B5.2 Description of practises relating to engaging suppliers, number of suppliers where the practises are being implemented, and how they are implemented and monitored.	Supply chain management
	B5.3 Description of practises used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Low-carbon operation Supply chain management
	B5.4 Description of practises used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Low-carbon operation Supply chain management
	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.	Product responsibility
	B6.1 The percentage of products that shall be recalled for safety and health reasons in all products sold or shipped.	The Bank is a financial enterprise, not applicable
	B6.2 Number of products and service-related complaints received and how they are dealt with.	Product responsibility
	B6.3 Description of practises relating to observing and protecting intellectual property rights	Staff safety and career development
	B6.4 Description of quality verification process and product recalling procedures.	The Bank is a financial enterprise, not applicable
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	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.	Anti-money laundering and anti-corruption
	B7.1 Number of concluded legal cases regarding corrupt practises brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-money laundering and anti-corruption Risk management and internal control
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-money laundering and anti-corruption Corporate governance Risk management and internal control
	B7.3 Description of anti-corruption training provided to directors and employees.	Anti-money laundering and anti-corruption Corporate governance
	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.	Community investment
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community investment
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Community investment

Independent Assurance Report



Ernst & Young Hua Ming LLP
Level 17, Ernst & Young Tower
Oriental Plaza, 1 East Chang An Avenue
Dongcheng District
Beijing, China 100738

安永华明会计师事务所(特殊普通合伙)
中国北京市东城区东长安街1号
东方广场安永大楼17层
邮政编码: 100738
Tel电话: +86 10 5815 3000
Fax传真: +86 10 8518 8298
ey.com

Independent accountant's assurance report

安永华明(2023)专字第60715519_A01号
Harbin Bank Co., Ltd.

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

Scope

We have been engaged by Harbin Bank Co., Ltd. (the "Harbin Bank") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Harbin Bank's identified subject matter (the "Subject Matter") in the 2022 Environmental, Social and Governance Report (the "ESG report") as of 31 December 2022 and for the year ended 31 December 2022.

Subject matter

- Total staff (person)
- Proportion of female staff (%)
- Proportion of female management staff (%)
- Number of female directors and executives (Person)
- Balance of loans to small enterprise (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 annual growth rate (%)
- Power consumption (kWh)
- Sewage discharge (cubic metres)
- Office paper consumption (tons)
- Toner cartridges used (pieces)
- Number of work-related injury and loss of working days (days)

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the 2022 ESG Report, and accordingly, we do not express a conclusion on this information.



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Criteria applied by Harbin Bank

In preparing the Subject Matter, Harbin Bank applied the criteria which is set out in the "Guidelines of the Report" within the "Introduction" and "Basis of Key Data Compilation" of 2022 ESG Report.

Harbin Bank’s responsibilities

Harbin Bank’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, 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 subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY’s responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *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 and the terms of reference for this engagement as agreed with Harbin Bank’s responsibilities. The standard require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, 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 maintained our independence and confirm that we have met the requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.





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EY also applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 subject matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- 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.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the subject matter as of 31 December 2022 and for the year then ended in the 2022 ESG Report, in order for it to be in accordance with the Criteria.





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Restricted use

This report is intended solely for the information and use of Harbin Bank and is not intended to be and should not be used by anyone other than those specified parties. 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

7 April 2023

Beijing, China



Basis of Key Data Compilation**Total staff (person):**

The total staff disclosed in the ESG report of Harbin Bank refers to the regular employees who have signed employment contracts with Harbin Bank within the head office and 17 branches of Harbin Bank as of the end of the Reporting Period.

Proportion of female staff (%):

The proportion of female staff disclosed in the Harbin Bank ESG Report refers to the proportion of female regular staff in the total number of regular staff of Harbin Bank who have signed employment contracts with Harbin Bank at the end of the reporting period, and the gender information of staff is based on the official identification of staff.

Proportion of female management staff (%):

The proportion of female management staff disclosed in the ESG Report of Harbin Bank refers to the proportion of female managers among the regular staffs who have signed employment contracts with Harbin Bank at the end of the reporting period, and the definition of management personnel is derived from the Harbin Bank Job Sequence Management Measures, and the gender information of employees is based on the official identification of employees.

Number of female directors and executives (Person):

The number of female directors and executives disclosed in the ESG report of Harbin Bank refers to the number of female directors and executives on the board of directors or senior leadership of Harbin Bank during the reporting period. The qualification of directors and executives is based on the Measures for the Implementation of Administrative Licensing Matters for Chinese Commercial Banks of the China Banking and Insurance Regulatory Commission (2022 Revised).

Balance of loans to small enterprise (RMB million):

The balance of loans to small enterprise in Harbin Bank's ESG report refers to balance of loans to small and micro business customers among the corporate customers of Harbin Bank's head office, 17 branches and 32 village banks as of the end of the reporting period, excluding trade finance, advances and discounts. The small enterprise customers are counted according to the type of customer, without distinguishing specific business type, and the classification standards are based on the Notice on Printing and Distributing the Standards for Small and Medium-sized Enterprises issued by the Ministry of Industry and Information Technology [2011] No. 300.

Number of customers served by village banks (households):

The number of customers served by rural banks disclosed in Harbin Bank's environmental, social and governance report refers to the total number of customers

served by business types within Harbin Bank's 32 village and township banks as of the end of the Reporting Period, including loans and deposits.

Balance of agriculture-related loans (RMB million):

The balance of agriculture-related loans disclosed in the environmental, social and governance report of Harbin Bank refers to the balance of agriculture-related loans within the head office of Harbin Bank, 17 branches and 32 village and township banks as of the end of the reporting period. Agriculture-related loans include loans from rural enterprises and various organizations, agriculture-related loans to urban enterprises and various organizations, loans to rural households, and loans to non-farm households for agriculture, forestry, animal husbandry and fishery, and the definition is based on the circular issued People's Bank of China by the China Banking Regulatory Commission on the establishment of a special statistical system for agriculture-related goods payments.

National student loans issued in the current year (RMB million):

The national student loans issued in the current year disclosed in the environmental, social and governance report of Harbin Bank refer to the amount of national student loans issued in 2022 within the scope of Harbin Bank's head office and 17 branches, including national student loans in the student's place of origin and national student loans in the place of study. The definition of national student loans is based on Document No. 164 of the Ministry of Finance of the People's Republic of China in 2021 "Notice on Further Improving Student Loans", and is statistically managed in accordance with the Administrative Measures of Harbin Bank National Student Grants (2020).

Cumulative issuance of national student loans (RMB100 million):

The cumulative issuance of national student loans disclosed in the environmental, social and governance report of Harbin Bank refers to the cumulative amount of national student loans issued within the head office and 17 branches of Harbin Bank as of the end of the reporting period. Cumulative amount of national student loans issued = national student loans issued in the current year + cumulative amount of national student loans issued in the previous year. The definition of national student loans is based on Document No. 164 of the Ministry of Finance of the People's Republic of China in 2021 "Notice on Further Improving Student Loans", and is statistically managed in accordance with the Administrative Measures of Harbin Bank National Student Grants (2020). (All student loans are issued by Harbin Branch Xuefu Sub-branch).

Total number of online banking customers (10,000 households):

The total number of online banking customers disclosed in Harbin Bank's ESG report refers to the number of existing customers who have opened e-banking members within the head office and 17 branches of Harbin Bank as of the end of the Reporting Period. E-banking membership refers to a group of users who are allowed to use

Harbin Bank's e-banking services through signing or registering with Harbin Bank. The definition of the pointer is derived from the Administrative Measures for Electronic Banking Business of Harbin Bank.

Total public welfare donations (RMB 10,000):

The total amount of public welfare donations disclosed in Harbin Bank's environmental, social and governance report refers to the amount of special public welfare expenditure initiated by the head office of Harbin Bank, 17 branches and 32 village and town banks as of the end of the reporting period, which is mainly used for education donations, marathons, support for rural development, etc.

Balance of Precision Assistance Loans (RMB million):

The balance of precision assistance loans disclosed in the environmental, social and governance report of Harbin Bank refers to the balance of precision assistance loans within the head office and 17 branches of Harbin Bank as of the end of the reporting period. The definition of precision assistance loans comes from the People's Bank of China "Precise Poverty Alleviation Management System for Financial Institutions", and Harbin Bank conducts statistical management in accordance with the "Harbin Bank Management Measures for Supporting Rural Revitalization".

Electronic channel substitution rate (%):

The electronic pipeline replacement rate disclosed in Harbin Bank's environmental, social and governance report refers to the proportion of electronic pipeline business volume in the total electronic pipeline plus counter business within the scope of Harbin's head office and 17 branches at the end of the reporting period. The definition of electronic banking business is based on the Measures for the Administration of Electronic Banking Business of the China Banking Regulatory Commission and is statistically managed in accordance with the Administrative Measures for Electronic Banking Business of Harbin Bank.

Green Credit Balance (RMB million):

The green credit balance disclosed in Harbin Bank's ESG Report refers to the amount of green credit balance within the scope of Harbin Bank's head office and 17 branches as of the end of the Reporting Period. The definition and statistical method of green credit balance are derived from the "Revision of the Special Statistical System for Green Loans" issued by the Harbin Central Sub-branch People's Bank of China.

Annual growth rate of green credit balance (%):

The annual growth rate of green credit balance disclosed in Harbin Bank's environmental, social and governance report refers to the growth rate of Harbin Bank's green credit balance in the current year compared with the green credit balance amount of the previous year as of the end of the reporting period. Annual growth rate of green credit balance = (Harbin Bank's green credit balance in the

current year - Harbin Bank's green credit balance in the previous year) / Harbin Bank's green credit balance in the previous year. The statistical method of green credit balance comes from the "Revision of the Special Statistical System for Green Loans" of Harbin Central Sub-branch of People's Bank of China Harbin.

Electricity consumption (kWh):

The electricity consumption disclosed in Harbin Bank's ESG report refers to the end of the reporting period the electricity consumption of the Harbin Bank headquarters building in that year was mainly office electricity, and the electricity consumption information came from the invoice receipt and monthly meter reading record paid to the State Grid Heilongjiang Electric Power Co., Ltd. Harbin Power Supply Company.

Wastewater discharge (cubic meters):

The wastewater discharge disclosed in the environmental, social and governance report of Harbin Bank refers to the annual wastewater discharge of Harbin Bank Head Office building as of the end of the reporting period, wastewater discharge = tap water consumption - recycled water consumption, Harbin Bank recycled water accounted for a very small proportion and no water meter record, so wastewater discharge is equivalent to tap water consumption. The tap water consumption information comes from the invoice receipts and monthly meter reading records paid to Harbin Water Supply Group Co., Ltd.

Office paper volume (tons):

The amount of office paper disclosed in the environmental, social and governance report of Harbin Bank refers to the amount of office paper used by Harbin Bank head office in the year as of the end of the reporting period, the paper used is mainly A3 and A4 office paper, and the paper amount information comes from the purchase voucher and invoice purchased by the unified purchase.

Toner cartridge production (branch):

The toner cartridge generation disclosed in the environmental, social and governance report of Harbin Bank refers to the production volume of toner cartridges and toner cartridges as of the end of the reporting period, and the amount generated comes from the unified purchase voucher.

Number of work-related injury lost working days (days):

The number of work-related injury and lost working days disclosed in Harbin Bank's environmental, social and governance report refers to the number of work-related injury leave days of employees who signed labor contracts with Harbin Bank's head office and 17 branches as of the end of the reporting period that obtain a work-related injury certification issued by the relevant human resources department of working location, in accordance with the relevant requirements of the local suspension period and the "Harbin Bank Attendance Management Measures".

Feedback Form

Dear reader,

Thank you for spending time from your busy schedule to read this report. For improving the environmental, social and governance work of Harbin Bank and promoting our ability to perform environmental, social and governance 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: 150010.

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 overall comment on the reports:

Good Fair Acceptable

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

Good Fair Acceptable

5. Your comment on the social responsibilities performed by the Bank:

Good Fair Acceptable

6. Your comment on performance of governance responsibilities by the Bank:

Good Fair Acceptable

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

Yes Acceptable No

8. Do you think the expression of the report is clear and easy to understand?

Yes Acceptable No

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

Yes Acceptable No

10. Please specify your valuable opinions and recommendations for improving environmental, social and governance works and this Report:

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