
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Harbin Bank Co., Ltd., you should at once hand this circular and the proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6138)

(1) 2023 WORK REPORT OF THE BOARD OF DIRECTORS
(2) 2023 WORK REPORT OF THE BOARD OF SUPERVISORS
(3) 2023 FINAL FINANCIAL ACCOUNTS
(4) 2024 FINANCIAL BUDGETS
(5) 2023 PROFIT DISTRIBUTION PLAN
(6) 2023 ANNUAL REPORT
(7) PROPOSED APPOINTMENT OF AUDITORS FOR 2024
(8) 2023 REPORT ON THE MANAGEMENT OF
RELATED PARTY TRANSACTIONS
AND
NOTICE OF 2023 ANNUAL GENERAL MEETING

The Company will convene the AGM at Conference Room 4001, Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin, Heilongjiang Province, China on Friday, 31 May 2024, at 9:00 a.m. The notice of the AGM is set out on pages 32 to 34 of this circular.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the proxy form in accordance with the instructions printed thereon as soon as possible. For H Shareholders, the proxy form should be returned to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited (17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, Tel: 852-2862 8555), in any event served by hand, by post or by fax not less than 24 hours before the time stipulated for convening the AGM. For Domestic Shareholders, the proxy form should be returned to the Company's Board of Directors' Office (No. 888 Shangjiang Street, Daoli District, Harbin 150010, Heilongjiang Province, China, Tel: 86-451-86779933), in any event served by hand, by post or by fax not less than 24 hours before the time stipulated for convening the AGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM if you so wish. This circular has been prepared in Chinese with English translation. In case of any discrepancies, the Chinese version shall prevail over the English translation.

* *Harbin Bank Co., Ltd. is not an authorised institution within the meaning of the Banking Ordinance (Chapter 155 of Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM” or “Annual General Meeting” or “2023 Annual General Meeting”	the 2023 annual general meeting of the Company to be held at Conference Room 4001, Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin, Heilongjiang Province, China on Friday, 31 May 2024 at 9:00 a.m. or any adjourned meeting thereof
“Articles of Association”	the articles of association of the Company, as amended, supplemented or otherwise revised from time to time
“Company”	Harbin Bank Co., Ltd. (哈爾濱銀行股份有限公司), a joint stock company established in the PRC on 25 July 1997 with limited liability in accordance with the Company Law of the PRC (中華人民共和國公司法), and the H Shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 6138)
“Group” or “Bank”	the Company and all of its subsidiaries and branches
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“Company Law”	the Company Law of the PRC (中華人民共和國公司法), as enacted and adopted by the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective on 1 July 1994, as amended, supplemented or otherwise revised from time to time
“Director(s)”	the director(s) of the Company
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Domestic Shares”	ordinary shares of a nominal value of RMB1.00 each issued by the Company, which are subscribed for or credited as paid in RMB

DEFINITIONS

“H Shareholder(s)”	holder(s) of H Shares
“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange (Stock Code: 6138) and subscribed and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise revised from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, for the purposes of this circular only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Shares and/or H Shares of the Company
“Shareholder(s)”	holder(s) of Shares
“Supervisor(s)”	the supervisor(s) of the Company

Unless the context otherwise requires, all figures in this circular are approximate, and all figures, amounts or information expressed in hundred, thousand, ten thousand, million, a hundred million, billion or similar expressions, as well as percentage are rounded to certain decimal places or the whole number. Any difference between the total shown in the table and the sum of the individual figures listed in the table is due to rounding.

In this circular, unless otherwise stated, the amounts shall be presented in RMB.

LETTER FROM THE BOARD



(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6138)

Members of the Board:

Executive Directors:

Mr. Deng Xinquan

Mr. Yao Chunhe

Non-executive Directors:

Mr. Zhao Hongbo

Mr. Zhang Xianjun

Mr. Yu Hong

Mr. Lang Shufeng

Independent Non-executive Directors:

Mr. Sun Yan

Mr. Zhang Zheng

Mr. Hou Bojian

Mr. Jin Qinglu

Registered Address:

No. 888 Shangjiang Street

Daoli District

Harbin

Heilongjiang Province

PRC

Principal Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

10 May 2024

To the Shareholders

Dear Sir/Madam,

1. INTRODUCTION

The purpose of this circular is to provide you with all the information of the AGM reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

2. BUSINESS TO BE TRANSACTED AT THE AGM

The business to be transacted at the AGM is specified in the notice of the AGM set out on pages 32 to 34 of this circular. Resolutions to be proposed at the AGM by way of ordinary resolutions include: (1) 2023 work report of the Board of Directors; (2) 2023 work report of the Board of Supervisors; (3) 2023 final financial accounts; (4) 2024 financial budgets; (5) 2023 profit distribution plan; (6) 2023 annual report; (7) proposed appointment of auditors for 2024; and (8) 2023 report on the management of related party transactions.

LETTER FROM THE BOARD

In order to enable you to have a better understanding of the resolutions to be proposed at the AGM, and to make informed decisions upon obtaining sufficient and necessary information, the Company has provided detailed information in Appendix I to this circular, including explanatory information on the resolutions to be proposed at the AGM.

In addition, the Report on the Assessment of Major Shareholders (Substantial Shareholders) of Harbin Bank for 2023 and the Report on the Performance Evaluation of Directors, Supervisors, and Senior Management by the Board of Supervisors for 2023 will be presented to the Shareholders at the AGM.

3. AGM

The Company will convene the AGM at Conference Room 4001, Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin, Heilongjiang Province, China on Friday, 31 May 2024, at 9:00 a.m. The notice of the AGM is set out on pages 32 to 34 of this circular. The proxy form for use at the AGM is also enclosed herewith.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the proxy form in accordance with the instructions thereon as soon as possible. For H Shareholders, the proxy form should be returned to Computershare Hong Kong Investor Services Limited (17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, Tel: 852-2862 8555), in any event served by hand, by post or by fax not less than 24 hours before the time stipulated for convening the AGM. For Domestic Shareholders, the proxy form should be returned to the Company's Board of Directors' Office (No. 888 Shangjiang Street, Daoli District, Harbin 150010, Heilongjiang Province, China, Tel: 86-451-86779933), in any event served by hand, by post or by fax not less than 24 hours before the time stipulated for convening the AGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM if you so wish.

4. VOTING BY POLL

According to the Hong Kong Listing Rules, any vote of shareholders at a shareholders' general meeting must be taken by poll. Results of the poll voting will be published on the Company's website at www.hrbb.com.cn and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the AGM.

5. RECOMMENDATION

The Board of Directors considers that all resolutions to be proposed at the AGM are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board of Directors recommends that you vote in favour of all the aforesaid proposed resolutions.

Yours faithfully,
By order of the Board of Directors
Harbin Bank Co., Ltd.
Deng Xinquan
Chairman

I. 2023 WORK REPORT OF THE BOARD OF DIRECTORS

The 2023 work report of the Board of Directors has been considered and approved at a meeting of the Board held on 27 March 2024 in accordance with the relevant provisions of the laws and regulations and the Articles of Association, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

Details of the 2023 work report of the Board of Directors are set out in Annex A to this circular.

II. 2023 WORK REPORT OF THE BOARD OF SUPERVISORS

The 2023 work report of the Board of Supervisors has been considered and approved at a meeting of the Board of Supervisors held on 26 March 2024 in accordance with the relevant provisions of the laws and regulations and the Articles of Association, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

Details of the 2023 work report of the Board of Supervisors are set out in Annex B to this circular.

III. 2023 FINAL FINANCIAL ACCOUNTS

The 2023 final financial accounts of the Bank has been considered and approved at a meeting of the Board held on 27 March 2024, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

Details of the 2023 final financial accounts are set out in Annex C to this circular.

IV. 2024 FINANCIAL BUDGETS**(1) Principal directions**

Adhere to the basic principles of “refined management, cost reduction and efficiency enhancement”, firmly establish the mindset of “tightening our belts”, center on the theme of “high-quality development”, enhance the ability of refined management of financial resources, accurately allocate financial resources, and promote the improvement of service ability and operating quality and efficiency.

(2) Proposed financial budgets

In accordance with the requirements of the Bank for strategic development and business expansion, the total operating expenses budget for 2024 will be controlled under RMB5,711 million (excluding taxes, surcharges and non-operating expenses), representing an increase of RMB286 million or 5% as compared with the amount actually incurred in 2023. The increase

in operating expenses was mainly due to increased staff costs and the number of outsourced staff, increased investments in areas including information technology and digital finance, customer base marketing and cultivation, and strategic key businesses.

The capital expenditure budget for the year amount to RMB509 million, which mainly due to the continuous investment of resources in hardware equipment and system construction of information technology, network layout optimisation, renovation of outlets, supporting machinery and equipment, office furniture and other aspects.

In 2024, the Bank will further enhance its refined management, optimise the allocation of financial resources and continuously improve the efficiency of input and output.

The above 2024 financial budgets have been considered and approved at a meeting of the Board held on 27 March 2024, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

V. 2023 PROFIT DISTRIBUTION PLAN

In accordance with the audit results for 2023 and provisions of the relevant laws and regulations, the proposed distribution is as follows:

- (1) Allocation to the statutory surplus reserve: RMB36 million.
- (2) Allocation to the provision for general risks: RMB898 million.
- (3) No cash dividend.

The above profit distribution plan has been considered and passed at a meeting of the Board held on 27 March 2024, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

VI. 2023 ANNUAL REPORT

For details, please refer to the 2023 Annual Report published by the Company.

The 2023 Annual Report has been considered and passed at a meeting of the Board held on 27 March 2024, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

VII. PROPOSED APPOINTMENT OF AUDITORS FOR 2024

In 2023, as approved by the Board and at the Shareholders' general meeting, the Company appointed BDO Limited and BDO China Shu Lun Pan Certified Public Accountants LLP (collectively, "BDO") as the international and domestic auditors of the Company for 2023

responsible for the audit of the consolidated and parent company financial statements for 2023, respectively, which were prepared by the Company in accordance with the International Financial Reporting Standards and China Accounting Standards for Business Enterprises.

In accordance with relevant laws and regulations of China, the Company organised and carried out the selection and appointment of the auditors for 2024. In order to maintain the consistency, continuity and stability of the audit, ensure the quality of auditing work, and continuously improve the quality of financial report disclosure and the social recognition of our audit reports, it is proposed that the Company continue to appoint BDO as the international and domestic auditors of the Company for 2024 to provide annual audit and interim review services in respect of the consolidated and parent company financial statements of the Company in 2024, and to provide other professional services in accordance with regulatory requirements and needs arising from the Company's actual business development.

The aggregate fee for the audit of consolidated and parent company financial statements of the Company in 2024 (in accordance with the International Financial Reporting Standards and China Accounting Standards for Business Enterprises) and the review of the interim financial statements in 2024 (in accordance with the International Financial Reporting Standards) is RMB4.85 million (VAT and surcharges inclusive, including miscellaneous expenses), which is the same as the previous year.

The above proposal has been considered and passed at a meeting of the Board held on 27 March 2024, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

VIII. 2023 REPORT ON THE MANAGEMENT OF RELATED PARTY TRANSACTIONS

The 2023 Report on the Management of Related Party Transactions has been considered and passed at a meeting of the Board held on 27 March 2024, and will be put forward at the AGM for Shareholders' consideration and approval by way of an ordinary resolution.

Details of the 2023 Report on the Management of Related Party Transactions are set out in Annex D to this circular.

In 2023, the Board of Harbin Bank Co., Ltd. (the “**Company**”) adhered to the guidance of Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, fully implemented the spirit of the 20th National Congress of the CPC and the Second Plenary Session of the 20th Central Committee of the CPC, scientifically analysed and evaluated the internal and external economic and financial situation, strengthened strategic leadership, continuously enhanced the self-construction of the Board, diligently and responsibly made scientific decisions, actively promoted the orderly progress of various work in accordance with relevant laws and regulations, regulatory requirements, and the relevant provisions of the Articles of Association of Harbin Bank Co., Ltd.

The Company focused on the theme of “high-quality development”, and achieved positive results in comprehensively strengthening Party leadership, serving the real economy, preventing and controlling financial risks, and deepening financial reforms. We maintained a stable operating position, achieved relatively good operational results, actively fulfilled social responsibilities, effectively safeguarded the rights of financial consumers, and created value for Shareholders. According to International Accounting Standards, as of the end of 2023, the Group had total assets of RMB813,300 million, representing a year-on-year increase of 14%; the balance of loans amounted to RMB323,100 million, representing a year-on-year increase of 13.6%; the balance of deposits amounted to RMB642,500 million, representing a year-on-year increase of 15%. The Group achieved a net profit of RMB888 million, representing a year-on-year increase of 24.65%. In which, the net profit attributable to Shareholders of the Company was RMB740 million, representing a year-on-year increase of RMB185 million or 33.38%. The Group recorded a return on average equity of 0.35%; a non-performing loans (“**NPLs**”) ratio of 2.87%, an impairment coverage ratio of 197.38% and a capital adequacy ratio of 13.71%.

I. UPHOLDING THE OVERALL LEADERSHIP OF THE CPC AND CONTINUOUSLY ENHANCING THE LEVEL OF CORPORATE GOVERNANCE

The Company continues to deepen the organic integration of the leadership of the Party and corporate governance, optimizing and improving corporate governance mechanisms, and continuously enhancing the level of corporate governance. During the reporting period, the Board of the Company further improved the efficiency of deliberations, ensured rigorous and standardized decision-making procedures, made decisions and provided guidance on major business management matters within the Terms of Reference in compliance with relevant laws and regulations. Independent directors gave full play to their professional and independent roles. The Board reviewed operation plans, risk policies, external investment, appointment of senior management, shareholder equity management, etc., in accordance with laws, regulations and regulatory requirements. The Board listened to reports on the overall operation of the Company, regulatory opinions, implementation of rectification measures, and other major business management matters. In 2023, the Board of the Company convened a total of 2 general meetings at which 13 proposals were reviewed and 2 reports were presented. The Board held a total of 19 meetings and reviewed and listened to 133 proposals and reports in total. The special committees of the Board held 44 meetings and reviewed 153 proposals and reports in total.

II. FULLY EXPLORING LOCAL RESOURCES AND RETURNING TO THE BASICS TO CONTINUOUSLY ENHANCE THE QUALITY AND EFFECTIVENESS OF SUPPORTING AND SERVING THE REAL ECONOMY

During the reporting period, the Board of the Company strengthened the guidance of development strategies, to continuously improve the operating management level by supporting and promoting the Company to return to the basics and focus on the main business in accordance with the guidelines of national financial policies. In 2023, by proactively adjusting its credit structure, the Company steered credit capital towards the local resources for supporting the construction of key areas and projects, in order to help build up Heilongjiang Province from six aspects and create seven major cities. As at the end of 2023, the loan balances of Heilongjiang Province increased 14% year-on-year and the loan balances of Harbin City increased 16% year-on-year, which supported the implementation of several key projects such as the projects of Heilongjiang Construction Engineering Group, Heilongjiang Tourism Investment Group, heating supply for the urban and rural areas of Harbin, Harbin City Construction Investment, Harbin Ice and Snow World, etc. The Company actively explored the arrangements in the area of public rental housing, guaranteed rental housing, revitalization of forest tenure, guaranteed delivery of housing, franchise pledge financing and other alternatives, etc. Furthermore, the Company provided strong support for technology-based enterprises, inclusive small and micro enterprises, green credit projects, cultural and tourism-related industries and modern agriculture. In terms of the cross-border financial business, the Company promoted the opening up and development to the north, and created three customer acquisition segments, namely customer acquisition from large and medium-sized enterprises, customer acquisition in bulk on e-commerce platforms, and customer acquisition through cooperation with financial institutions, with the key business indicators reaching a record level. During the reporting period, the settlement volume of cross-border RMB business dealt with the CIPS system amounted to RMB162.8 billion, which was 2.75 times of last year. The Company was honored with two cross-border financial business awards, i.e. the “Contribution Award for USD Direct Remittance” from Citibank and the “Best Domestic Bank for RMB Internationalization” award from Global Finance, which increased the brand awareness in terms of cross-border business of the Company.

III. BUILDING UP A SOLID LINE OF DEFENCE FOR RISK PREVENTION AND CONTROL, WITH SIGNIFICANT ENHANCEMENT IN THE EFFECTIVENESS OF INTERNAL CONTROL

During the reporting period, the Company focused on enhancement in comprehensive governance of internal control and compliance and firmly established the internal control and compliance philosophy of “integrity, honesty, lawfulness and compliance”. Relevant reports, including internal control and compliance, case prevention and control, internal appraisal and risk management were presented to the Board on a regular basis, so as to increase the effectiveness of internal control and compliance by helping the Company establish a mechanism for emergency response to compliance risk events and lawsuits, improving the system of employee conduct standards and building up a clear, stringent and scientifically designed structure. The Company optimised its risk appetite and policies and enhanced the

comprehensive risk management system and framework, thereby improving the perceptiveness, systematic nature and effectiveness of risk prevention and control. The Company actively optimized its anti-money laundering organisational structure, work system and technology system, fully exerted monitoring efficiency of the anti-money laundering related systems, and carried out standardized customer identification and suspicious transaction monitoring and analysis. The Company continuously increased the internal audit level, strengthened the linkage and integration between on-site and off-site, and carried out audit work centring on key areas, key risks, key institutions and key personnel to effectively cover the Group's subsidiaries, the departments at the headquarters, and branches, which further increased the effectiveness of internal audit and vigorously promoted the compliant and stable operation of the Group.

IV. MULTI-CHANNEL CAPITAL REPLENISHMENT ACHIEVES BREAKTHROUGHS AND STEADILY IMPROVES MANAGEMENT OF SHAREHOLDERS' EQUITY

During the reporting period, the Board coordinated the reinforcement of capital management, and reviewed its Annual Capital Adequacy Management Plan, internal capital adequacy assessment report and other resolutions. The Board promoted the local government special bonds amounting to RMB10 billion to replenish the other tier-one capital by convertible negotiated deposits, and made disclosures on capital supplemental bonds without a fixed term of RMB11.7 billion. It continuously introduced strategic investors, actively communicated with large-scale central enterprises, high-quality offshore investors and other potential investors, and promoted the investment value and prospects of the Company obtaining full recognition from potential investors. The Board standardised Shareholders' equity management and continued to enhance equity management. It also assessed the qualification of substantial Shareholders and major Shareholders regularly, enhanced the shareholder identification and penetration management, formulated a rights and obligations list for major Shareholders and increased contact with substantial Shareholders and major Shareholders so as to promote Shareholders to exercise their rights in accordance with law and compliance and to fulfill their obligations proactively. The Board further optimized the management mechanism of related party transactions to ensure that the Company conducted related party transactions in accordance with law and compliance, without prejudice of the interest of the Company and Shareholders, especially for minority shareholders.

V. INFORMATION DISCLOSURE IN COMPLIANCE WITH LAW AND REGULATIONS AND STRENGTHENING MANAGEMENT OF INVESTOR RELATIONSHIP

Prioritizing information disclosure, the Board continues to improve the quality of information disclosure, makes disclosure on regular reports and interim reports. During the reporting period, the Company disclosed the 2022 annual report and the 2023 interim report as scheduled, issued 15 interim announcements in both English and Chinese and 16 regular announcements in total. It continued to strengthen communication with the Hong Kong Stock Exchange and conducted legal consultation in terms of method and content of compliance

disclosure on important business, so as to ensure material announcements of the Company were in compliance. The Company has strengthened its ESG information disclosure, prepared and published the 2022 ESG report and environment information report, and continuously improved the quality of ESG information disclosure, underling the business characters and highlights of the Company. The Board actively promoted to enhance ESG governance structure, considered and approved the 2023 annual material topics of ESG, listened to the report on the development of green finance and supported senior management to incorporate green development philosophy into operation. The Company enriched communication channels with investors, actively maintained relationships with investors, strengthened exchanges and contacts with domestic and overseas financial media, responded to investors' inquiries, complaints, and suggestions in a timely manner and made publicity at important time of publishing results. The Company published 984 news releases through mainstream media, which continuously improved the Company's brand image.

VI. CONTINUOUSLY OPTIMIZING THE PERFORMANCE ENVIRONMENT FOR DIRECTORS TO CONSTANTLY ENHANCE THE ABILITY TO PERFORM DUTIES

The Directors have effectively strengthened their daily communication and exchanges with the operating management. Through information carriers such as the "Director's Reference", they have kept abreast of the regulatory policies and the dynamics of the Company's operation and development, so as to grasp the operation risks and difficult issues in a more comprehensive and thorough manner and lay a good foundation for the Directors' performance of their duties. All Directors actively participated in internal and external training activities. The Company engaged professional organisations to conduct specialized training involving topics such as consolidated statement management, anti-money laundering management and anti-corruption. In order to improve the mechanism of independent Directors' meetings, two closed-door meetings of independent Directors were held during the year to discuss key issues such as major related party transactions business and asset disposal plans. The independent Directors have strengthened researches, such as special researches on branches and subsidiaries. Also, they listened to reports on the work of the operating management, conducted thorough exchanges and communications, and put forward a large number of constructive suggestions and recommendations. The Directors who hold equities, in accordance with relevant laws and regulations and the Company's Articles of Association, adhered to the perspective of the Company's interests in their decision-making opinions, maintained objectivity, independence and professionalism, and actively provided advice and suggestions to vigorously support the development of the Company and promote the Company's compliance and sound operation. In accordance with regulatory requirements, the Board of Directors actively co-operated with the Board of Supervisors in carrying out the annual evaluation of Directors' performance of duties, so as to promote compliance, professionalism and efficiency in the performance of Directors' duties.

VII. ENHANCING THE OPERATING LEVEL OF SUBSIDIARIES FOR PROMOTION OF THE GROUP'S HIGH-QUALITY SYNERGISTIC DEVELOPMENT

The Board of Directors continued to pay attention to and support the deepening transformation and high-quality development of subsidiaries, and promoted the Company to continuously strengthen the consolidated statement management of and support for the subsidiaries, so as to facilitate the synergistic development of the Group as a whole. During the reporting period, adhering to their own development position, the subsidiaries endeavored to enhance corporate governance, strengthened risk management and internal control and compliance construction, and further increased their contribution to the Group's overall operating results. HB Leasing has maintained good profitability, actively promoted business transformation, and focused on serving green and livelihood sectors such as modern agriculture, public utilities, energy conservation and environmental protection, and continued to capitalize on its advantage in the agricultural machinery business. Its loans granted to the agricultural machinery leasing business have ranked first in the industry for three consecutive years. HBCF persisted in concentrating on its main responsibilities and business, actively expanded high-quality assets, and continued to maintain growth in total assets. Moreover, it completed launching a number of new channels and continued to optimize the cooperation modes of existing channels. It issued the first debt income product in Northeast China. Village and township banks maintained their positioning, and continuously improved the level of agricultural supporting and small enterprises supporting financial services, with a view to steadily developing its deposit and loan business. Additionally, they relied more fully on the strong support from the Company in terms of business expansion, risk control, technology operation, and senior management.

In 2024, as guided by President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Board of Directors of the Company will comprehensively follow the guiding principles of the 20th CPC National Congress, the Second Plenary Session of the 20th Central Committee of CPC, the Central Economic Work Conference and the Central Financial Work Conference; lead the Company to unswervingly follow the path of socialist finance with Chinese characteristics; practise the political and people-oriented nature of financial work; seek progress while ensuring stability, promote stability with progress, and establish the new before abolishing the old; firmly guard the bottom line of risks to comprehensively improve the level of operation and management, striving to open up a new phase of high-quality development and create greater values for customers and Shareholders.

ANNEX B 2023 WORK REPORT OF THE BOARD OF SUPERVISORS

In 2023, under the guidance of Heilongjiang Branch of the National Financial Regulatory Administration and with the close support and cooperation from the Board of Directors and the senior management of the Company, the Board of Supervisors of the Company performed its duties mandated by the Company Law and the Articles of Association and centred around the Group's strategies, operating decisions and key management issues, diligently and faithfully fulfilled its duties, earnestly safeguarded the interests of the Company, Shareholders, employees and related parties, independently and effectively exercised its powers according to the law, continuously improved the level of corporate governance, and successfully completed all tasks. We hereby report our work for 2023 as follows:

I. MAJOR WORK OF THE BOARD OF SUPERVISORS

(I) Convening the meetings in a standardised way and reviewing and supervising major issues

The Board of Supervisors adhered to standardised operation in accordance with the law, effectively implemented the resolution consideration system, and timely convened meetings of the Board of Supervisors and its special committees. During the reporting period, the Board of Supervisors organized 11 meetings and considered 30 proposals and 23 reports at the meetings; the special committees organised 16 meetings and considered 28 proposals. The proposals being considered included the annual and interim report of the Company, the Work Report and work plan of the Board of Supervisors, the plan of profit distribution, the performance evaluation work plans and reports of the Board and the Directors, the Board of Supervisors and Supervisors, senior management and its members, the audit plan and report of the resignation of executive officers, the evaluation report of strategy execution, the assessment report of internal control. All Supervisors attended the meetings on time according to the requirements of their duties. At the meetings, they actively contributed to the discussions and expressed their independent and objective opinions. The number of meetings and procedures for the meetings were in accordance with the requirements of the regulations.

(II) Attending meetings according to the law and supervising operation decision-making in a timely manner

The Supervisors attended 21 Shareholders' general meetings and the Board meetings and attended 4 annual and quarterly working meetings during the year. At the meetings, the Supervisors supervised the legality and compliance of the procedures and proposals in accordance with the regulations, learned the operations, financial management, risk management, internal control and various major issues of the Bank, and supervised the participation of the Directors and the senior management in decision-making and operation.

(III) Focusing on the implementation of interviews and conducting in-depth supervision of operation management

During the reporting period, the Board of Supervisors conducted survey interviews with 5 branches, 5 village and township banks, the Human Resources Department, the Internal Audit Department, the Internal Control and Compliance Department, the Risk Management Department and the Consumer Right Protection and Brand Promotion Department, focusing on the implementation of regulatory opinions and rectification measures of the supervisory opinions of each institution, the overall operation of each operating institution, the allocation of remuneration, assessment, consumer right protection, the recovery and settlement of non-performing loans, Risk Management, the construction of internal control and compliance management. During the year, a total of 15 meeting minutes were formed, with 77 suggestions in the areas of human resources allocation, internal control and compliance governance, innovation in auditing tools, brand building, and recovery efforts, which were highly valued by the Board of Directors and the senior management, and subsequently carried out and implemented in a timely manner. 8 on-site supervisory visits to branches were made during the year, 1 supervisory report was formed and circulated to the Party Committee, 6 supervisory opinions were developed and distributed to all branches. 6 supervisory meetings were held at the headquarters, 10 supervisory letters on the recovery efforts were issued, 4 minutes of the meetings were prepared, 45 supervisory recommendations were made, and conversations were held with the persons in charge of the two branches with poor recovery performance, which effectively promoted the Company's high-quality development, and contributed to the comprehensive prevention of and mitigation of financial risks.

(IV) Strengthening self-construction and continuously improving its own capabilities

Firstly, the by-election of members of the Board of Supervisors was successfully completed. During the reporting period, the by-election of employee representative supervisors and shareholder representative supervisors as well as the election of chairman of the Board of Supervisors were completed, and the composition of each committee of the Board of Supervisors was determined, thereby improved the structure of the Board of Supervisors of the Company. Secondly, the Board of Supervisors conducted special investigations. External Supervisors conducted special investigations and formed a special research report on the internal control supervision mechanism, consumer rights protection, and credit risk management of village banks, by utilizing the expertise of external Supervisors to support its stable development. Thirdly, the Board of Supervisors strengthened the training of Supervisors. The head office department conducted special training regularly for Supervisors, covering various business areas such as financial market, asset management, corporate finance, and inclusive finance. Supervisors were organized to participate in external institution training to interpret new capital accord policies, share industrial practice cases, accept senior management training for anti-money laundering, and interpret expected credit loss policies and other regulatory policies. Such training enhanced the understanding and mastery of Supervisors on the banks' business and improved the theoretical knowledge and performance capabilities of all Supervisors. Fourthly, the Board of Supervisors strengthened the quantitative management of Supervisors' performance of duties, conducted detailed assessments of meeting attendance,

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performance time, and opinions expressed, motivated the initiative and enthusiasm of Supervisors to perform their duties, and promoted the supervision of Supervisors to be closer to reality and concerns. Moreover, the suggestions put forward were more pertinent and effective, and performance efficiency was further improved.

II. KEY AREAS OF ANNUAL SUPERVISION OF THE BOARD OF SUPERVISORS

(I) Supervision on performance

The Board of Supervisors has supervised the performance of the Board and the senior management of the Company and their members on the implementation of economic and financial policies of the Party and central government, the compliance with laws and regulations and the Articles of Association, as well as the implementation of resolutions of the Shareholders' general meeting and the Board and regulatory opinions. In addition, it has continued to evaluate the performance of the Board and the senior management and their members in accordance with the Articles of Association and relevant rules in relation to the performance evaluation. During the reporting period, through attending the meetings of the Board and work meetings of the Company, the Board of Supervisors supervised the participation of Directors and executive officers in decision-making and operation, deliberate the Company's annual and interim reports, the performance evaluation reports of the Board, Directors, Supervisors and senior management, the work plans for the evaluation of duty performance, and the audit proposal and report of the resignation of executive officers, reported the achievement of performance appraisal indicators by senior management, the performance evaluation of senior management, the remuneration payment of senior management, the implementation of the mechanism for the recovery and deduction of annual performance-based remuneration, the special audit report of performance evaluation and remuneration management, annual operation plan, annual supervision report and rectification plan, and reviewed the working reports of management team.

(II) Supervision on finance

The Board of Supervisors supervises the Company's financial operation and important financial decisions and implementation, and pays attention to the Bank's accounting matters, performance appraisal system reform, expected credit loss management and other financial management systems and mechanisms. The Board of Supervisors also pays attention to the stability of deposit growth, interest rate spread trends and other major issues that affect operation results, and carefully reviews regular reports, annual financial accounts and profit distribution plans. With a focus on external audit work, the Board of Supervisors promotes the Company to strengthen financial management and improve the effectiveness of resource allocation. During the reporting period, the Board of Supervisors reviewed the Company's annual and interim reports, profit distribution plans, announced the appointment of accounting firms in 2023, and reviewed the audit report on the implementation of expected credit losses.

(III) Supervision on risks

The Board of Supervisors supervises the soundness and effectiveness of the Company's risk management system and mechanism, with a focus on the construction of a comprehensive risk management system, capital management, wealth management business risks, etc. The Board of Supervisors also supervises the management of consolidated statements and stress tests, tracks changes in major risks such as credit risk, market risk and liquidity risk. By monitoring the changes in and compliance of risk supervision indicators, the Board of Supervisors puts forward opinions of supervision, so as to facilitate the improvement of the Group's overall risk management level. During the reporting period, the Board of Supervisors interviewed the risk management department to understand the Company's risk management situation. The Board of Supervisors also reviewed the annual report on internal capital adequacy assessment by reporting the annual compliance risk management situation, case risk prevention and summary of control work. Besides, the Board of Supervisors reviewed the risk management work report, special audit report of liquidity risk management, special audit report of business continuity, annual risk appetite statement, annual risk management policy, special audit report of market risk management, and annual consolidated statement management report.

(IV) Supervision on internal control

The Board of Supervisors supervises the soundness and effectiveness of the Company's internal control system, with a focus on the construction and implementation of the system, the operation of the internal control mechanism, the performance of the three lines of defence, the operation of the supervision and inspection system, as well as the regulatory penalties. By strengthening the internal control and compliance management and supervision for key institutions and important areas, the Board of Supervisors focuses on case prevention and control, related party transactions, protection of consumer rights and interests, anti-money laundering, information technology security as well as data governance. During the reporting period, the Board of Supervisors interviewed the Internal Audit Department and the Internal Control and Compliance Department to understand the Company's internal control. The Board of Supervisors also reviewed the internal control evaluation report, and reported the special audit report on related party transactions, the annual overall assessment report on information technology risks, the Company's major related party transactions, anti-money laundering work, as well as the summary of case risk prevention and control. In addition, the Board of Supervisors reviewed the annual special report on the management of related party transactions, and the report on the protection of consumer rights and interests.

(V) Supervision on strategies

The Board of Supervisors oversees and evaluates the scientificity, rationality, and soundness of the Company's strategic development, focusing on the formulation and promotion of development strategies, the implementation of development strategies and business plans, and the effectiveness of development strategies and business philosophies. During the reporting period, the Board of Supervisors reviewed the evaluation report on the strategic development plan for 2021-2023 and the annual evaluation report on the implementation of the strategy.

III. INDEPENDENT OPINION PROVIDED BY THE BOARD OF SUPERVISORS ON RELATED MATTERS**(I) Legal compliance of operations**

During the reporting period, the Company's business activities complied with the requirements of the Company Law, the Commercial Bank Law and the Articles of Association, and the decision-making procedures were legal and valid. The Board of Supervisors has not found that any Director or senior management member of the Company has significantly violated the laws and regulations, the Articles of Association or harmed the interests of the Company and the Shareholders during the performance of their duties.

(II) Truthfulness of the financial reports

During the reporting period, the annual financial report of the Company was audited by BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited (collectively as "BDO") in accordance with the PRC and international auditing standards, respectively, who issued standard unqualified audit reports in respect thereof. The Board of Supervisors was of the opinion that the Company's annual financial report was a true, accurate and complete representation of the Company's financial position and operation results.

(III) Related party transactions

During the reporting period, the Risk Management and Related Party Transactions Control Committee under the Board of Directors and other relevant departments of the Company identified, reviewed and disclosed related party transactions in accordance with relevant provisions of the Administrative Measures for Related Party Transactions of the Company. The administration of related party transactions was in compliance with the relevant provisions of the national laws, regulations and the Articles of Association, and no act to the prejudice to the interests of the Company and the Shareholders was identified.

(IV) Implementation of resolutions passed at the general meeting

During the reporting period, the Supervisory Committee had no objection to the reports and resolutions submitted by the Board of Directors to the general meeting for consideration. The Board of Directors has earnestly implemented the resolutions approved at the general meeting.

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During the reporting period, the Board of Supervisors of the Company, in accordance with its duties, performed its supervisory duties and safeguarded the interests of the Shareholders, the Company, the employees and the public in compliance with laws and regulations, playing a positive role in the business development and continuous improvement of the corporate governance structure of the Group. In 2024, the Board of Supervisors will continue to maintain effective communication with the Board of Directors and the senior management, strengthen self-construction, enhance its supervision effectiveness of the Company's major decision-making, operation activities, financial management, risk management and internal control management, make greater efforts to carry out supervision, inspection and investigation, and promote the stable and healthy development of the Company.

I. OPERATION OVERVIEW

In 2023, under the strong leadership of the Bank's Party Committee and the Board, and the support of the Board of Supervisors and the Discipline Inspection and Supervision Group to the Bank, the Bank thoroughly followed the important instructions of the 20th CPC National Congress, the Second Plenary Session of the 20th Central Committee of CPC and General Secretary Xi Jinping's important instructions during his inspection in Heilongjiang Province, and earnestly implemented the deployment of the Central Economic Work Conference. Focused on the three financial tasks of "serving the real economy, preventing and controlling financial risks and deepening financial reform" with the theme of "high-quality development" and the concept of "compliance, steadiness, innovation and development", the Bank accelerated reform and development, steadily increased scale, optimised structure, improved quality and enhanced efficiency, thus improving the quality and effectiveness of services.

The Group (based on the International Financial Reporting Standards, the same below) recorded a net profit of RMB888 million for the year of 2023, representing a year-on-year increase of RMB175 million or 24.6%; and a net profit attributable to Shareholders of the Company of RMB740 million, representing a year-on-year increase of RMB185 million or 33.4%. The basic earnings per share were RMB0.02. The return on average equity was 0.35%. The return on average total assets was 0.12%.

As at the end of 2023, the balance of the Group's NPLs was RMB9,260 million, representing an increase of RMB1,041 million as compared to the end of last year. The NPL ratio was 2.87%, basically the same as at the end of last year. The impairment coverage ratio was 197.38%, representing an increase of 15.84 percentage points as compared to the end of last year. The impairment losses on loans ratio was 5.66%, representing an increase of 0.41 percentage point as compared to the end of last year.

Table 1 Key accounting data and financial indicators

	Unit: RMB100 million	
Item	2023	2022
1. Profitability		
1.1 Net profit	8.88	7.13
Of which: Net profit attributable to Shareholders of the Company	7.40	5.55
1.2 Return on average equity	0.35%	0.04%
1.3 Return on average total assets	0.12%	0.10%
1.4 Basic earnings per share (RMB)	0.02	0.002
1.5 Net interest margin (NIM)	1.43%	1.55%

Item	2023	2022
2. Income structure		
2.1 Net fee and commission income to operating income ratio	4.87%	5.68%
2.2 Cost-to-income ratio	42.01%	39.41%
3. Asset quality		
3.1 Balance of NPLs	92.60	82.19
3.2 NPL ratio	2.87%	2.89%
3.3 Impairment coverage ratio	197.38%	181.54%
3.4 Impairment losses on loans ratio	5.66%	5.25%
4. Capital adequacy ratios		
4.1 Core tier 1 capital adequacy ratio	8.69%	8.64%
4.2 Tier 1 capital adequacy ratio	12.48%	10.69%
4.3 Capital adequacy ratio	13.71%	11.91%

II. MAJOR INCOME AND EXPENSES

(I) Operating income

The Bank recorded operating income of RMB13,242 million, representing a year-on-year increase of RMB371 million or 2.9%.

1. Net Interest Income. In 2023, the Bank recorded a net interest income of RMB9,549 million, representing an increase of RMB542 million or 6.0% year on year.

The interest income amounted to RMB29,719 million, representing an increase of RMB3,654 million or 14.0% year on year, mainly due to the increase in the average balance of total interest-earning assets from RMB582,658 million in the previous year to RMB667,291 million in 2023.

The interest expense increased by RMB3,112 million or 18.2% year-on-year to RMB20,170 million, mainly due to the increase in the average balance of total interest-bearing liabilities from RMB589,272 million in the previous year to RMB698,250 million in 2023.

2. Net fee and commission income. In 2023, the Bank's net fee and commission income decreased by RMB87 million or 11.8% year on year to RMB645 million, mainly due to the decrease in the advisory and consultancy fees.
3. Other non-interest Income. In 2023, other non-interest income decreased by RMB84 million or 2.7% year on year to RMB3,048 million, mainly due to the decrease in the net other operating income or loss.

(II) Operating Expenses

In 2023, operating expenses increased by RMB542 million or 10.2% year on year to RMB5,827 million. The cost-to-income ratio (tax and surcharge exclusive) was 42.01%, representing an increase of 2.60 percentage points year on year. Under the principles of practising strict economy and running the Bank by thrift and hard work, the Bank strengthened the refined management on finance, optimised the fee and expense structure, and strictly controlled the administrative and operating expenses.

The business and administrative expenses increased by RMB492 million or 9.7% year on year to RMB5,563 million. The staff costs were RMB2,645 million, representing an increase of RMB142 million or 5.7% year on year, mainly due to an increase in the number of staff and the strengthening of talent team building for operating front-line and key positions. Depreciation and amortisation were RMB770 million, representing a decrease of RMB10 million or 1.3% year on year. Other operating expenses were RMB2,148 million, representing an increase of RMB360 million or 20.1% year on year, mainly due to increase in the business marketing and promotion as well as the investment in key areas as the Bank increased investment in fintech, intensified risk control, and promoted strategic business development and market capacity building. Tax and surcharges amounted to RMB264 million, representing an increase of RMB50 million or 23.7% year on year, mainly due to an increase in relevant taxes as a result of the Bank's business development.

Table 2 Change in operating expenses

Unit: RMB100 million

Item	2023 Balance	2023 Year-on- year change	2023 Year-on- year increase	2022
				Balance
Operating expenses	58.27	5.42	10.2%	52.85
1. Business & administrative	55.63	4.92	9.7%	50.71
(1) Staff costs	26.45	1.42	5.7%	25.03
Of which: Salaries, bonuses and allowances	19.08	1.28	7.2%	17.80
(2) Depreciation and amortisation	7.70	-0.10	-1.3%	7.78
(3) Other operating expenses	21.48	3.60	20.1%	17.88
2. Tax and surcharges	2.64	0.50	23.7%	2.14

(III) Credit impairment losses

The provision of credit impairment losses increased by RMB374 million or 5.7% year on year to RMB6,958 million.

(IV) Income tax expenses

Income tax expenses decreased by RMB719 million or 249.2% year on year to RMB-431 million.

Table 3 Major income and expenses

Unit: RMB100 million

Item	2023 Balance	2023 Year-on- year change	2022 Year-on- year increase	2022
				Balance
Operating income	132.42	3.71	2.9%	128.71
Net interest income	95.49	5.42	6.0%	90.07
Of which: Interest income	297.19	36.54	14.0%	260.65
Interest expense	201.7	31.12	18.2%	170.58
Net fee and commission income	6.45	-0.87	-11.8%	7.32
Other non-interest income	30.48	-0.84	-2.7%	31.32
Less: Operating expenses	58.27	5.42	10.2%	52.85
Less: Credit impairment losses	69.58	3.74	5.7%	65.84
Less: Other asset impairment losses	–	–	–	–
Profit before tax	4.57	-5.44	-54.3%	10.01
Less: Income tax expense	-4.31	-7.19	-249.2%	2.88
Net profit	8.88	1.75	24.6%	7.13
Attributable to:				
Shareholders of the Company	7.4	1.85	33.4%	5.55
Minority shareholders	1.48	-0.1	-6.3%	1.58

III. MAIN ASSETS AND LIABILITIES**(I) Loans**

The Bank enhanced the credit scale management and optimised the credit structure by resolutely executing the macro control policies and regulatory requirements, and insisted on supporting and serving the real economy. As at the end of 2023, the Bank's loan balances increased by RMB38,768 million or 13.6% from the end of last year to RMB323,183 million, of which, the Bank's corporate loan balances increased by 14.3% to RMB184,005 million. The balance of personal loans increased by 1.0% to RMB118,551 million.

(II) Due from and placement with banks (including reverse repurchases)

The balance of our due from and placement with banks was RMB51,529 million, representing an increase of RMB24,730 million or 92.3% as compared to the end of last year.

(III) Investments in securities and other financial assets

The total investments in securities and other financial assets amounted to RMB347,445 million, representing an increase of RMB52,698 million or 17.9% as compared to the end of last year

(IV) Customer deposits

As at the end of 2023, the balances of customer deposits were RMB642,506 million, representing an increase of RMB84,680 million or 15.2% as compared to the end of last year.

(V) Due to and placement from banks (including assets sold under reverse repurchase agreements)

The Bank's due to and placement from banks was RMB56,938 million, representing an increase of RMB12.702 million or 28.7% as compared to the end of last year.

Table 4 Major assets and liabilities

Unit: RMB100 million

Item	2023 Balance	2023 Year-on- year change	2022 Year-on- year increase	2022
				Balance
1. Total assets	8,133.29	1,005.96	14.1%	7,127.33
Of which:				
(1) Total loans	3,231.83	387.68	13.6%	2,844.15
(2) Due from and placement with banks (including reverse repurchases)	515.29	247.30	92.3%	267.99
(3) Investment securities and other financial assets	3,474.45	526.98	17.9%	2,947.47
2. Total liabilities	7,494.41	1,000.29	15.4%	6,494.12
Including:				
(1) Customer deposits	6,425.06	846.80	15.2%	5,578.26
(2) Due to and placement from banks (including assets sold under reverse repurchase agreements)	569.38	127.02	28.7%	442.36
3. Shareholders' equity	638.88	5.67	0.9%	633.21

In 2023, according to the regulatory requirements of the National Financial Regulatory Administration and based on regulatory trends, policy guidance and supervisory opinions, the Company comprehensively strengthened the compliance management of related party transactions, continued to strengthen its daily monitoring, statistics and analysis capabilities of related party transactions, refined the management and control process of related party transactions, improved the management system and mechanism of related party transactions, reviewed and approved related party transactions in a compliant manner, and duly fulfilled the reporting and disclosure obligation of related party transactions, so as to strictly prevent improper transfer of benefits with related parties and ensure the compliance and effective operation of the Bank-wide management mechanism for related party transactions. In accordance with the Measures for the Administration of the Related Party Transactions of Banking and Insurance Institutions of the National Financial Regulatory Administration and the Company's Articles of Association, the implementation of related party transactions in 2023 is reported as follows:

I. MANAGEMENT OF RELATED PARTY TRANSACTIONS

(I) High regard for the risk associated with related party transactions and strict performance by Directors and Supervisors with due diligence.

The Board of Directors and Board of Supervisors of the Company had high regard for the risk associated with related party transactions, comprehensively implemented the relevant requirements of regulatory authorities and the Hong Kong Listing Rules, and strictly fulfilled the review and supervision obligations in respect of the management of related party transactions of the Company in accordance with their duties. The Risk Management and Related Party Transactions Control Committee under the Board of Directors (the “**Risk Committee of the Board of Directors**”) comprised a majority of independent non-executive Directors and was chaired by an independent Director, which was in compliance with the relevant regulatory requirements. During the reporting period, the Risk Committee of the Board of Directors held a total of 16 meetings and considered a total of 11 resolutions related to the management of related party transactions, such as the report on the management of related party transactions, the estimated daily amount of related party transactions, substantial related party transactions and the list of related parties; the Board of Directors considered a total of 10 resolutions relating to the report on the management of related party transactions, the estimated daily amount of related party transactions and substantial related party transactions. The Directors of the Company strictly implemented the regulatory requirements and in the course of considering the resolutions on related party transactions, the related Directors have abstained from voting and the independent Directors have fully expressed their independent opinions. During the reporting period, the Board of Supervisors monitored the related party transactions through interviews and surveys as well as taking notes of special audit reports on related party transactions and reports on major related party transactions.

(II) Further promoting the system establishment and effectively consolidating the basis for the compliance management of related party transactions

During the reporting period, with reference to the supervisory authorities' idea on the establishment of related party transaction system and in conjunction with the implementation experience of related party transaction systems of peer financial institutions, the Company further explored the efficiency of the integrated establishment project for the management and consultation project of related party transactions + system initiated in 2022, continued to sort out and optimise the management structure and system of related party transactions of the Company according to the new regulations, amended and improved the Administrative Measures for Related Party Transactions of Harbin Bank, and commenced the establishment of related party transaction management system, so as to significantly improve the informationization and scientificization of related party transactions management and comprehensively consolidate the basis for the compliance management of related party transactions. **Firstly**, the Company refined the approval process for related party transaction management matters, adjusted the Comprehensive Risk Management Committee at the operational level to the Comprehensive Risk Management and Related Party Transaction Control Committee, and clarified the review obligation for related party transaction matters. During the year, the Company reviewed six resolutions related to the management of related party transactions, such as updates to the list of related parties, the annual report on the management of related party transactions, and the estimated daily amount of related party transactions for the year. **Secondly**, the Company optimised the responsibilities and approval process for various external statements, reports, and disclosures associated with related party transactions, and standardised corresponding templates. **Thirdly**, the Company established a cross departmental related party transaction management office with the Internal Control and Compliance Department as the leading department, and the Board Office, the Office of the Board of Supervisors, the Risk Management Department, the Financial and Accounting Department, the Credit Granting Approval Department, the Human Resources Department, and the Business Department as members, to clarify the responsibilities of the cross departmental related party transaction management office and relevant departments in a scientific manner, significantly improving the efficiency of internal control and compliance management of related party transactions.

(III) Strengthening the compliance bottom line with the joint efforts of “three lines of defence” to effectively prevent the risks associated with related party transactions.

During the reporting period, the Company's ability to perform duties in the management of related party transactions with “three lines of defence” was further improved, and joint efforts were made to strengthen the compliance bottom line. **Firstly**, each business department further raised the compliance awareness and risk prevention awareness on the management of related party transactions, and was able to actively identify related parties and related party transactions in daily business operations, and pay attention to fair pricing. They also carried out various approval processes for the compliance of general related party transactions and major related party transactions, took the initiative to perform reporting and disclosure duties, and

consciously prevented the risks associated with related party transactions. **Secondly**, the internal control and compliance department, as a functional department of the cross-department related party transaction management office, effectively played the role of the second line of defence and promoted the implementation of regulatory and various management requirements for the Company's related party transactions by taking the lead in fulfilling various external statements, reports and disclosure obligations for related party transactions, building a management system for related party transactions, and organising related party transaction management training, as well as establishing good communication channels with external lawyers and territorial supervisors, so as to solve problems encountered by business departments in the process of related party transaction management and avoid compliance risks in a timely manner. Two internal trainings were carried out during the year, and the first phase of the related party transaction management system was launched on time. **Thirdly**, the internal audit department conducted a special audit on the management of related party transactions of the Company from July 2022 to June 2023 during the reporting period. The audit covered the organisational structure, system construction, identification of related parties, and daily management of related party transactions. The department continuously pays attention to the current situation of related party transaction management, regularly carries out special audits on the management of related party transactions, reveals problems, supervises rectification and standardises the Company's related party transactions, so as to prevent risks associated with related party transactions and promote the safe, independent and stable operation of the Company.

II. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

As at the end of 2023, the related party transactions between the Company and its related parties were all conducted on normal commercial terms, and the transaction terms were fair and reasonable, in the interests of the Company and its Shareholders as a whole, and complied with relevant regulatory requirements. The specific details are as follows:

(I) Identification of related parties

In order to ensure the timeliness and accuracy of the identification of related parties, the Company implements dynamic management of related parties, requires insiders including substantial Shareholders and related entities, subsidiaries, Directors, Supervisors and senior management to proactively report the movements in a timely manner in accordance with regulatory requirements, and further enhances the identification, reporting and information collection and management of related parties. As at the end of 2023, the Company had a total of 2,056 related parties.

Related legal persons: The Company identified a total of 382 related legal persons or other organisations, decreasing by 17 as compared to the end of 2022, which was mainly due to the normal adjustments made in accordance with the new regulatory requirements resulting from changes in enterprises under the control of or significant influence by substantial Shareholders, Directors, Supervisors and senior management and their respective related parties, etc.

Related natural persons: The Company identified a total of 1,674 related natural persons, increasing by 8 as compared to the end of 2022. The increase was mainly due to the normal related party changes resulting from changes in Supervisors and senior management, and authority adjustment of large-amount credit granting and asset transfer within the Bank.

(II) Execution of related party transactions relating to credit

During the reporting period, the Company's related party transactions relating to credit were in excellent quality and no related party transaction detrimental to the interests of the Company and its Shareholders was identified. In 2023, the basic information was as follows:

1. *Credit for related legal persons*

As at the end of 2023, Harbin Investment Group Corporation Limited (“**Harbin Investment Group**”), a shareholder of Harbin Economic Development and Investment Company, and its related parties (“**Harbin Investment Group and its related parties**”), Heilongjiang Financial Holdings Group Co., Ltd. and its related parties (“**Heilongjiang Financial Holdings and its related parties**”), Fubon Life Insurance Company Limited and its related parties (“**Fubon Life and its related parties**”), Harbin Bank Consumer Finance Co., Ltd. (“**HBCF**”), the subsidiary of the Company, Harbin Bank Financial Leasing Co., Ltd. (“**HB Leasing**”), the subsidiary of the Company, and village banks controlled by the Company conducted related party transactions or had outstanding business balances with the Company.

- (1) Harbin Investment Group and its related parties: During the reporting period, Harbin Investment Group and its related parties had 31 related party transactions relating to credit in the Company, with a total amount of RMB4,691 million, which mainly involved bond investment, working capital loans, long-term domestic letters of credit, guarantee cooperation, etc. The transactions are currently in normal condition. The Company managed them as major related party transactions and have been considered and approved by the Board.

As at the end of 2023, Harbin Investment Group and its related parties had outstanding business balances of RMB3,342 million, accounting for 4.81% of the Company's net capital.

- (2) Heilongjiang Financial Holdings and its related parties: During the reporting period, Longjiang Bank Corporation, a related party of Heilongjiang Financial Holdings had 2 related party credit transactions in the Company, with a total amount of RMB1,120 million, including: 1 outright-purchasing of the interbank forfaiting business of RMB120 million and 1 reverse repurchase agreement of RMB1,000 million, all of which were priced at market prices and were general related party transactions.

As at the end of 2023, Heilongjiang Financial Holdings and its related parties had outstanding business balances of RMB1,399 million, and the balance of credit, net of inter-bank related parties, was RMB1,019 million, accounting for 1.47% of the Company's net capital.

- (3) Fubon Life and its related parties: During the reporting period, the Company had 1 related-party credit transaction with an amount of RMB195 million with Xiamen Bank, a related party of Fubon Life, a Shareholder, for interbank certificates of deposit. The effective interest rate was 2.61%, and the transaction was a general related party transaction.

As at the end of 2023, Fubon Life and its related parties had no outstanding business balances in the Company.

- (4) HBCF, the subsidiary of the Company: During the reporting period, HBCF had 96 related party transactions with the Company, mainly including inter-bank lending transactions, with a total amount of RMB25,620 million. The Company managed them as major related party transactions, which had been considered and approved by the Board.

As at the end of 2023, HBCF had outstanding business balances of RMB6.6 billion, accounting for 9.51% of the Company's net capital.

- (5) HB Leasing, the subsidiary of the Company: During the reporting period, HB Leasing had a total of 10 related-party credit transactions, with a total amount of RMB9.9 billion, all of which were inter-bank loan transactions. The Company managed them as major related party transactions, which had been considered and approved by the Board.

As at the end of 2023, HB Leasing had outstanding business balances of RMB6.6 billion, accounting for 9.51% of the Company's net capital.

- (6) Village Banks, subsidiaries of the Company: During the reporting period, 9 village banks, including Zhuzhou Rongxing Village and Township Bank Co., Ltd. and Ning'an Rongxing Village and Township Bank Co., Ltd., had a total of 27 related-party credit transactions with the Company, amounting to RMB370 million, all of which were to provide guarantee for subsidiaries to apply for small enterprises supporting re-lending from the People's Bank of China according to the requirement thereof; as at the end of 2023, the balance of the guarantee was RMB370 million. The Company had a total of 6 inter-bank deposits with Shenzhen Bao'an Rongxing Village and Township Bank Co., Ltd. with a total amount of RMB1,080 million; as at the end of 2023, the credit balance amounted to RMB550 million, all of which were general related party transactions.

2. *Credit for associated natural persons*

During the reporting period, the Company had 25 credit-related related party transactions with related natural persons, with a total amount of RMB7 million, all of which were general related party transactions.

As at the end of 2023, the credit balance to related natural persons of the Company totaled RMB76 million, accounting for 0.11% of the Company's net capital. The outstanding business balances involved 1 non-performing credit card transaction, with a balance of RMB47,300. The counterparty is a related party of the personnel with authority of large-amount credit granting and asset transfer in the Company. From the beginning of the overdue, the Company has been trying to collect the amount in various ways. In view of the practical difficulties faced by the customer, the Company has adopted an installment repayment plan for the customer and continued to follow up the repayment progress.

(III) Execution of non-credit extension related party transactions

1. *Asset transfer transactions with related parties*

During the reporting period, the Company had 2 related-party asset transfer transactions with Longjiang Bank Corporation, a related party of Heilongjiang Financial Holdings, a Shareholder, with a total amount of RMB116 million, for the outright-purchasing of the interbank forfaiting business. Such transactions were general related party transactions, which were priced in accordance with the market price of interbank forfaiting business.

2. *Service and related party transactions*

During the reporting period, the Company had a total of 1,848 service and related party transactions, amounted to RMB114 million, which were mainly the expenses incurred with the subsidiaries of the Company and the investment enterprises under the trade union of the Company due to agency sales of financial management, provision of technical services, car rental, printing and other services. The details are as follows:

- (1) The Company had 10 related party transactions with HBCF, a subsidiary, with a total amount of RMB49 million incurred, due to their provision of technical services to the Company's credit card centre, of which 6 transactions, with an aggregate amount of RMB22 million, had been consolidated with the business relating to credit and were reported and disclosed as major related party transactions, while the others were general related party transactions, which were priced on a fair value basis.
- (2) The Company had 10 service and related party transactions with 10 subsidiaries such as Beijing Huairou Rongxing Village and Township Bank Co., Ltd., Huining Huishi Village and Township Bank Co., Ltd., etc., with a total transaction amount of RMB47,500, all of which were fees paid by the Company due to their consignment sale of wealth management products of the Company, and were all general related party transactions.
- (3) The Company had 1,826 related party transactions with Harbin Shangyin Labor Service Co., Ltd., Harbin Shangyin Car Leasing Co., Ltd., Harbin Yintong Property Co., Ltd. (哈爾濱銀通物業有限公司), Harbin Yinda Property Management Co., Ltd. (哈爾濱銀達物業管理有限公司), Beijing Hayin International Property Management Co., Ltd. (北京哈銀國際物業管理有限公司), Dalian Yinda Property Management Co., Ltd. (大連銀達物業管理有限公司) and other investment enterprises under the trade union, with a total transaction amount of RMB65 million incurred, due to the provision of information technology, car rental, printing, property management and other services to the Company, all of which were general related party transactions.
- (4) The Company had 2 service and related party transactions with related natural persons, amounted to RMB900, all of which were fees arising from the processing of outward remittances. The above transactions were general related party transactions and were uniformly priced in accordance with the prices published on the official website of Harbin Bank.

3. *Deposits and other related party transactions*

(1) *Deposit transactions with related parties*

During the reporting period, the Company had 3,126 related party transactions of deposits (excluding demand deposits, the same below) with Harbin Investment Group and its related parties, the Shareholder Heilongjiang Financial Holdings and its related parties, subsidiaries, related natural persons, etc., with a total amount of RMB1.607 billion. The details are as follows:

The Company had 21 related party transactions of deposits with Harbin Investment Group and its related parties, with a total amount of RMB479 million, among which 12 transactions, with a total amount of RMB474 million, after combining with credit transactions, had been reported and disclosed as major related party transactions while others were all general related party transactions, which were mainly corporate time and margin deposits and corporate structured deposits. The transactions followed the principle of market-oriented pricing and conducted on rates that are not superior to those for similar transactions with non-related parties.

The Company had 14 related party transactions of deposits with Heilongjiang Financial Holdings and its related parties, with a total amount of RMB660 million, which were mainly corporate large-value certificates of deposit and interbank certificates of deposit, all of which were general related party transactions. The transactions followed the principle of market-oriented pricing, in according to liquidity management requirements within the Bank with reference to the level of interest rates of the interbank certificates of deposit and market activity, and conducted on rates that are not superior to those for similar transactions with non-related parties.

The Company had 3,091 related party transactions of deposits with related natural persons with a total amount of RMB468 million, all of which were general related party transactions. The transactions were all conducted in compliance with the relevant requirements of the People's Bank of China on deposit rates and the management of interest calculation and settlement.

(2) *Other transactions with related parties*

During the reporting period, the Company conducted 18 other transactions with related parties with a total amount of RMB1.3279 million, all of which were general related party transactions. They included 8 direct bill discounting operations with Harbin Huahui Thermal Power Co., Ltd, the related party of a major Shareholder, Harbin Economic Development, with a total amount of RMB1.3189 million; 10 debenture borrowing and lending operations with Fubon Bank (China) Co., Ltd., the related party of a major Shareholder, Fubon Life Insurance, and Xiamen Bank Co., Ltd. due to business needs, resulting in borrowing and lending expenses of RMB9,000.

NOTICE OF 2023 ANNUAL GENERAL MEETING



(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6138)

NOTICE OF 2023 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2023 annual general meeting (“AGM”) of Harbin Bank Co., Ltd. (the “**Company**”) will be held at Conference Room 4001, Harbin Bank Headquarters Building, No. 888 Shangjiang Street, Daoli District, Harbin, China, at 9:00 a.m. on Friday, 31 May 2024 for the purposes of considering and, if thought fit, passing the following resolutions. Capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 10 May 2024 (the “**Circular**”) unless otherwise stated:

ORDINARY RESOLUTIONS

1. To consider and approve the “Proposal on the 2023 Work Report of the Board of Directors”.
2. To consider and approve the “Proposal on the 2023 Work Report of the Board of Supervisors”.
3. To consider and approve the “Proposal on the 2023 Final Financial Accounts”.
4. To consider and approve the “Proposal on the 2024 Financial Budgets”.
5. To consider and approve the “Proposal on the 2023 Profit Distribution Plan”.
6. To consider and approve the “Proposal on the 2023 Annual Report”.
7. To consider and approve the “Proposal on the Appointment of Auditors for 2024”.
8. To consider and approve the “Proposal on the 2023 Report on the Management of Related Party Transactions”.

By order of the Board of Directors
Harbin Bank Co., Ltd.
Deng Xinquan
Chairman

Harbin, China, 10 May 2024

NOTICE OF 2023 ANNUAL GENERAL MEETING

- * *Harbin Bank Co., Ltd. is not an authorised institution within the meaning of the Banking Ordinance (Chapter 155 of Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.*

Notes:

1. Additional information on the 2023 work report of the Board of Directors, the 2023 work report of the Board of Supervisors, the 2023 final financial accounts, and the 2023 report on the management of related party transactions referred to in Resolutions No. 1, 2, 3, and 8 are set out in Annex A, Annex B, Annex C, and Annex D to the Circular, respectively. Details of the other resolutions are set out in Appendix I of the Circular.

2. Closure of register of members

In order to determine the Shareholders who are entitled to attend and vote at the AGM, the H share register of members of the Company will be closed from Monday, 27 May 2024 to Friday, 31 May 2024 (both days inclusive), during which period no share transfer will be registered. Any Shareholders whose name appear on the H share register of members and domestic share register of members of the Company on Monday, 27 May 2024 will be entitled to attend and vote at the AGM. The H Shareholders who intend to attend and vote at the AGM must lodge all the transfer documents together with the relevant H share certificates with the Company's H share registrar, Computershare Hong Kong Investor Services Limited (address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) not later than 4:30 p.m. on Friday, 24 May 2024.

3. Registration procedures for attending the AGM

Individual Shareholders who wish to attend the meeting in person shall produce their identity cards or other effective document or proof of identity and stock account cards. Proxies of individual Shareholders shall produce their effective proof of identity and proxy form. A corporate Shareholder should attend the meeting by its legal representative or proxy appointed by the legal representative. A legal representative who wishes to attend the meeting should produce his/her identity card or other valid documents evidencing his/her capacity as a legal representative. If appointed a proxy to attend the meeting, the proxy should produce his/her identity card and an authorisation instrument duly signed by the legal representative of the corporate Shareholder.

4. Proxy

Any Shareholder entitled to attend and vote at the AGM is entitled to appoint one or more persons (whether such person is a Shareholder or not) as his/her proxy or proxies to attend and vote on his/her behalf.

The instrument appointing a proxy must be in writing under the hand of the Shareholder or his/her attorney duly authorised in writing. For a corporate Shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorised in writing. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other documents of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together with the instrument appointing the proxy at Computershare Hong Kong Investor Services Limited (for H Shareholders) or the Company's Board of Directors' Office (for Domestic Shareholders).

To be valid, the proxy form together with the power of attorney or other authorisation document (if any) signed by the authorised person or certified by a notary must be delivered to Computershare Hong Kong Investor Services Limited (for H Shareholders) or the Company's Board of Directors' Office (for Domestic Shareholders) not less than 24 hours before the designated time for the holding of the AGM or any adjourned meeting thereof.

Completion and return of a proxy form will not preclude a Shareholder from attending in person and voting at the AGM or any adjourned meeting thereof if he/she so wishes, but in such event the instrument appointing a proxy shall be deemed to be revoked.

NOTICE OF 2023 ANNUAL GENERAL MEETING

5. Publication of poll results

Pursuant to the Hong Kong Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. As such, each resolution set out in this notice will be voted by poll. Results of the poll voting will be published on the Company's website at www.hrbb.com.cn and the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the AGM.

6. Other business

The AGM is estimated to last no longer than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own traveling, dining and accommodation expenses.

As at the date of this notice, the Board of the Company comprises Deng Xinquan and Yao Chunhe as executive directors; Zhao Hongbo, Zhang Xianjun, Yu Hong and Lang Shufeng as non-executive directors; and Sun Yan, Zhang Zheng, Hou Bojian and Jin Qinglu as independent non-executive directors.