

2017 Interim Results Announcement

Hong Kong

28 August 2017



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Notes: Increase/decrease and percentage figures are derived based financials rounded to RMB millions



Financial Performance



Business Development



Risk Management

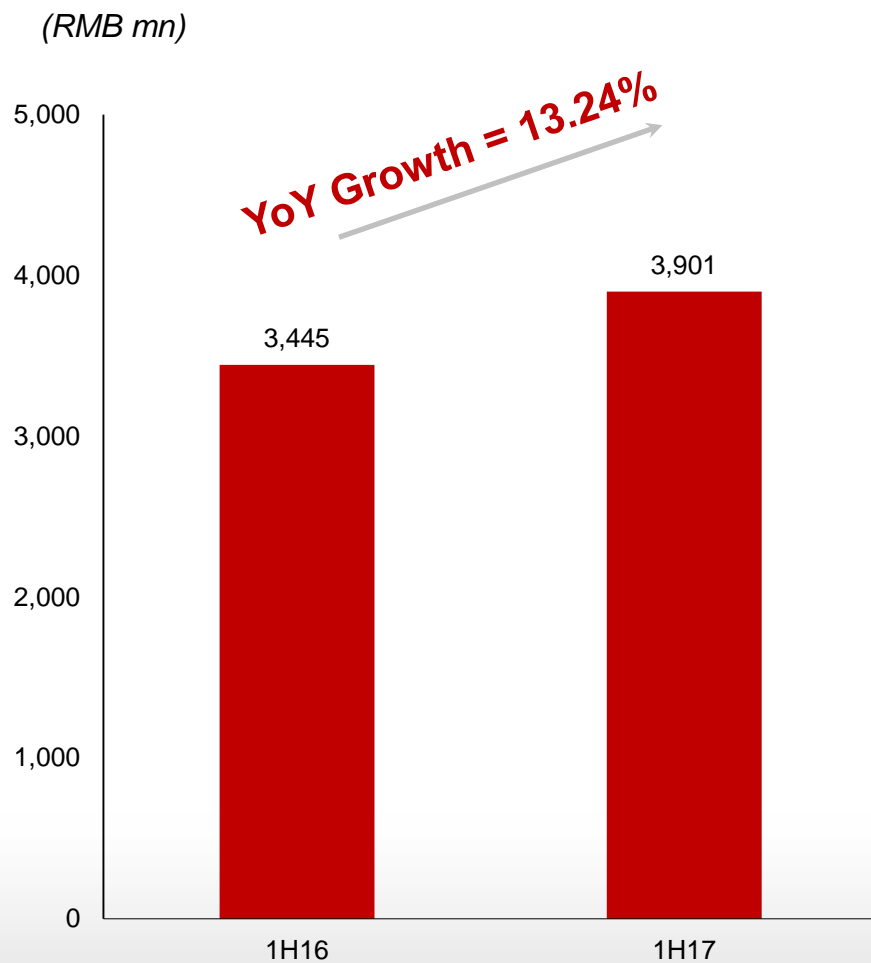


2H17 Outlook

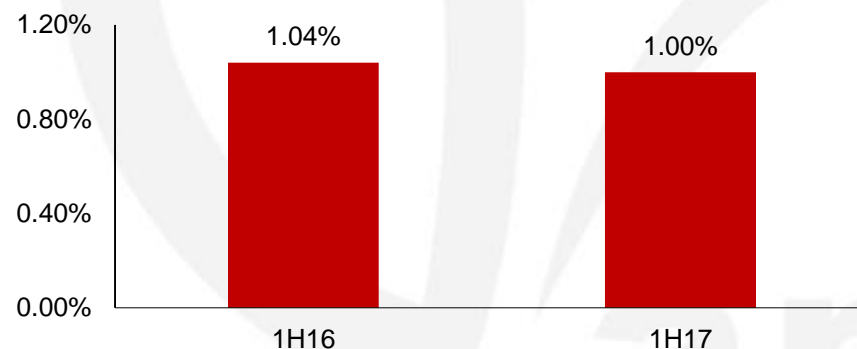
Stable Profitability with Steady Growth in Net Profit



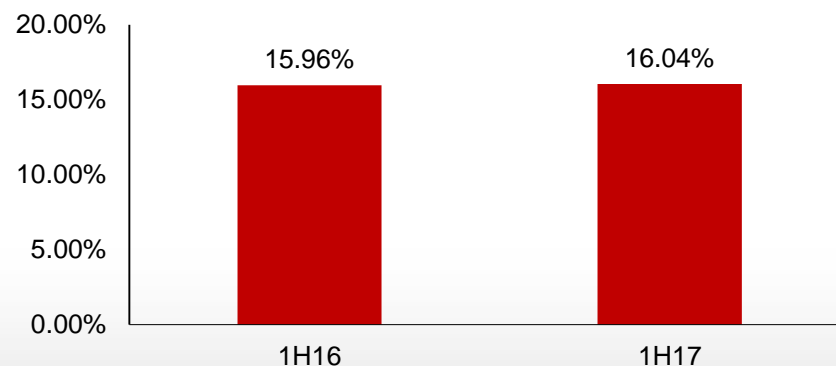
Net Profit



Return on Average Assets



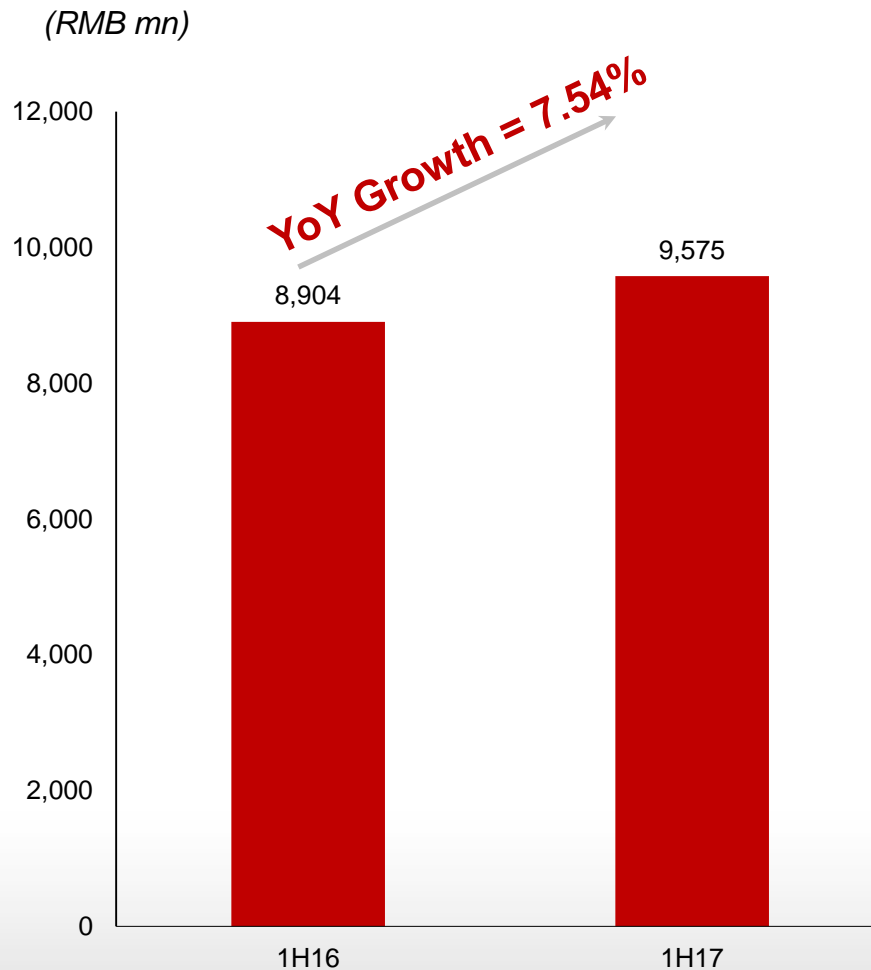
Return on Average Equity of Shareholders



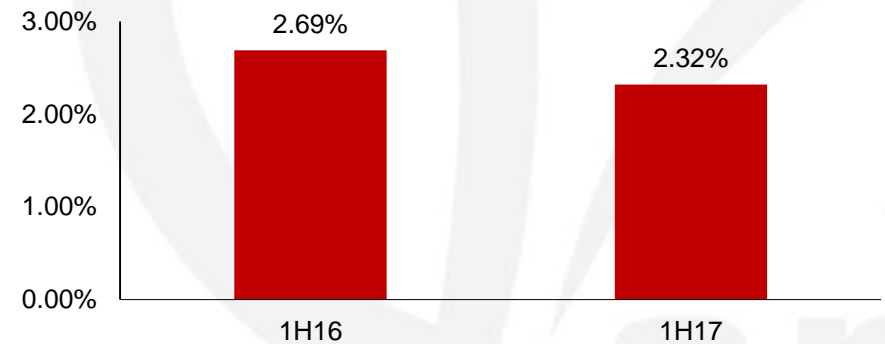
Steady Increase in Net Interest Income



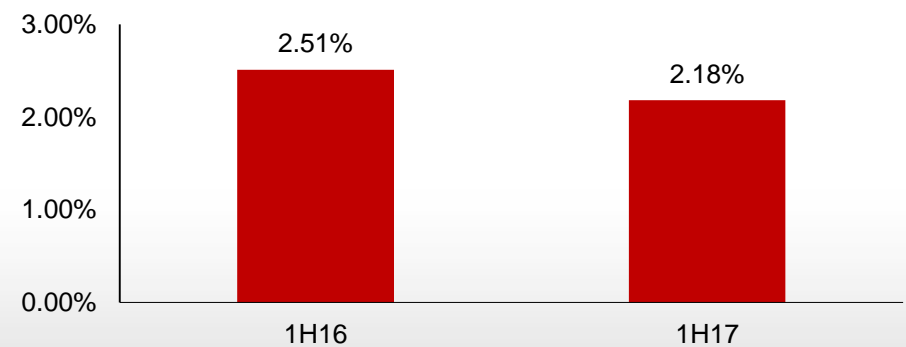
Net Interest Income



Net Interest Margin (NIM)



Net Interest Spread (NIS)



Robust Growth in Net Fee and Commission Income

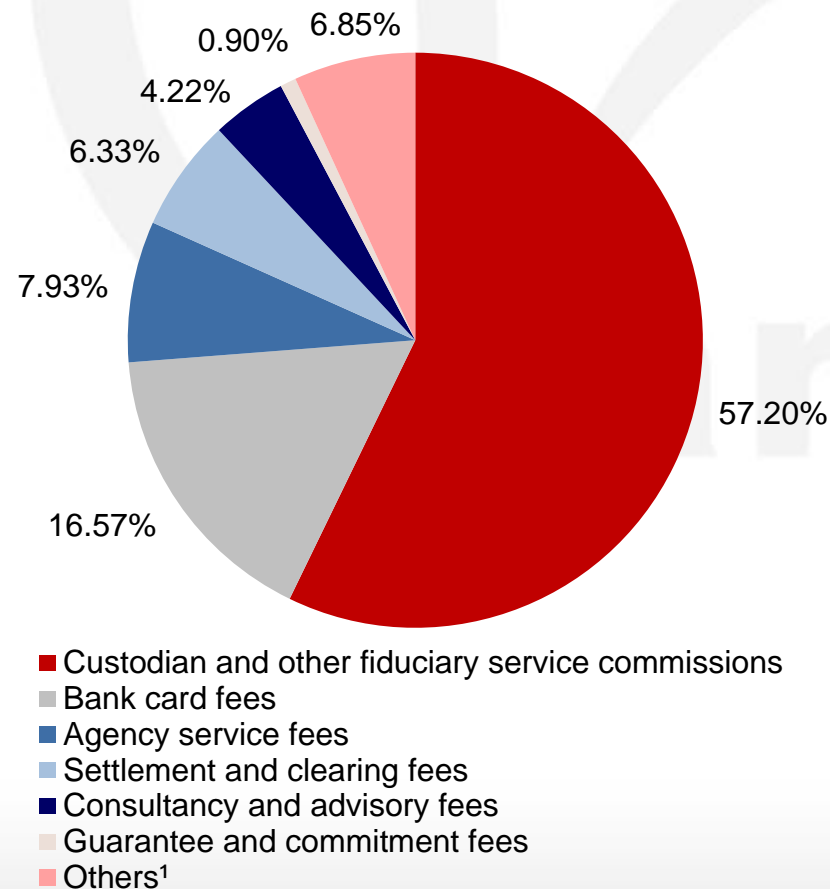


Net Fee and Commission Income

(RMB mn)



Principal Components of Fee and Commission Income

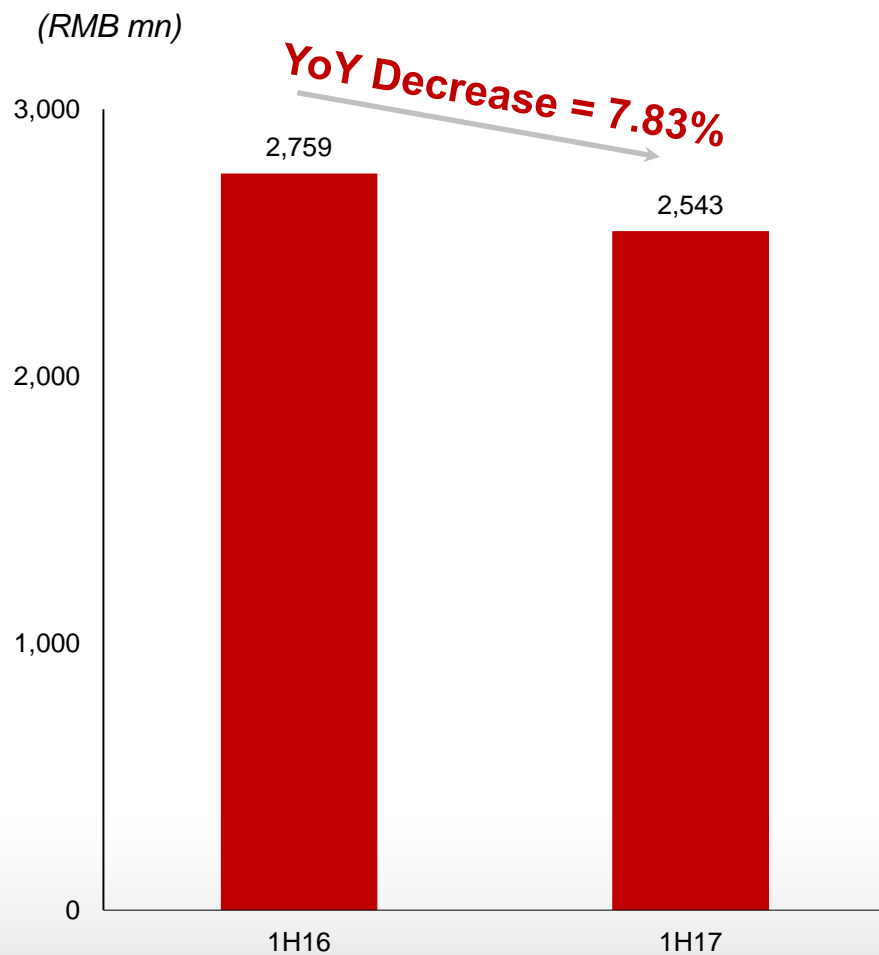


(1) Mainly includes syndicated loan fees, domestic factoring fees, arrangement fees for international trade financing and bond fees income, etc.

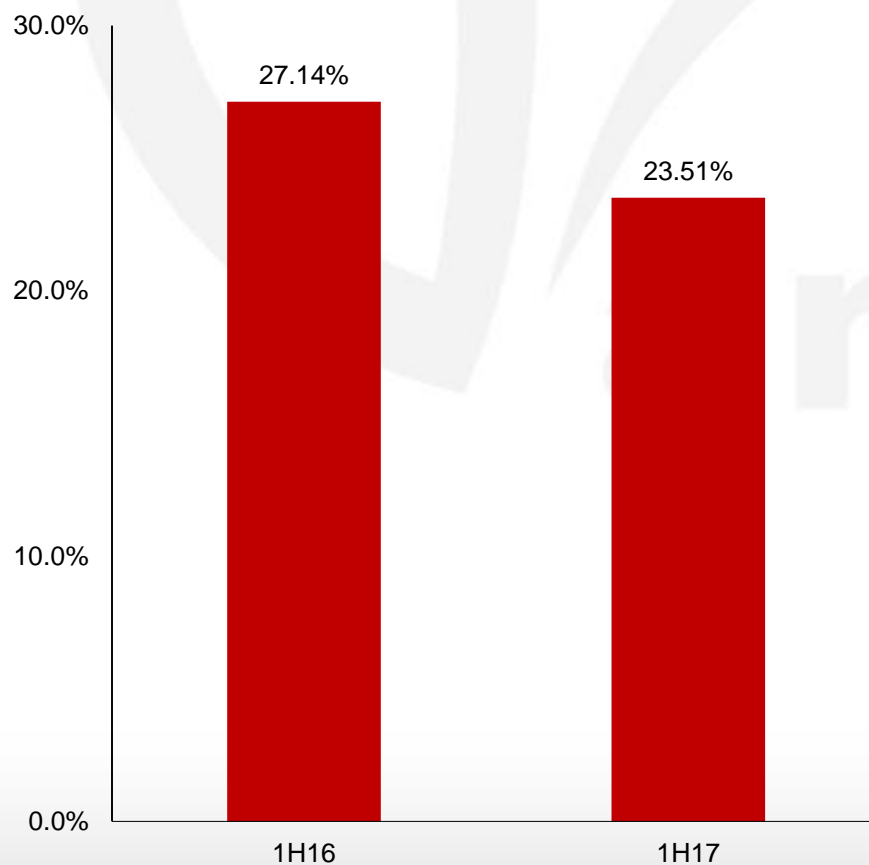
Continued Leading Cost-efficiency among Peers



Operating Expenses Decreased due to Improved Efficiency



Cost-to-income Ratio Continually Stayed Low





Financial Performance



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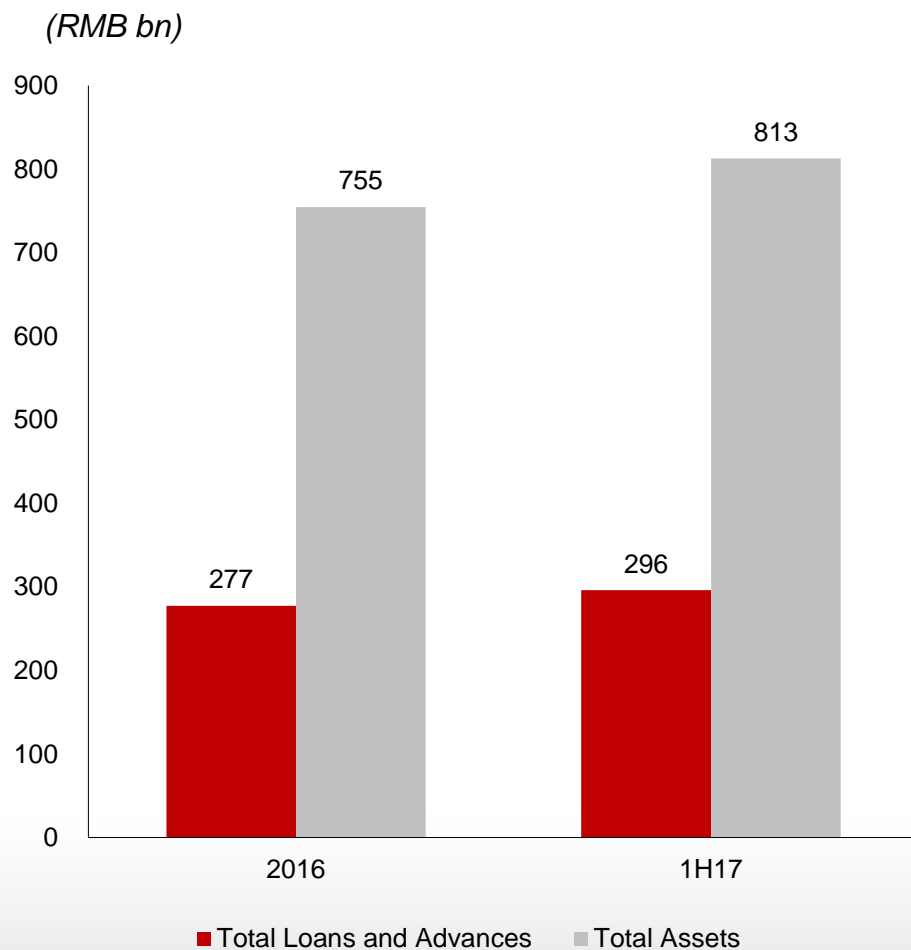


2H17 Outlook

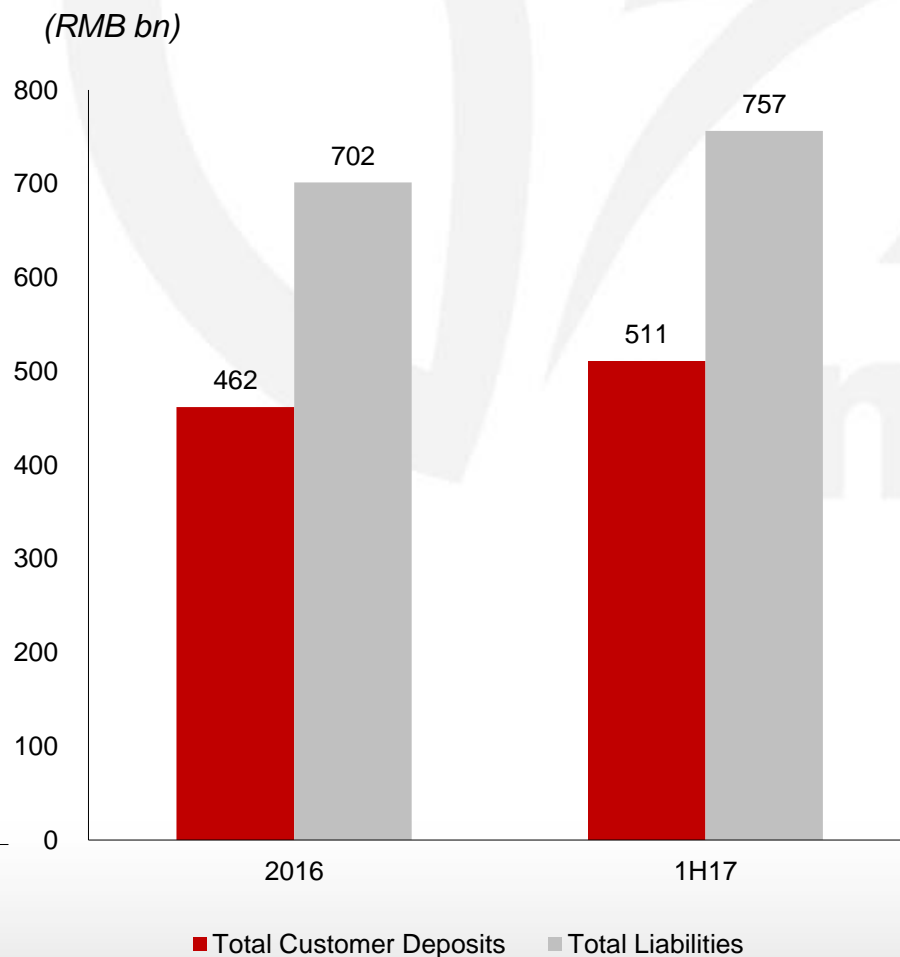
Steady Expansion of Business Scale



Total Assets: RMB812.7 bn
Total Loans Growth: 6.69% YTD



Total Liabilities: RMB756.6 bn
Total Deposits Growth: 10.62% YTD

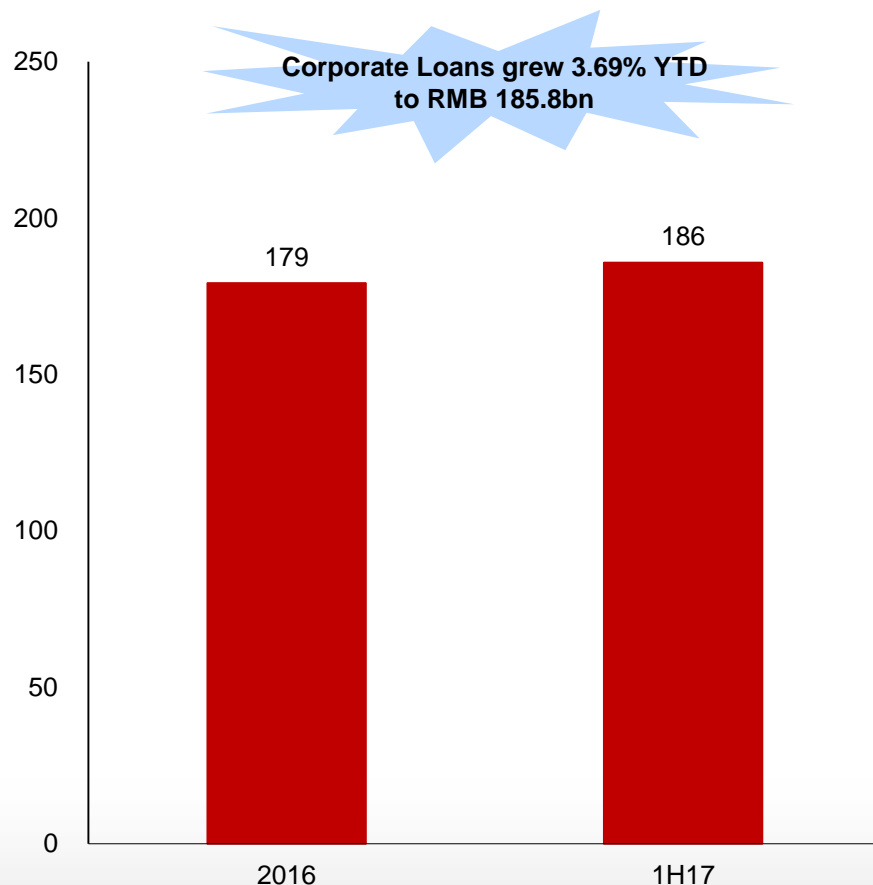


Steady Growth of Corporate Banking Business



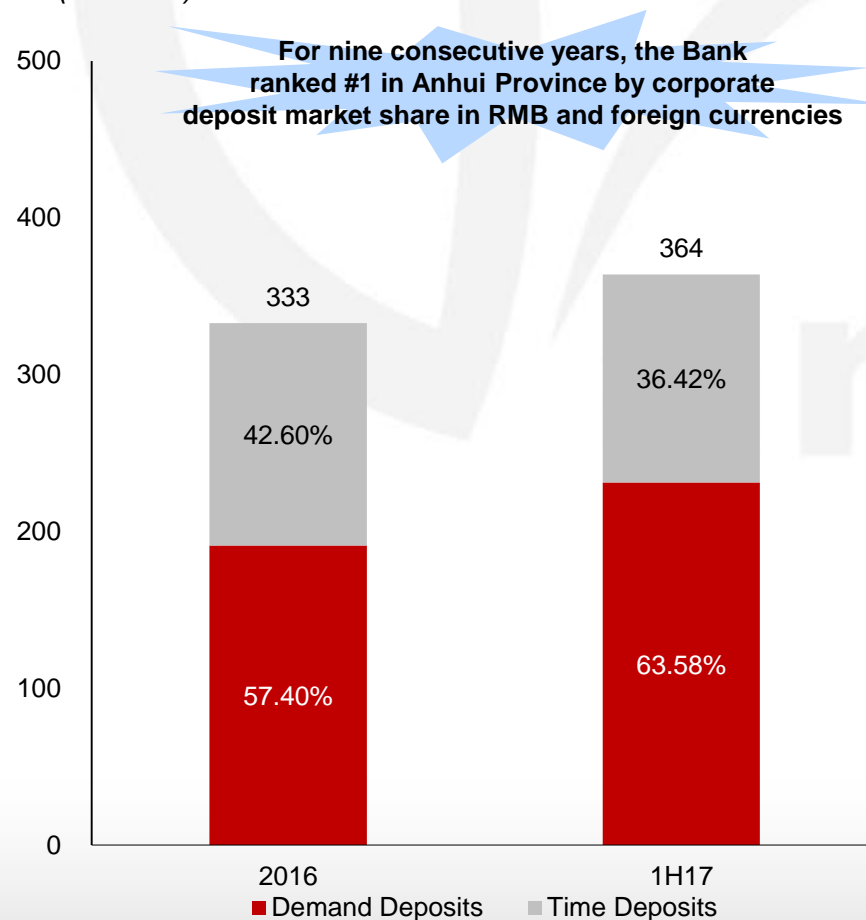
Corporate Loan Growth: 3.69% YTD

(RMB bn)



Corporate Deposit Growth: 9.32% YTD

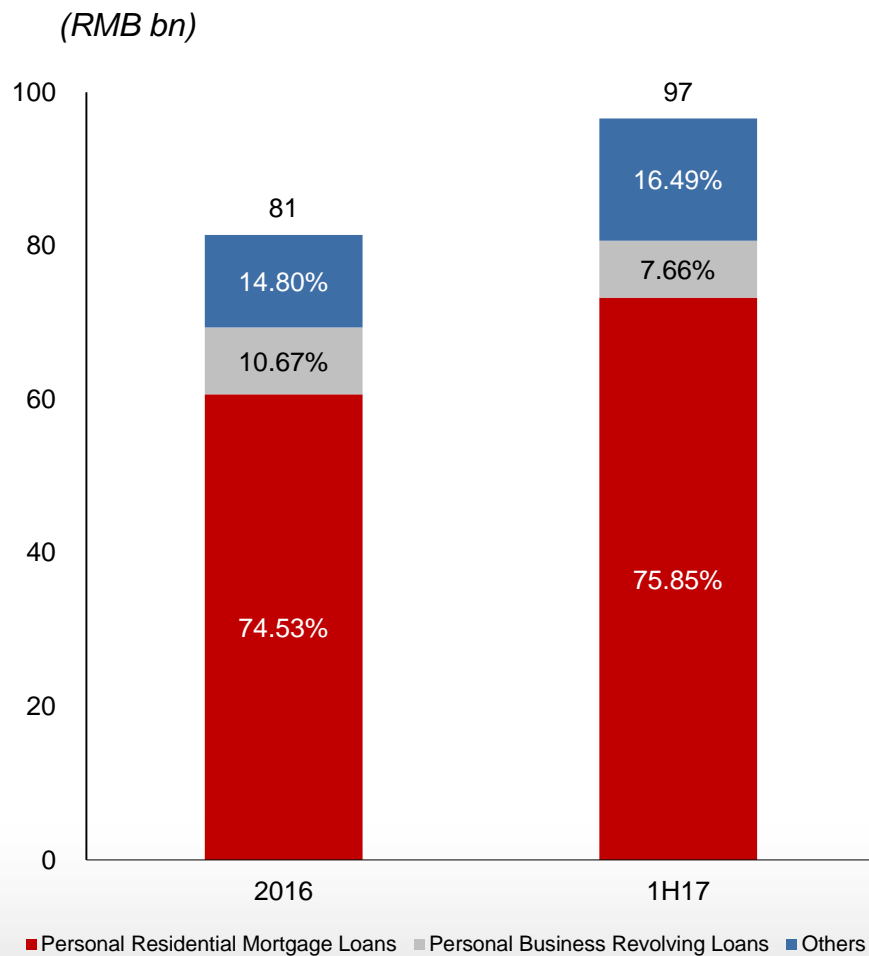
(RMB bn)



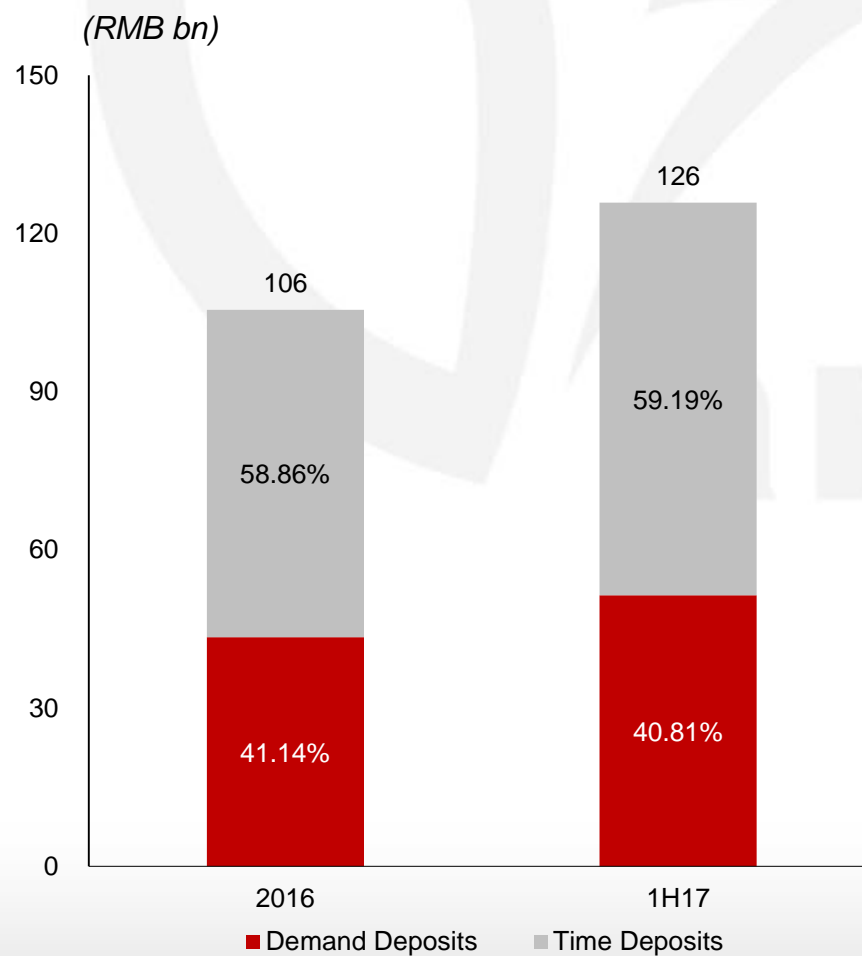
Fast Growth of Retail Banking Business



Retail Loan Growth: 18.66% YTD



Retail Deposit Growth: 19.28% YTD

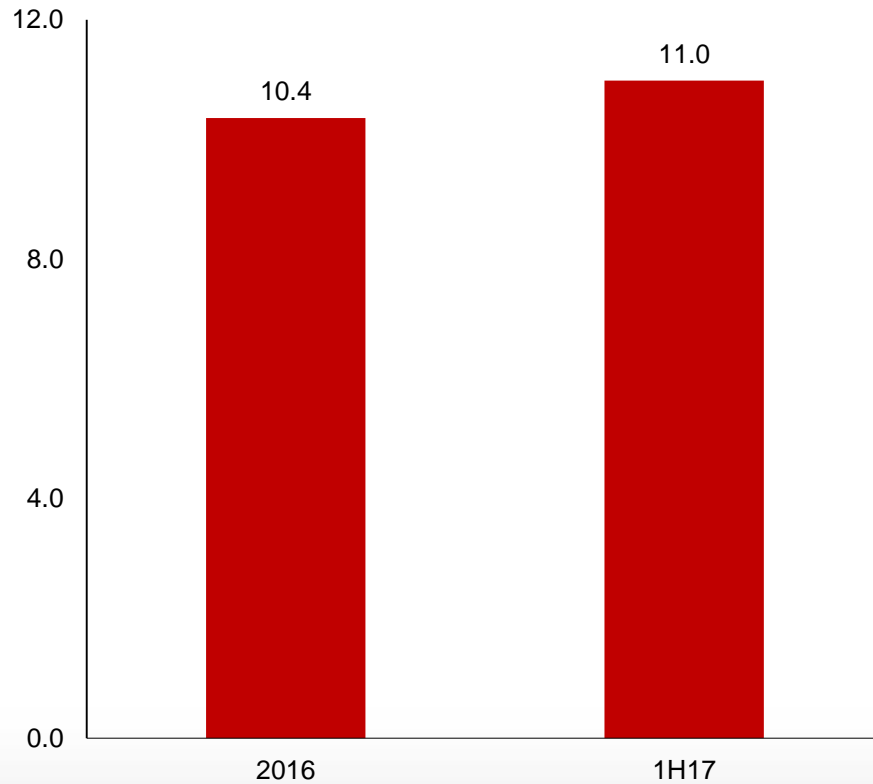


Fast Growth of Retail Banking Business (Cont'd)



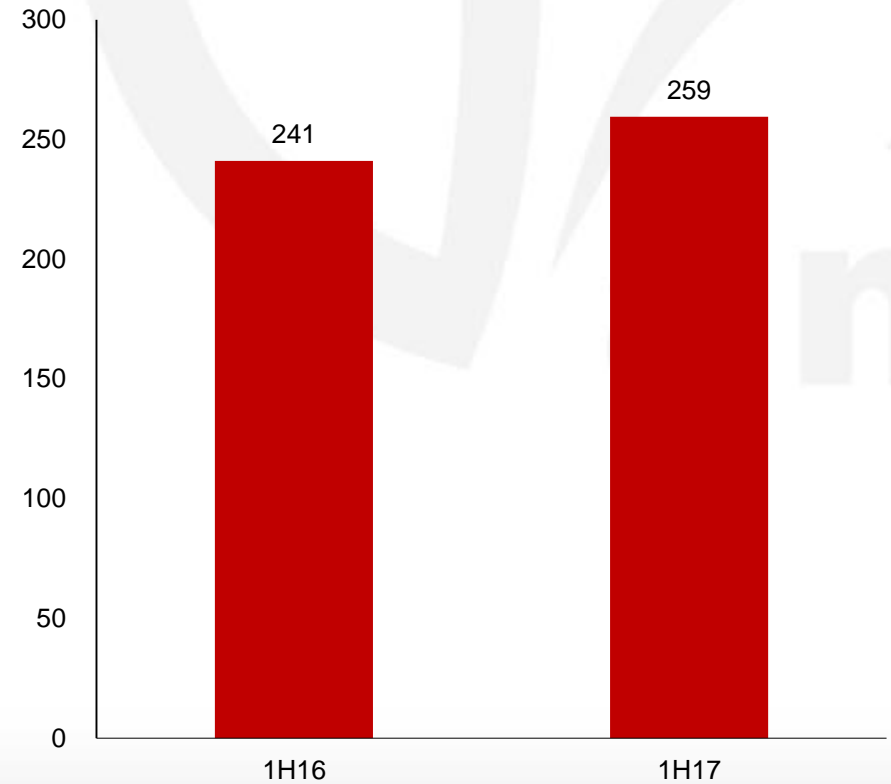
Total Number of Debit Cards Issued

(in millions)



Bank Card Fees

(RMB mn)

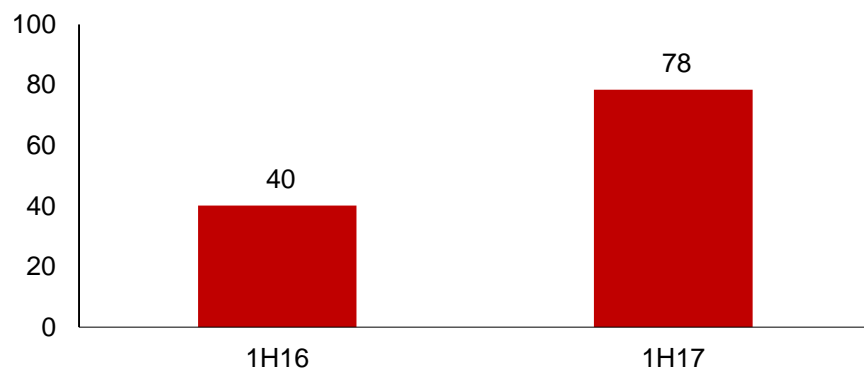


Fast Growth of Retail Banking Business (Cont'd)



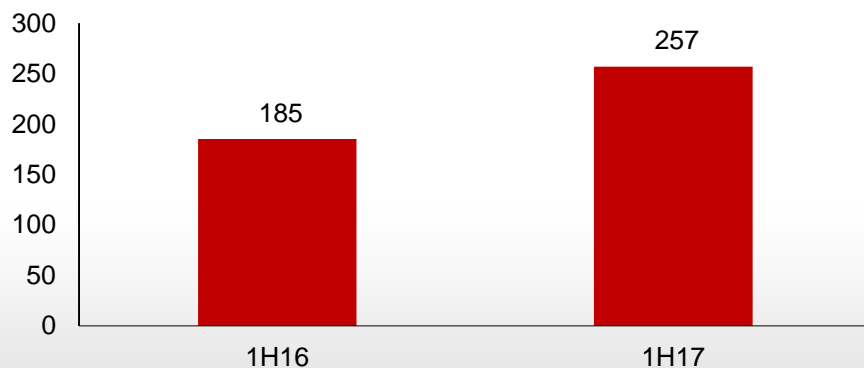
Fund Raised for Personal Wealth Management Business

(RMB bn)



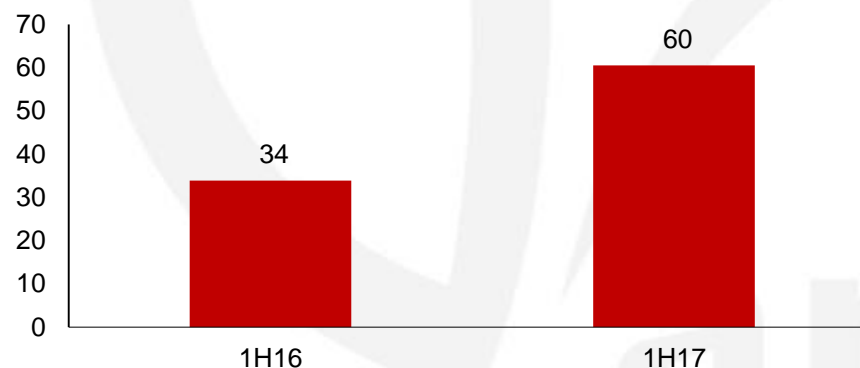
Income from Intermediary Business of Personal Wealth Management Business

(RMB mn)



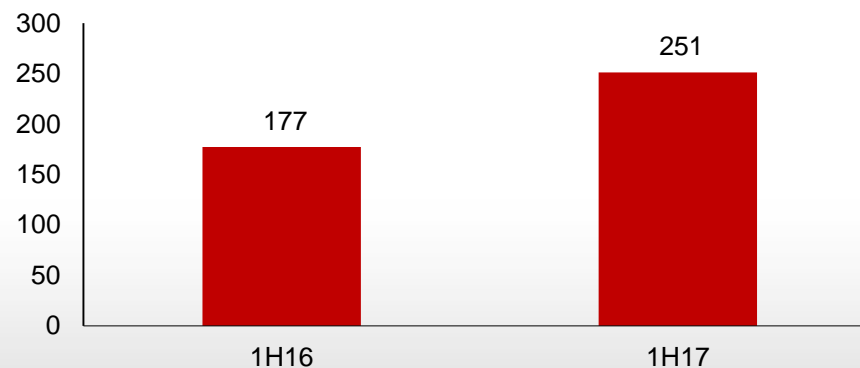
Penetration of Personal Wealth Management Products

(RMB bn)



Income from Intermediary Business of Personal Wealth Management Services

(RMB mn)



Rapid Development of Other Businesses

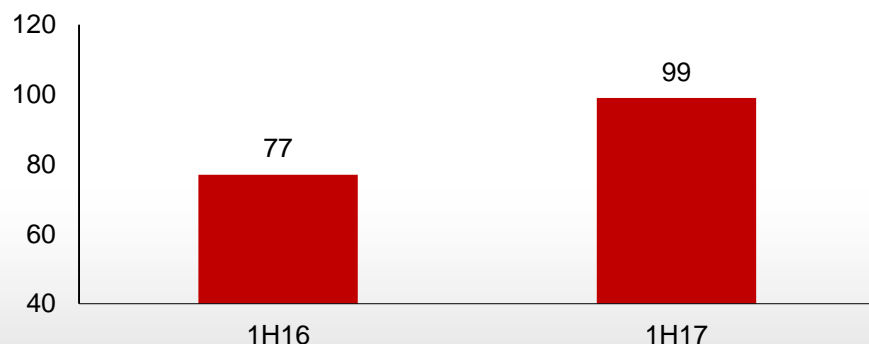


International Business Maintained Steady and Rapid Growth

- International settlements for clients amounted to US\$4.44bn in 1H17, up 18.50% YoY
- Among the financial institutions within the province, the Bank ranked 5th in both cross-border payment and settlement and foreign exchange settlement markets
- As of the end of June 2017, the volume of foreign exchange transactions amounted to US\$7.20bn, derivative products amounted to US\$1.88bn, and foreign currency bond investments that were entrusted to other banks amounted to US\$100mn
- In 1H17, relying on China-Russia financial alliance, the Bank initiated in-depth cooperation among the members and implemented its new layout and new strategies of agency banking in accordance with the "One Belt, One Road" national strategies. In respect of cross-border clearing channel construction, the total number of overseas clearing accounts for the main settlement currencies amounted to 14

Settlement and Clearing Fees

(RMB mn)

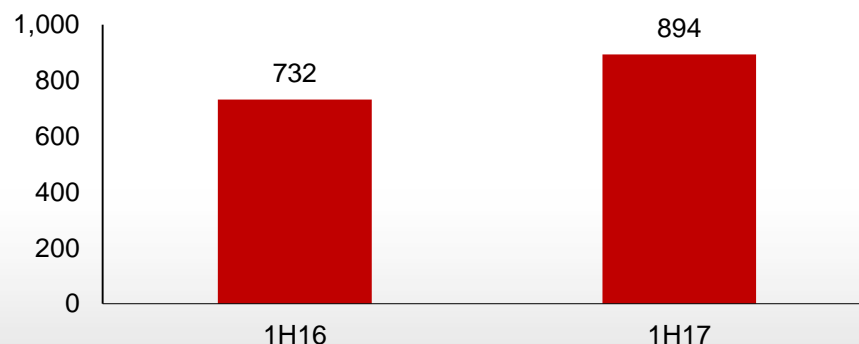


Electronic Banking Channels Further Improved

- In 1H17, the trading account transactions via retail electronic channels accounted for 83.38%
- The total number of personal online banking customers amounted to 2.51 mn. The number of personal online banking transactions accumulated to 99.57mn, up 6.45% YoY. The Bank recorded 23.04mn transactions of enterprise online banking, up 23.75% YoY. The transaction amount of enterprise online banking accumulated to RMB937.29bn
- The total number of mobile banking customers reached 1.69mn. The number of transactions reached 32.56mn, up 125.92% YoY, and total transaction amount accumulated to RMB98.36bn, up 109.59% YoY
- As of the end of June 2017, the total number of active direct banking customers of the Bank reached 3.9mn, and the total penetration of products reached RMB6,428mn, with a total transaction amount over RMB50bn

Custodian and Other Fiduciary Service Commissions

(RMB mn)





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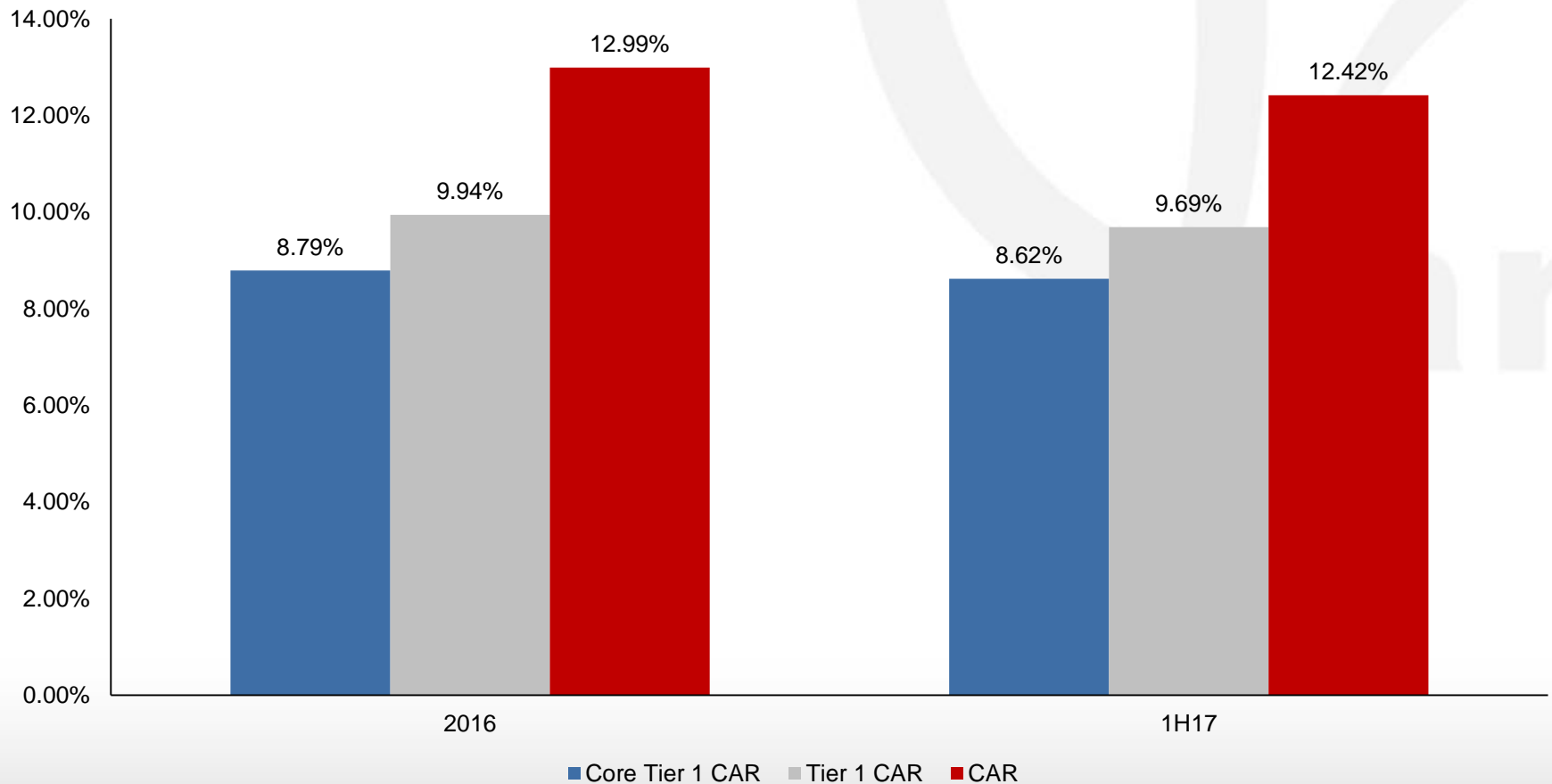


2H17 Outlook

Capital Adequacy Ratios Continuously Comply with Regulatory Requirements



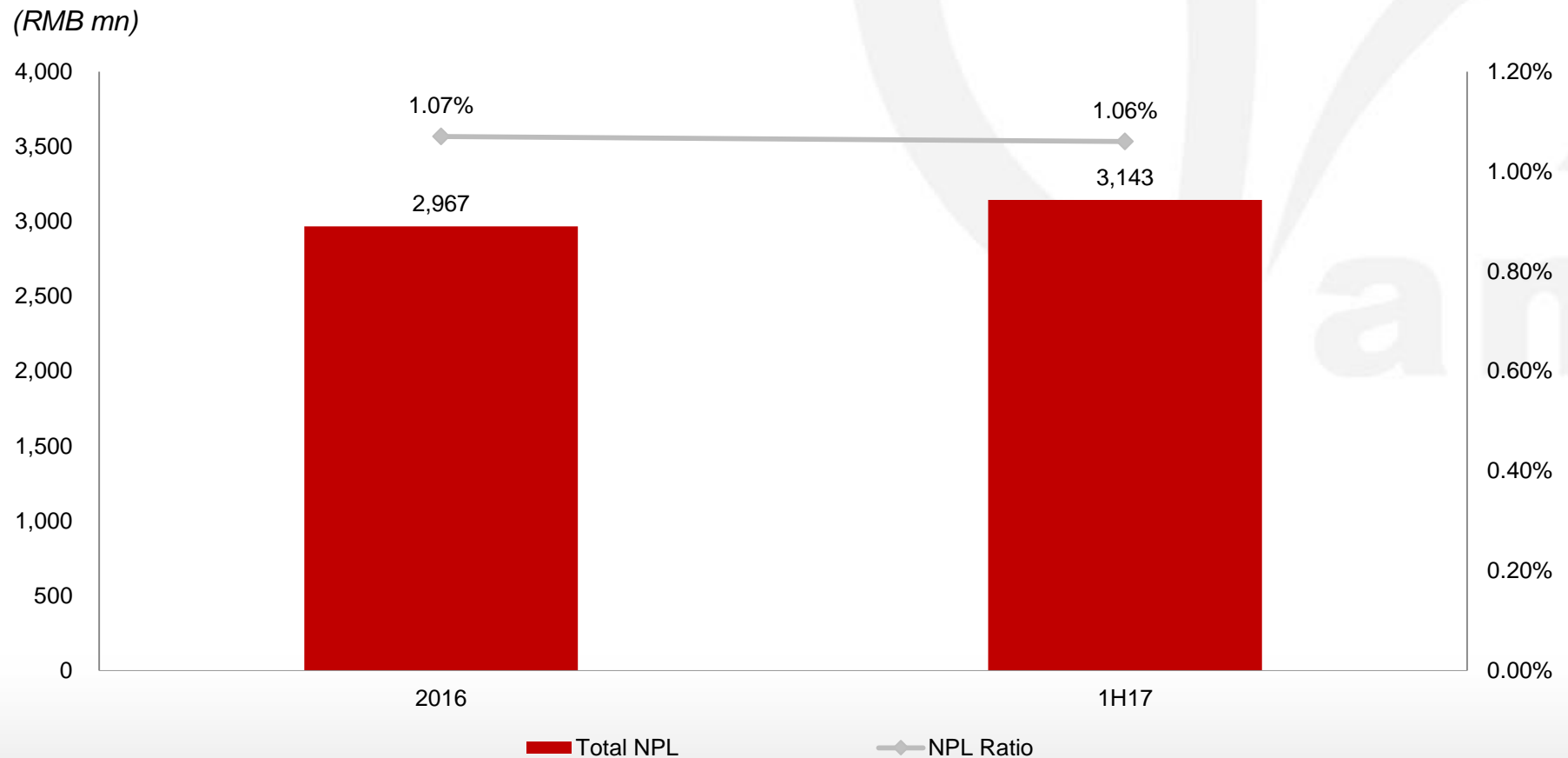
Capital Adequacy Ratios



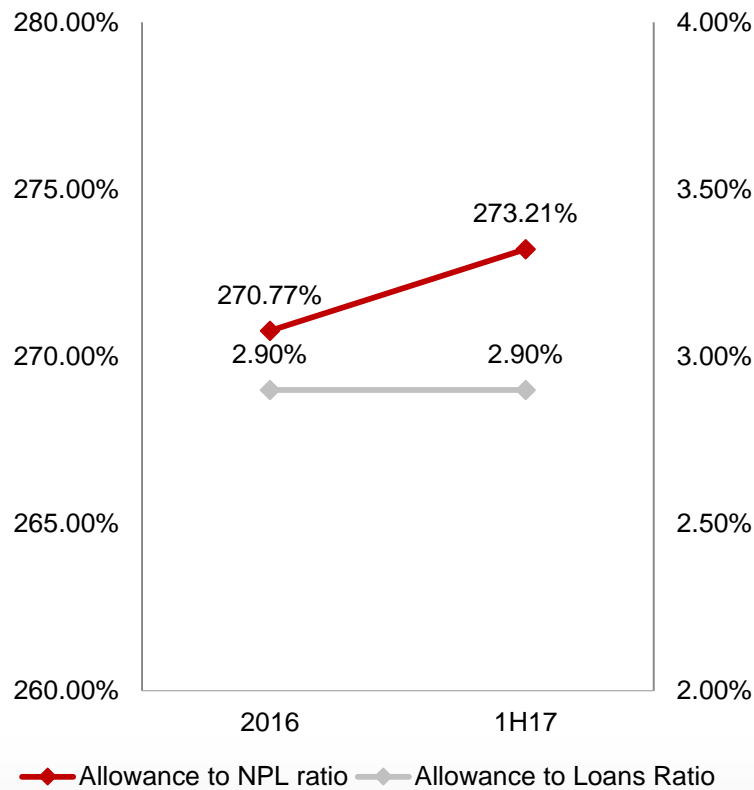
Asset Quality Remains Stable



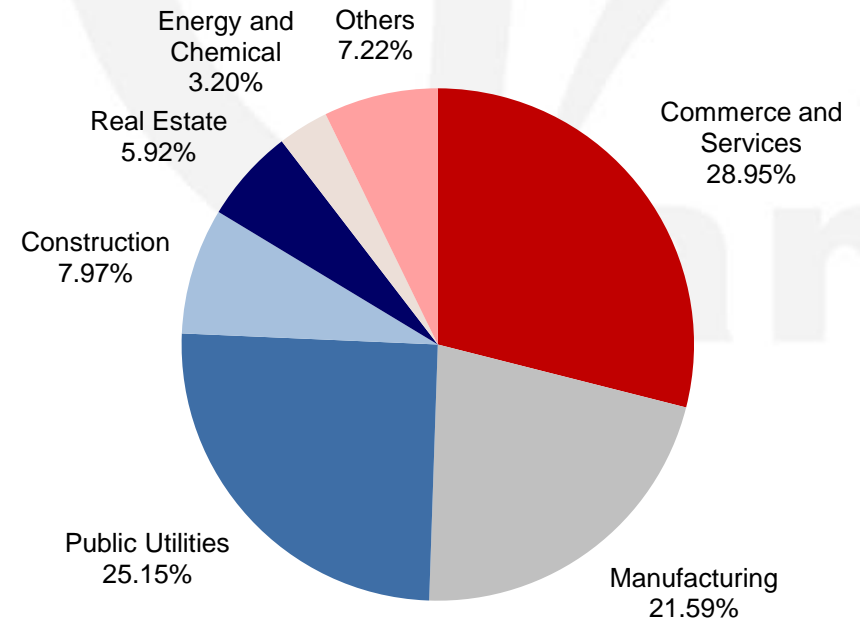
Moderate Decrease in NPL Ratio



Sufficient Allowance to NPL



Strictly Control Loan Distribution (1)



(1) Corporate loans are classified by industry; other sectors include financial services, transportation, education and media, catering and travelling, etc. (excluding discounted bills)



Financial Performance



Business Development



Risk Management



2H17 Outlook

2H2017 Outlook – Opportunities and Challenges



In 2H17, the traditional banking industry will be posed with challenges, while good opportunities for Huishang Bank's steady development will also emerge



Promote comprehensive finance to enhance core competitiveness



Promote inclusive finance to diversify customer base



Promote intelligent finance to secure advantageous position



Promote safe finance to embrace sustainable development

Q&A

Summary Financials



RMB in billions	30 Jun. 2017	31 Dec. 2016		Change
Total assets	813	755		7.67%
Total loans and advances	296	277		6.69%
Total liabilities	757	702		7.84%
Total customer deposits	511	462		10.62%
Equity attributable to shareholders of the bank	55	52		5.37%
Core Tier 1 capital adequacy ratio ⁽¹⁾	8.62%	8.79%		0.17ppt
Capital adequacy ratio ⁽¹⁾	12.42%	12.99%		0.57ppt
NPL ratio	1.06%	1.07%		0.01ppt
Allowance to NPL ratio	273.21%	270.77%		2.44ppt
Allowance to loans ratio	2.90%	2.90%		0.00ppt

(1) Since 1st Jan. 2013, the company began to report capital adequacy ratios in accordance with the Administrative Measures for the Capital Management of Commercial Banks (Trial) 22

Summary Financials (Cont'd)



RMB in millions	1H17	1H16		Change
Net interest income	9,575	8,904	↑	7.54%
Net fee and commission income	1,470	1,258	↑	16.85%
Net operating income	10,815	10,167	↑	6.37%
Profit before tax	4,864	4,363	↑	11.48%
Net profit	3,901	3,445	↑	13.24%
Earnings per share (RMB Yuan)	0.34	0.31	↑	9.68%
Net interest margin (NIM)	2.32%	2.69%	↓	0.37ppt
Cost-to-income ratio ⁽¹⁾	23.51%	27.14%	↓	3.63ppt
Return on average assets	1.00%	1.04%	↓	0.04ppt
Return on average equity of shareholders	16.04%	15.96%	↑	0.08ppt

(1) Cost-to-income ratio = Operating expenses (including business tax and surcharges) / Operating income

**Thank
You**