

2017 Annual Results Announcement

Hong Kong

26 March 2018



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Financial Performance



Business Performance



Risk Management



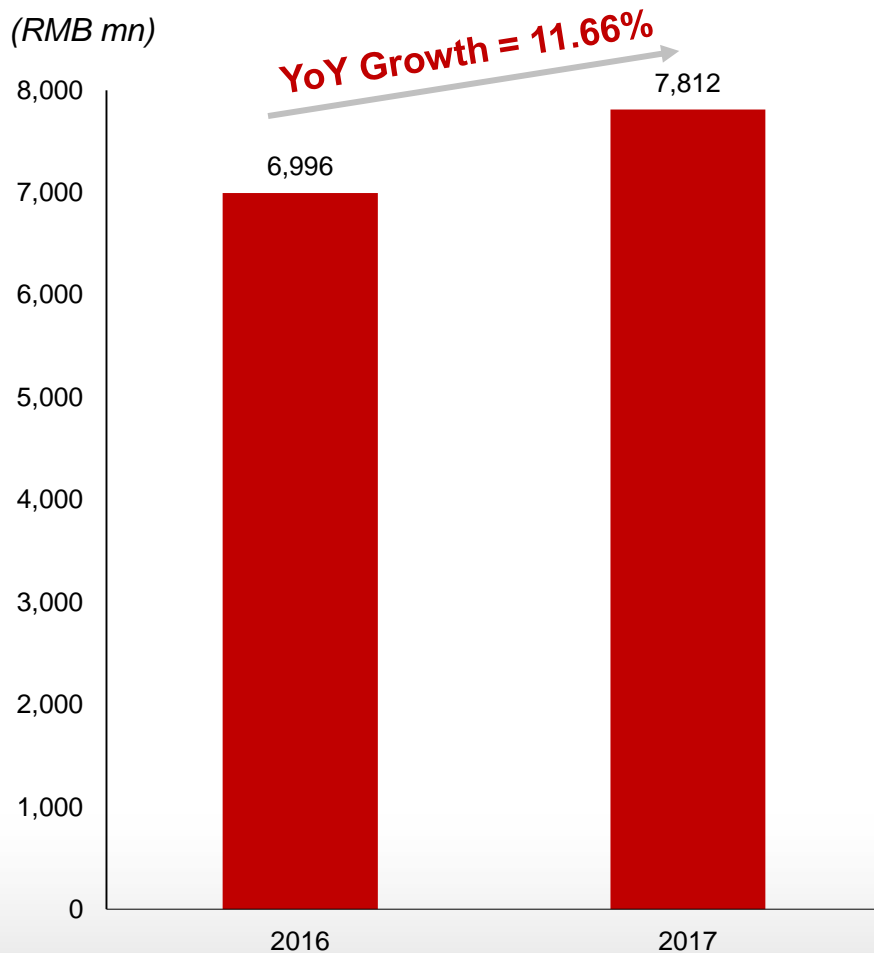
2018 Outlook

Stable Profitability with Steady Growth in Net Profit

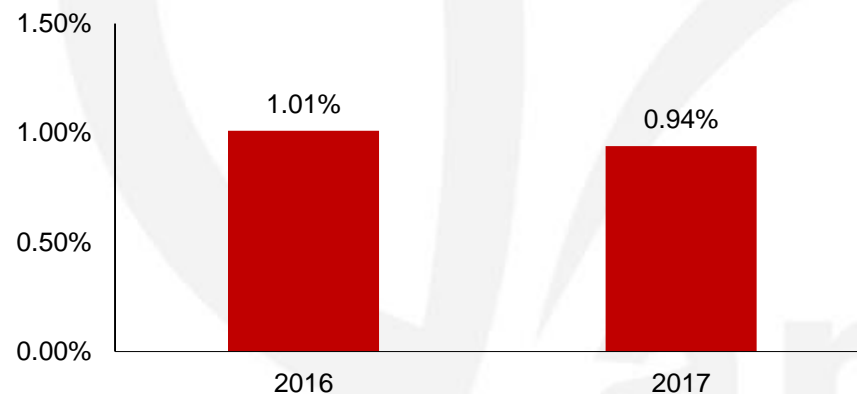


Net Profit

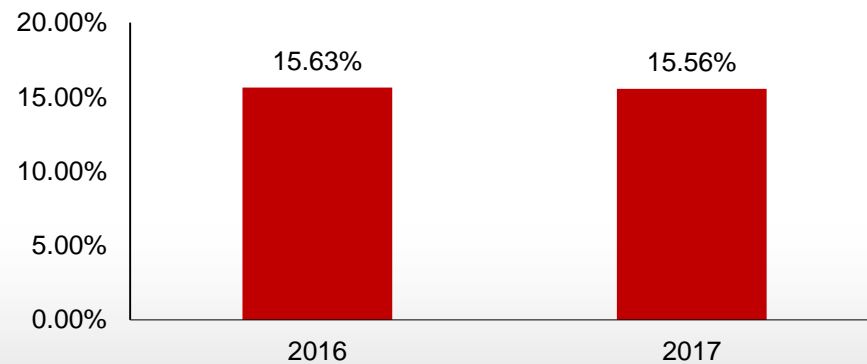
(RMB mn)



Return on Average Assets



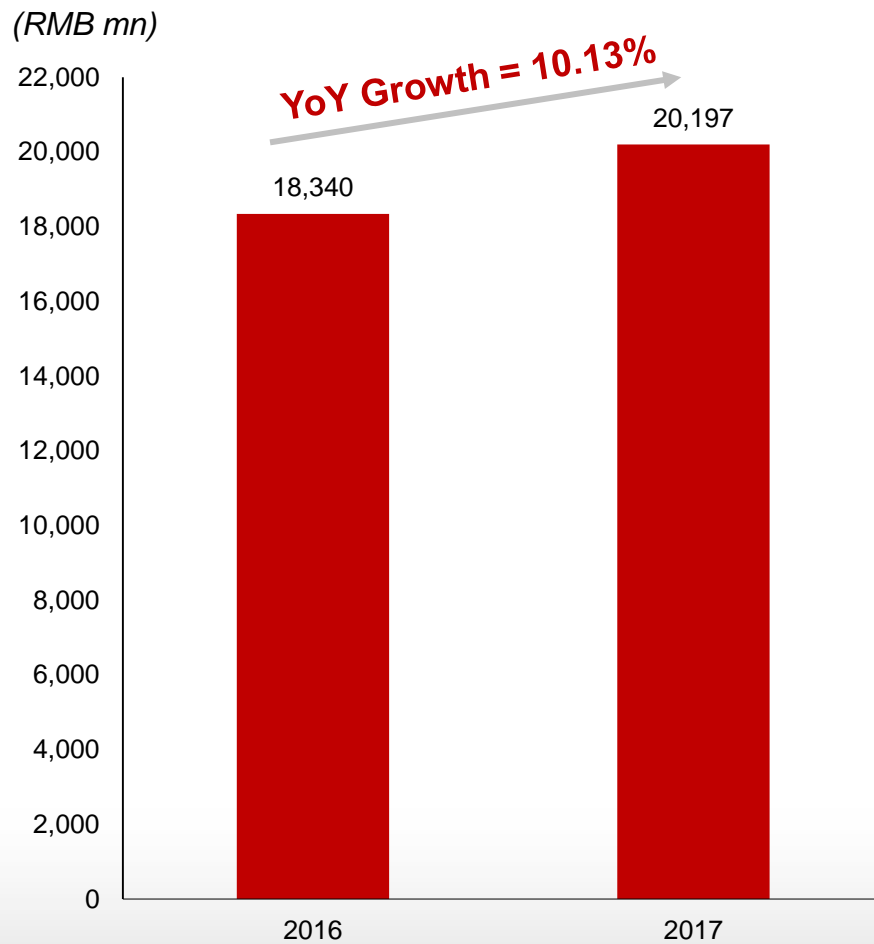
Return on Average Equity



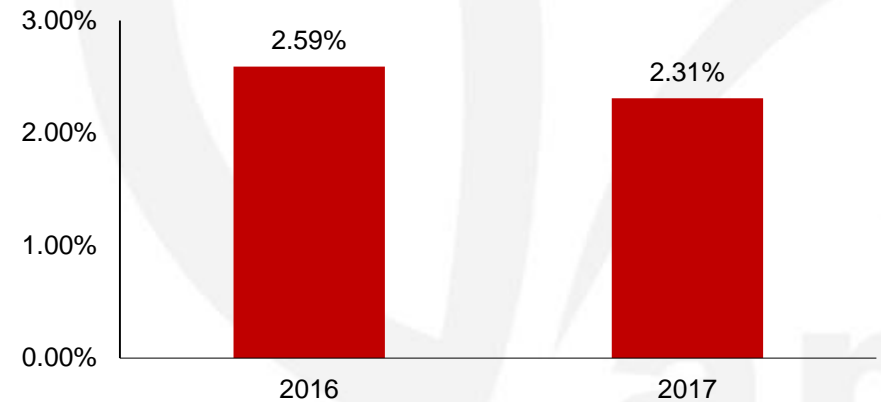
Steady Net Interest Income Growth



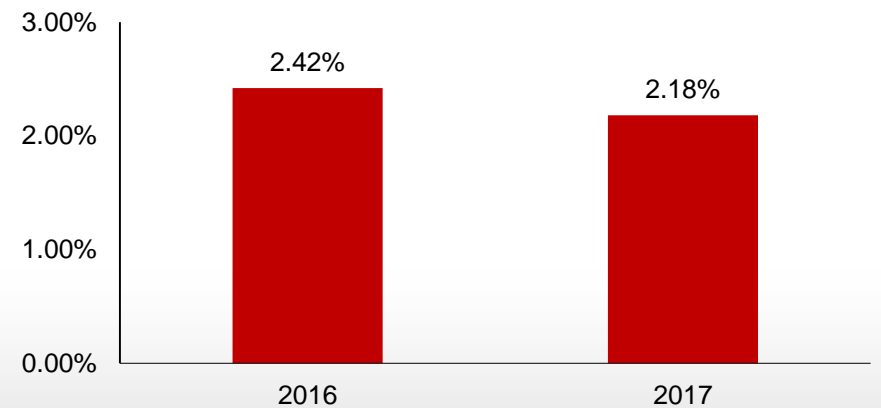
Net Interest Income



Net Interest Margin (NIM)



Net Interest Spread (NIS)

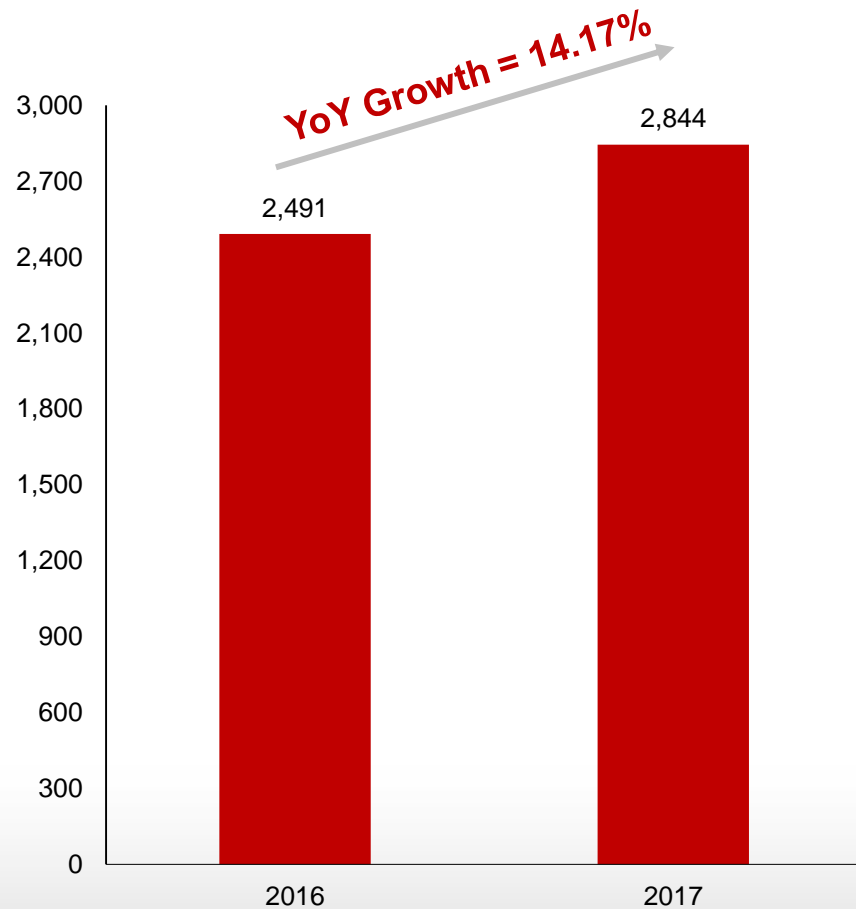


Robust Growth in Net Fee and Commission Income

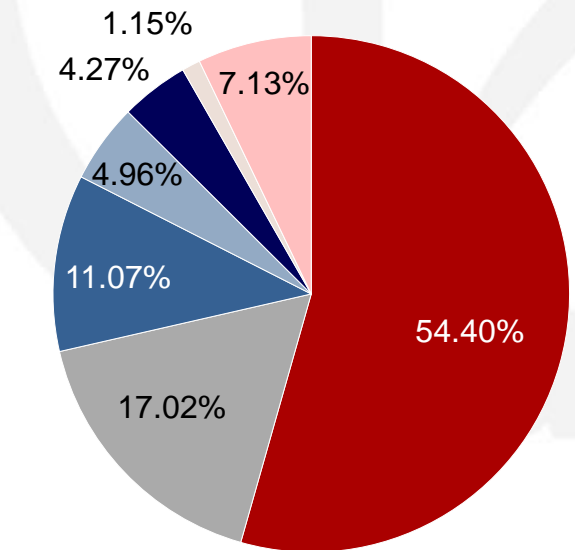


Net Fee and Commission Income

(RMB mn)



Principal Components of Net Fee and Commission Income



- Custodian and other fiduciary service
- Bank card service
- Agency service
- Consultancy and advisory service
- Settlement and clearing service
- Guarantee and commitment service
- Others¹

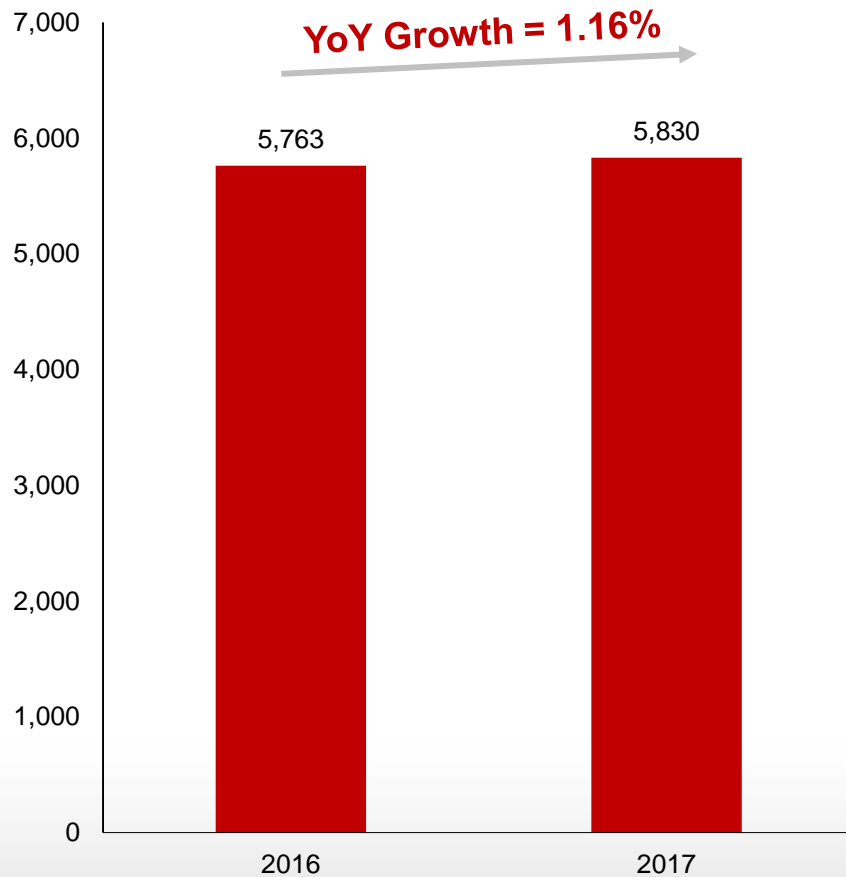
(1) Mainly includes syndicated loan fees, domestic factoring fees and arrangement fees for international trade financing, bond lending fees and finance lease fees

Industry-leading Cost Efficiency

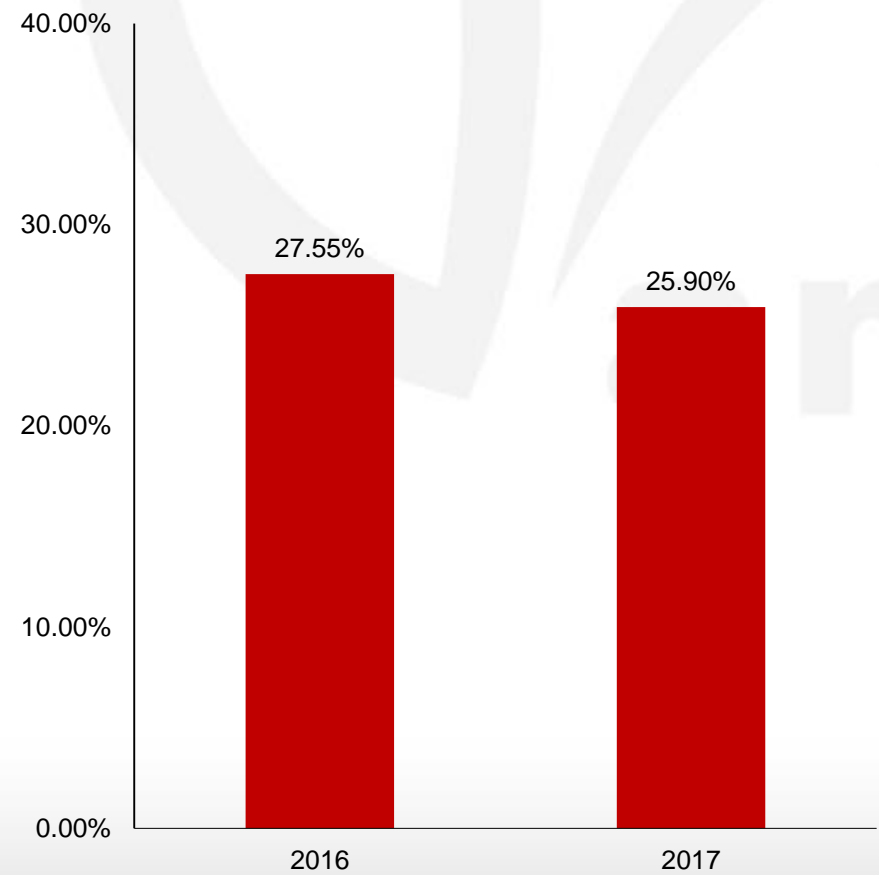


Operating Expenses Increased due to Business Expansion and Increase in Headcount

(RMB mn)



Cost-to-Income Ratio Remained Low





Financial Performance



Business Performance



Risk Management



2018 Outlook

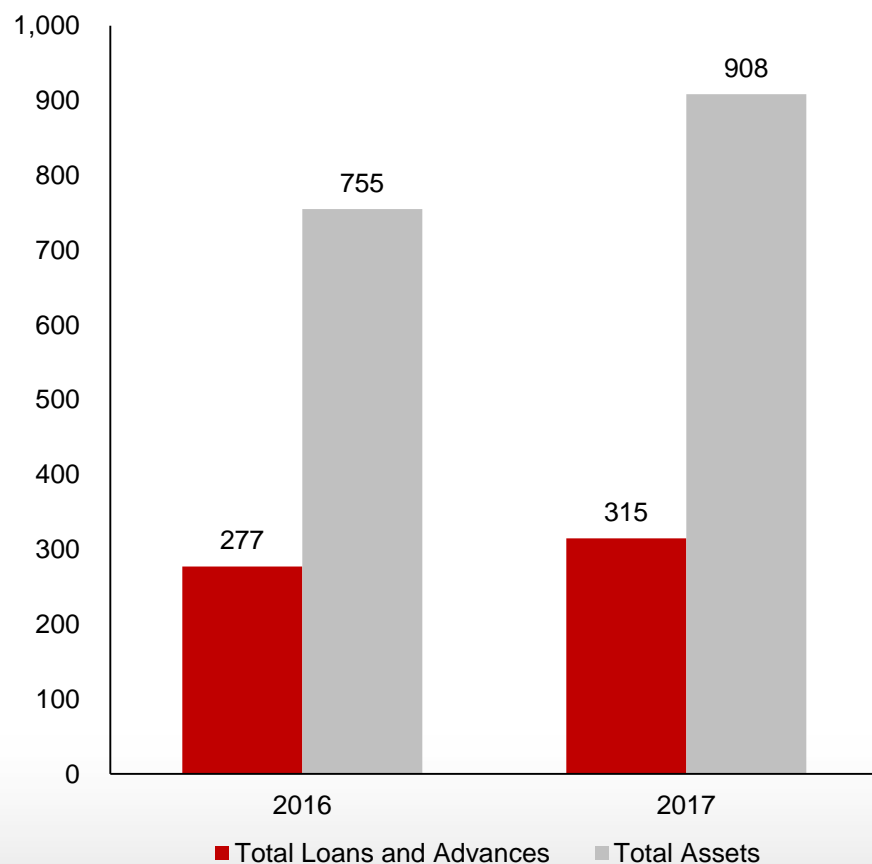
Steady Expansion of Business Scale



Total Assets : RMB908.1 bn

Total loans and advances grew 13.46% compared to end of last year

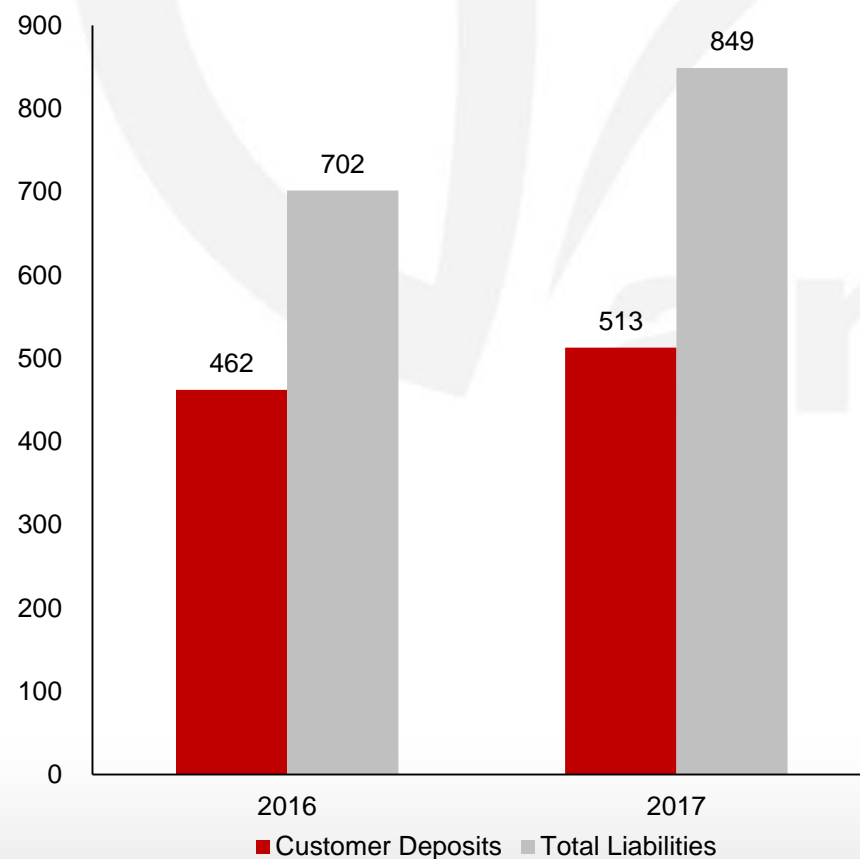
(RMB bn)



Total Liabilities: RMB848.9 bn

Total deposits grew 10.99% compared to end of last year

(RMB bn)

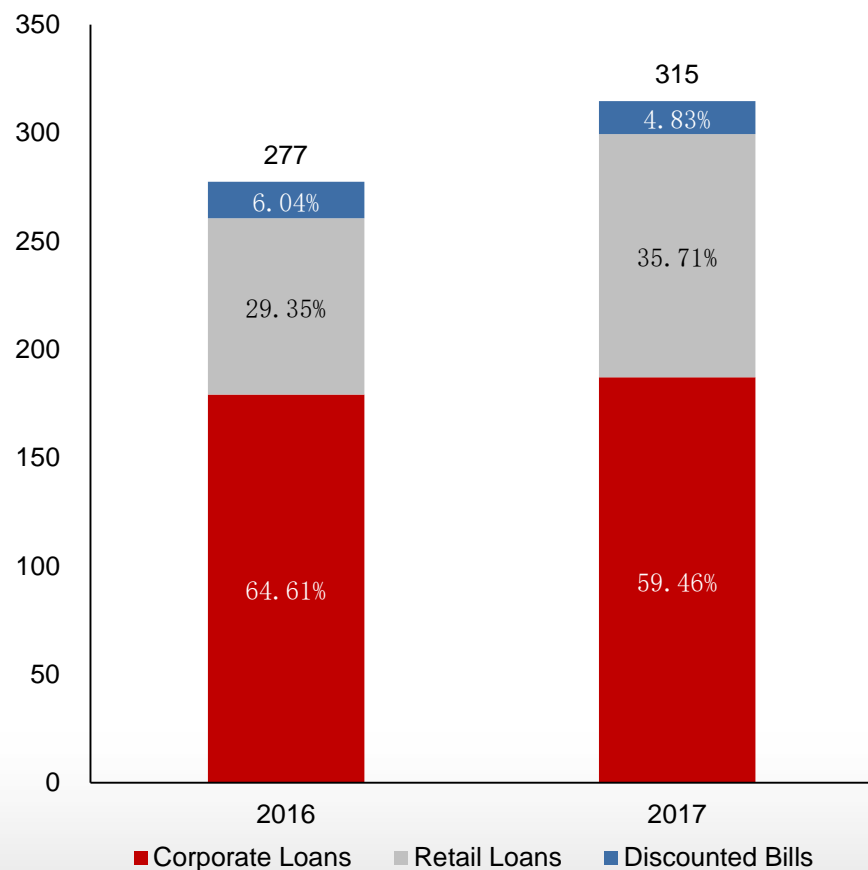


Increasingly Optimized Business Structure



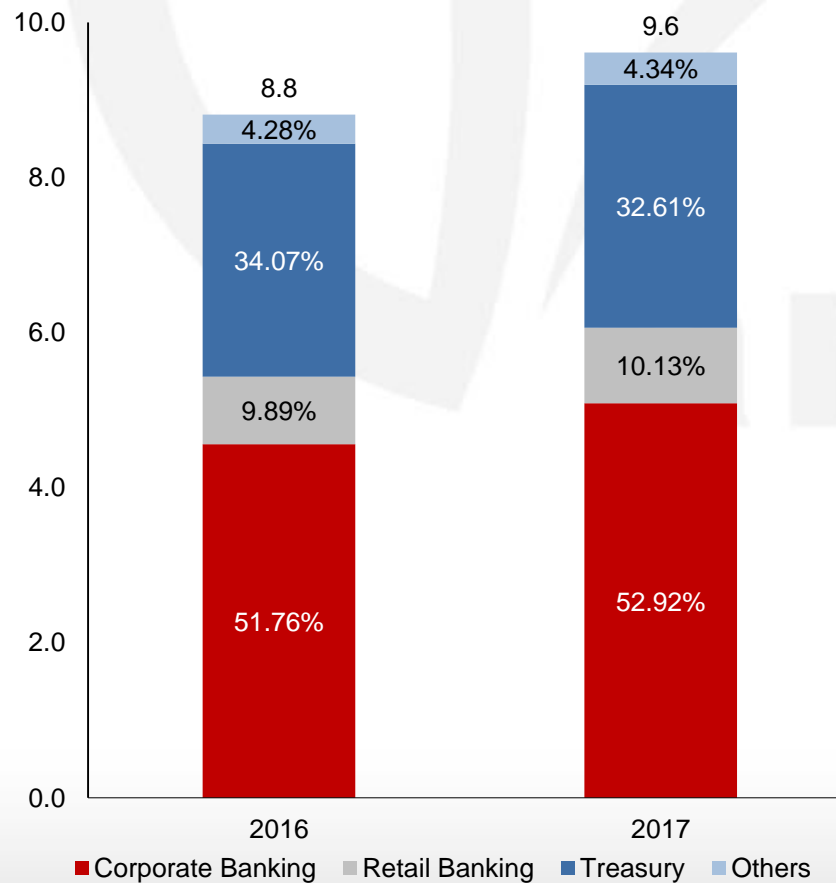
Credit Structure

(RMB bn)



Profit Before Tax Mix

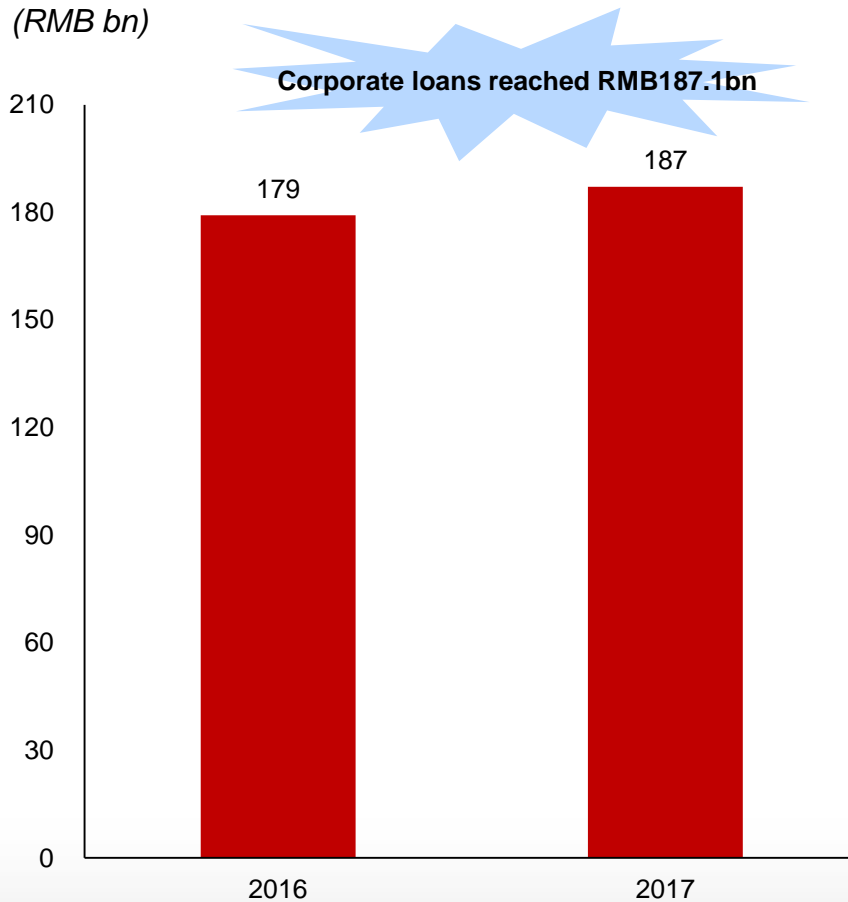
(RMB bn)



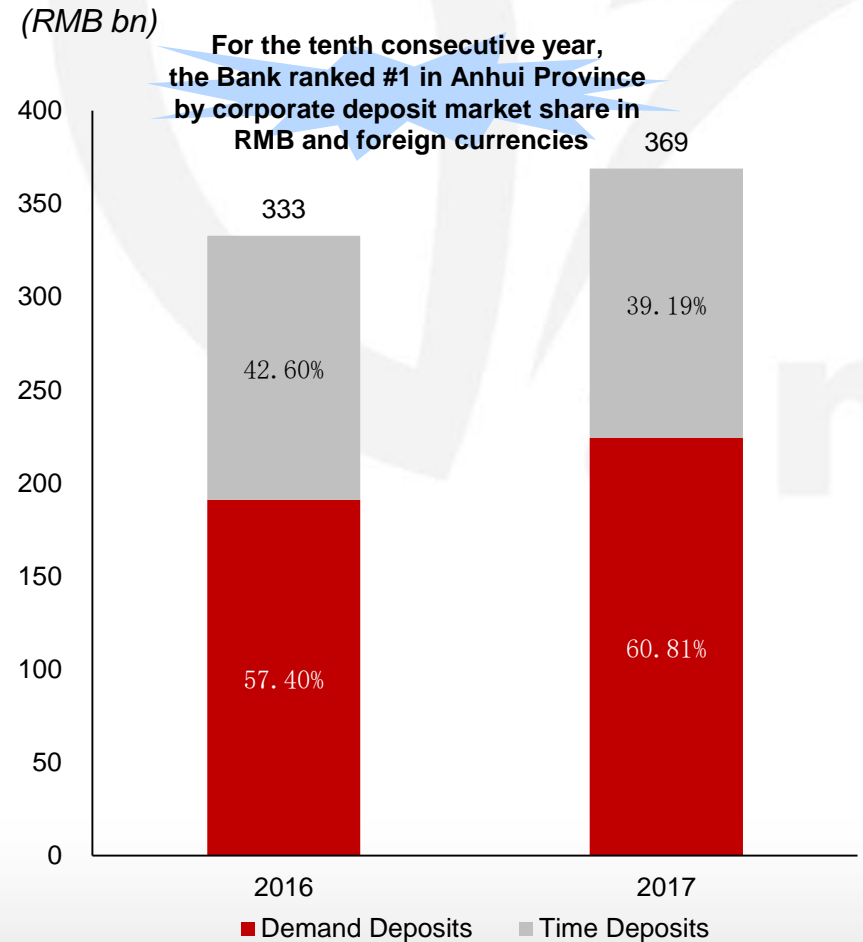
Steady Growth of Corporate Banking Business



Corporate loan increased by 4.41% from the end of last year



Corporate deposit increased by 10.82% from the end of last year

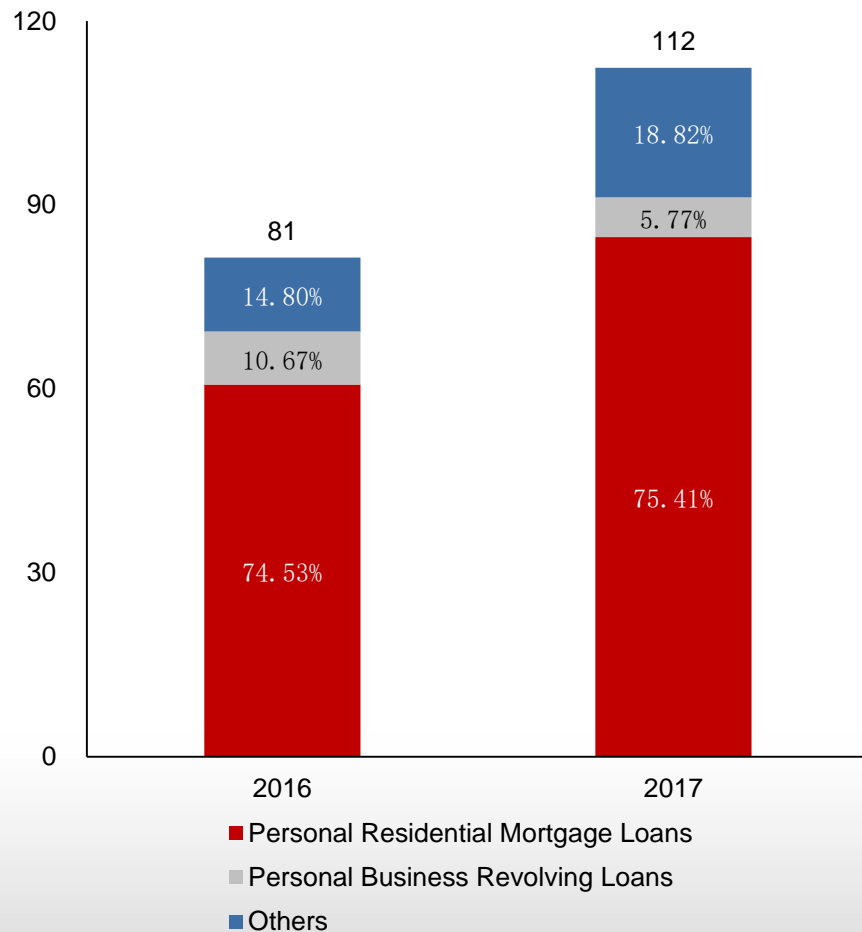


Fast Growth of Retail Banking Business



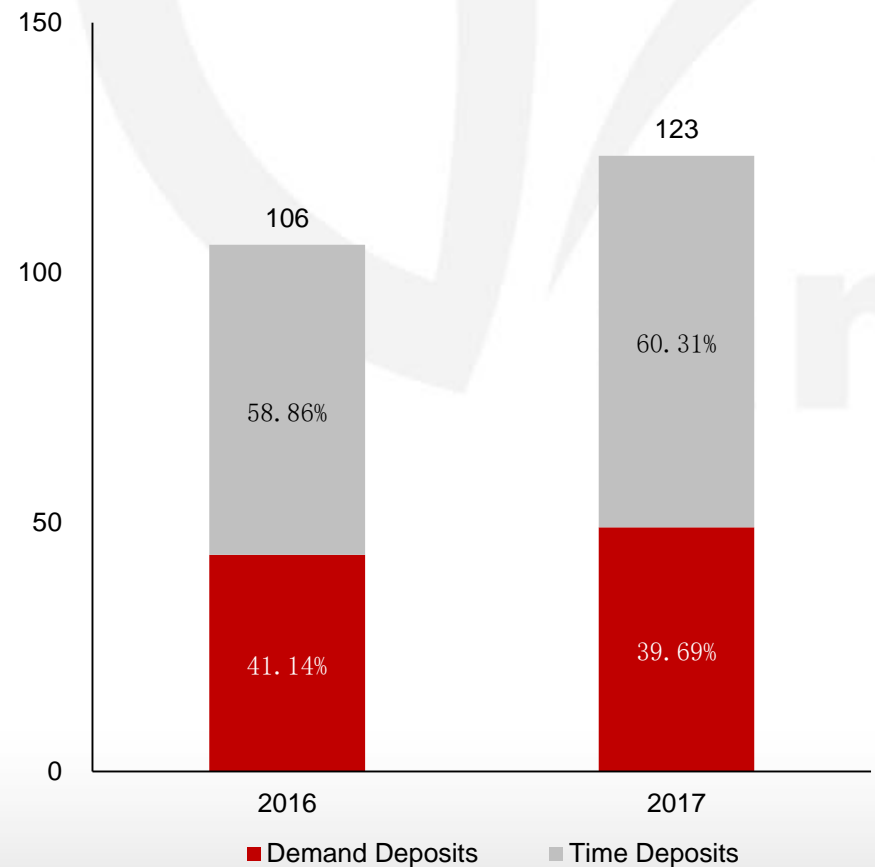
Retail loans grew by 38.04% from the end of last year

(RMB bn)



Retail deposits grew by 16.83% from the end of last year

(RMB bn)

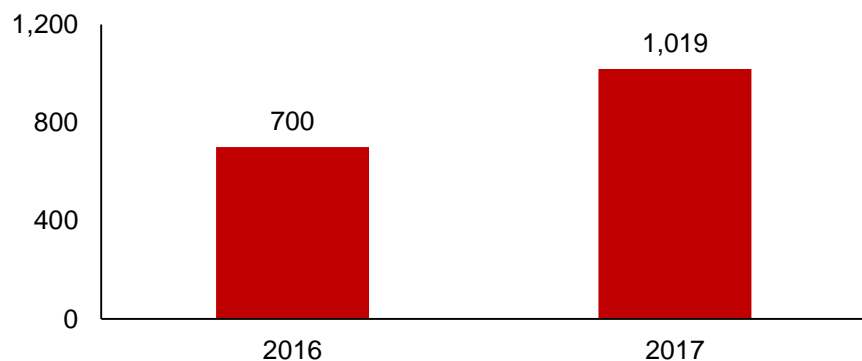


Fast Growth of Retail Banking Business (Cont'd)



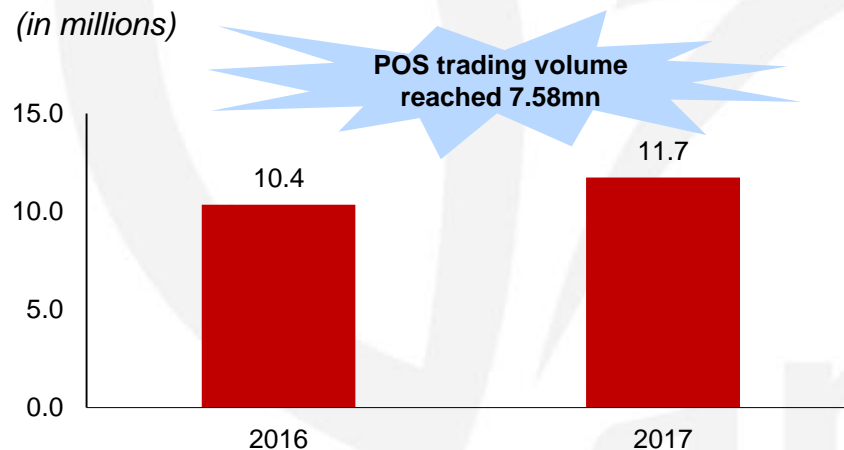
Number of Valid Credit Cards

(in thousands)



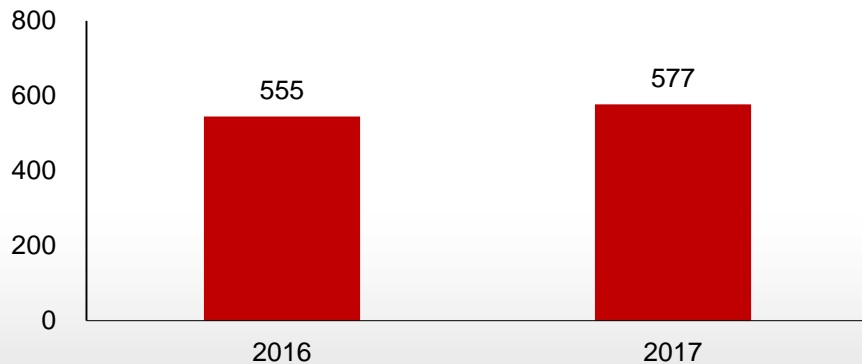
Total Number of Debit Cards Issued

(in millions)



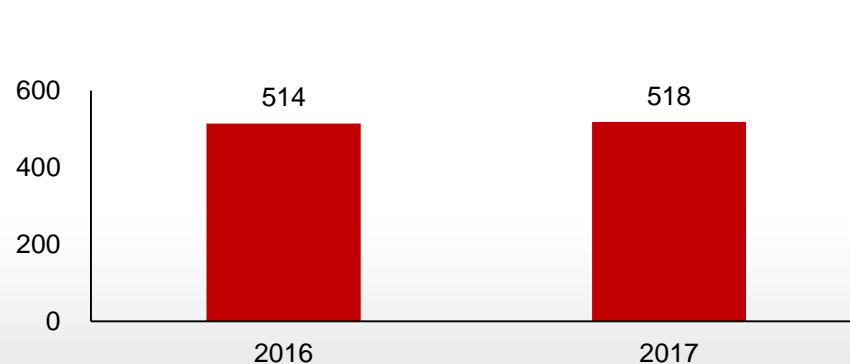
Credit Card Income

(RMB mn)



Bank Card Service Commissions Income

(RMB mn)



Rapid Development of Other Businesses

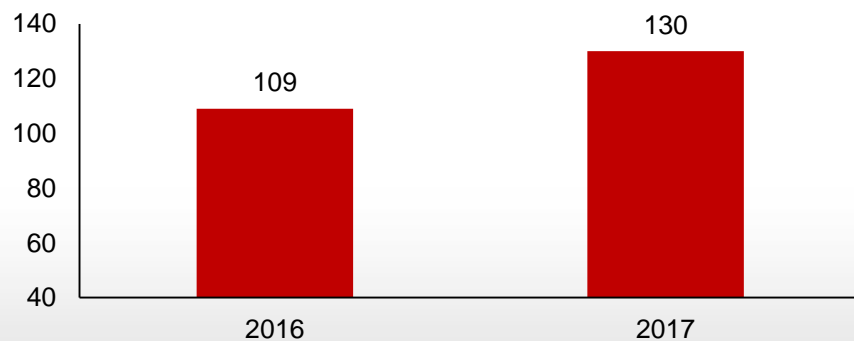


International Business Maintains Steady and Rapid Growth

- International settlements for clients amounted to US\$8,622mn, up 27.37% YOY
- Ranked 5th by cross-border payment and settlement among the financial institutions in Anhui Province
- Total Active customers in trade finance increased 10.76% from the end of last year. With increasing expansion of its international customer group, the Bank's customer base continues to consolidate
- Accumulatively granted on-sheet international trade financing amounted to RMB4,021mn; domestic letters of credit and financing business amounted to RMB25,752mn; and the balance of financing external guarantee amounted to USD1,103mn. The scale of financing products hit a new record high

Settlement and Clearing Fees Income

(RMB mn)

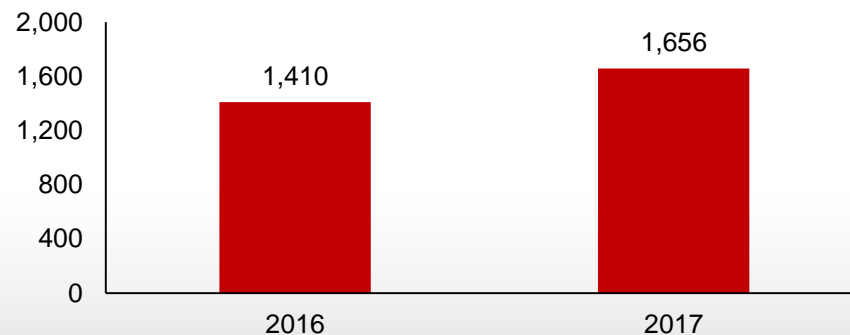


Electronic Banking Channels Further Improved

- In 2017, the trading account transactions via retail electronic channels accounted for 88.39%
- The number of personal online banking transactions accumulated to 219.3mn, up 11.23% YOY. Total transaction of enterprise online banking customers amounted to 50.5mn, up 23.38% YOY. The transaction amount of enterprise online banking accumulated to RMB2,075.6bn, up 0.91% YOY
- Total number of contracted mobile banking customers reached 2.2mn. The number of mobile banking transactions reached 73.9mn, up 64.81% YOY, and the transaction amount accumulated to RMB242.0bn, up 105.05% YOY
- As of the end of 2017, the total number of registered customers of Direct Banking Brand "Hui Chang You Cai" amounted to over 10 million, with accumulated transaction amount of RMB130 billion

Custodian and Other Fiduciary Service Commissions Income

(RMB mn)





Financial Performance



Business Performance



Risk Management

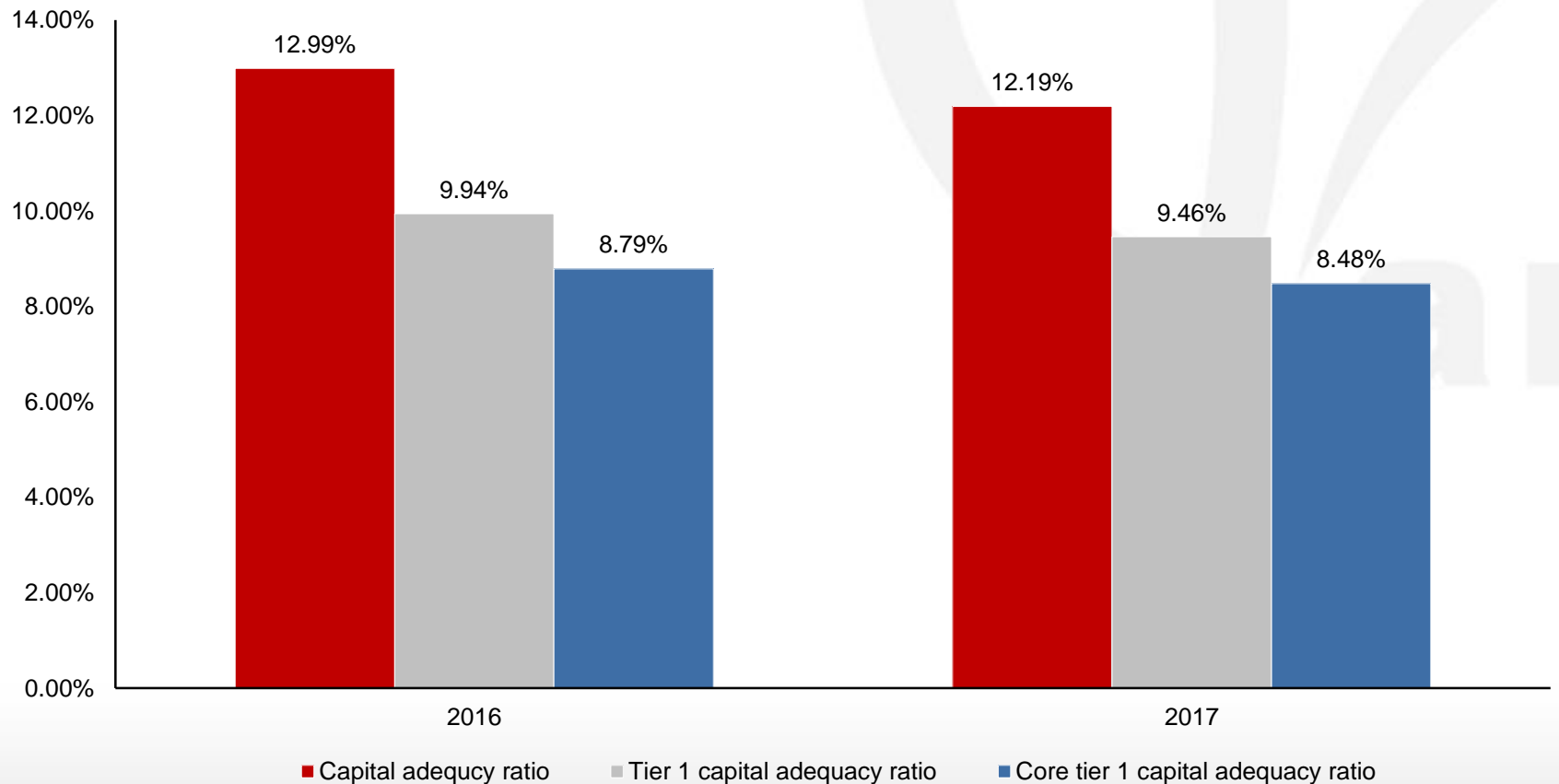


2018 Outlook

Capital Adequacy Ratios Continuously Comply with Regulatory Requirements



Capital Adequacy Ratios

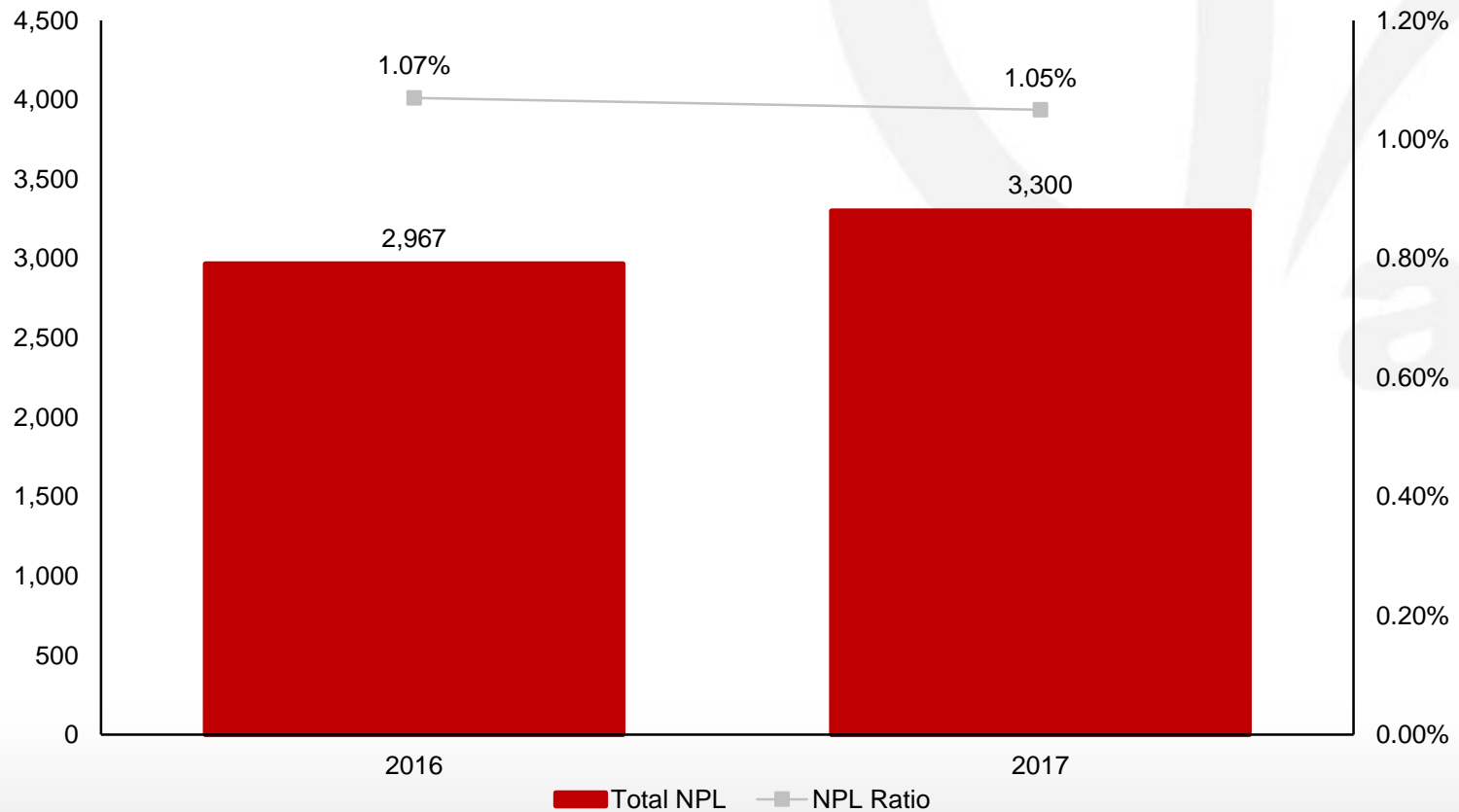


Asset Quality Remained Stable



Slight decrease in NPL Ratio

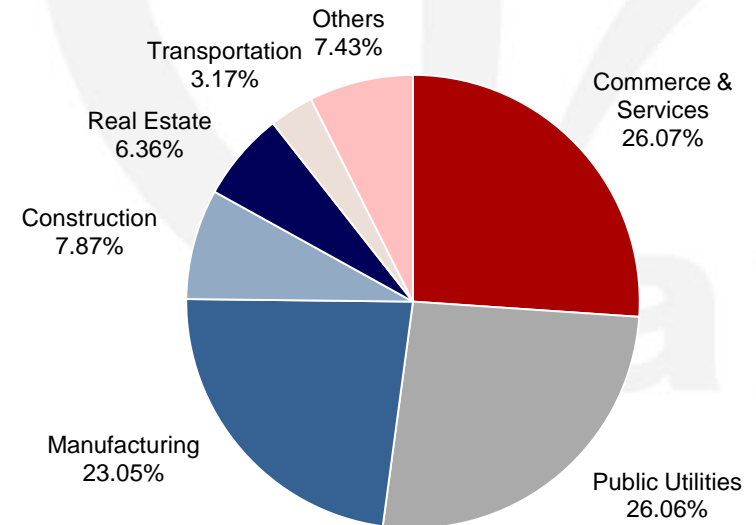
(RMB mn)



Sufficient Allowance to NPL



Strict Control of Corporate Loans over Industry Exposure⁽¹⁾



(1) Distribution of corporate loans by industry; others mainly include energy and chemical, financial services, education and media, catering and travelling, planting, forestry, livestock, and fishery industry, etc. (excluding discounted bills)

Highlights of 2017



Increasing effective investment to serve the real economy



Acceleration of transformation and upgrade to boost business development



Innovation-driven development and improvement of service capability



Improving management and strengthening support and protection



Financial Performance



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Risk Management



2018 Outlook

2018 is a critical juncture for Huishang Bank to implement the 13th five-year strategic plan



Reshaping the major market participants and deepening and broadening government financial services



Leveraging innovations in product family to make a breakthrough in comprehensive corporate finance services



Optimizing the structure of retail asset operations by focusing on consumer finance as a springboard



Serving the real economy and steadily growing investment business



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Summary Financials



RMB in billions	31 Dec. 2017	31 Dec. 2016		Change
Total assets	908	755		20.31%
Total loans and advances	315	277		13.46%
Total liabilities	849	702		20.99%
Total customer deposits	513	462		10.99%
Equity attributable to shareholders of the Bank	58	52		11.24%
Core Tier 1 capital adequacy ratio ⁽¹⁾	8.48%	8.79%		0.31ppt
Capital adequacy ratio ⁽¹⁾	12.19%	12.99%		0.80ppt
NPL ratio	1.05%	1.07%		0.02ppt
Allowance to NPL ratio	287.45%	270.77%		16.68ppts
Allowance to loans ratio	3.01%	2.90%		0.11ppt

(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)

Summary Financials (cont'd)



RMB in millions	2017	2016		Change
Net interest income	20,197	18,340	↑	10.13%
Net fee and commission income	2,844	2,491	↑	14.17%
Net operating income	22,508	20,918	↑	7.60%
Profit before tax	9,613	8,813	↑	9.08%
Net profit	7,812	6,996	↑	11.66%
Earnings per share attributable to shareholders of the Bank (RMB)	0.66	0.62	↑	6.45%
Net interest margin (NIM)	2.31%	2.59%	↓	0.28ppt
Cost-to-income ratio ⁽¹⁾	25.90%	27.55%	↓	1.65ppt
Return on average assets	0.94%	1.01%	↓	0.07ppt
Return on average equity	15.56%	15.63%	↓	0.07ppt

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



Thank You

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