



徽商银行

HUI SHANG BANK

2018 Interim Results Announcement

Hong Kong

27 August 2018



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



Financial Performance



Business Development



Risk Management



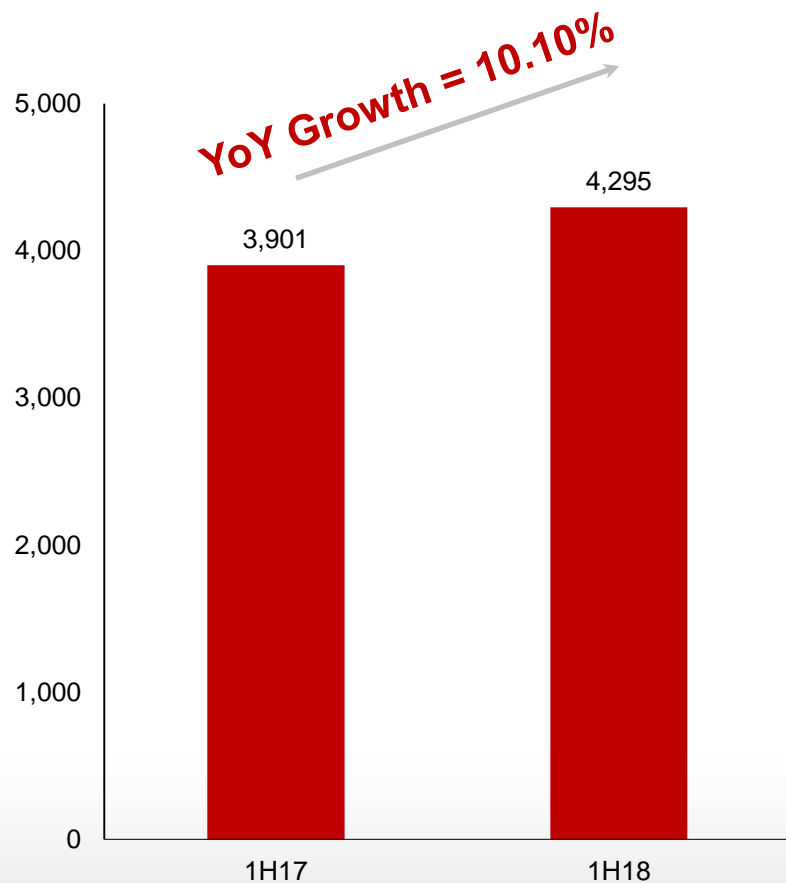
2H18 Outlook

Stable Profitability with Steady Growth in Net Profit

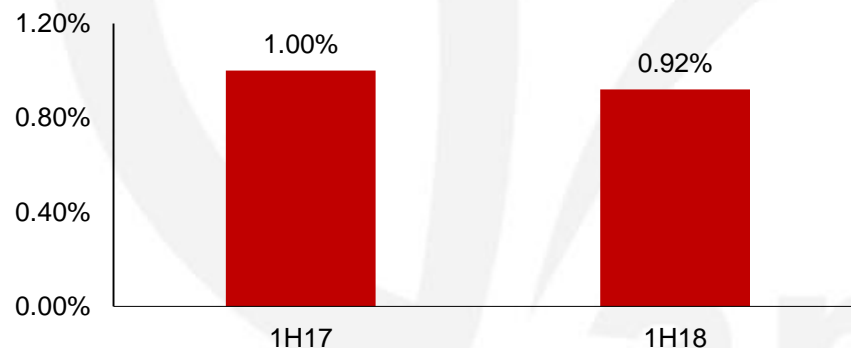


Net Profit

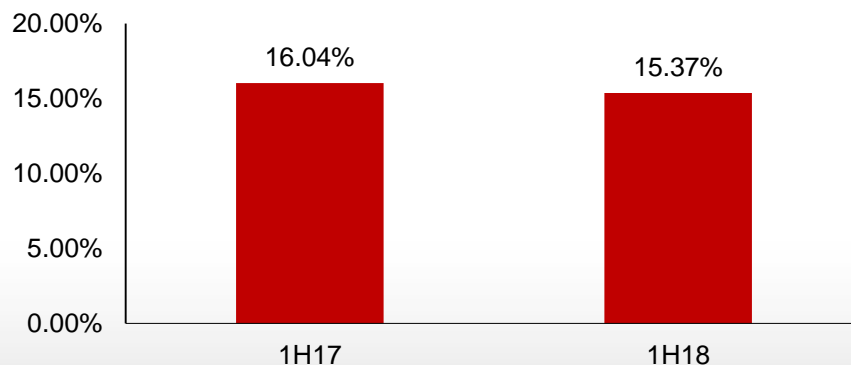
(RMB mn)



Return on Average Assets



Return on Average Equity of Shareholders

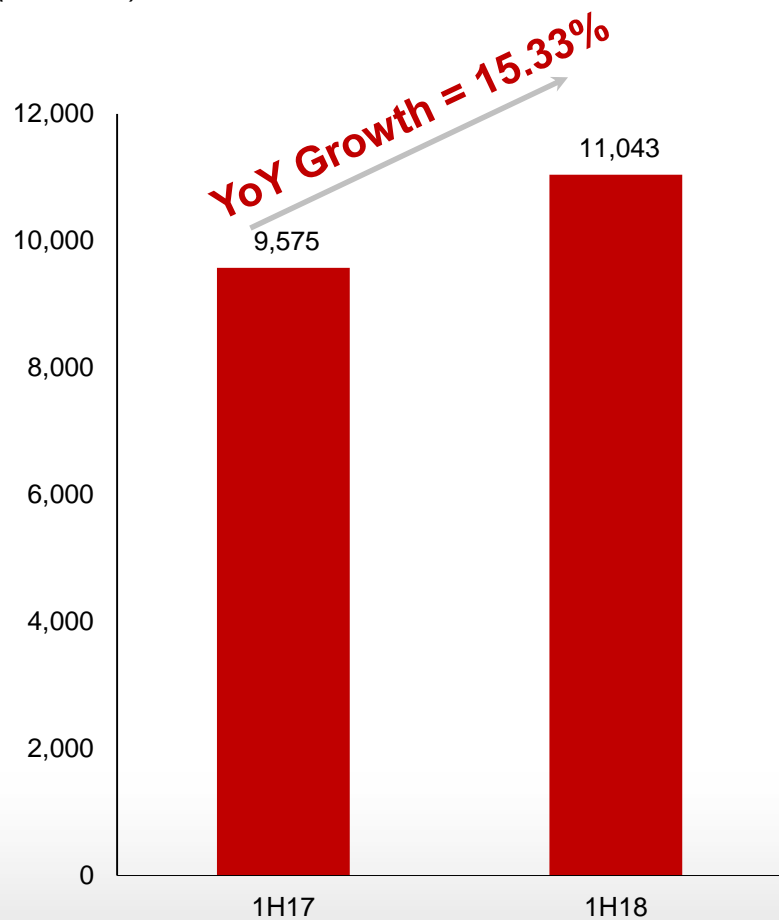


Steady Increase in Net Interest Income

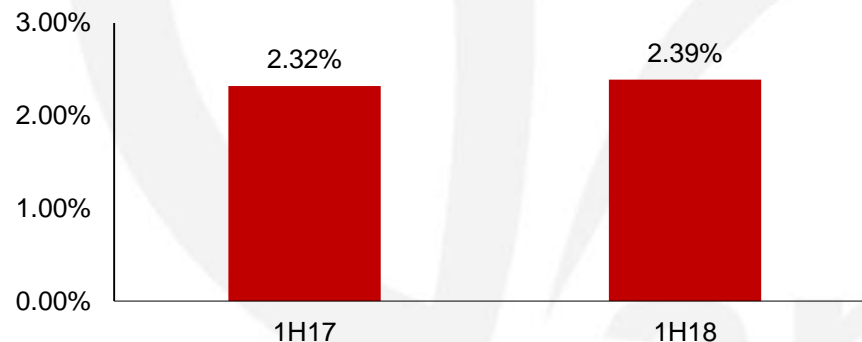


Net Interest Income

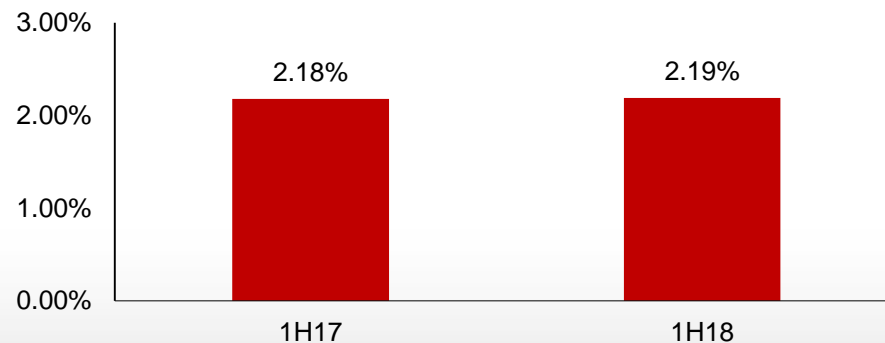
(RMB mn)



Net Interest Margin (NIM)



Net Interest Spread (NIS)

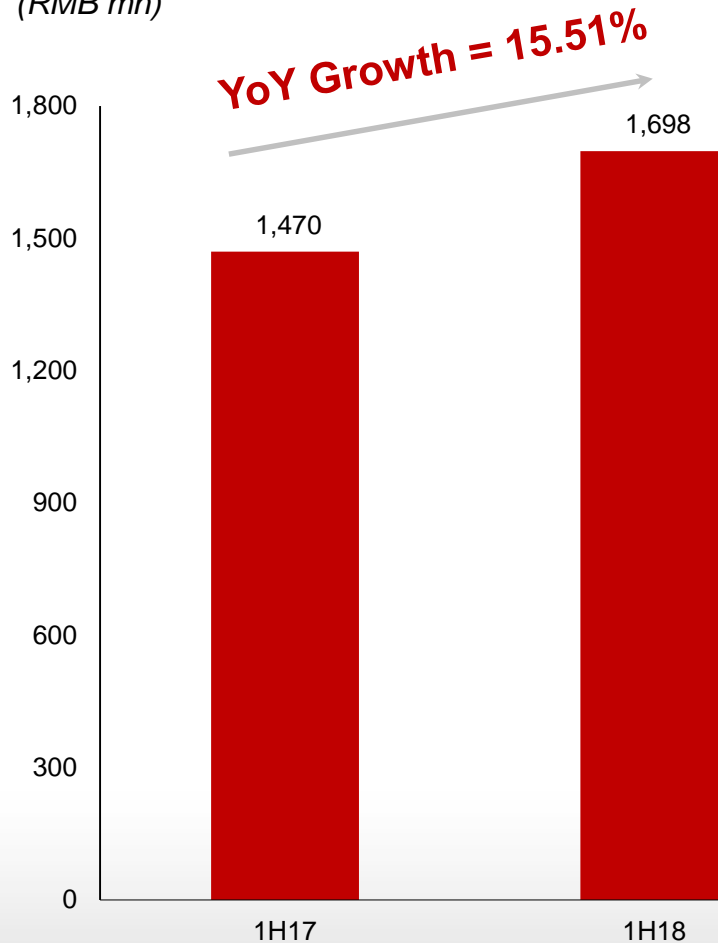


Robust Growth in Net Fee and Commission Income

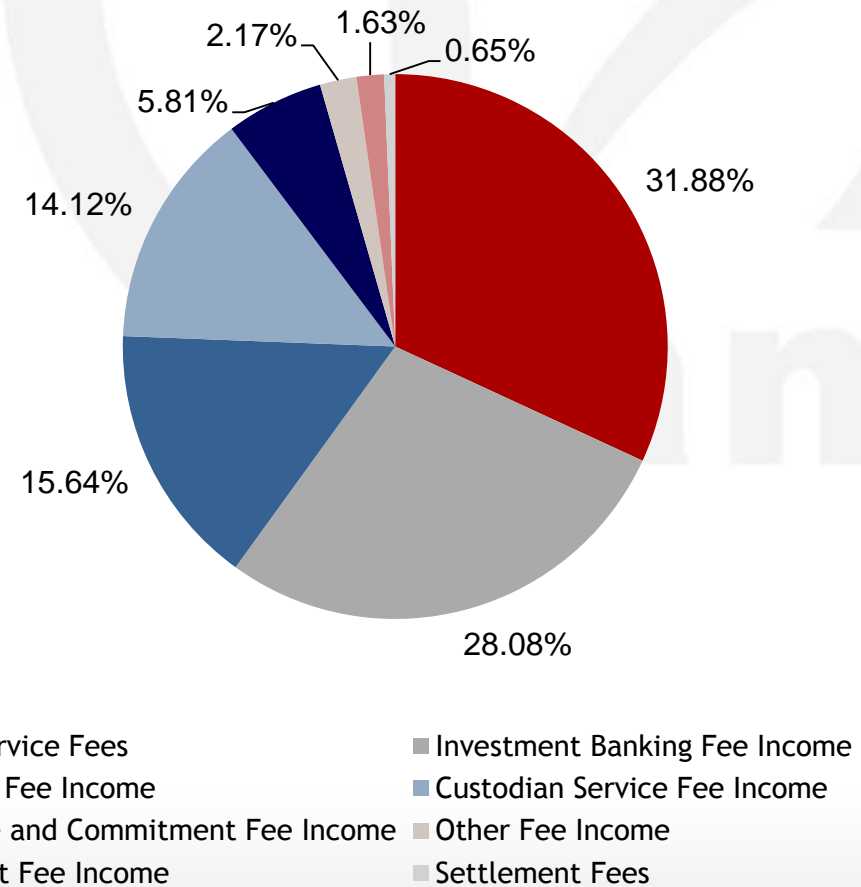


Net Fee and Commission Income

(RMB mn)



Principal Components of Fee and Commission Income



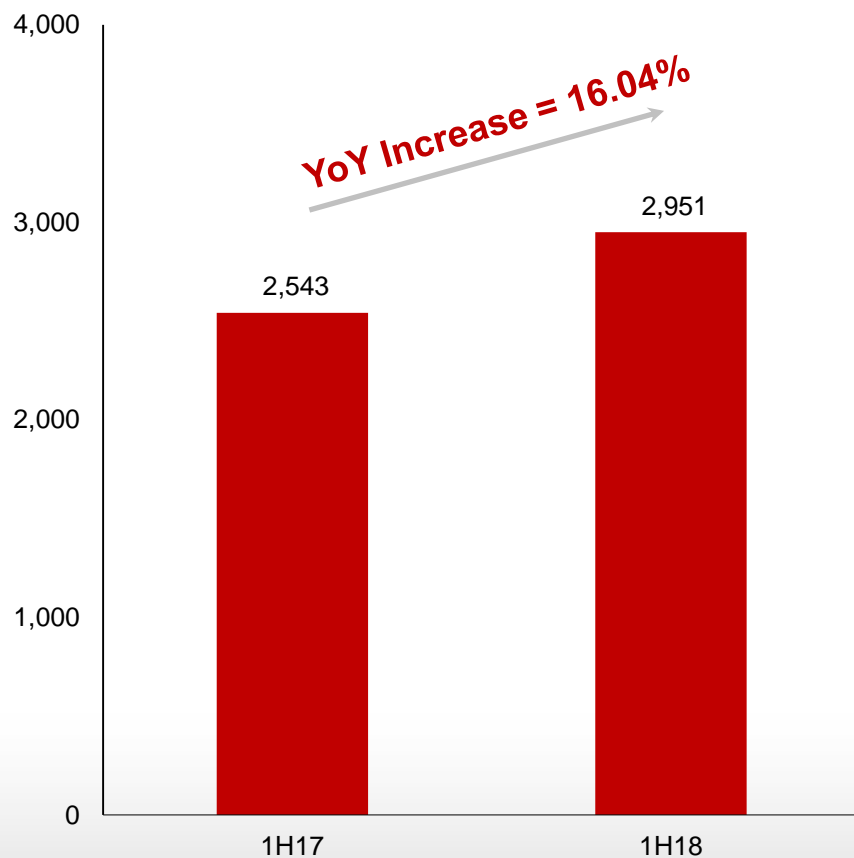
(1) Mainly includes syndicated loan fees, domestic factoring fees, arrangement fees for international trade financing and bond fees income, etc.

Continued Leading Cost-efficiency among Peers

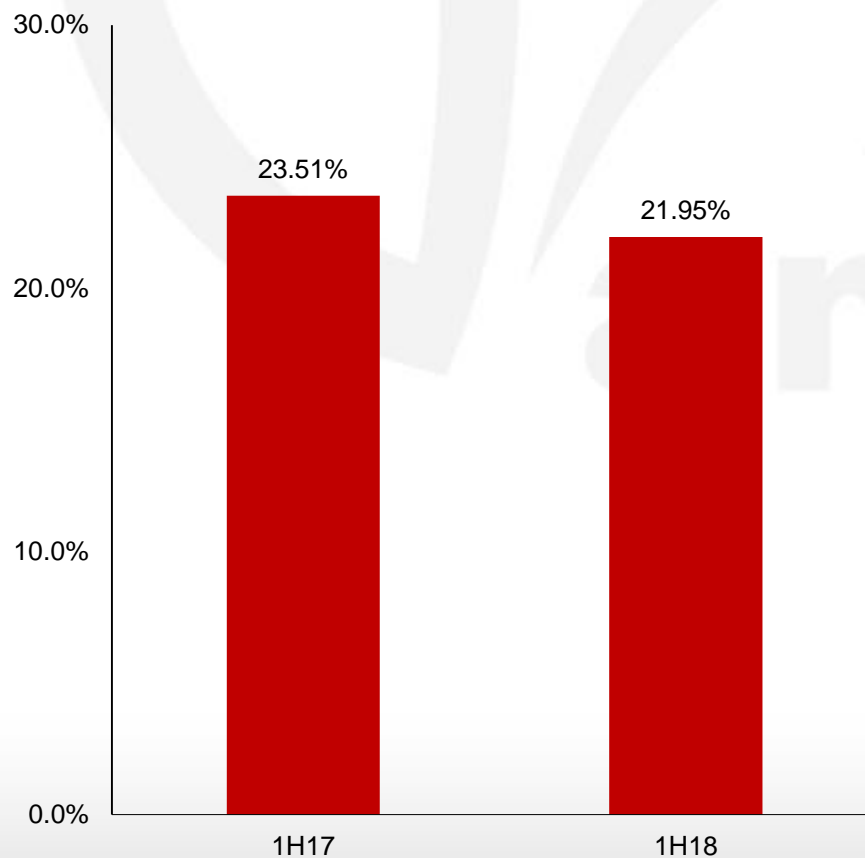


Operating Expenses Increased Slightly

(RMB mn)



Cost-to-income Ratio Continually Stayed Low





Financial Performance



Business Development



Risk Management



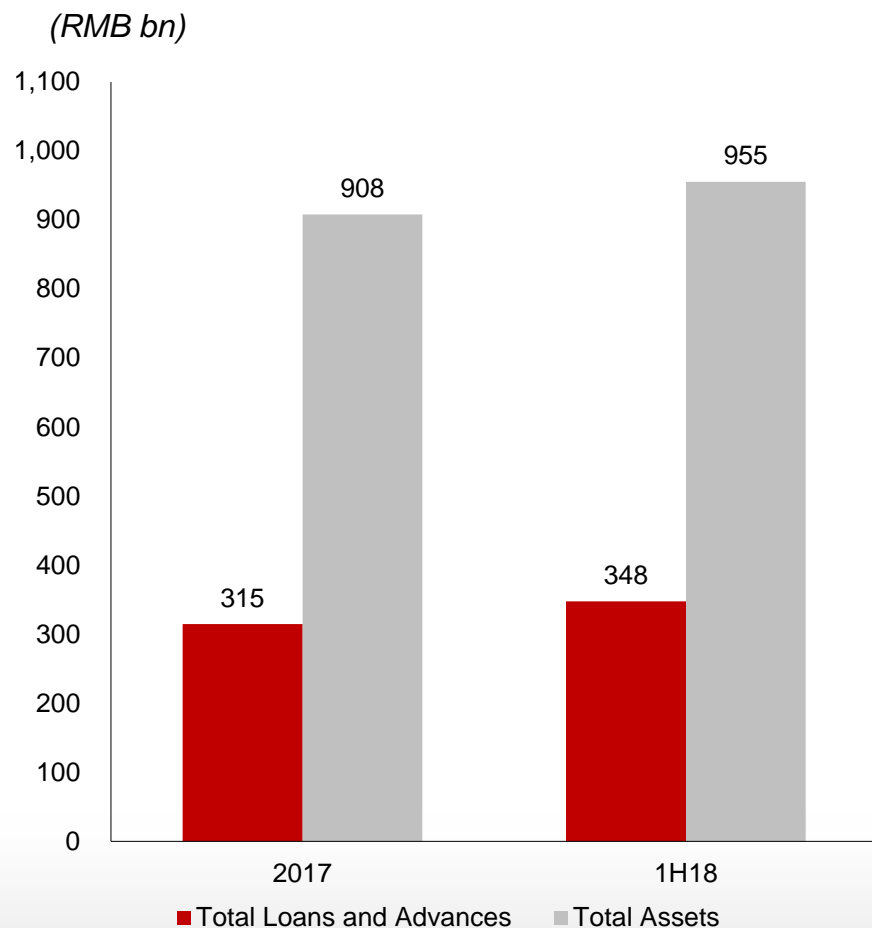
2H18 Outlook

Steady Expansion of Business Scale



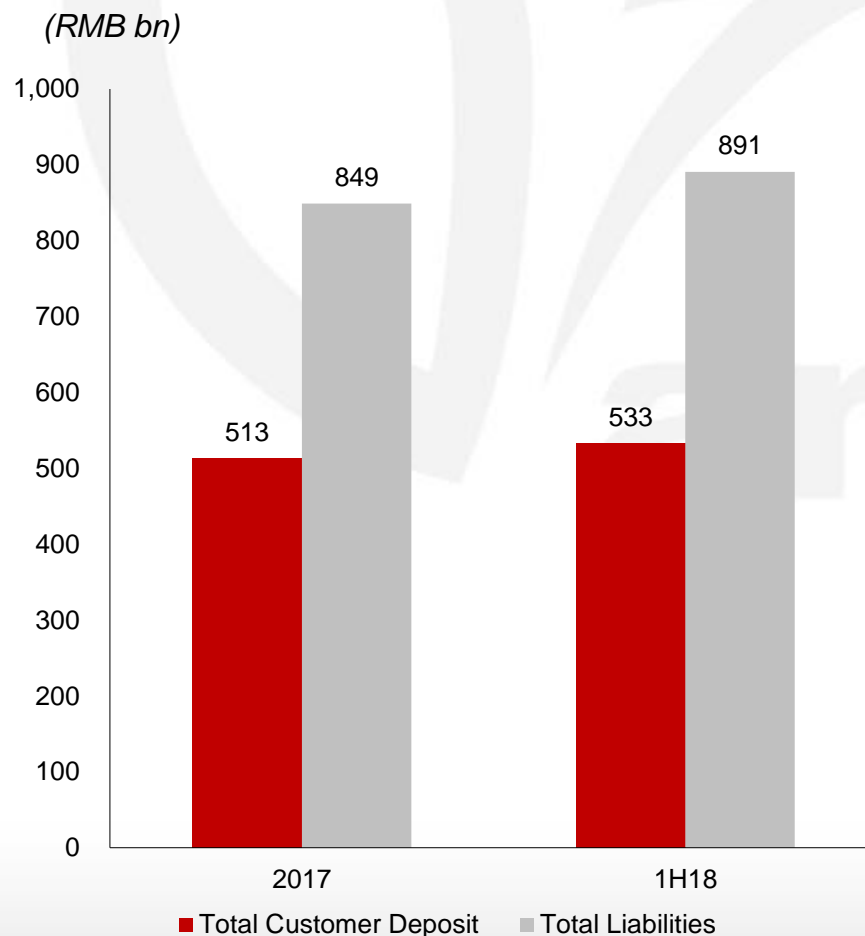
Total Assets: RMB955.2 bn

Total Loans and Advances Growth: 10.51% YTD



Total Liabilities: RMB890.7 bn

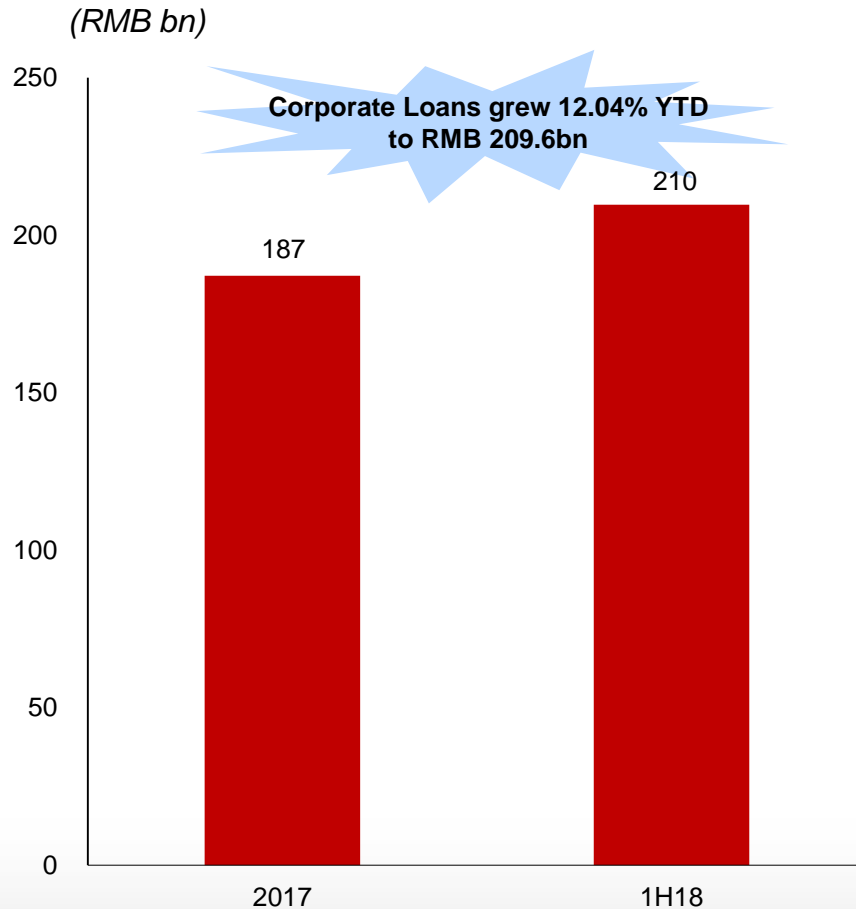
Total Deposits Growth: 3.85% YTD



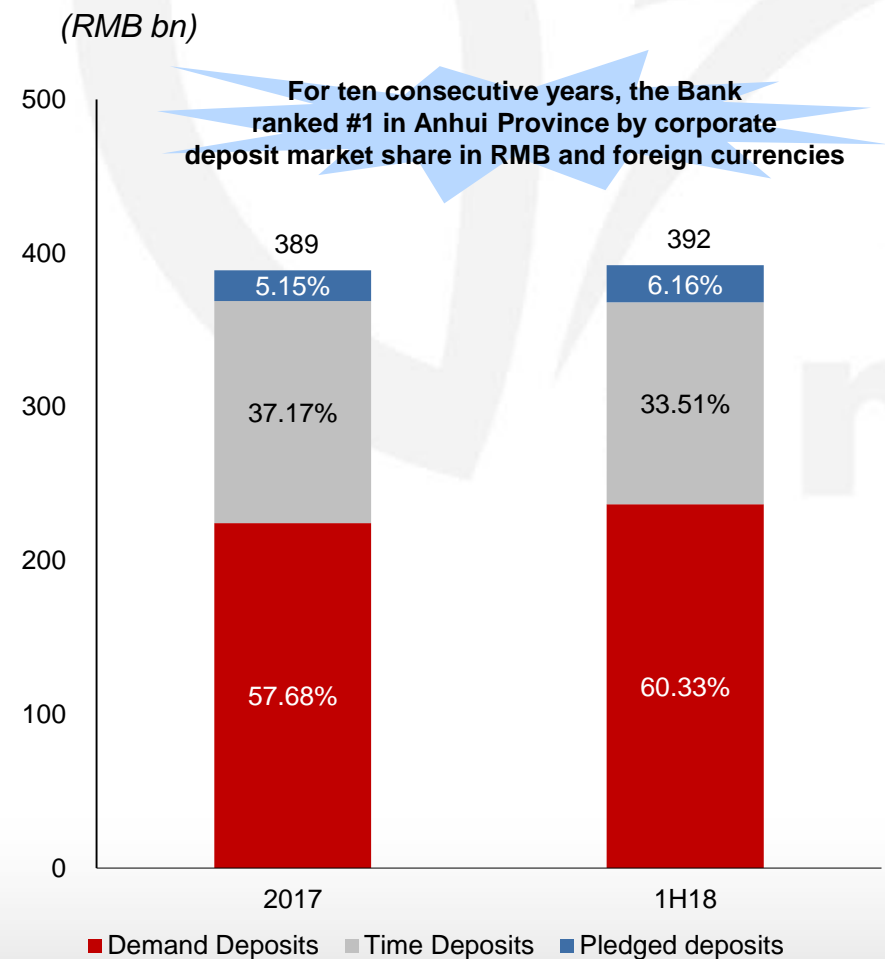
Steady Growth of Corporate Banking Business



Corporate Loan Growth: 12.04% YTD



Corporate Deposit Keeps Steady

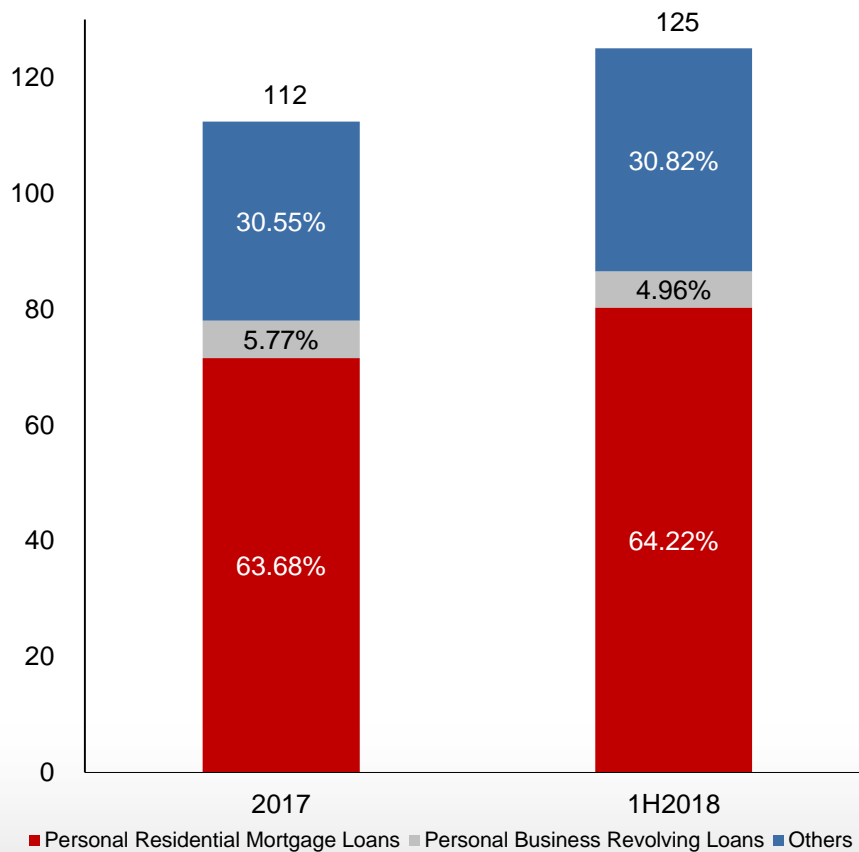


Fast Growth of Retail Banking Business



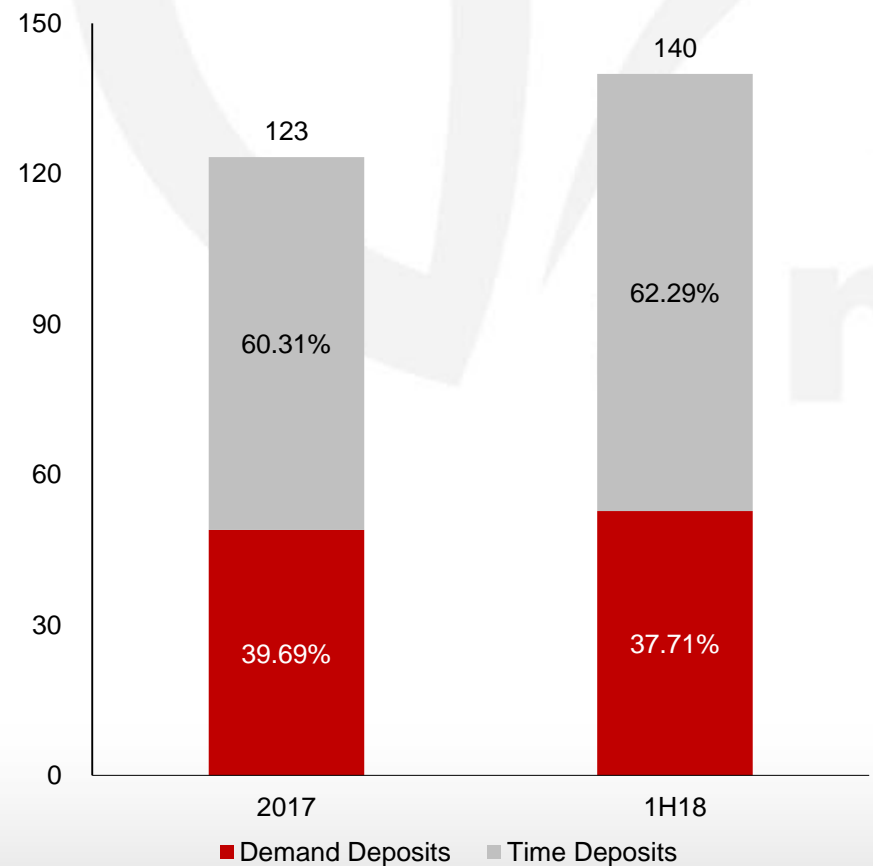
Retail Loan Growth: 11.28% YTD

(RMB bn)



Retail Deposit Growth: 13.46% YTD

(RMB bn)

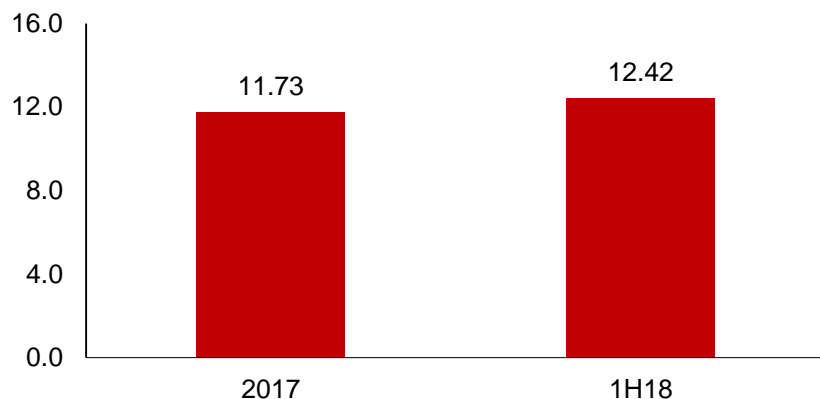


Fast Growth of Retail Banking Business (Cont'd)



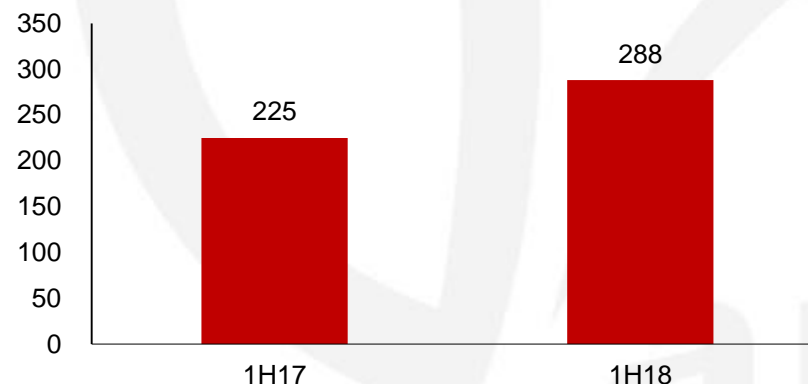
Total Number of Valid Debit Cards

(in millions)



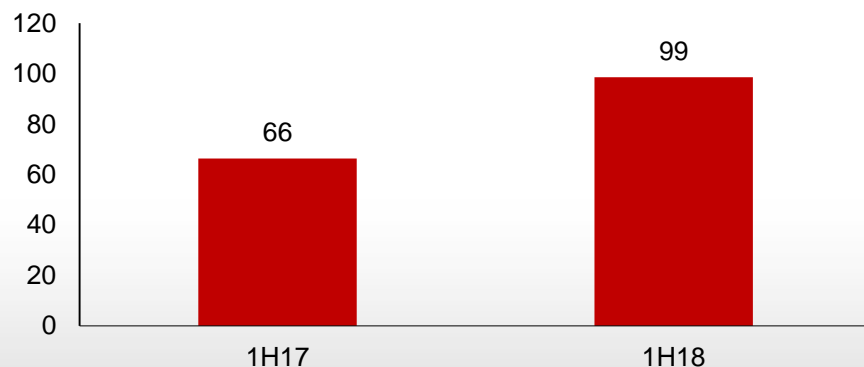
Bank Card Fees

(RMB mn)



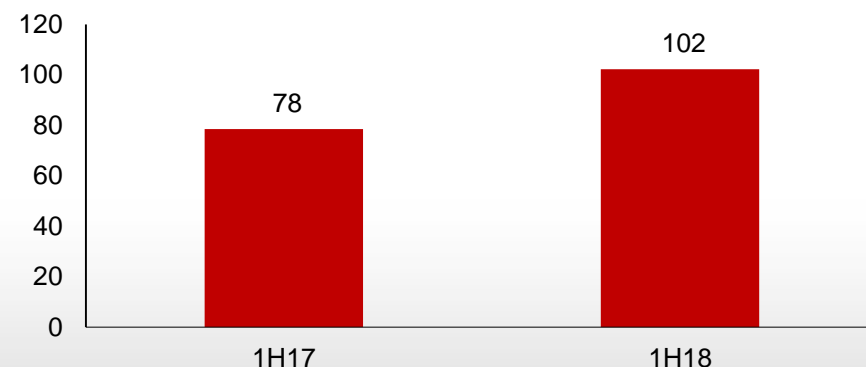
Wealth Management Business Scale (Excluding Direct Banking Business)

(RMB bn)



Fund Raised for Personal Wealth Management Business

(RMB bn)



Rapid Development of Other Businesses

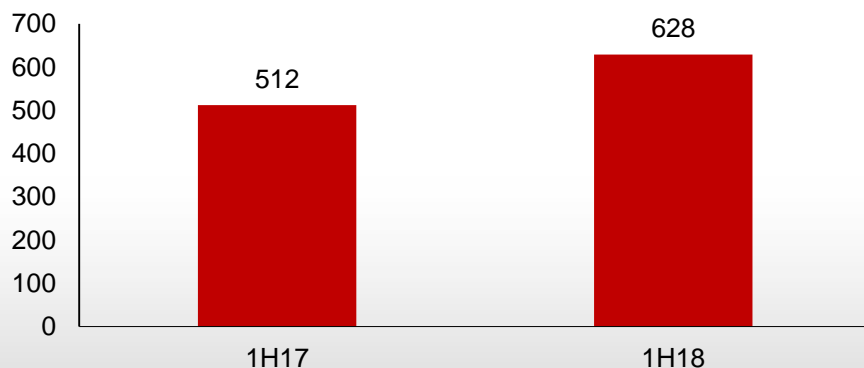


International Business Maintained Steady and Rapid Growth

- International settlements for clients amounted to US\$5.14bn in 1H18, up 15.84% YoY
- The Bank's total domestic and foreign currency receipts and payments ranked fourth among 29 financial institutions in the province.
- As of the end of June 2018, the cumulative transaction volume of foreign exchange funds amounted to US\$10.4bn, up 44.36% YoY. The cumulative contracted value of the derivatives business was US\$4.065bn. Foreign currency bond investment accumulated to US\$40mn.
- In 1H18, the Bank carried out in-depth cooperation with the members of the China-Russia Financial Alliance and established business presence with new strategies in line with the Belt and Road Initiative. In respect of cross-border clearing channel construction, the Bank has 13 overseas clearing accounts.

The Balance of Assets under Custody

(RMB bn)

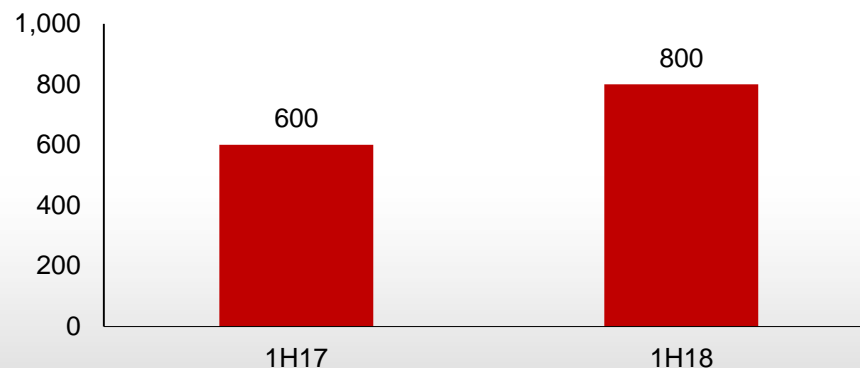


Electronic Banking Channels Further Improved

- In 1H18, the trading account transactions via retail electronic channels accounted for 93.16%.
- The total number of personal online banking customers amounted to 3.34mn. The number of personal online banking transactions amounted to 129.1mn, up 29.66% YoY. The Bank recorded 26.9mn corporate online banking transactions, up 16.93% YoY. The amount of enterprise online banking transactions reached RMB971.991bn.
- The total number of mobile banking customers reached 2.69mn. The number of mobile banking transactions reached 44.35mn, up 36.21% YoY, and total transaction amount accumulated to RMB178.27bn, up 81.23% YoY
- As of the end of June 2018, the total number of active direct banking customers of the Bank reached 14.5mn, and the total penetration of products reached RMB14bn, with the total amount of wealth management product transactions exceeding RMB140bn.

The Transaction Volume of Cash Management Business

(RMB bn)





Financial Performance



Business Development



Risk Management

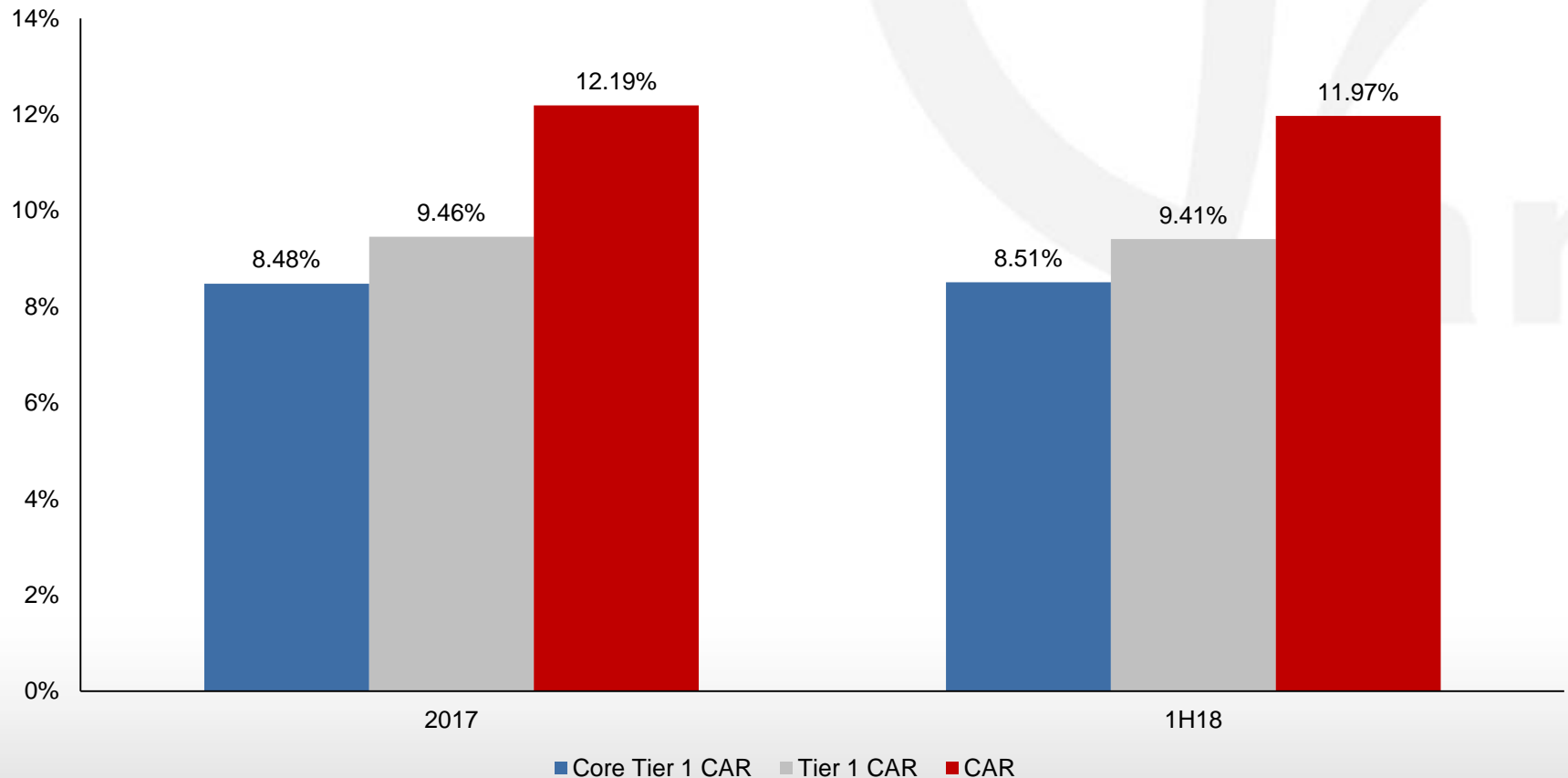


2H18 Outlook

Capital Adequacy Ratios Continuously Comply with Regulatory Requirements



Capital Adequacy Ratios

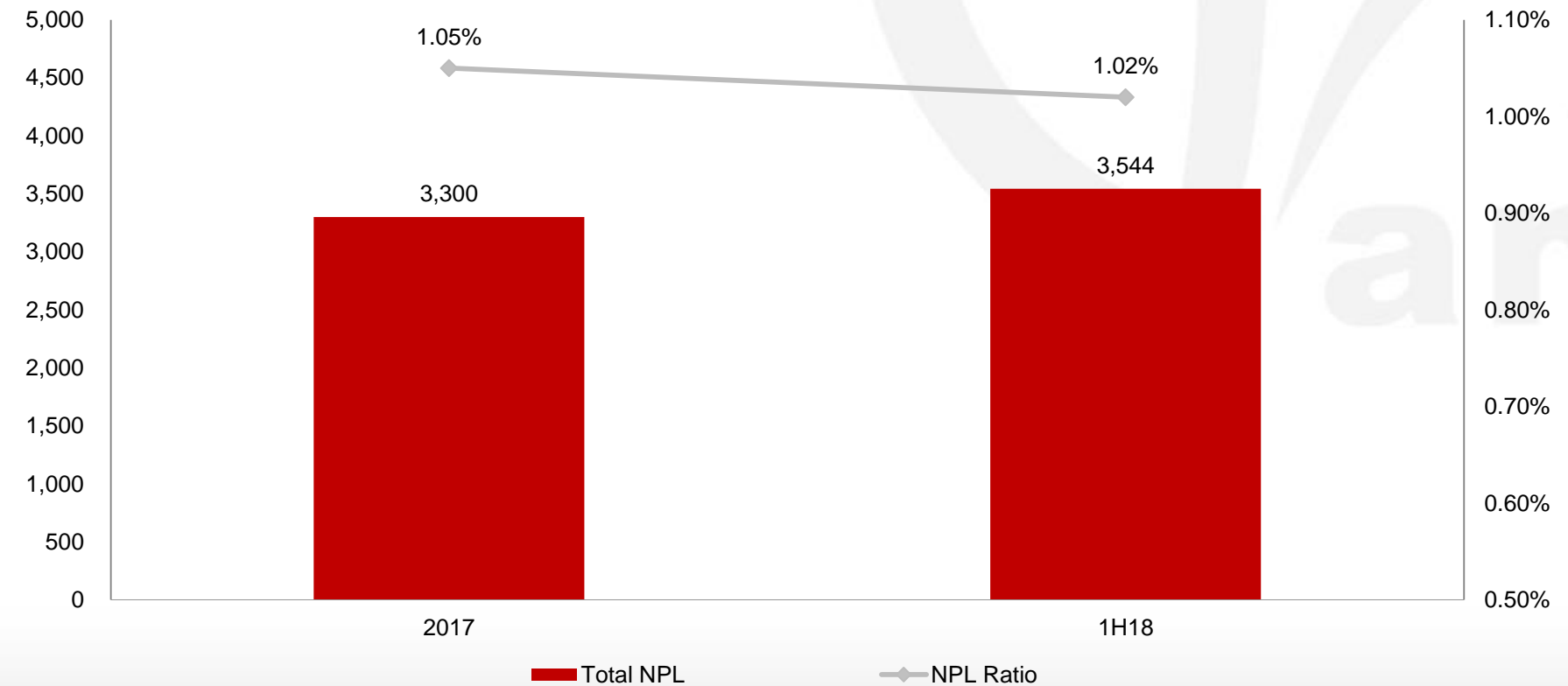


Asset Quality Remains Stable

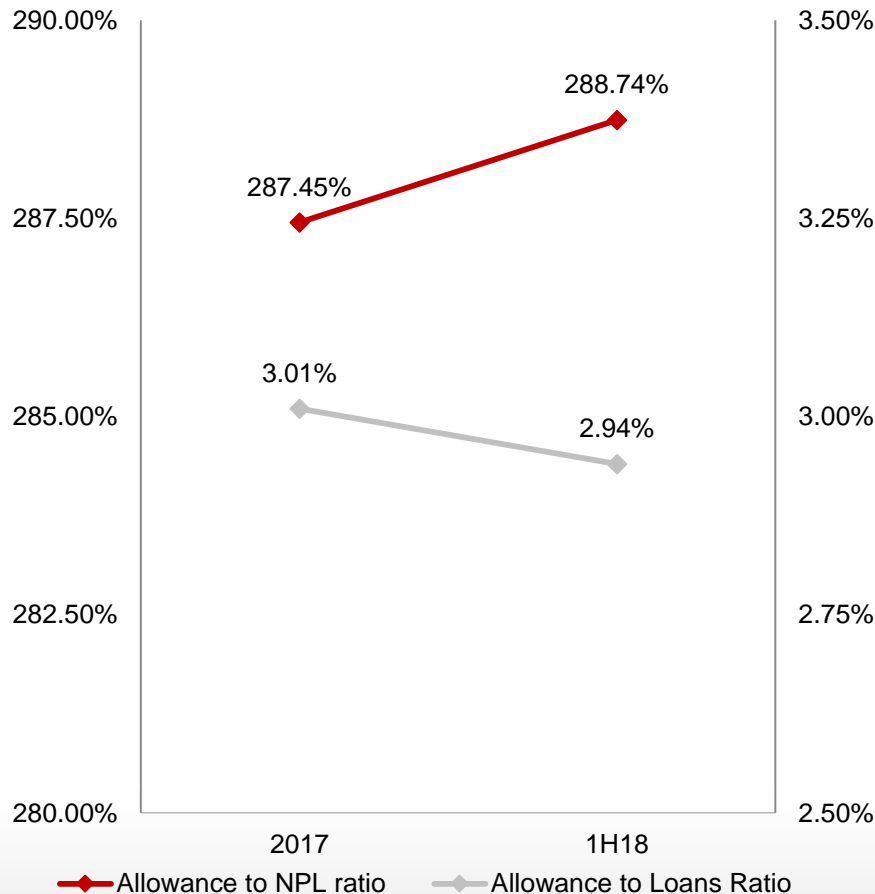


Moderate Decrease in NPL Ratio

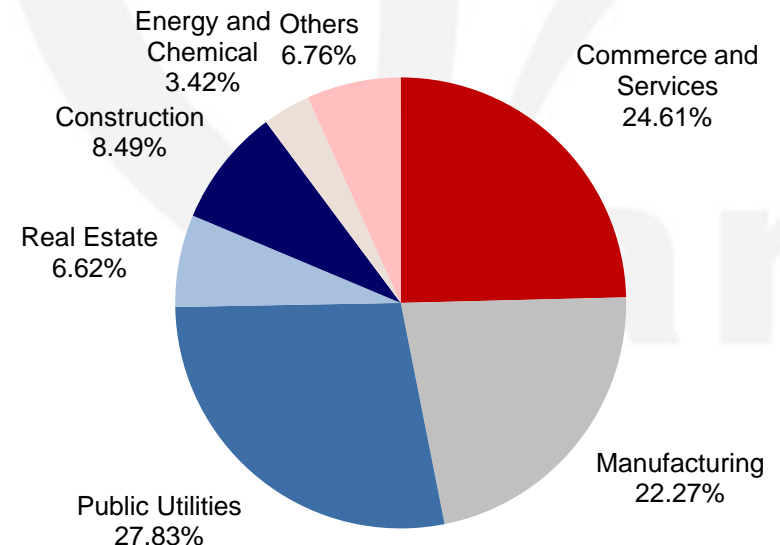
(RMB mn)



Sufficient Allowance to NPL



Strictly Control of Corporate 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



2H18 Outlook

2H2018 Outlook – Opportunities and Challenges



In 2H18, economic recovery will be highly variable, fiscal policy will be more proactive, Huishang Bank will take opportunities to maintain stable growth.



Offer a comprehensive range of services for local economic and social development as the principle



Acquire underlying customers, reserve key projects, and seize premium quality assets



Hold fast to the bottom line against risks, stringently control credit risks, increase the risk control capability



Proceed with innovations in systems and mechanisms, strengthen internal governance, improve fundamental management capabilities

Q&A

Summary Financials



RMB in millions, percentage excluded	30 Jun. 2018	31 Dec. 2017		Change
Total assets	955, 208	908, 100	↑	5. 19%
Total loans and advances	347, 761	314, 694	↑	10. 51%
Total liabilities	890, 682	848, 888	↑	4. 92%
Total customer deposits	532, 552	512, 808	↑	3. 85%
Equity attributable to shareholders of the bank	62, 552	57, 703	↑	8. 40%
Core Tier 1 capital adequacy ratio ⁽¹⁾	8. 51%	8. 48%	↑	0. 03PPT
Capital adequacy ratio ⁽¹⁾	11. 97%	12. 19 %	↓	0. 22PPT
NPL ratio	1. 02%	1. 05%	↓	0. 03PPT
Allowance to NPL ratio	288. 74%	287. 45%	↑	1. 29PPT
Allowance to loans ratio	2. 94%	3. 01%	↓	0. 07PPT

(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) 21

Summary Financials (Cont'd)



RMB in millions, percentage excluded	1H18	1H17		Change
Net interest income	11,043	9,575		15.33%
Net fee and commission income	1,698	1,470		15.51%
Net operating income	13,443	10,815		24.30%
Profit before tax	5,150	4,864		5.88%
Net profit	4,295	3,901		10.10%
Earnings per share (RMB Yuan)	0.39	0.34		14.71%
Net interest margin (NIM)	2.39%	2.32%		0.07PPT
Cost-to-income ratio ⁽¹⁾	21.95%	23.51%		1.56PPT
Return on average assets	0.92%	1.00%		0.08PPT
Return on average equity of shareholders	15.37%	16.04%		0.67PPT

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

**Thank
You**