



徽商银行

HUI SHANG BANK

2018 Annual Results Announcement

Hong Kong

29 March 2019



Disclaimer



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



Financial Performance



Business Development



Risk Management



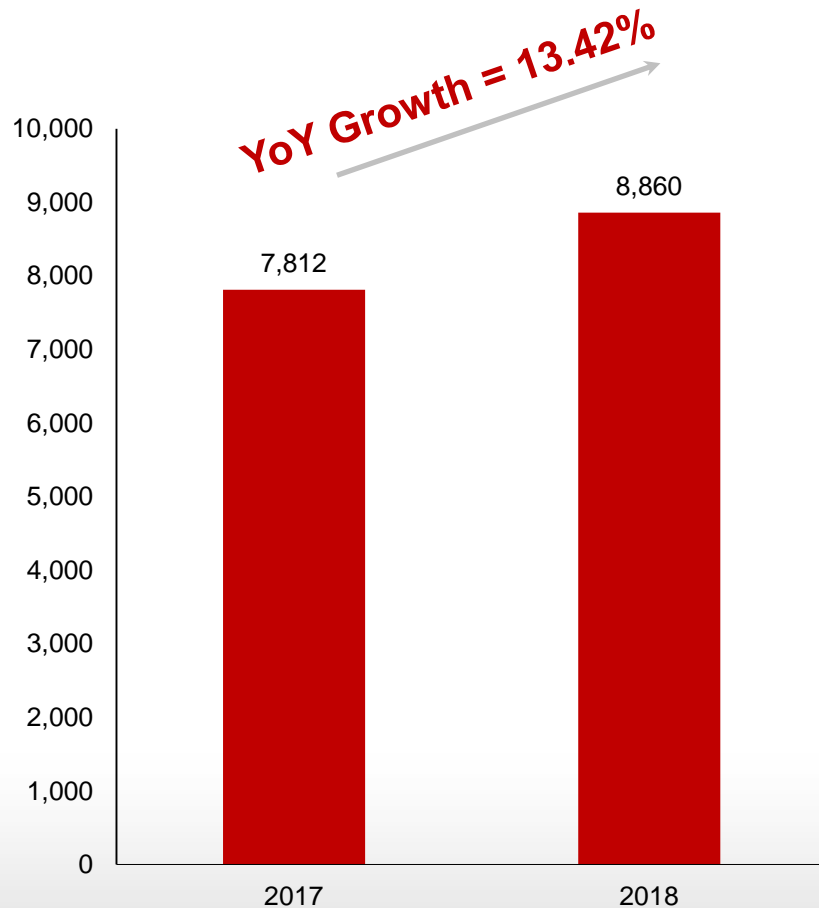
2019 Outlook

Stable Profitability with Steady Growth in Net Profit



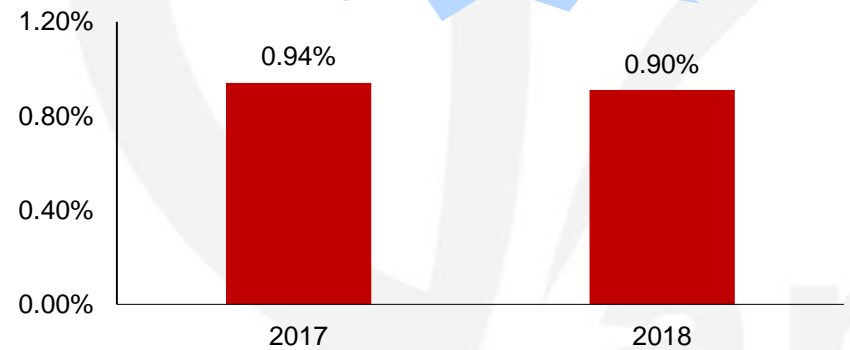
Net Profit

(RMB mn)



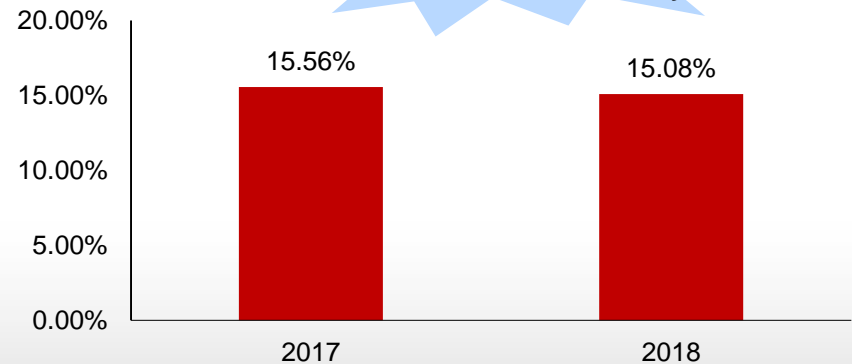
Return on Average Assets

Return on Average Assets reached over 0.9% for five years



Return on Average Equity

Return on Average Equity of Shareholders Reached more than 15% for five years

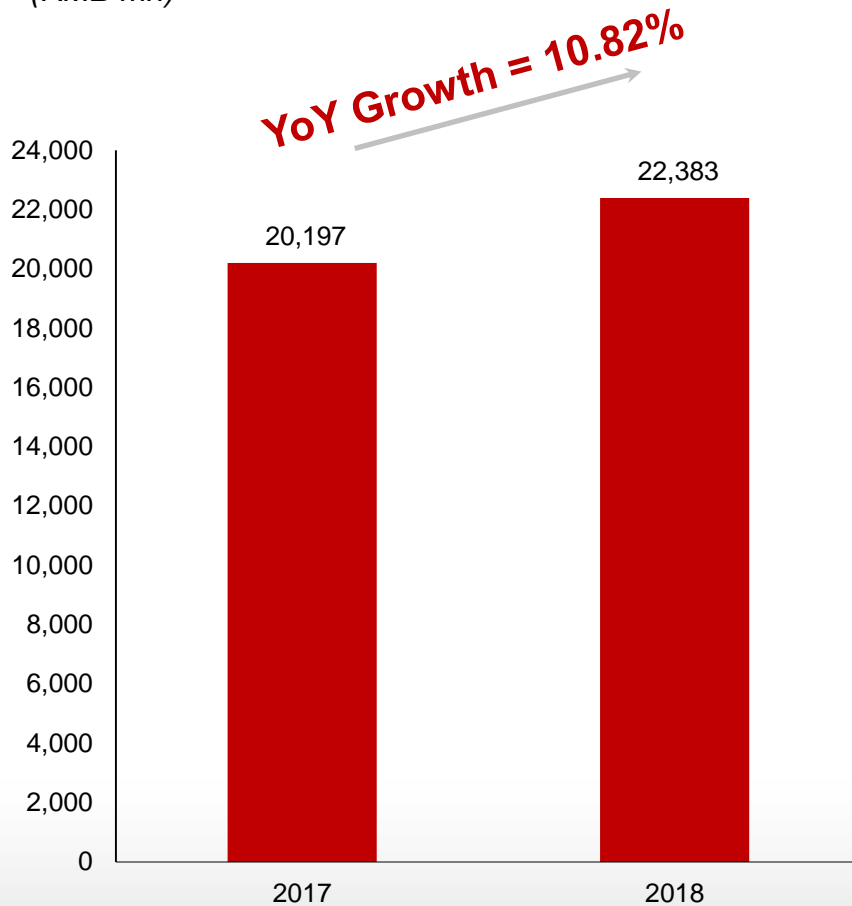


Steady Increase in Net Interest Spread

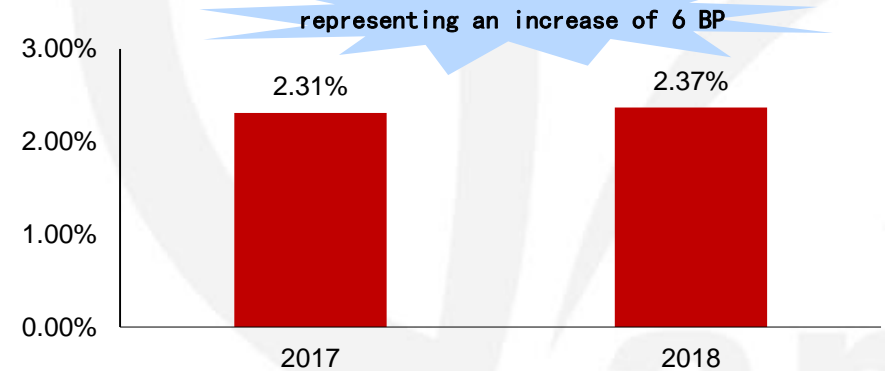


Net Interest Income ⁽¹⁾

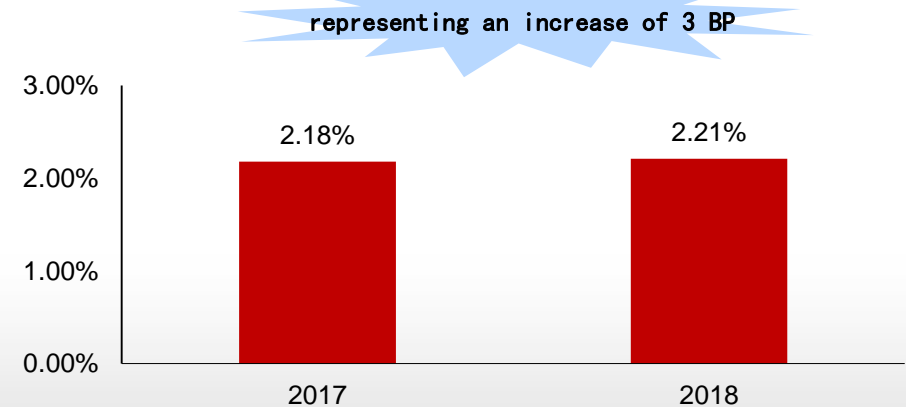
(RMB mn)



Net Interest Margin (NIM)



Net Interest Spread (NIS)



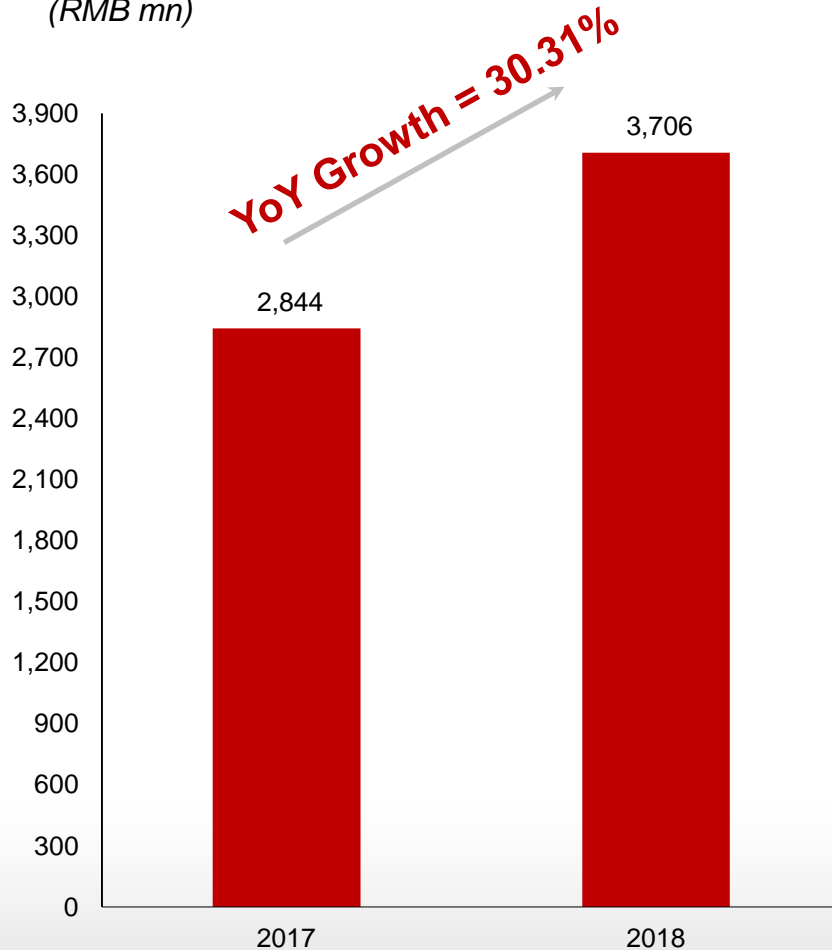
(1) comprises net interest income from financial instruments at fair value through profit or loss

Robust Growth in Net Fee and Commission Income

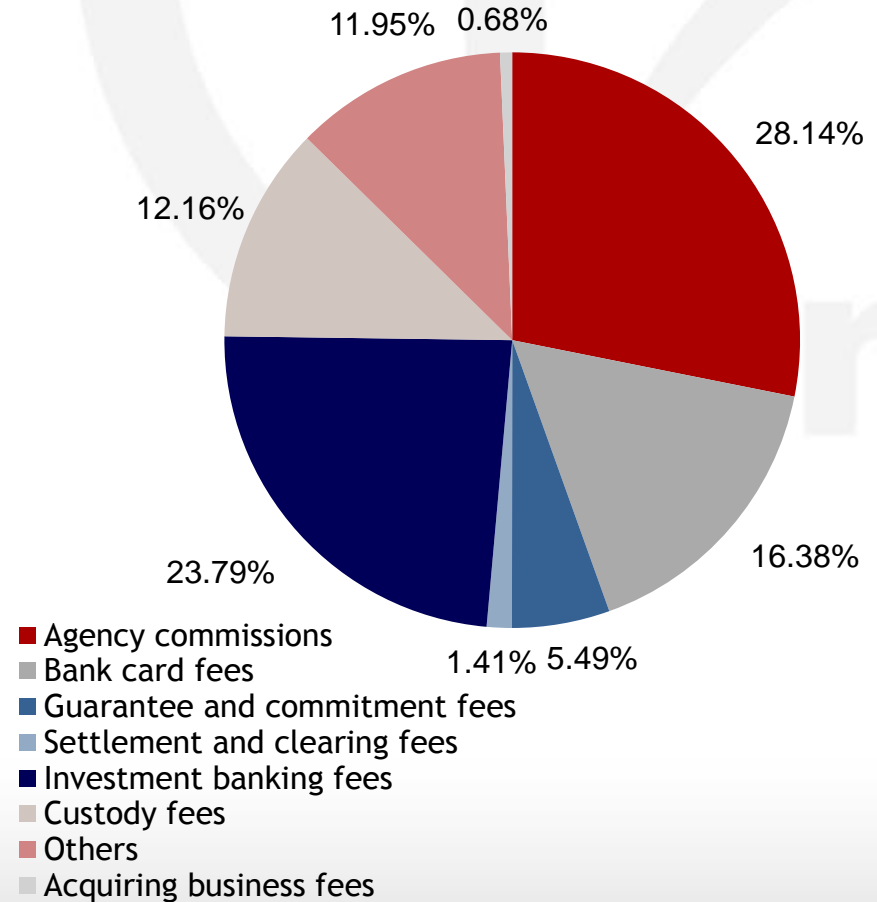


Net Fee and Commission Income

(RMB mn)



Principal Components of Fee and Commission Income

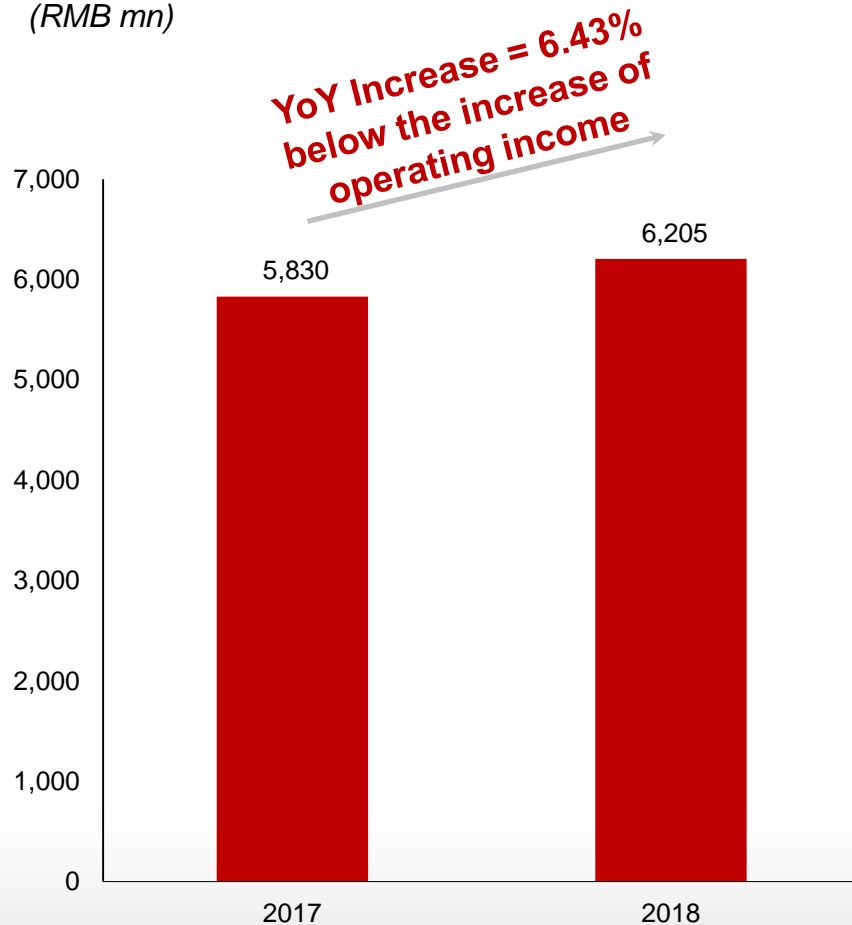


Continued Leading Cost-efficiency among Peers

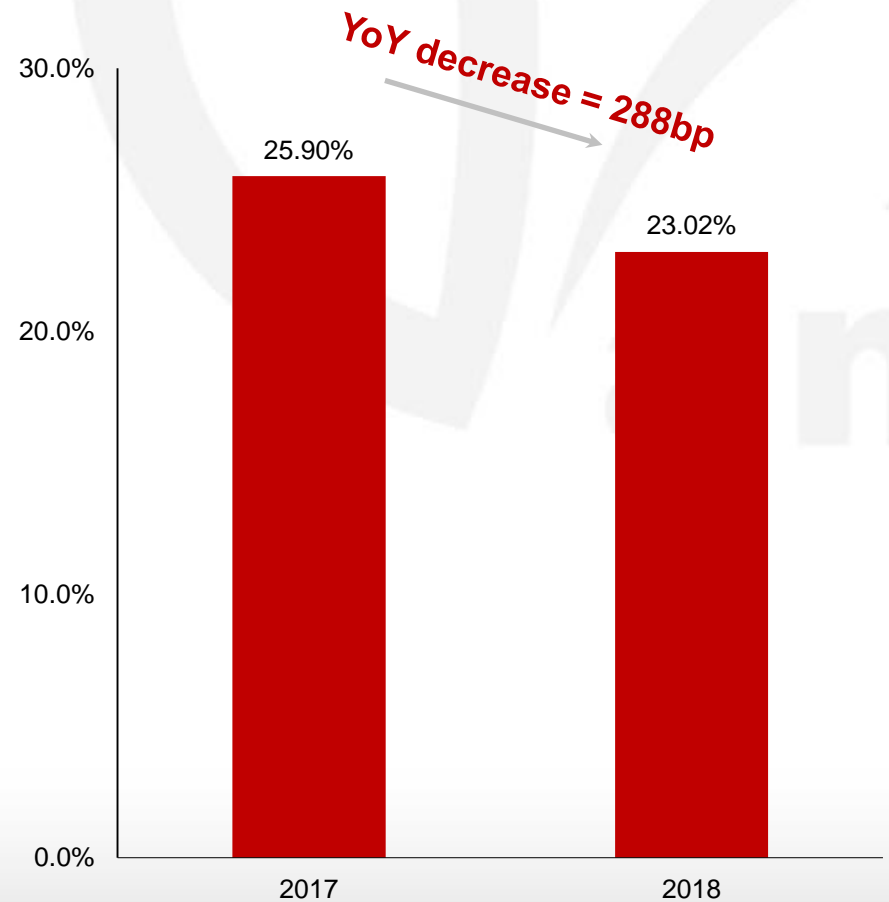


Operating Expenses Increased Slightly

(RMB mn)



Cost-to-income Ratio Continually Stayed Low





Financial Performance



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2019 Outlook

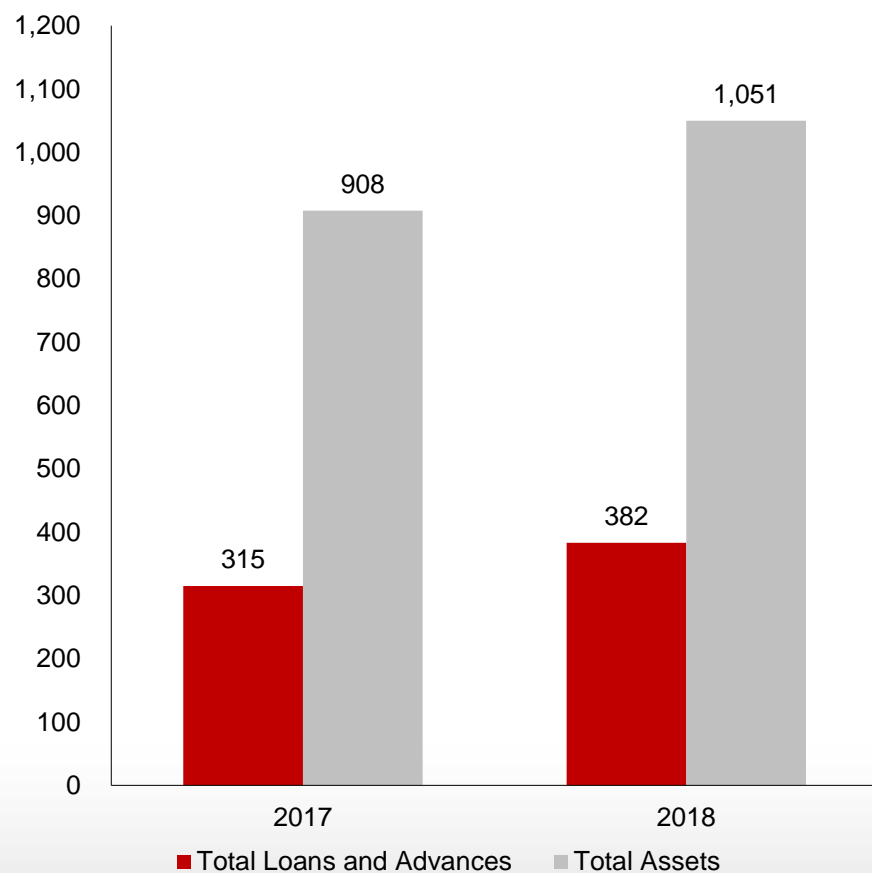
Steady Expansion of Business Scale



Total Assets: RMB1,051 bn

Total Loans and Advances Growth: 21.31% YTD

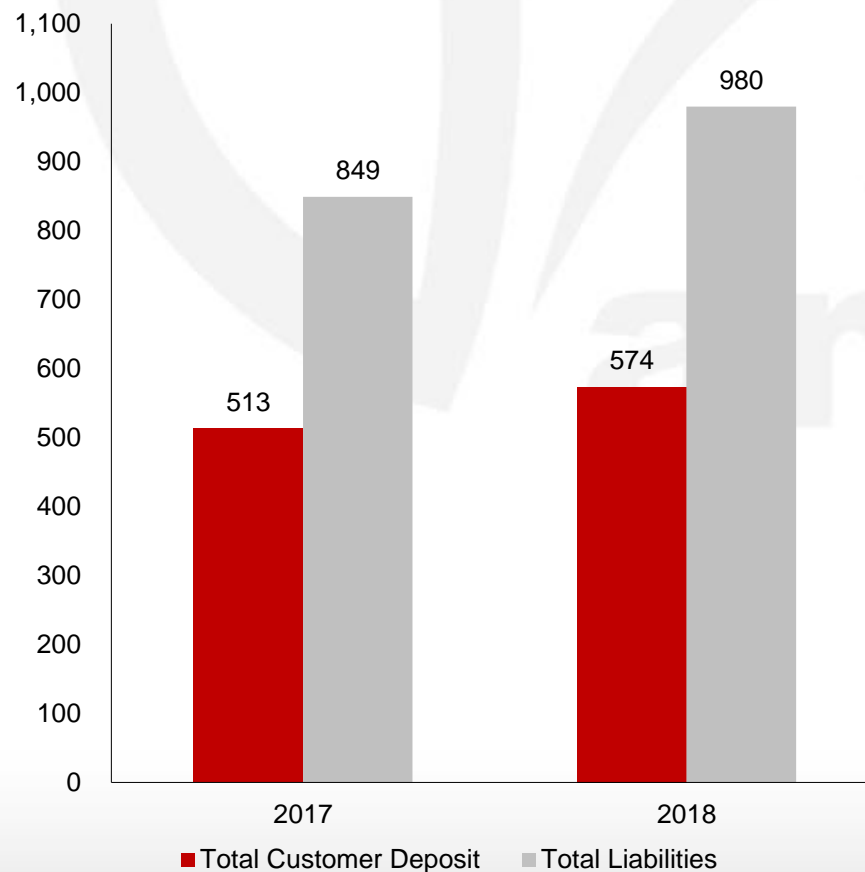
(RMB bn)



Total Liabilities: RMB980 bn

Total Customer Deposits Growth: 11.89% YTD

(RMB bn)

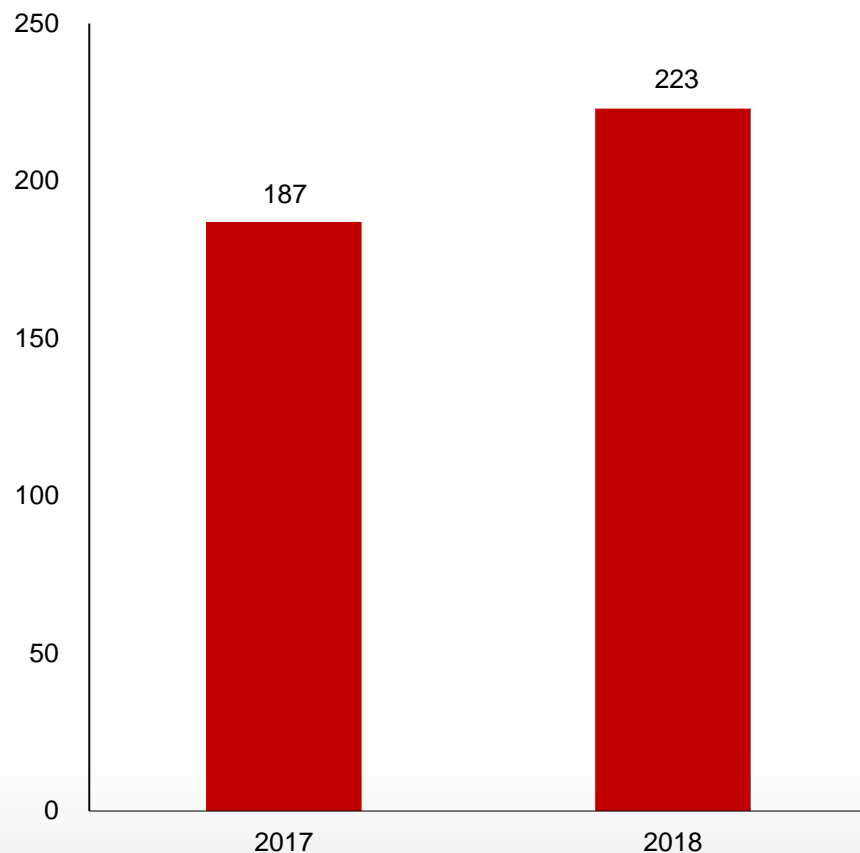


Steady Growth of Corporate Banking Business



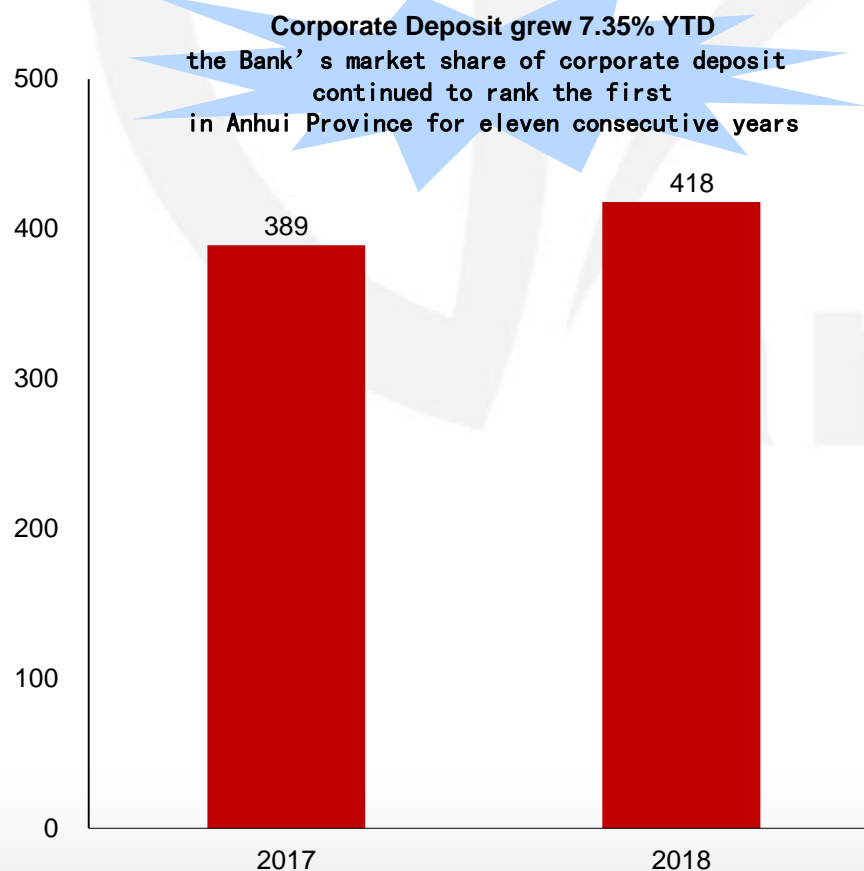
Corporate Loan Growth: 19.27% YTD

(RMB bn)



Corporate Deposit ⁽¹⁾ Keeps Steady

(RMB bn)



(1) including margin deposits

Fast Growth of Retail Banking Business

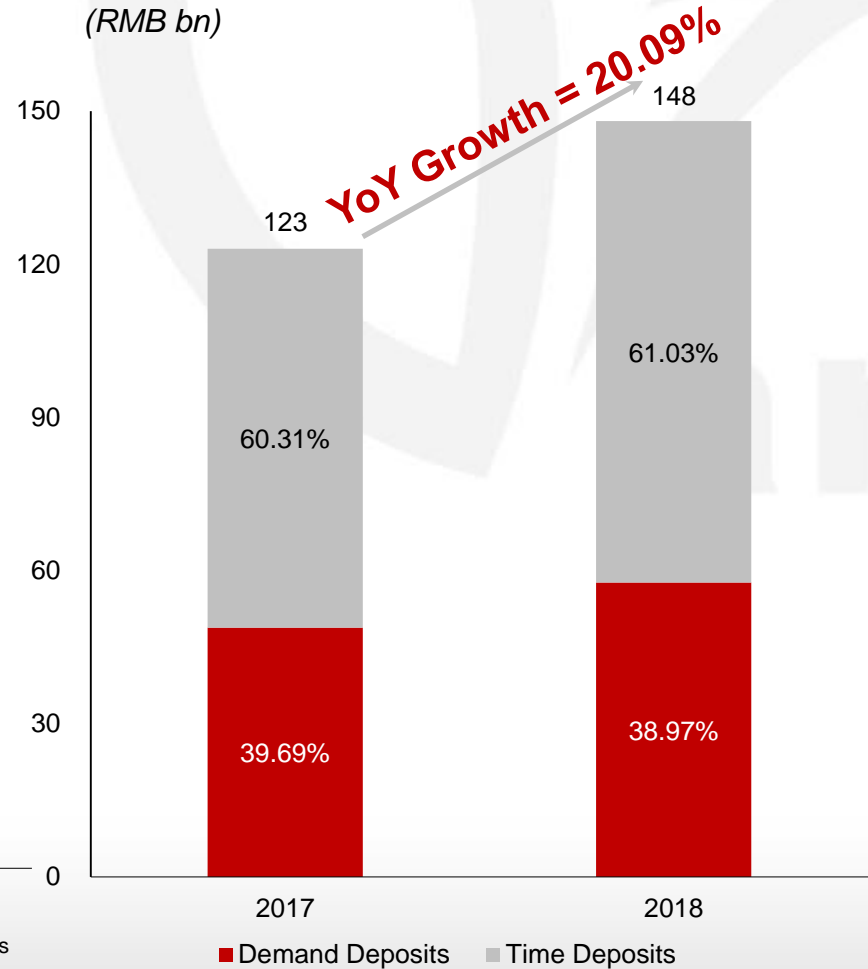
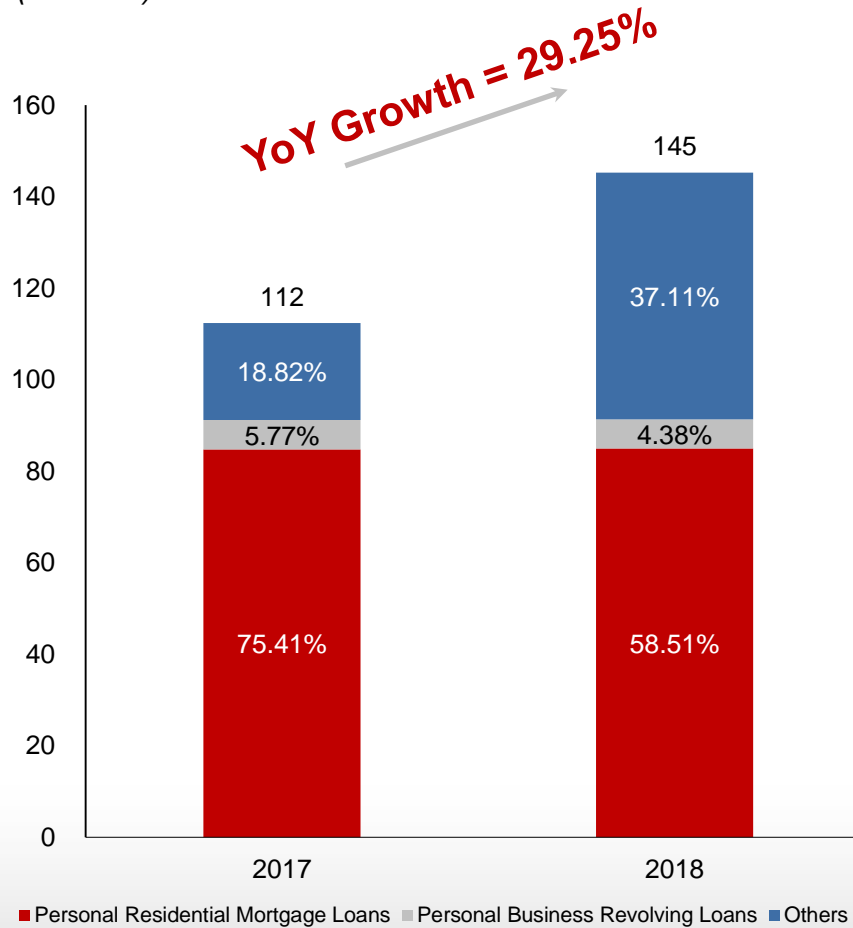


Retail Loan Growth: 29.25% YTD

Retail Deposit Growth: 20.09% YTD

(RMB bn)

(RMB bn)

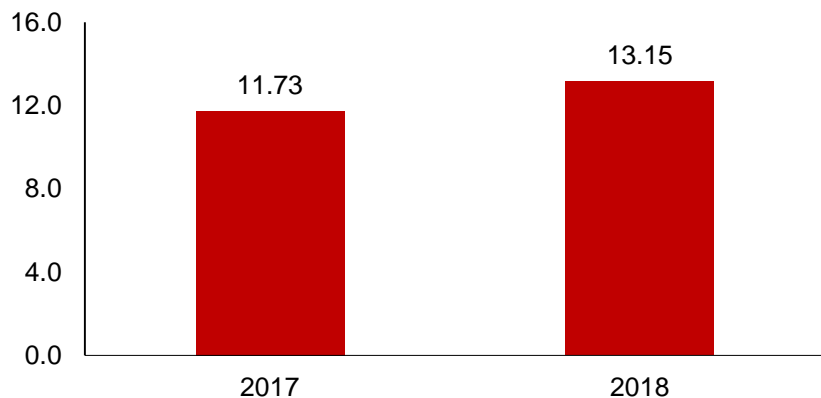


Fast Growth of Retail Banking Business (Cont'd)



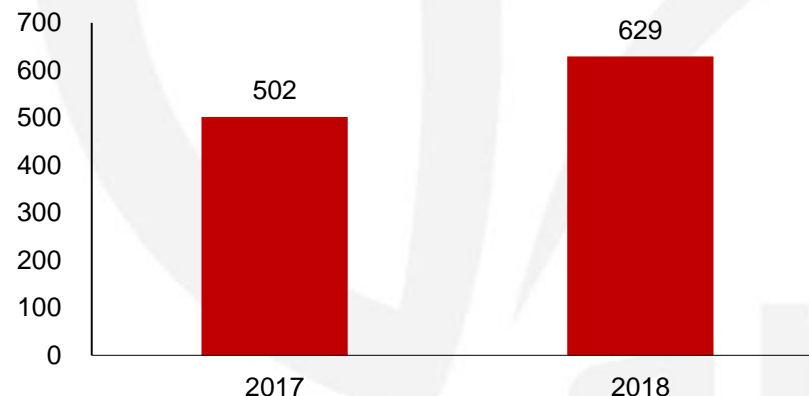
Total Number of Valid Debit Cards

(in millions)



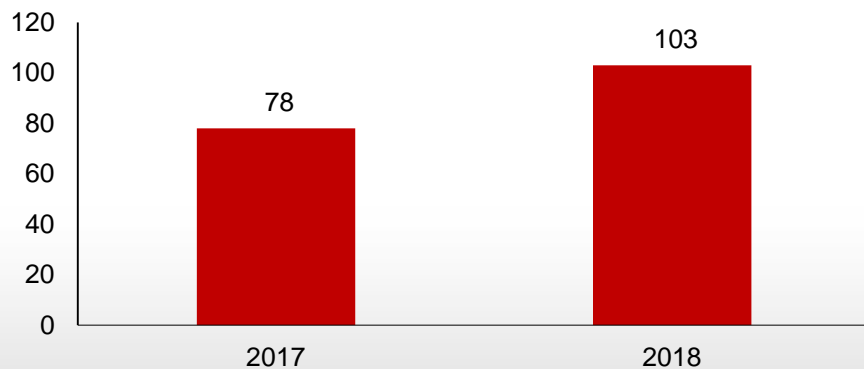
Bank Card Fees

(RMB mn)



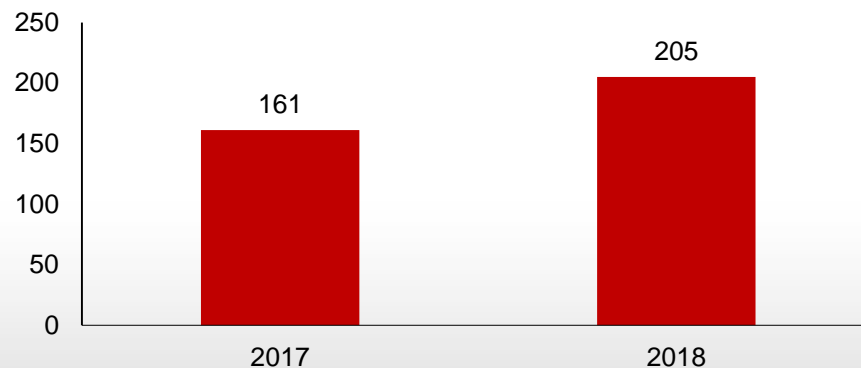
Wealth Management Business Scale (Excluding Direct Banking Business)

(RMB bn)



Fund Raised for Personal Wealth Management Business

(RMB bn)



Rapid Development of Other Businesses



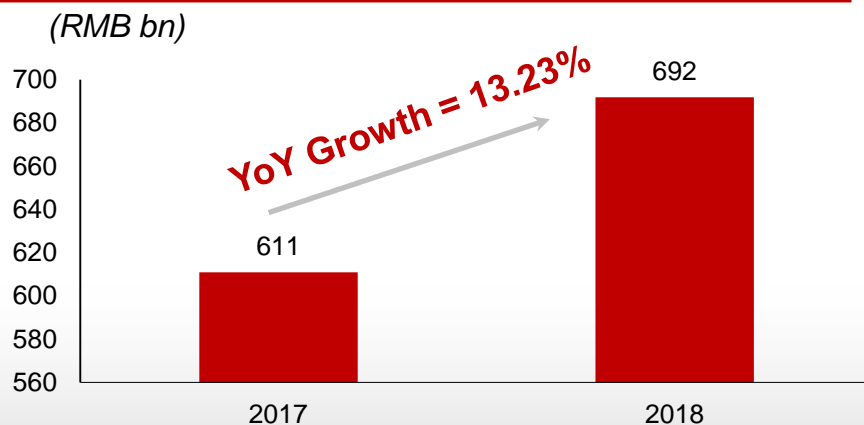
International Business Maintained Steady and Rapid Growth

- International settlements for clients amounted to US\$9.29bn in 2018, up 7.74% YoY
- As of the end of 2018, the volume of foreign exchange transactions reached US\$24.33bn, while derivative products business increased by 167% YoY to US\$19.04bn, among which RMB foreign exchange swaps increased by 164% YoY to US\$18.520bn
- In distributors channel construction, the Bank implemented its new layout and new strategies of agency banking in line with “One Belt, One Road” initiative and further improved its overseas agency networks according to customer and business development demands. As at the end of 2018, the number of agency banking of the Bank was 687, and the total number of overseas clearing accounts for the main settlement currencies amounted to 14

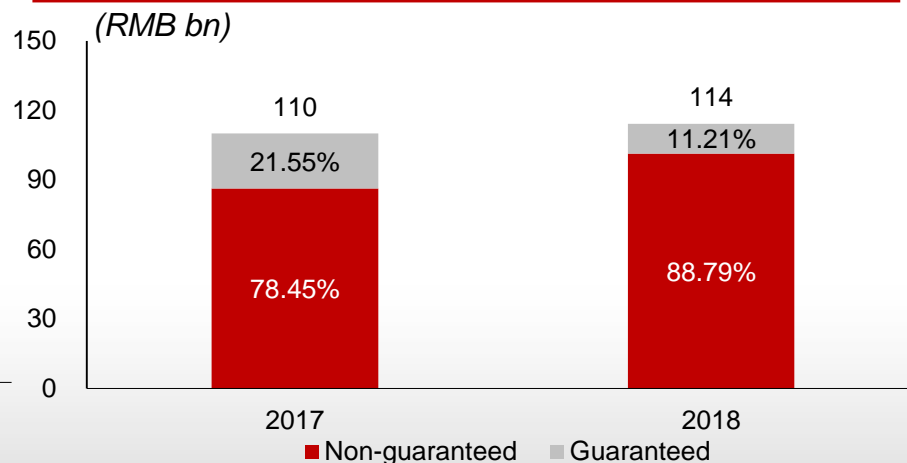
Electronic Banking Channels Further Improved

- In 2018, the trading account transactions via retail electronic channels accounted for 93.37%, representing a YoY increase of 4.98 percentage points
- The total number of personal online banking customers amounted to 3.77mn. The number of personal online banking transactions accumulated to 290.94mn, up 32.66% YoY. The Bank recorded 52.60mn enterprise online banking transactions in 2018, up 4.16% YoY. The transaction amount of enterprise online banking accumulated to RMB2,020.04bn
- The total number of contracted mobile banking customers reached 3.2mn. The number of mobile banking transactions reached 94.72mn, up 28.22% YoY, and transaction amount accumulated to RMB381.9bn, up 57.81% YoY.
- As of the end of 2018, the number of direct bank accounts of the Bank exceeded 15mn, AUM exceeding RMB12.7bn, the cumulative transaction volume of wealth products exceeding RMB190bn

The Balance of Assets under Custody



Financial Products Business





Financial Performance



Business Development



Risk Management

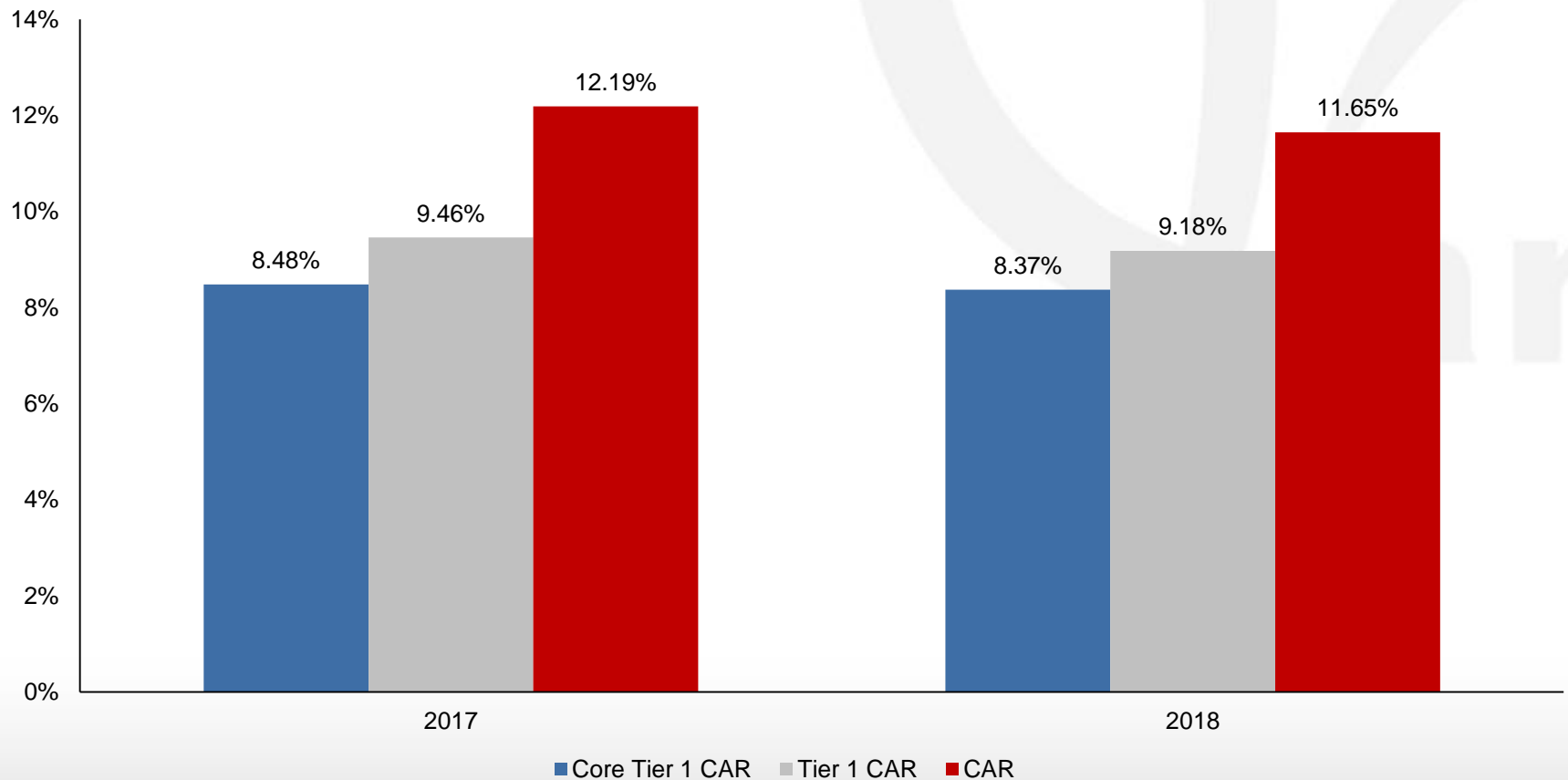


2019 Outlook

Capital Adequacy Ratios Continuously Comply with Regulatory Requirements



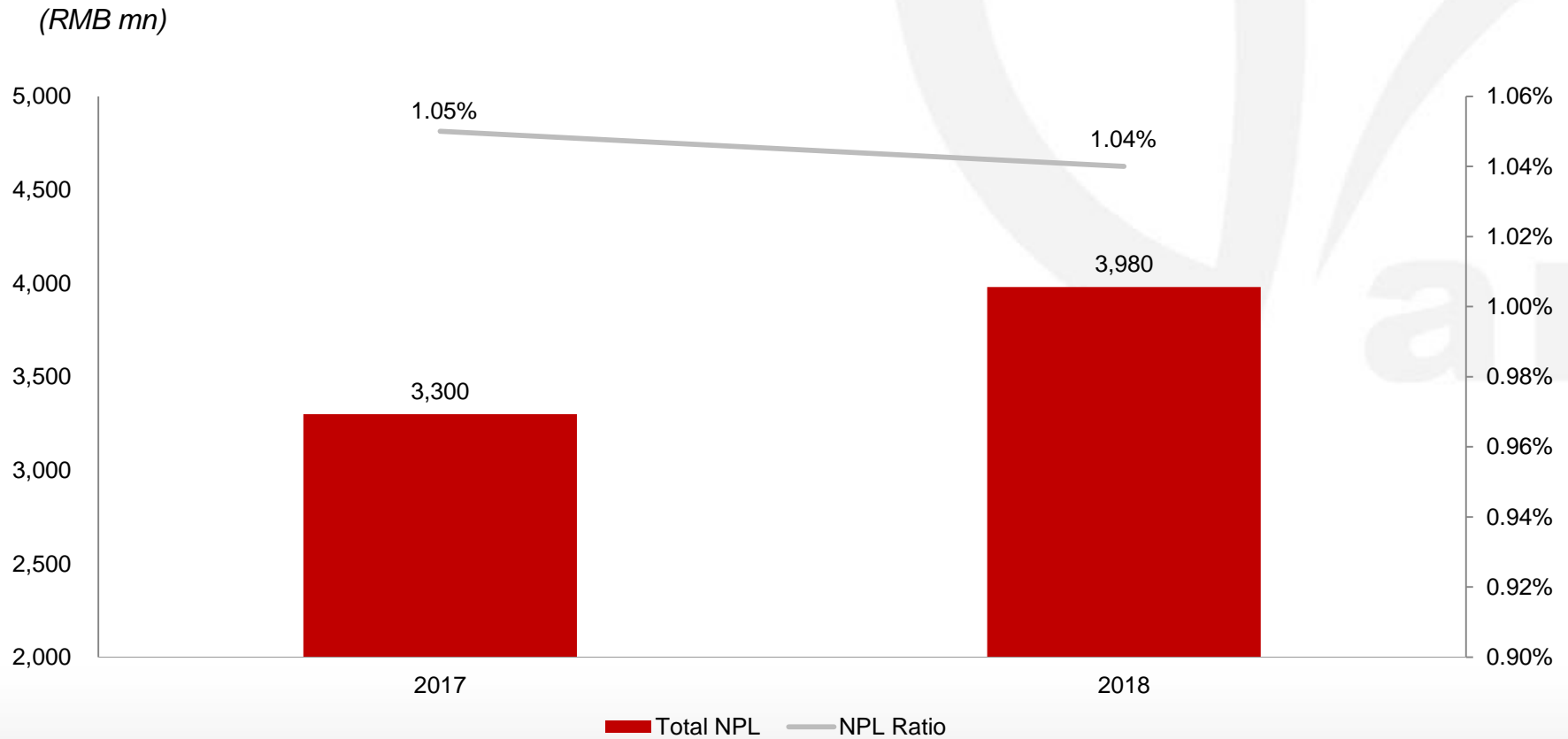
Capital Adequacy Ratios



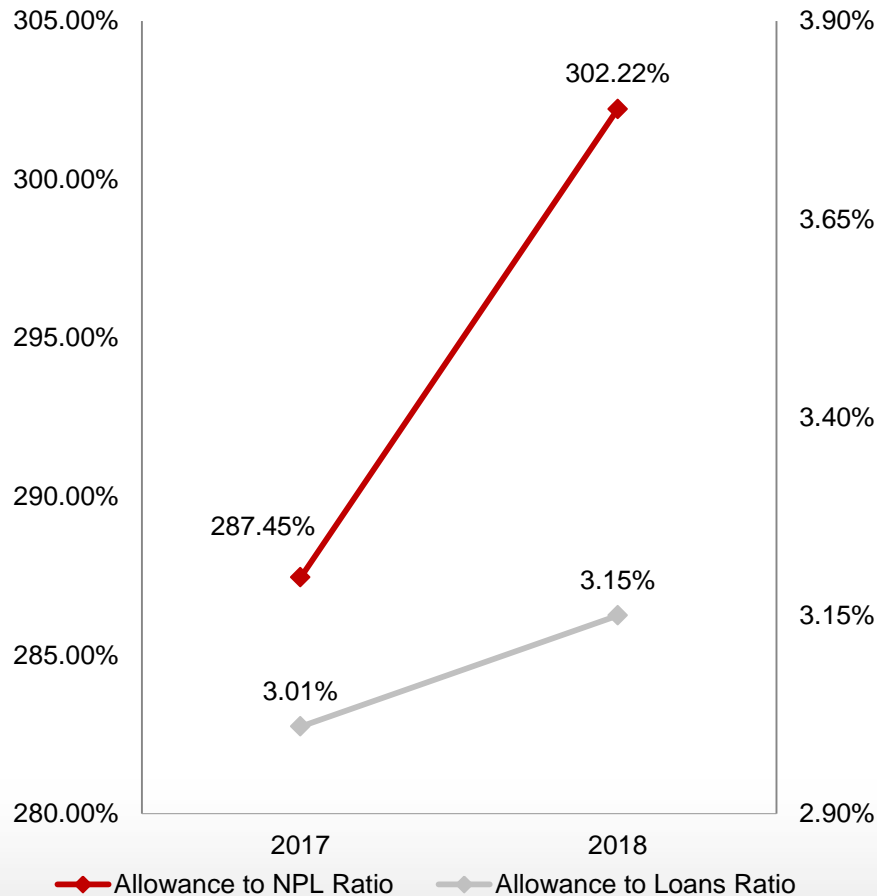
Asset Quality Remains Stable



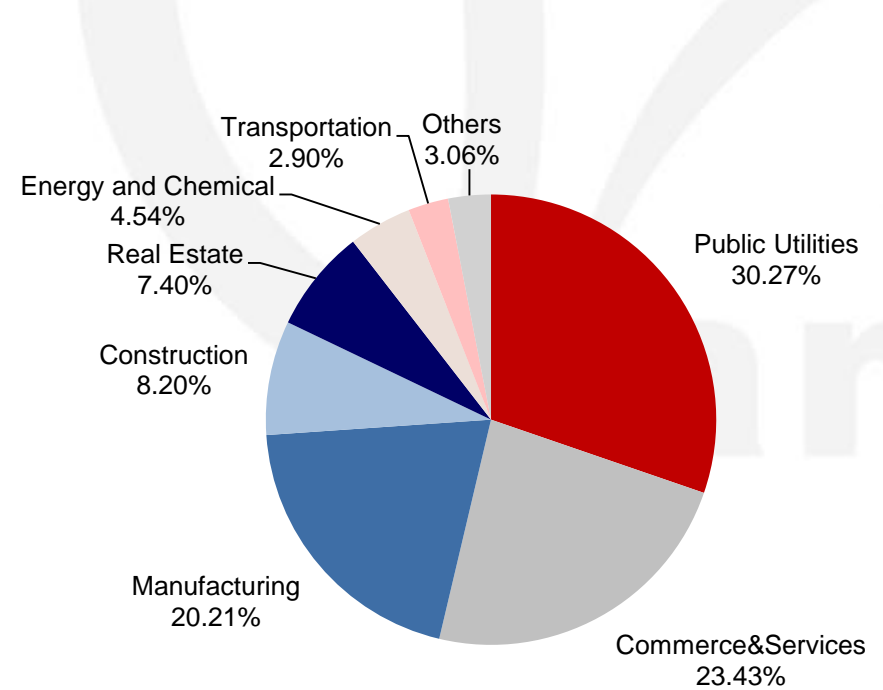
Moderate Decrease in NPL Ratio



Sufficient Allowance to NPL



Strictly Control 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



2019 Outlook

2019 Outlook – Opportunities and Challenges



In 2019, economic recovery will be highly variable, fiscal policy will be more proactive, Huishang Bank will take opportunities to maintain stable growth.



Stabilizing growth to promote high-quality development



Stabilizing customer to serve the real economy



Stabilizing liabilities to achieve balanced development



Stabilizing quality to promote healthy and sound development



Stabilizing foundation to achieve sustainable development

Q&A

Summary Financials



RMB in millions, percentage excluded	31 Dec. 2018	31 Dec. 2017		Change
Total assets	1,050,506	908,100	↑	15.68%
Total loans and advances	381,766	314,694	↑	21.31%
Total liabilities	980,229	848,888	↑	15.47%
Total customer deposits	573,798	512,808	↑	11.89%
Equity attributable to shareholders of the bank	68,213	57,703	↑	18.21%
Core Tier 1 capital adequacy ratio ⁽¹⁾	8.37%	8.48%	↓	0.11PPT
Capital adequacy ratio ⁽¹⁾	11.65%	12.19%	↓	0.54PPT
NPL ratio	1.04%	1.05%	↓	0.01PPT
Allowance to NPL ratio	302.22%	287.45%	↑	14.77PPT
Allowance to loans ratio	3.15%	3.01%	↑	0.14PPT

(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	31 Dec. 2018	31 Dec. 2017		Change
Net interest income	22,383	20,197	↑	10.82%
Net fee and commission income	3,706	2,844	↑	30.31%
Net operating income ⁽¹⁾	26,951	22,508	↑	19.74%
Profit before tax	10,821	9,613	↑	12.57%
Net profit	8,860	7,812	↑	13.42%
Earnings per share (RMB Yuan)	0.69	0.60	↑	15.00%
Net interest margin (NIM)	2.37%	2.31%	↑	0.06PPT
Cost-to-income ratio ⁽²⁾	23.02%	25.90%	↓	2.88PPT
Return on average assets	0.90%	0.94%	↓	0.04PPT
Return on average equity of shareholders	15.08%	15.56%	↓	0.48PPT

(1) Net operating income comprises net interest income, net fee and commission income, net trading income/(loss), net income/(loss) on financial investments, dividend income and other operating income, net.

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

**Thank
You**