

# 2013 Annual Results Announcement

Hong Kong

27<sup>th</sup> March 2014



# Disclaimer



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# Summary Financials



| RMB in billions                                       | 31 Dec. 2013 | 31 Dec. 2012 |   | Variance |
|---|--------------|--------------|---|----------|
| Total assets  | 382          | 324          | ↑ | 17.9%    |
| Total loans and advances                              | 195          | 164          | ↑ | 19.3%    |
| Total liabilities                                     | 350          | 304          | ↑ | 15.4%    |
| Total deposits  | 273          | 240          | ↑ | 13.9%    |
| Total equity attributable to shareholders of the bank | 32           | 20           | ↑ | 54.4%    |
| Core capital adequacy ratio <sup>(1)</sup>            | 12.60%       | 10.30%       | ↑ | 2.30 pp  |
| Total capital adequacy ratio                          | 15.19%       | 13.54%       | ↑ | 1.65 pp  |
| NPL ratio   | 0.54%        | 0.58%        | ↓ | 0.04 pp  |
| Provision coverage ratio                              | 397%         | 406%         | ↓ | 9.39 pp  |
| Provision-to-loan ratio                               | 2.13%        | 2.35%        | ↓ | 0.22 pp  |

(1) Core capital adequacy ratio of 31 Dec. 2013 is core tier-one capital adequacy ratio in accordance with the New Capital Adequacy Regulations (Provisional), which became effective on 1<sup>st</sup> Jan. 2013.

# Summary Financials (cont'd)



| RMB in millions                               | 2013   | 2012   |   | Variance |
|---|--------|--------|---|----------|
| Net interest income                           | 9,602  | 8,569  | ↑ | 12.1%    |
| Net fee and commission income                 | 540    | 396    | ↑ | 36.4%    |
| Operating income                              | 10,173 | 9,235  | ↑ | 10.2%    |
| Profit before income tax                      | 6,399  | 5,680  | ↑ | 12.7%    |
| Net profit                                    | 4,926  | 4,306  | ↑ | 14.4%    |
| Earnings per share (RMB Yuan)                 | 0.58   | 0.53   | ↑ | 9.4%     |
| Dividends per share <sup>(1)</sup> (RMB Yuan) | 0.16   | 0.10   | ↑ | 60.0%    |
| Net Interest Margin (NIM)                     | 2.63%  | 3.03%  | ↓ | 0.40 pp  |
| Cost to income ratio <sup>(2)</sup>           | 33.29% | 33.92% | ↓ | 0.63 pp  |
| Return on average assets                      | 1.39%  | 1.48%  | ↓ | 0.09 pp  |
| Return on average equity                      | 18.91% | 22.93% | ↓ | 4.02 pp  |

(1) Announced in 2013 board meeting, subject to obtaining the shareholder's approval at the forthcoming 2013 general meeting

(2) Calculated by dividing total operating expenses by operating income.



**Financial Performance**



**Business Development**



**Risk Management**



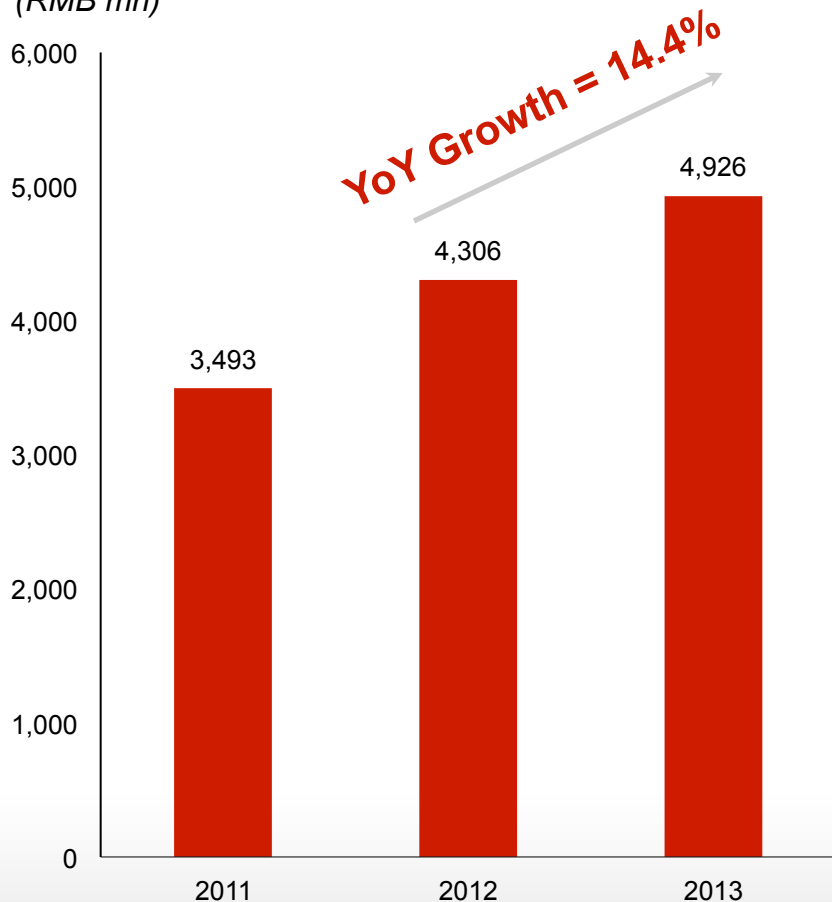
**2014 Outlook**

# Stable Profitability with Strong Growth in Net Profit

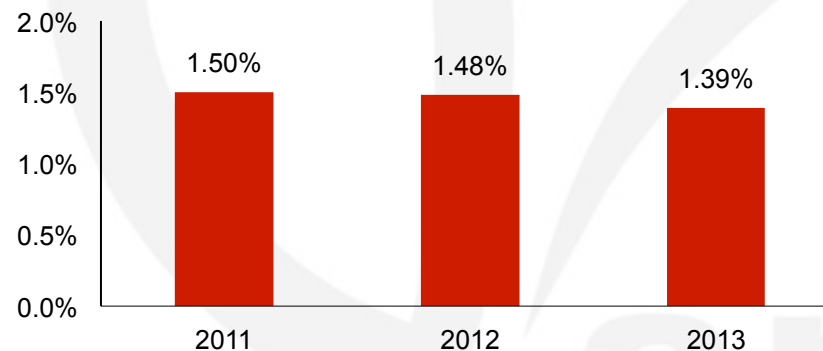


## Net Profit

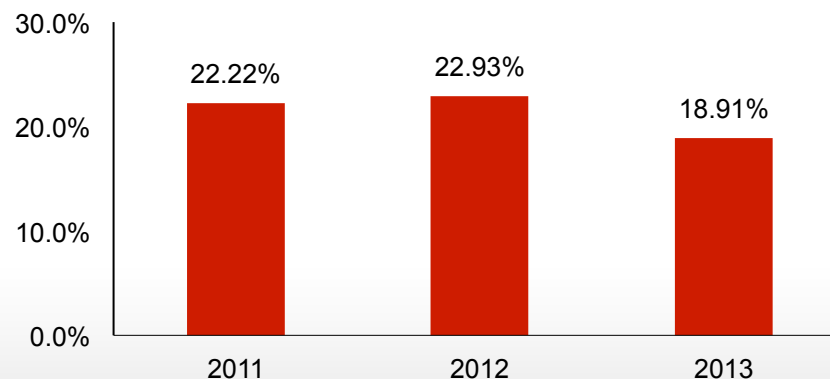
(RMB mn)



## Return on Average Assets



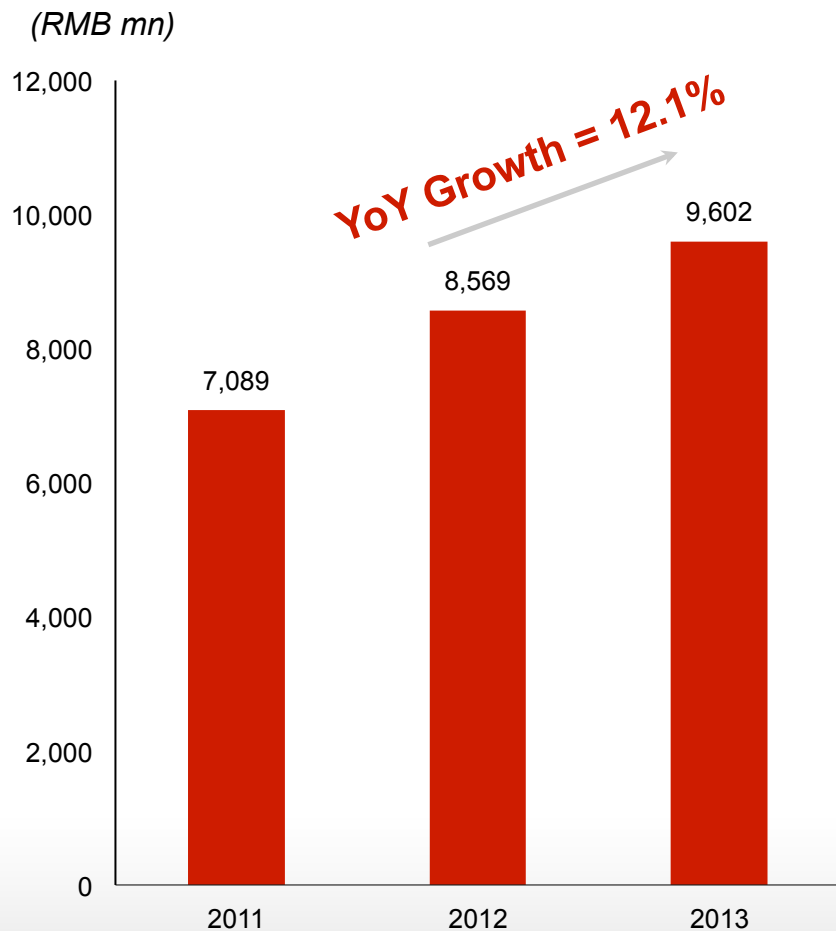
## Return on Average Equity



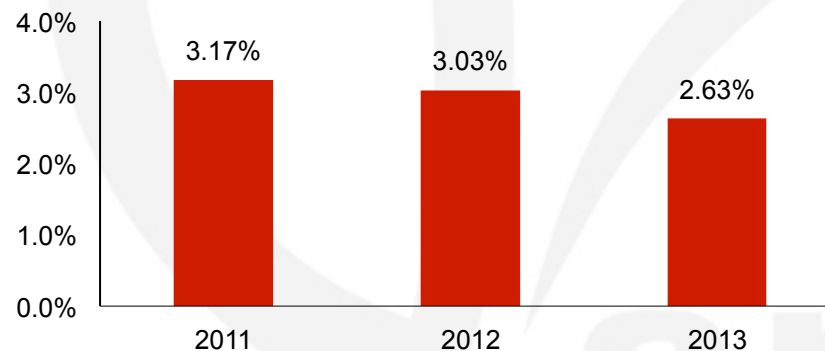
# Steady Net Interest Income Growth



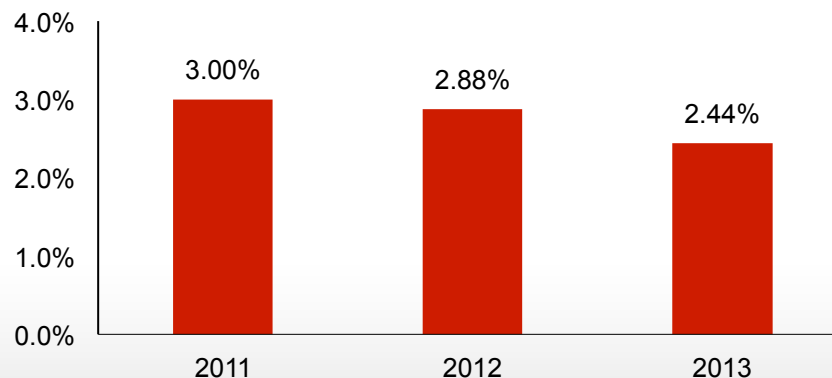
## Net Interest Income



## Net Interest Margin (NIM)



## Net Interest Spread (NIS)

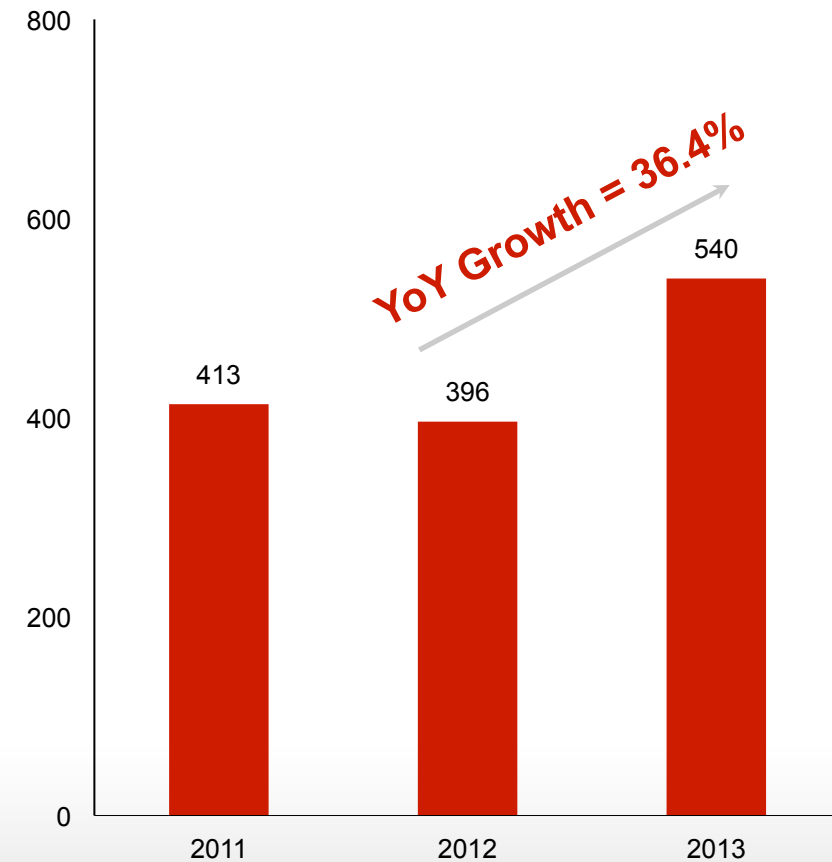


# Robust Growth in Net Fee and Commission Income

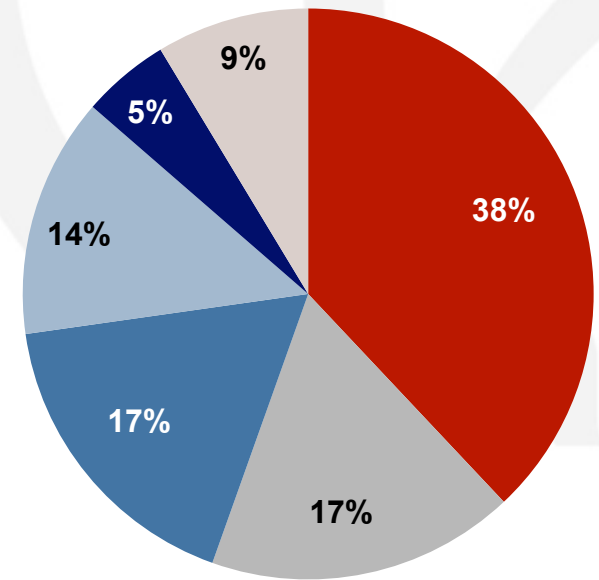


## Net Fee and Commission Income

(RMB mn)



## Fee and Commission Income Breakdown



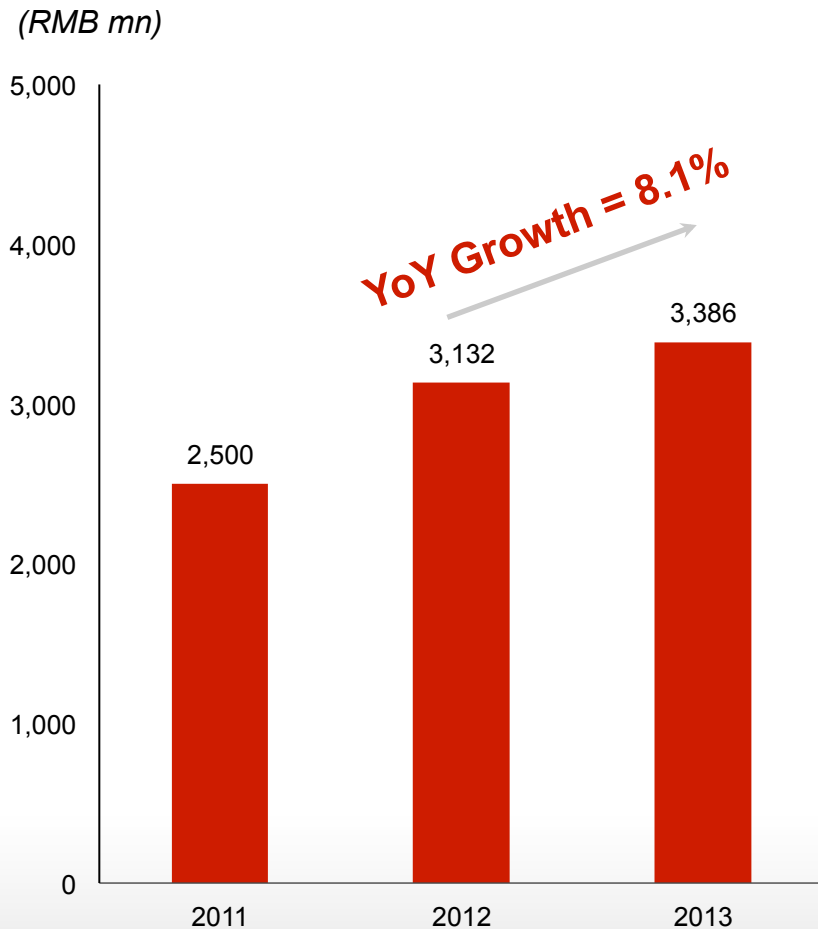
- Guarantee and Loan commissions
- Bank card fees
- Custodian fees
- Settlement and clearing fees
- Agency commissions
- Others



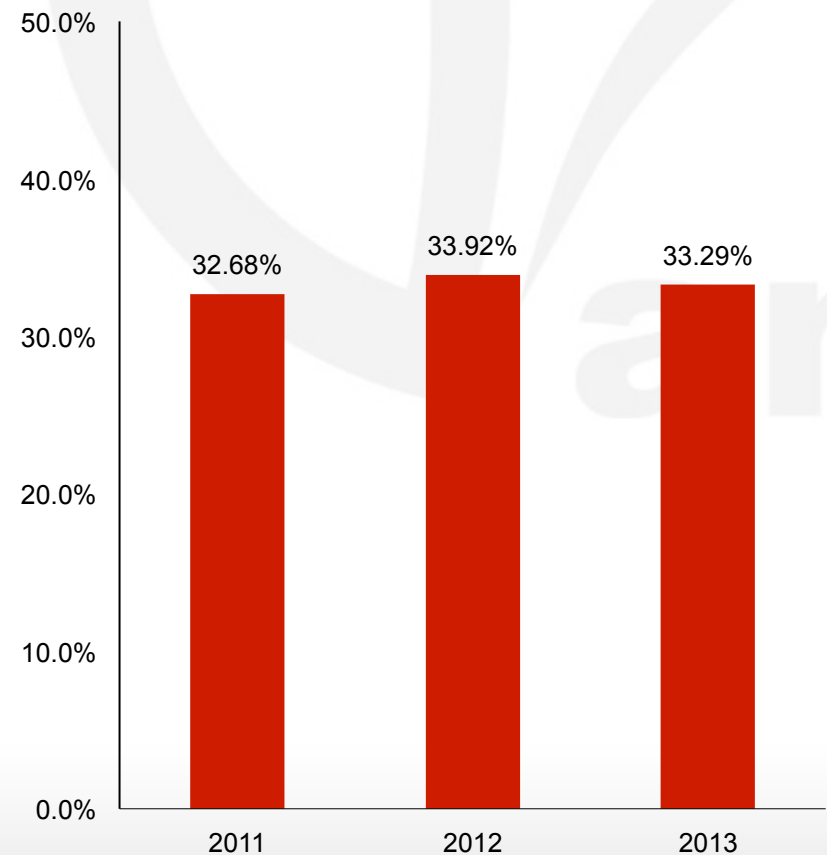
# Industry Top Cost Efficiency



## Modest Operating Cost Growth



## Cost to Income Ratio Remains Low





**Financial Performance**



**Business Development**



**Risk Management**



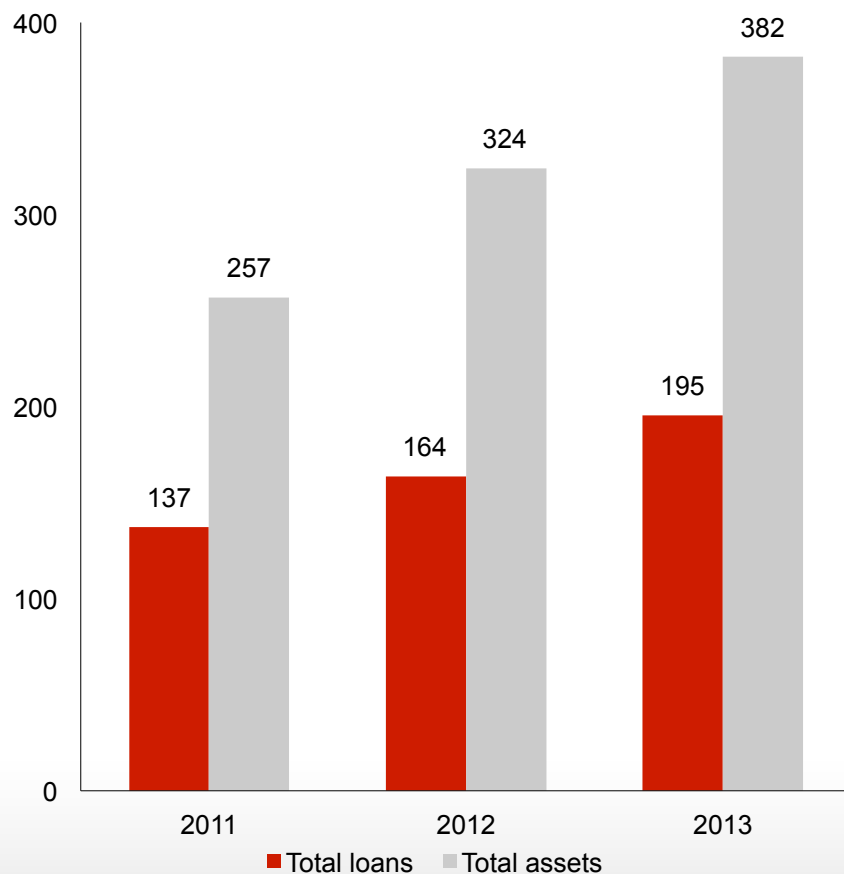
**2014 Outlook**

# Steadily Expanding Business Scale



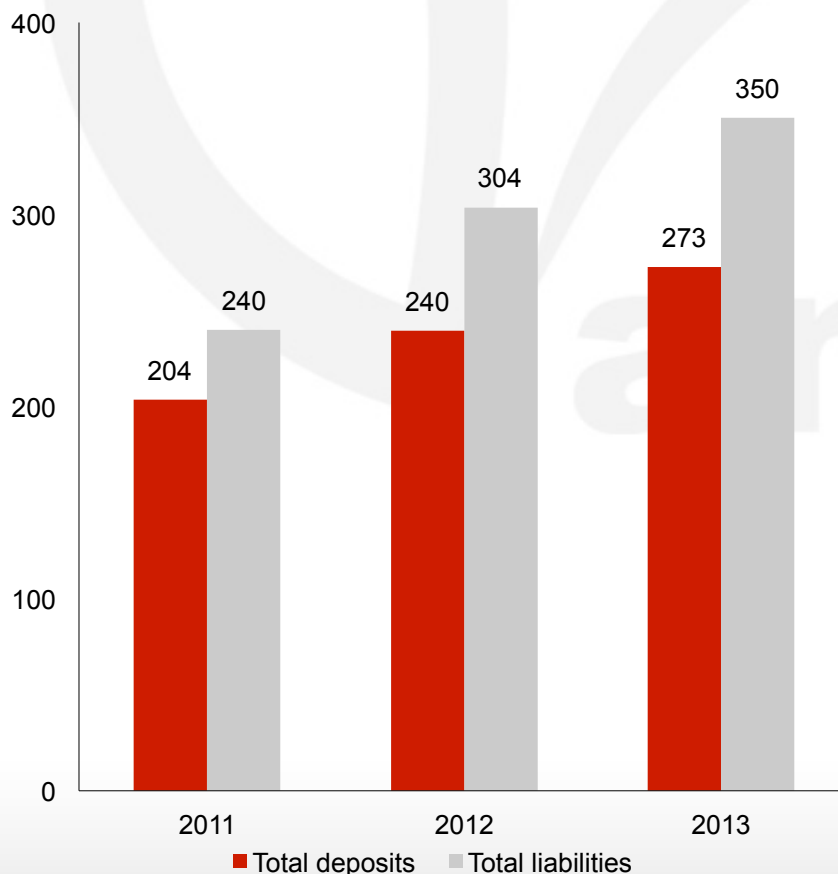
**Total Assets : RMB382.1 bn**  
**Total Loans Growth: 19.3% YOY**

(RMB bn)



**Total Liabilities: RMB350.4 bn**  
**Total Deposits Growth: 13.9% YOY**

(RMB bn)

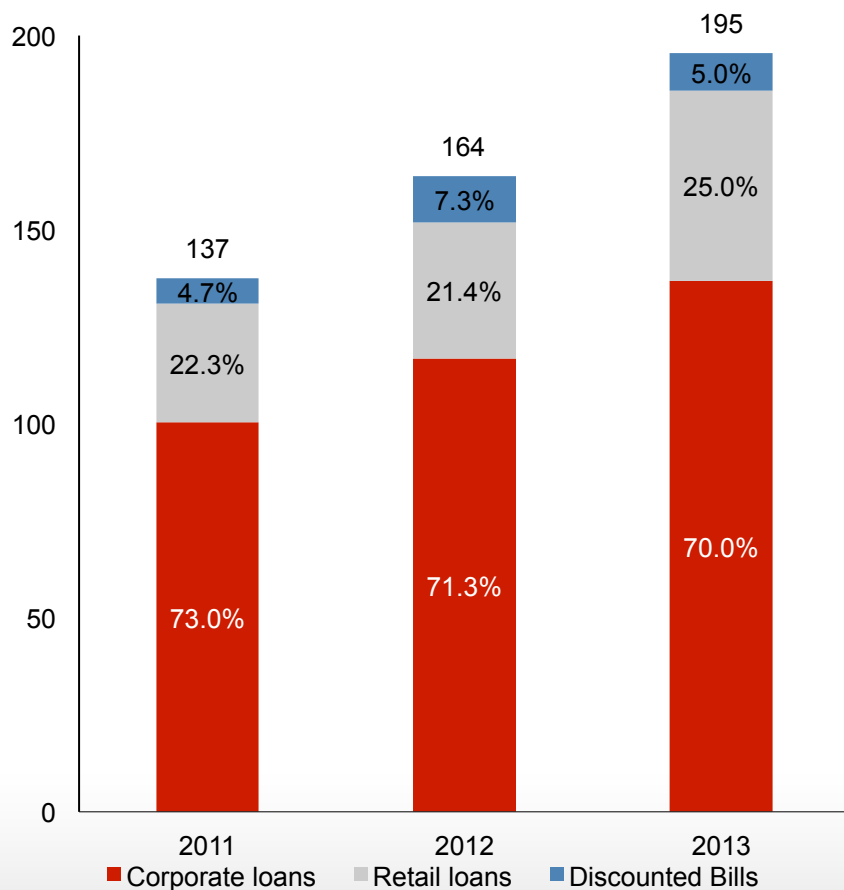


# Increasingly Optimized Business Structure



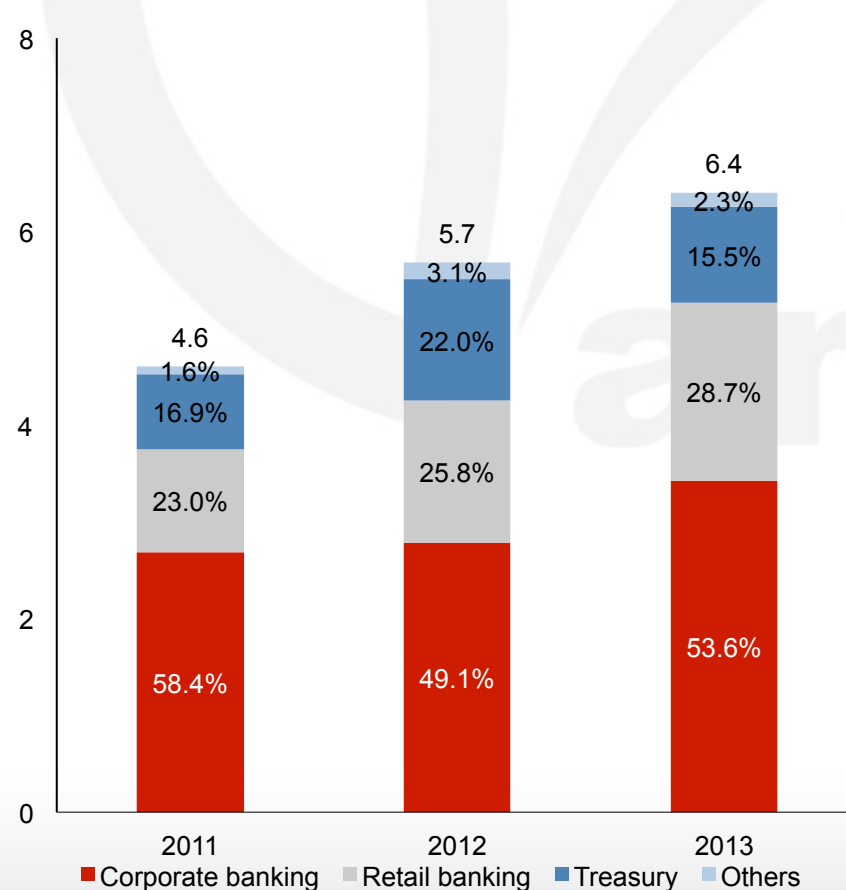
## Loan Mix

(RMB bn)



## Profit Before Tax Mix

(RMB bn)

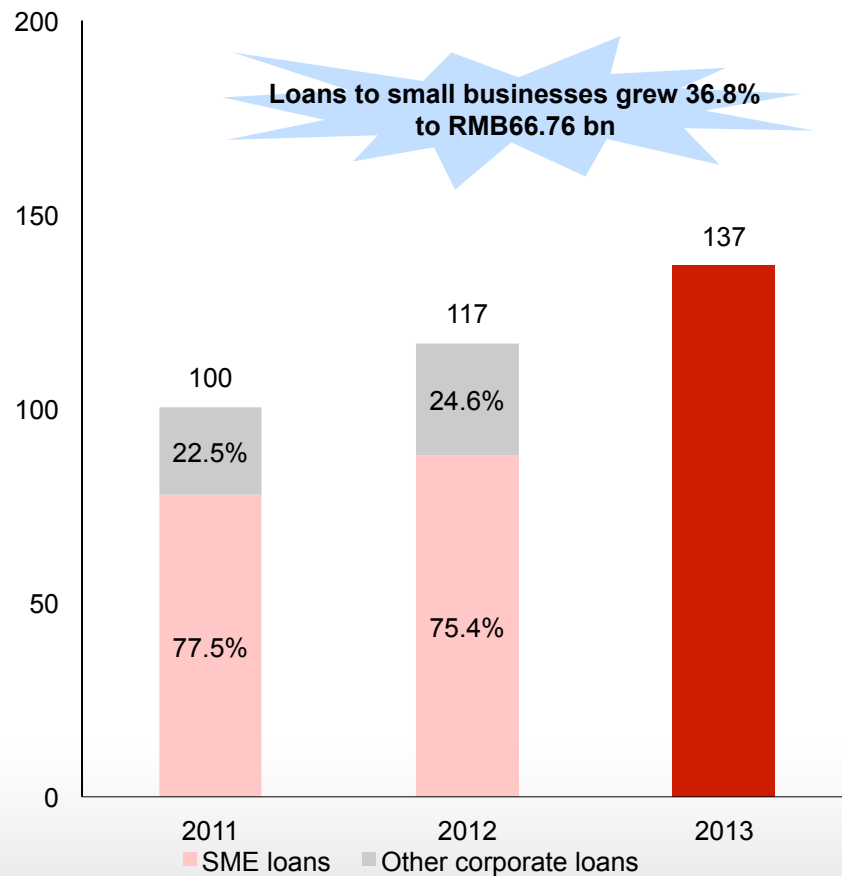


# Steady Growth of Corporate Business



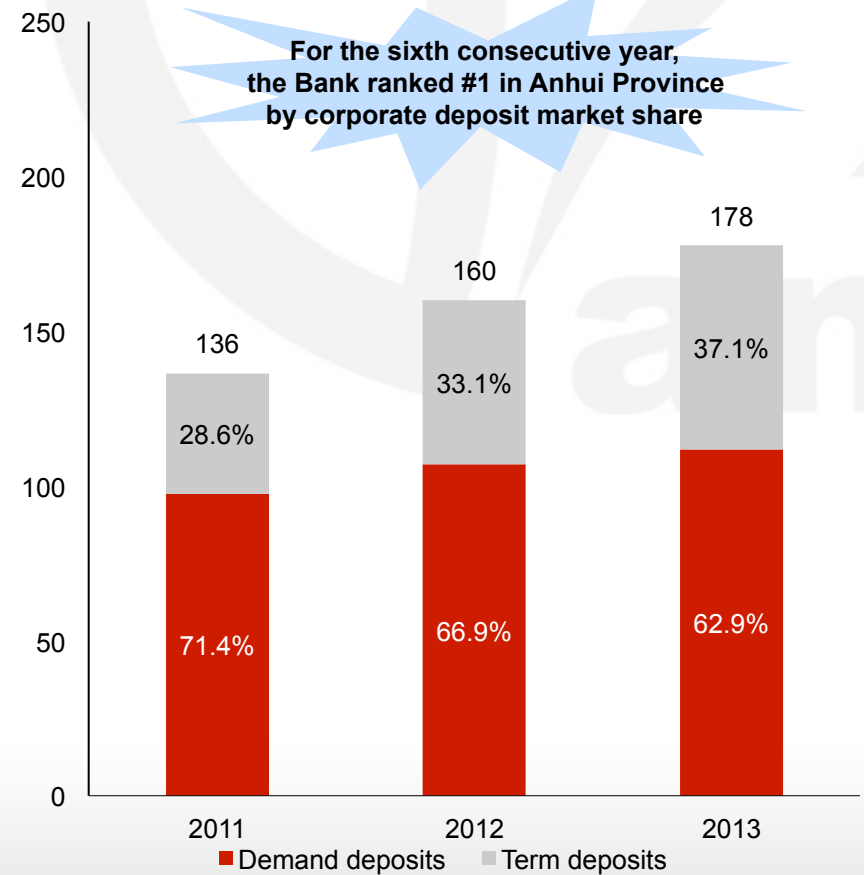
## Corporate Loan Growth: 17.2% YOY

(RMB bn)



## Corporate Deposit Growth: 11.1% YOY

(RMB bn)

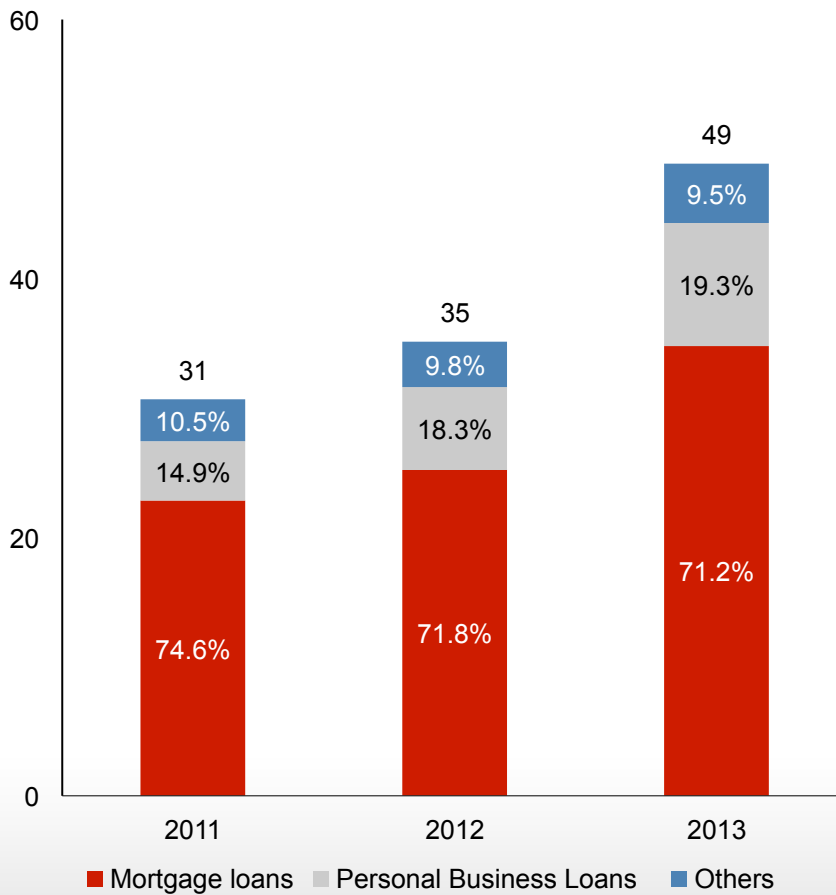


# Fast Growth of Retail Business



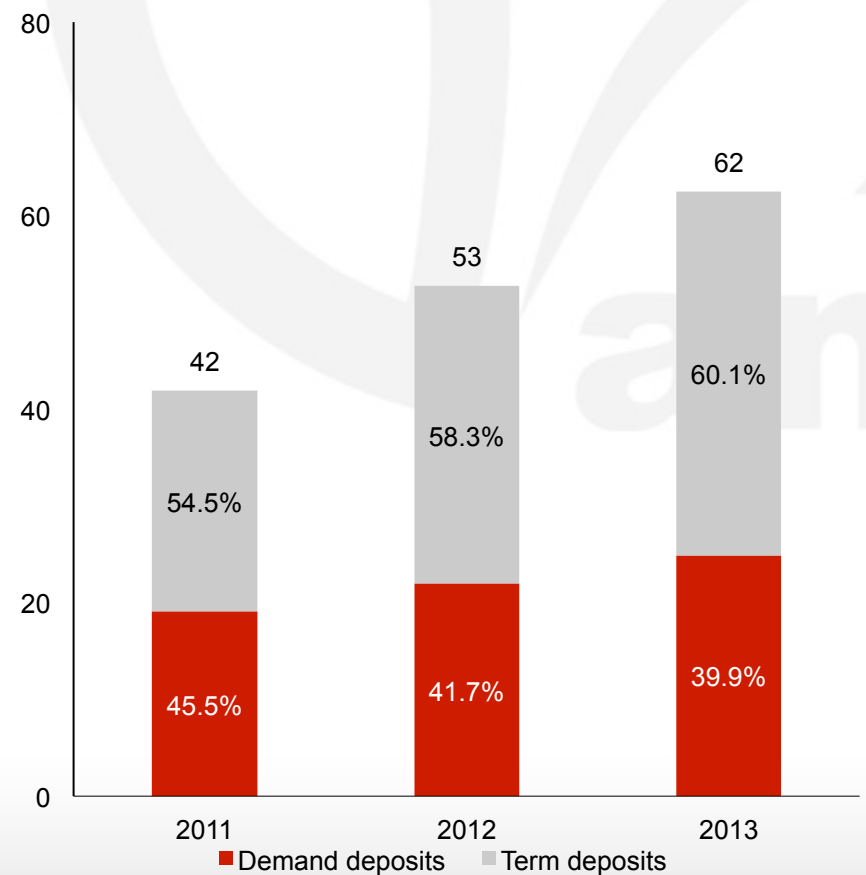
## Retail Loan Growth: 39.3% YOY

(RMB bn)



## Retail Deposit Growth: 18.4% YOY

(RMB bn)

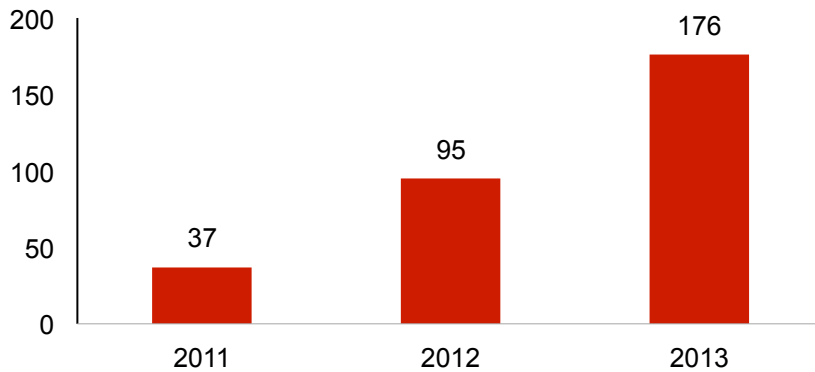


# Fast Growth of Retail Business (Cont'd)



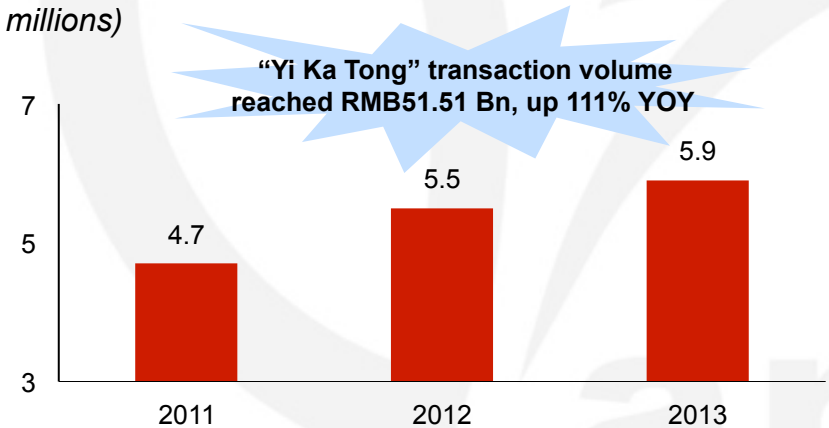
## Total Number of Credit Cards Issued

(in thousands)



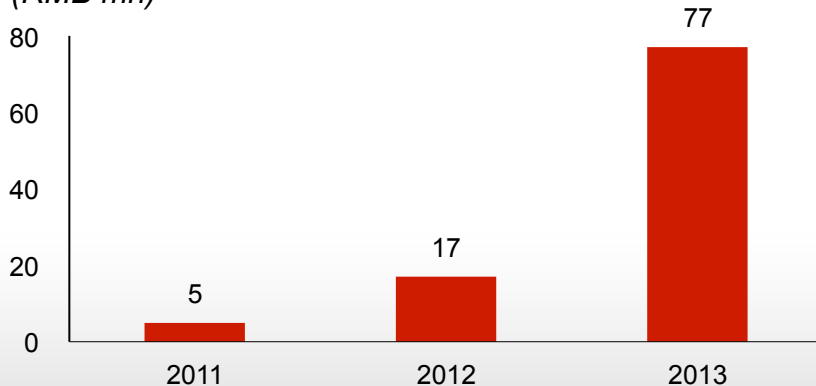
## Total Number of Debit Cards Issued

(in millions)



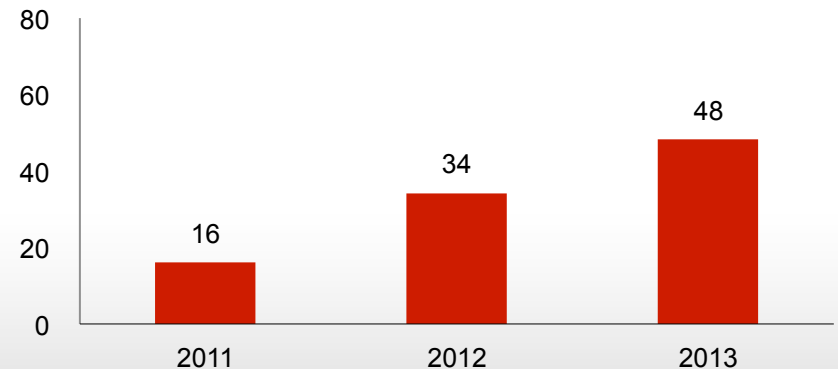
## Income From Credit Card Business

(RMB mn)



## Intermediary Income From Personal Wealth Management Business

(RMB mn)

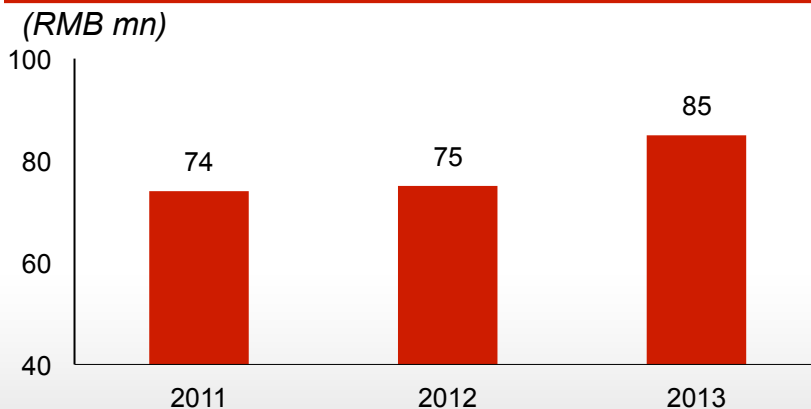


# Rapid Development of Other Businesses

## International Business Maintains Steady And Rapid Growth

- International settlement volume reached US\$4.95 bn in 2013, up 25.9% YOY
- Among the 23 financial institutions in Anhui Province, the Bank ranks #6 by international settlement and foreign exchange settlement volume, with ~10% market share
- Innovative products such as cross-border RMB settlement and forward foreign exchange settlement witnessed robust growth. 2013 cross-border RMB settlement volume reached RMB970 MM, up 574% YOY
- By 2013 year end, the Bank established correspondent banking relationship with 776 banks in 87 countries and regions across six continents in the world

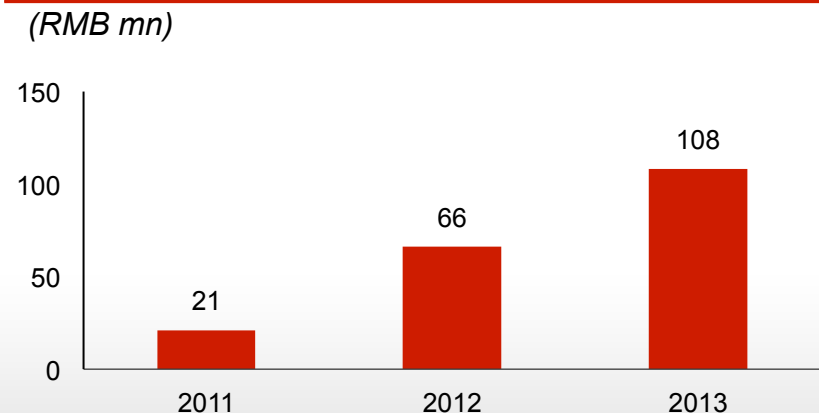
## Settlement and Clearing Fee Income



## E-banking Channels Further Improved

- In 2013, transactions replaceable by e-channels reached 65%
- Number of online retail banking customers reached 1.06 MM; number of online retail banking transactions reached 60.42 MM and total transaction volume reached RMB686.5 bn, both up ~58% YOY
- Coverage ratio of online corporate banking service reached 59%; number of online corporate banking transactions reached 25.21 MM and total transaction volume reached RMB1.2 trillion, both up ~38% YOY
- Number of registered mobile customers reached 96,000, number of transactions reached 780,000 and total transaction volume reached RMB900 MM

## Commission Income From Custody And Other Fiduciary Businesses







**Financial Performance**



**Business Development**



**Risk Management**

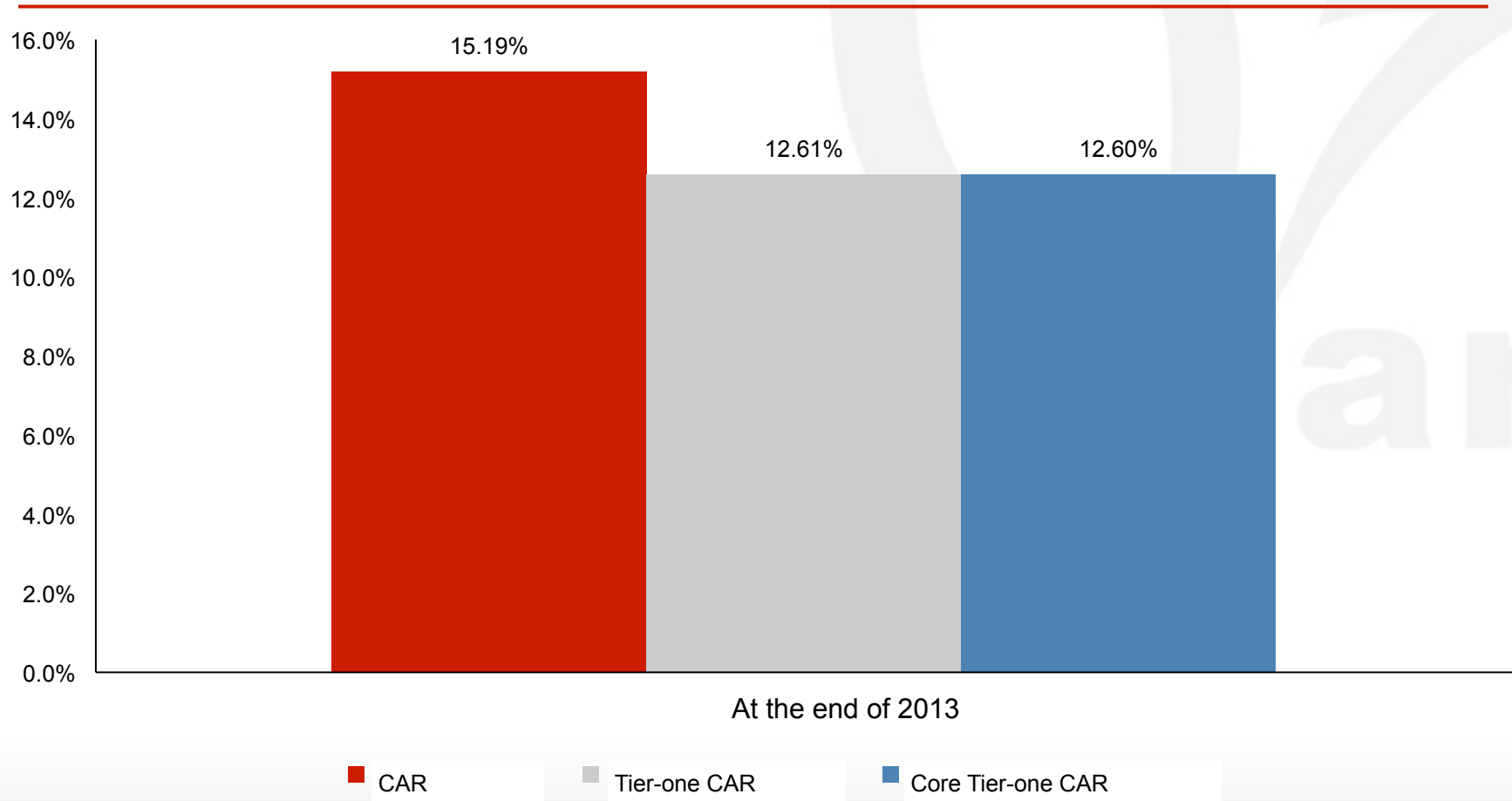


**2014 Outlook**

# Sufficient Capital Raised in IPO to Support Business Development



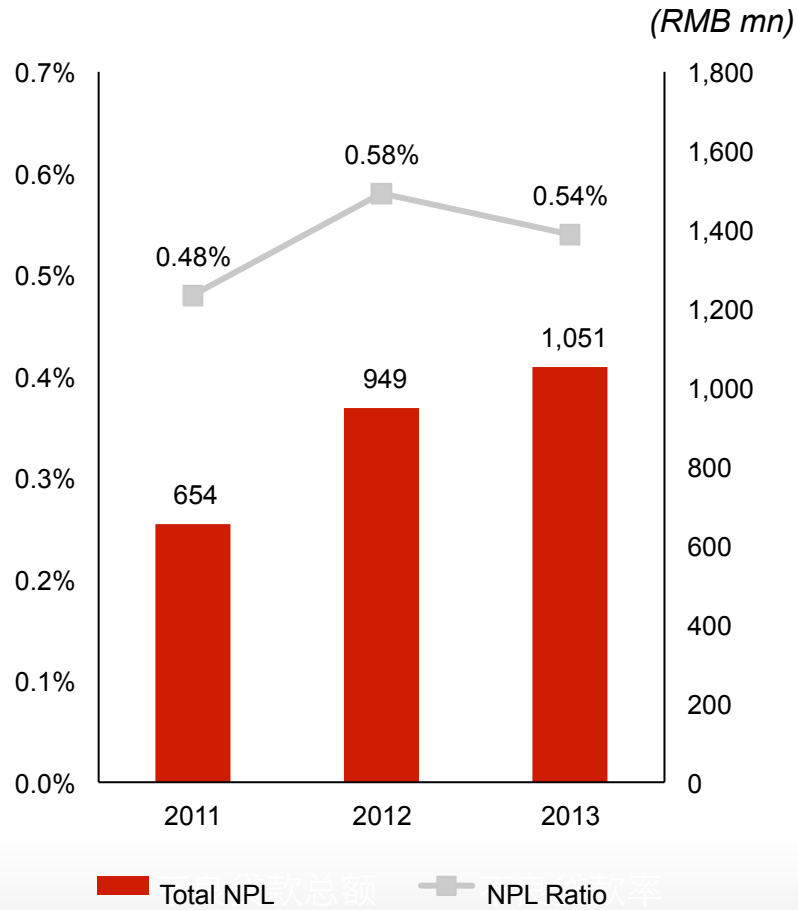
## CAR



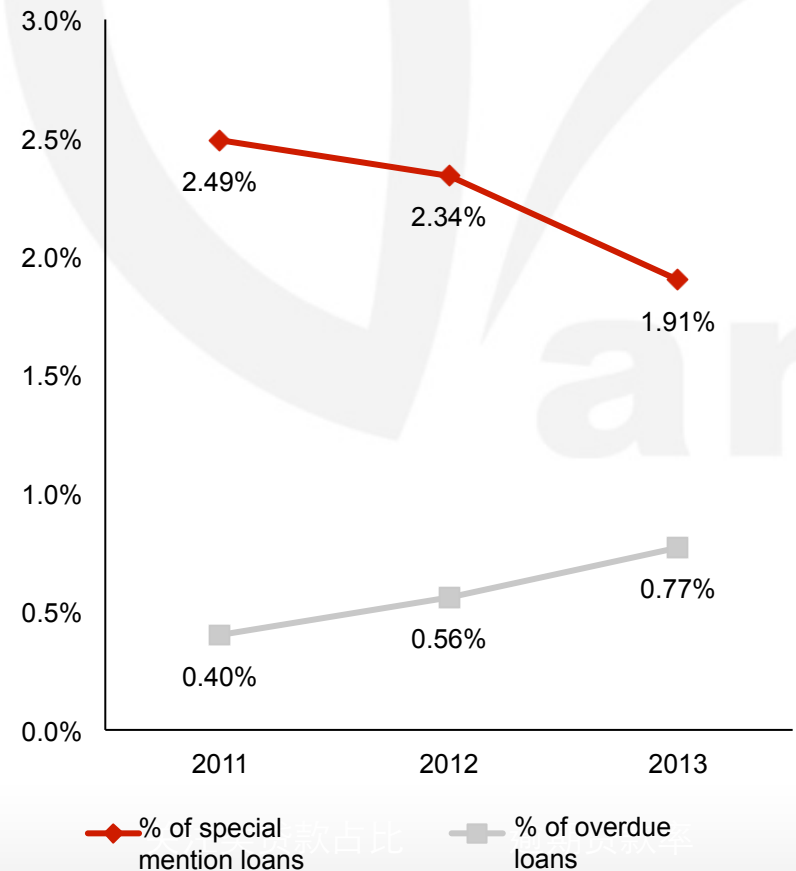
# Asset Quality Remains Stable



## Stable NPL Levels



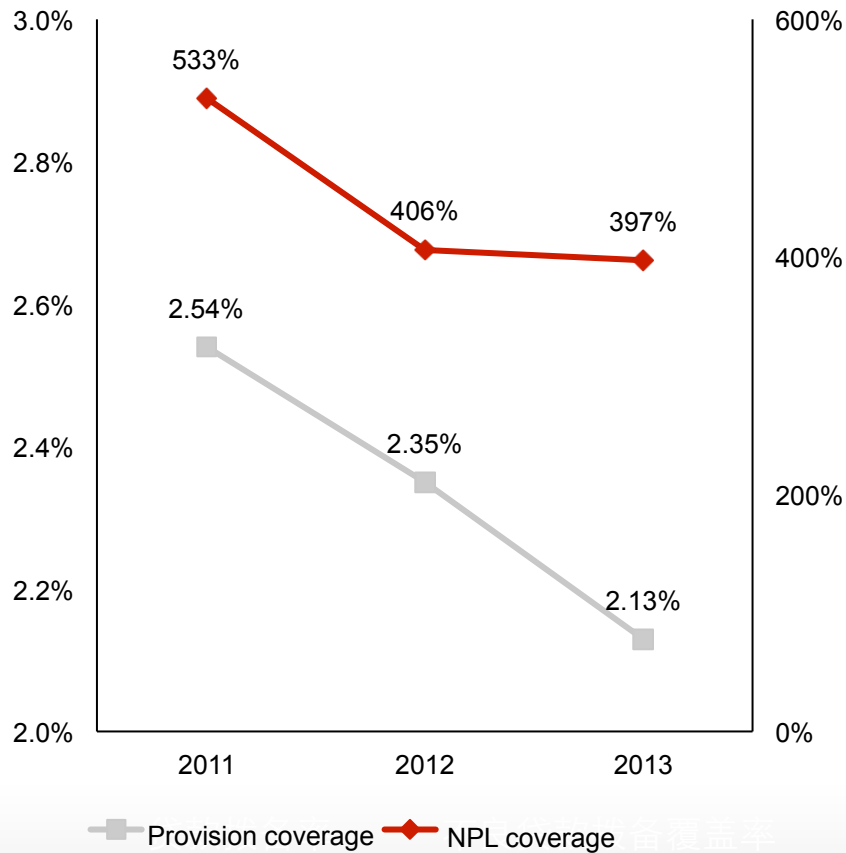
## Special Mention and Overdue Loans Kept at Low Levels



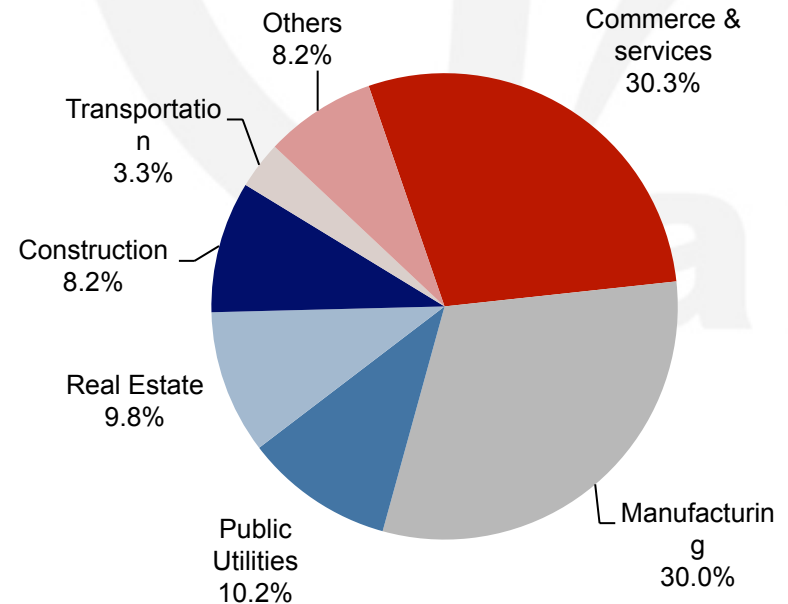
# Effective Risk Management



## Coverage Ratios Remain High



## Strict Control over Industry Exposure<sup>(1)</sup>



(1) Corporate loans by industry distribution, others include transportation, education & media, catering & tourism, finance



**Financial Performance**



**Business Development**



**Risk Management**



**2014 Outlook**

# 2014 Outlook – The Year of Reformation



**2014 will be a crucial year for the deepening of comprehensive transformation, reform and upgrade for Huishang Bank**



**Continue to support the real economy, maintain stable business growth**



**Continue to accelerate the progress of innovation, promote reform and upgrade**



**Continue to deepen internal reform, optimize operating structure and mechanism**



**Continue to strengthen risk management, maintain healthy development**

# Q & A

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**Thank You**