



**2018**年度業績發佈會  
Annual Results Announcement

Stock code : HK.6138

March, 2019, Hong Kong

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# 01 | Financial Performance



# Key Financial Indicators From 2013 To 2018

<b>Scale indicators ( RMB 100 million )</b>	<b>2018.12</b>	<b>2013.12</b>	<b>Growth rate</b>	<b>Compound growth rate</b>
Total assets	6,155.88	3,221.75	91.07%	13.83%
Of which : Loans and advances to customers	2,537.63	1,059.41	139.53%	19.09%
Total liabilities	5,680.97	3,022.48	87.96%	13.45%
Of which : Due to customers	3,955.17	2,242.30	76.39%	12.02%
Equity attributable to Shareholders	462.75	197.28	134.57%	18.59%
Total equity	474.92	199.27	138.33%	18.97%
<b>Profitability indicators ( RMB 100 million )</b>	<b>2018.12</b>	<b>2013.12</b>	<b>Growth rate</b>	<b>Compound growth rate</b>
Operating income	143.25	85.44	67.66%	10.89%
Net profit	55.74	33.71	65.35%	10.58%
Net profit attributable to shareholders	55.49	33.50	65.64%	10.62%
Net asset value per share ( RMB )	4.21	2.39	76.15%	11.99%
Earnings per share ( RMB )	0.50	0.41	21.95%	4.05%
Cost-to-income ratio	30.88%	35.85%	-4.97percentage points	——

Source: annual report

# Key Financial Indicators Of 2018

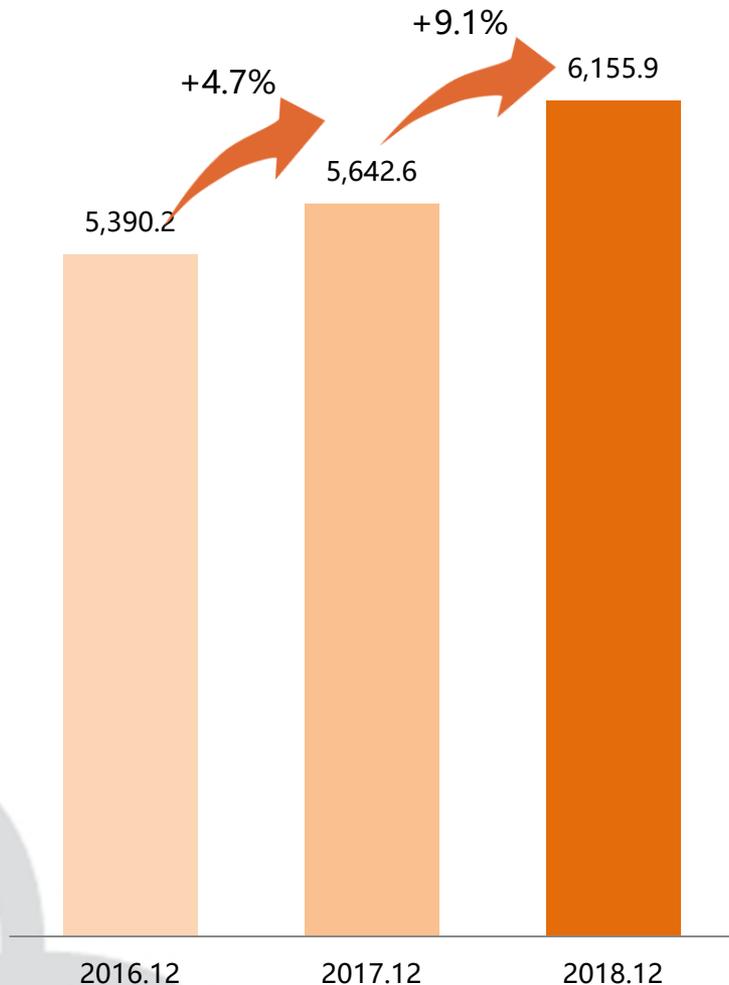
<b>Assets &amp; liabilities indicators</b> ( RMB 100 million )	<b>2018.12</b>	<b>2017.12</b>	<b>Change(%)</b>
Total assets	6,155.88	5,642.55	↑ 9.10%
Of which : Loans and advances to customers	2,537.63	2,373.98	↑ 6.89%
Total liabilities	5,680.97	5,218.46	↑ 8.86%
Of which : Due to customers	3,955.17	3,782.58	↑ 4.56%
Equity attributable to shareholders of the Company	462.75	412.60	↑ 12.15%
Total equity	474.92	424.09	↑ 11.98%
<b>Profitability indicators</b> ( RMB 100 million )	<b>2018.12</b>	<b>2017.12</b>	<b>Change(%)</b>
Operating income	143.25	141.34	↑ 1.36%
Net profit	55.74	53.09	↑ 5.00%
Net profit attributable to shareholders of the Company	55.49	52.49	↑ 5.71%
Net asset value per share ( RMB )	4.21	3.75	↑ 12.27%
Earnings per share ( RMB )	0.50	0.48	↑ 4.17%
Cost-to-income ratio	30.88%	29.71%	↑ 1.17percentage points

Source: annual reports

# Scale Of Assets Grew Solidly, Indicators Of Deposits & Loans Maintained Well Growth Trend

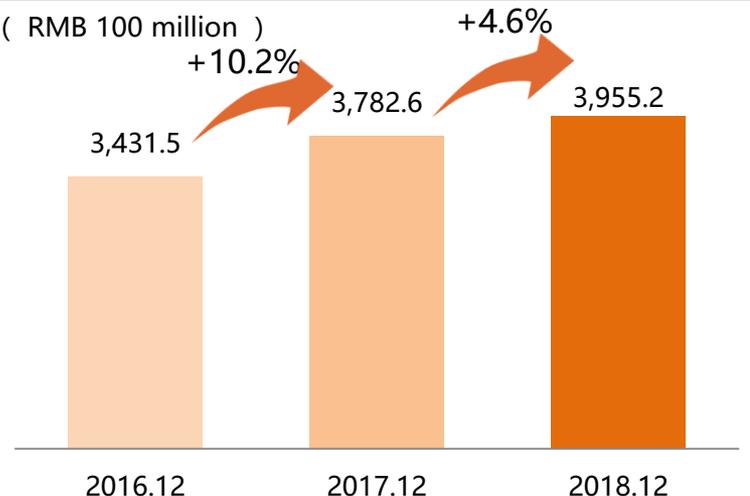
## Total assets

( RMB 100 million )



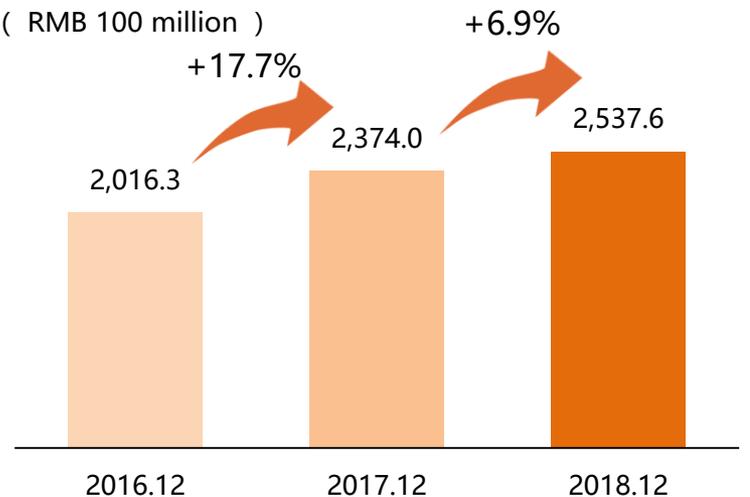
## Due to customers

( RMB 100 million )



## Total loans to customers

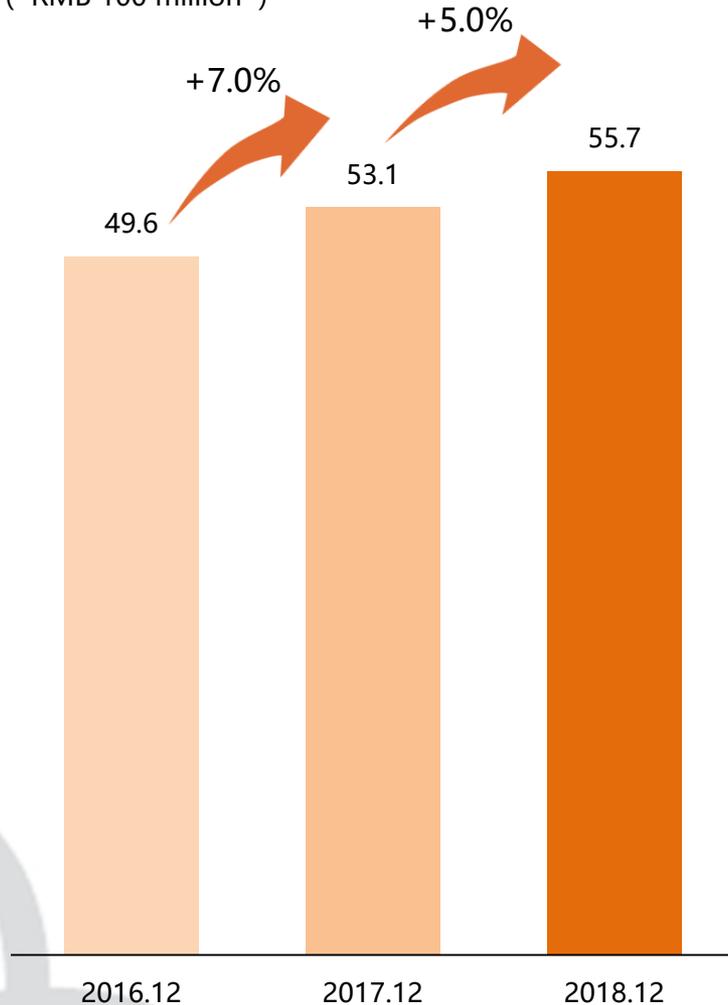
( RMB 100 million )



# Steady Increase Of Profitability, The Company Value Promoted Sustainably

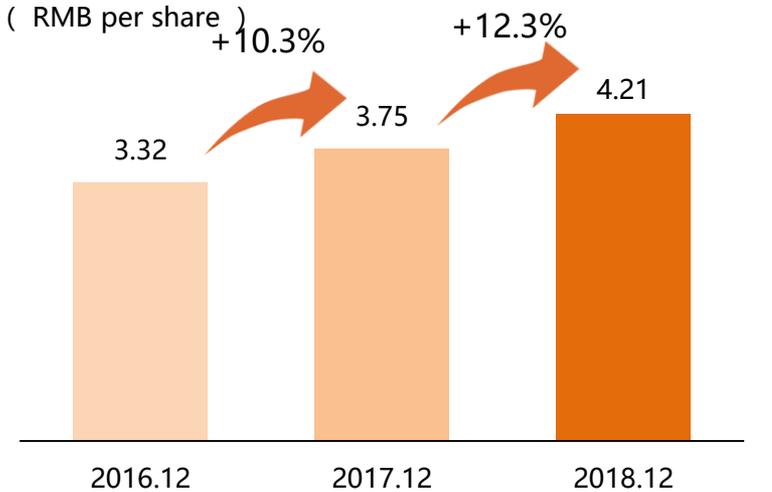
## Net profit

( RMB 100 million )



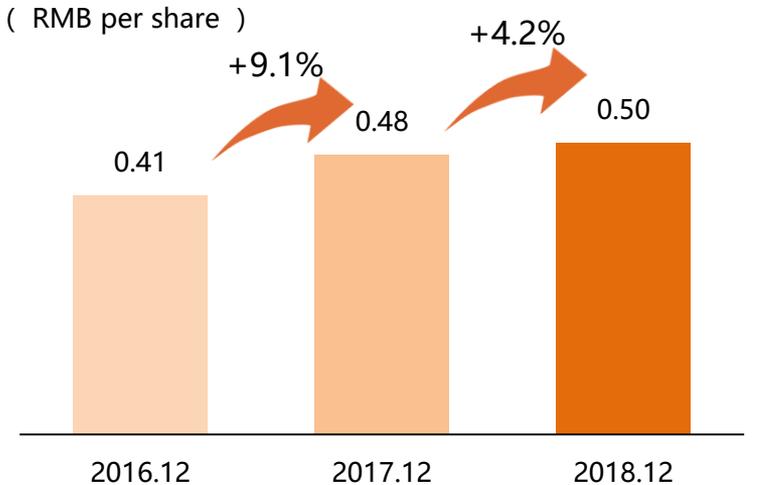
## Net assets value per share

( RMB per share )



## Earnings per share

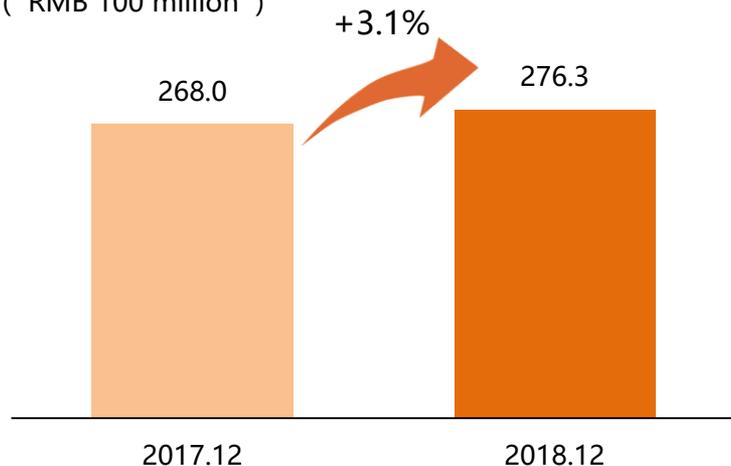
( RMB per share )



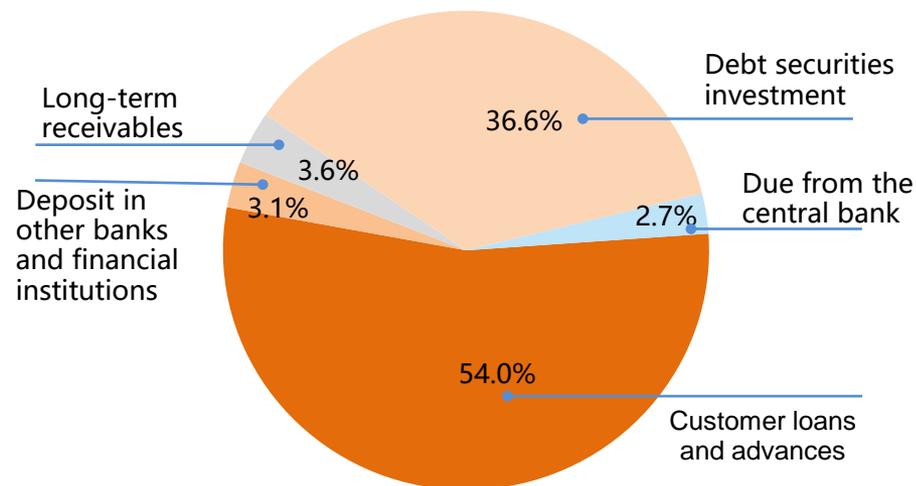
# Interest Income Kept Increasing, Earnings Level Remained In Good Condition

## Interest income

( RMB 100 million )



## Interest income structure



## Profitability indicators

items ( % )	2018.12	2017.12	Change
Yield of interest earning assets	5.09%	5.10%	- 1bps
Cost rate of interest-bearing liabilities	3.42%	3.15%	+ 27bps
NIM	1.87%	2.15%	- 28bps
NIS	1.67%	1.95%	- 28bps

Source: annual reports

# 02 | Business Operation

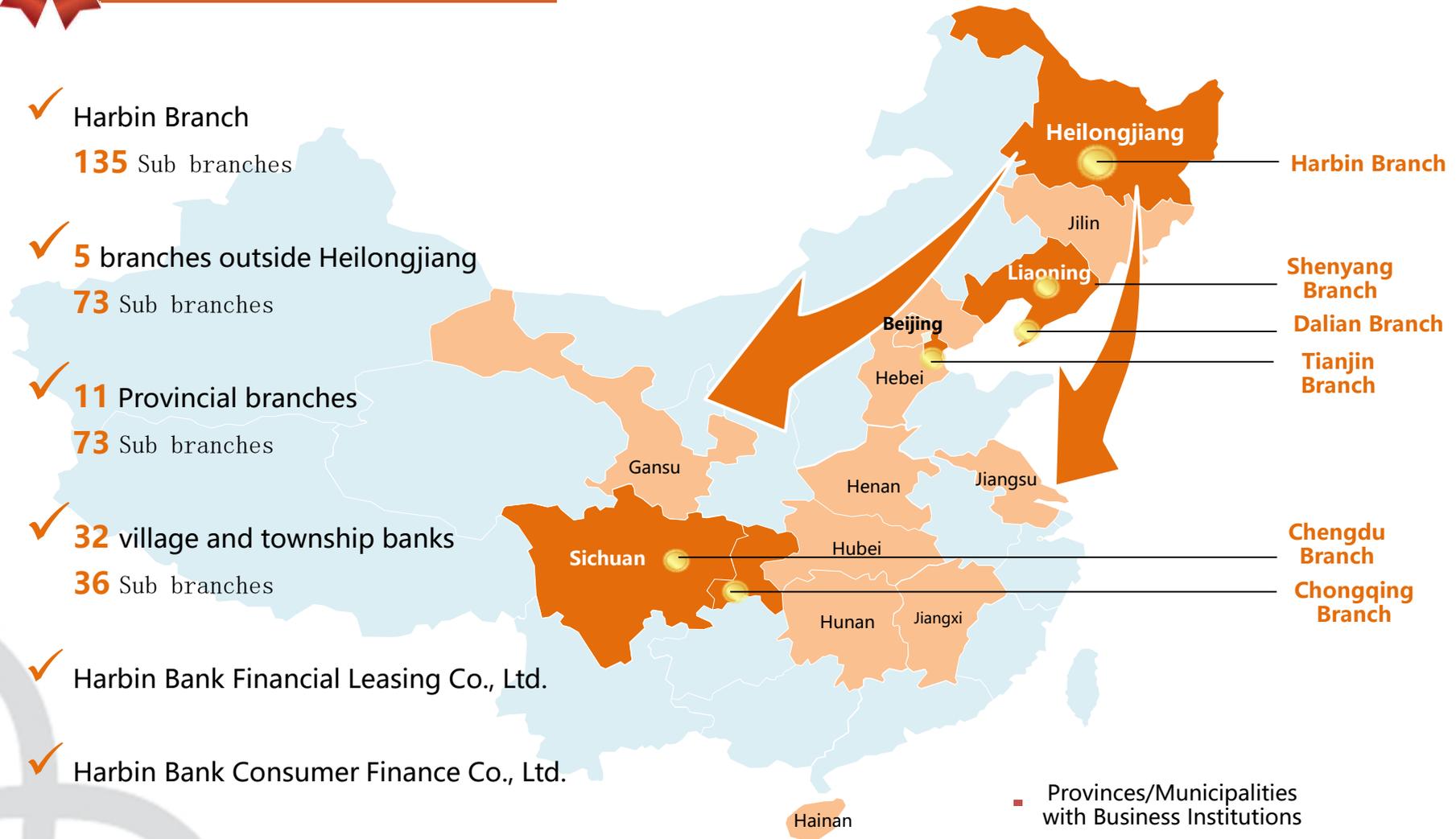


# Regional Development Increasingly Balanced, And Branches Operated Steadily



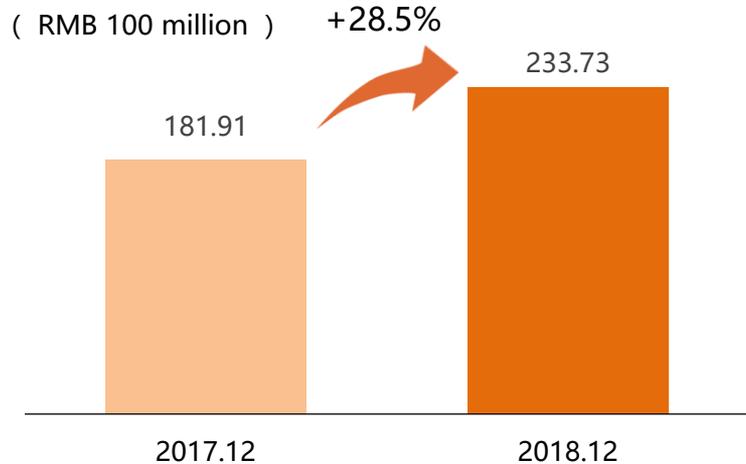
**City Commercial Bank with Most Domestic Subsidiaries**

- ✓ Harbin Branch  
135 Sub branches
- ✓ 5 branches outside Heilongjiang  
73 Sub branches
- ✓ 11 Provincial branches  
73 Sub branches
- ✓ 32 village and township banks  
36 Sub branches
- ✓ Harbin Bank Financial Leasing Co., Ltd.
- ✓ Harbin Bank Consumer Finance Co., Ltd.

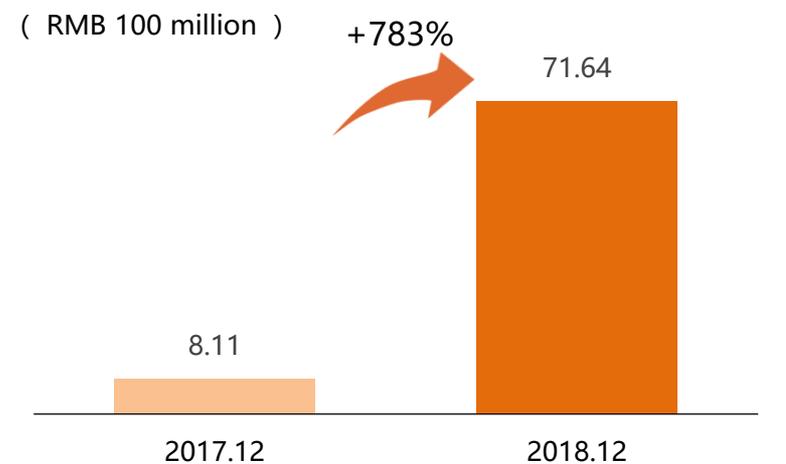


# The Advantages Of Holding Licenses Tend To Emerge, Well Developing Tendency At Group Level

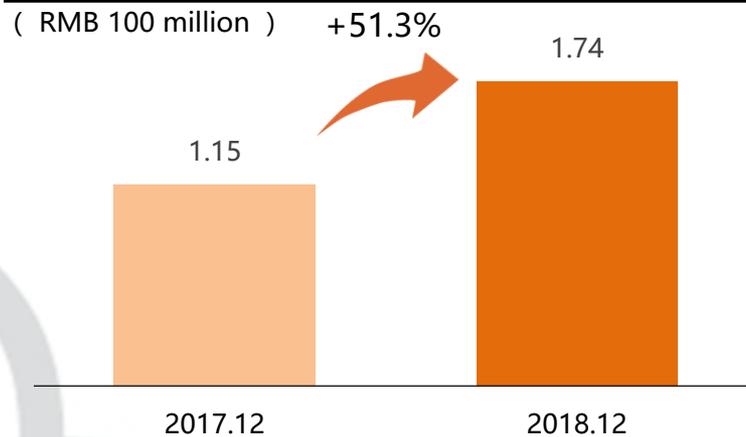
## Total assets of HB Leasing



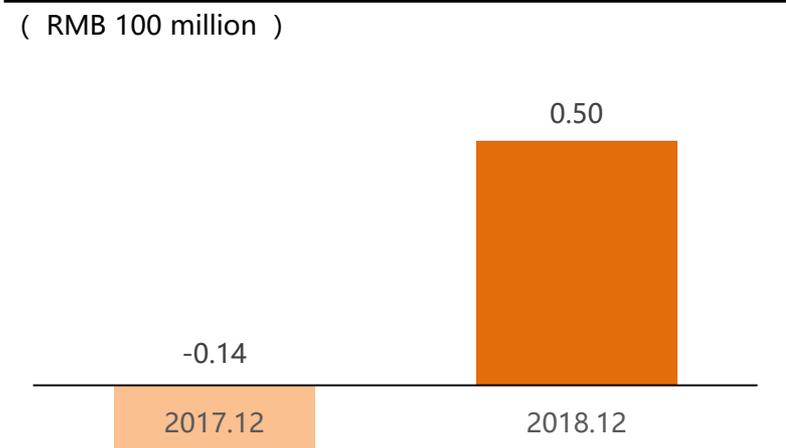
## Total assets of HBCF



## Net profit of HB Leasing



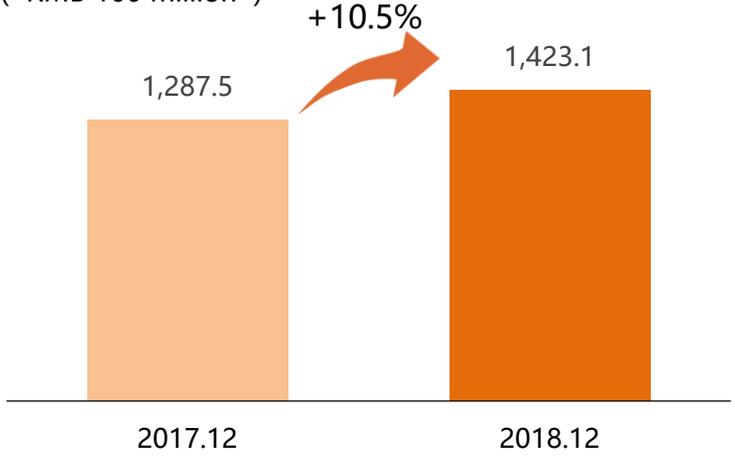
## Net profit of HBCF



# Retail Business Transformation Achieved Remarkable Results, And The Operation Was More Stable And Sustainable

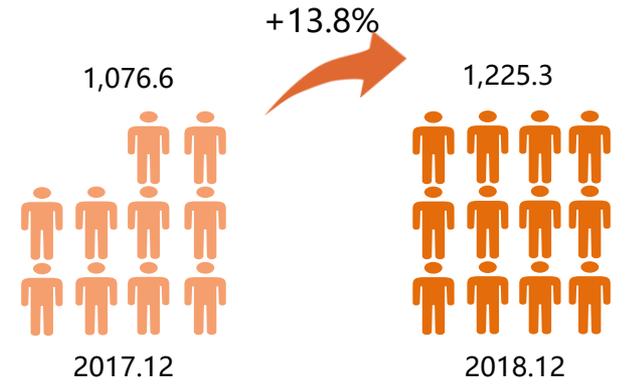
## Retail deposit balance

( RMB 100 million )



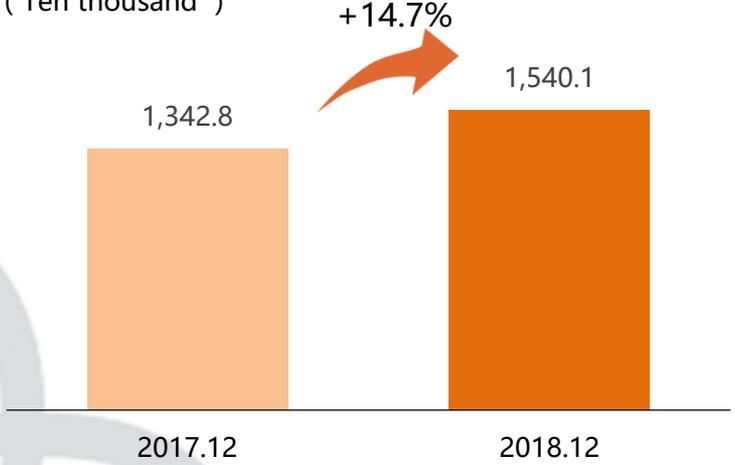
## Number of deposit customers

( Ten thousand )



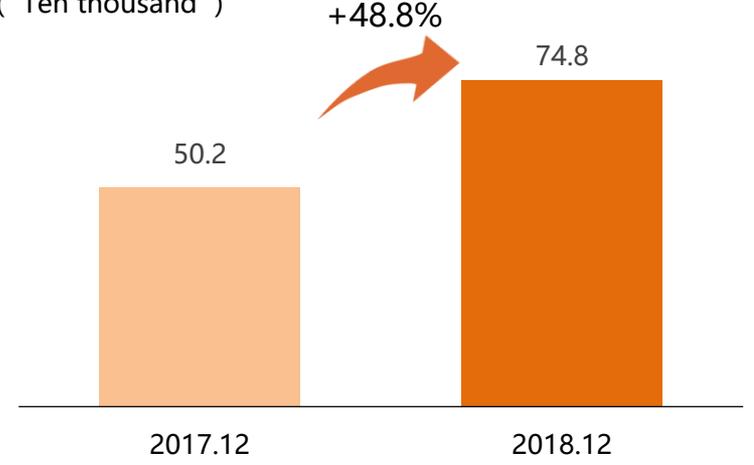
## Number of issued debit cards

( Ten thousand )



## Number of issued credit cards

( Ten thousand )



Source: annual reports

# The Status Of Microcredit Consolidated With Key Featured Businesses Well Operated

## Microcredit

Balance of microcredit loans  
**98.19** billion

Accounting for **38.7 %**  
of the total loans

- ✓ On line operation system, "Internet +" new experience
- ✓ Life Cycle Mechanism and Dynamic Adjustment of Credit Score
- ✓ Whole-process internal assessment application, enhancing risk control

## Consumer finance

Balance of consumer finance loans  
**69.62** billion

Accounting for **27.4 %**  
of the total loans

- ✓ Expanding High-quality Business Platform and Broadening Financial Scene
- ✓ Combining Big Data with Finance to expand inclusive finance
- ✓ Optimizing risk control model to control business risk

## Agriculture finance

Balance of agriculture finance loans  
**12.91** billion

Accounting for **5.1%**  
of the total loans

- ✓ Establishing white list mechanism to accurately match risk pricing
- ✓ Promoting intensive transformation and Adhering to customer-oriented concept
- ✓ Technology + characteristic service, establishing mobile-online model

## Cross-border Finance

- ✓ Operating income RMB**136** million
- ✓ Net profit RMB**74** million
- ✓ Ruble spot trading volume RUB **58.758** billion
- ✓ Inter-bank credit to Russian banks RMB**7** billion
- ✓ Sino-Russia Financial Council members **70**

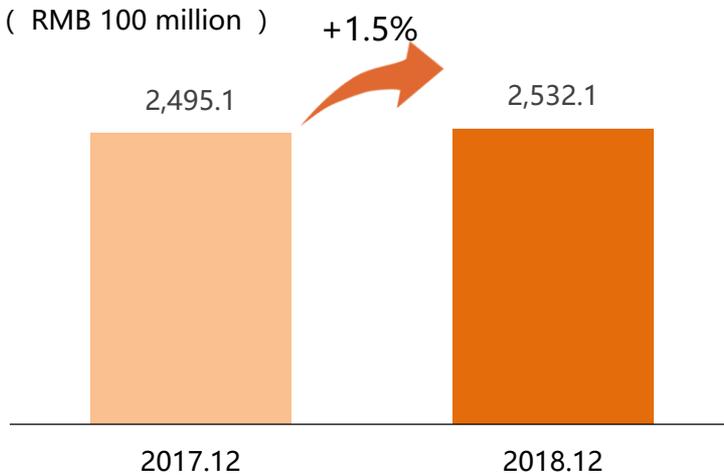
## Cross-border E-commerce payment

- ✓ Transaction amount RMB**4.97** billion
- ✓ Income of intermediary business RMB **66** million
- ✓ Market share more than **15%**, ranking of **2** nd
- ✓ Cross-border e-commerce customers **2186**
- ✓ Supporting simultaneously VISA/Mastercard/JCB/Russian local payment channels

# Corporate Finance Developed Steadily With Continuously Optimized Customer Structure

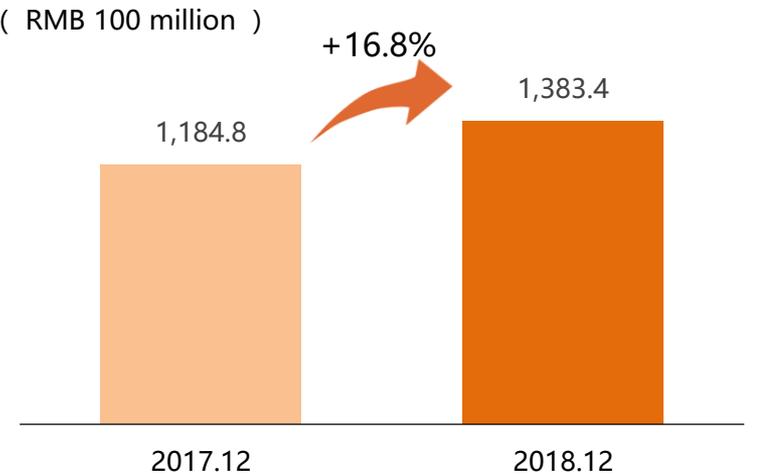
## Corporate deposits

( RMB 100 million )



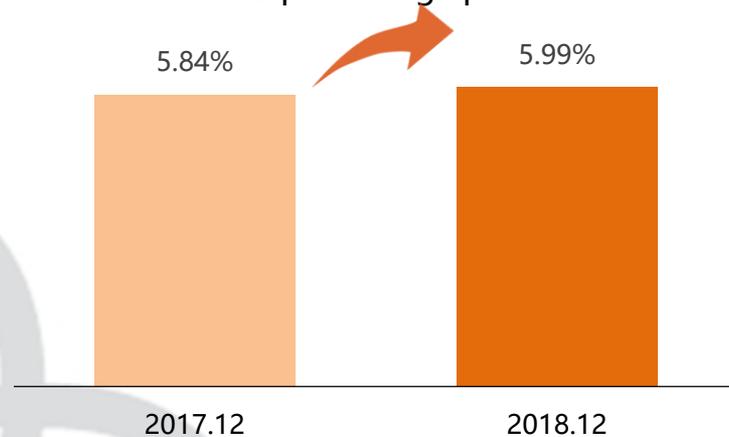
## Corporate loans

( RMB 100 million )



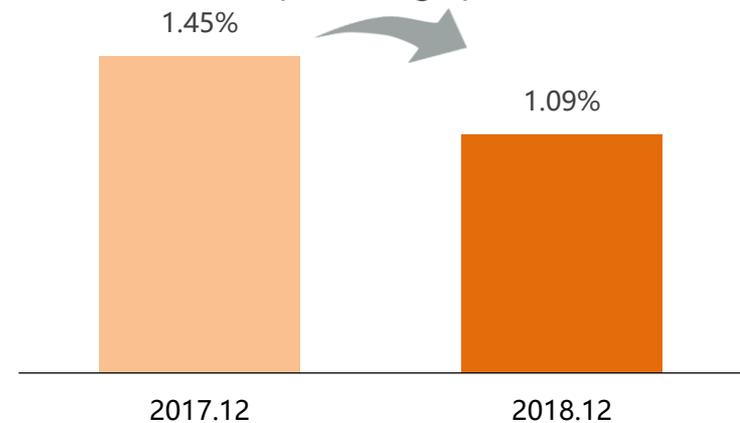
## Average return on Corporate loans

+0.15 percentage point



## Corporate NPL ratio

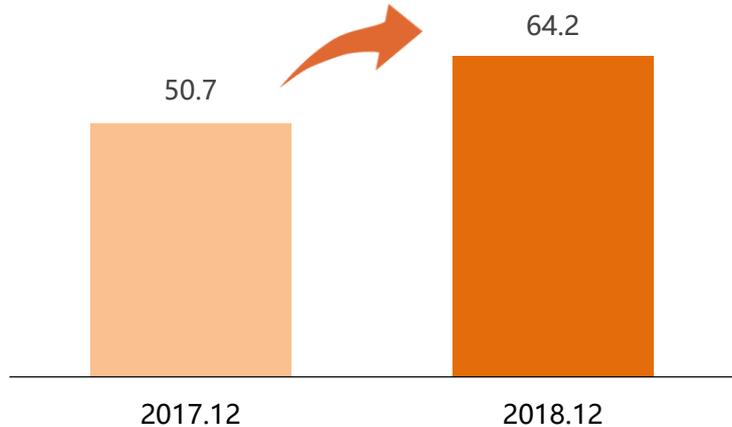
-0.36 percentage point



# Financial Market Business Stably Operated And Profit Contribution Continually Increased

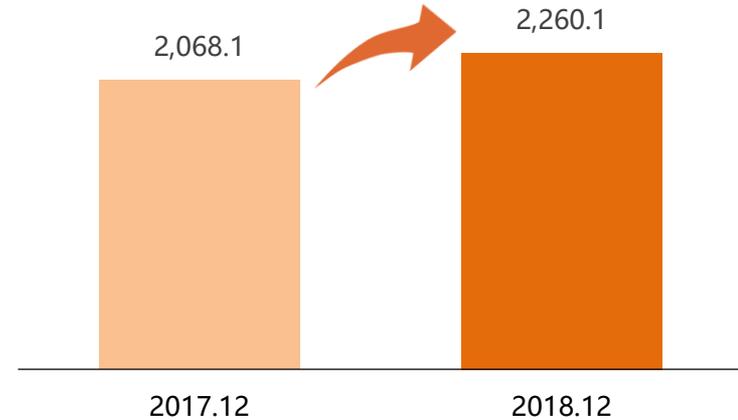
## Operating income

( RMB 100 million ) +26.7%



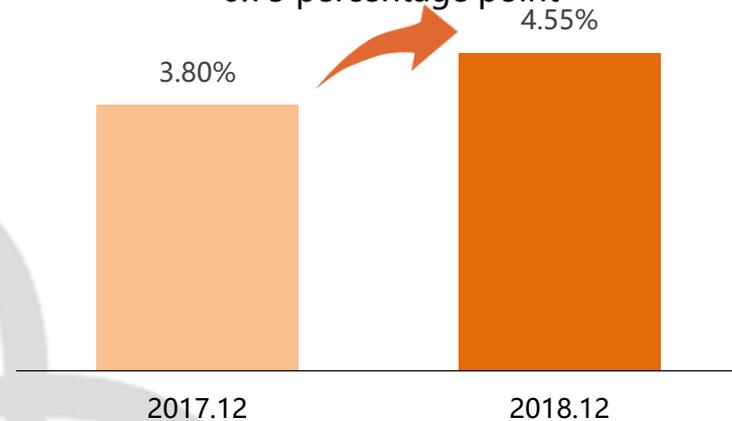
## Investment in securities and other financial assets

( RMB 100 million ) +9.3%



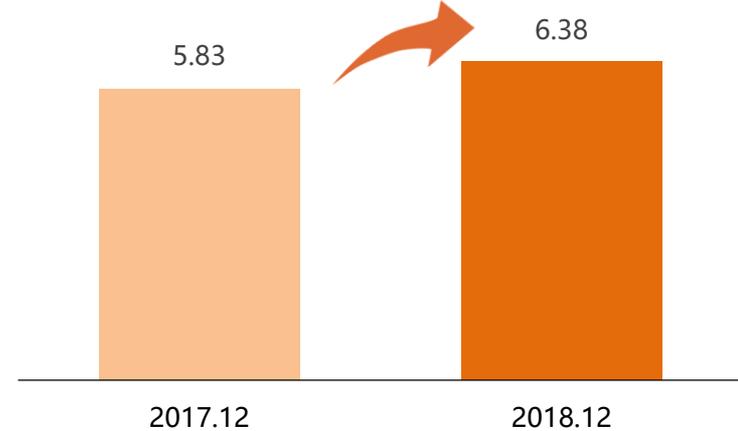
## Return on bond holdings

+0.75 percentage point



## Trading volume of bonds

( RMB 1 Trillion ) +9.5%



# Devoted More Resource In Fintech To Improve The Supporting Facilities Of Operations

## System construction

New data centre

New generation of core business system

Off-site disaster recovery centre

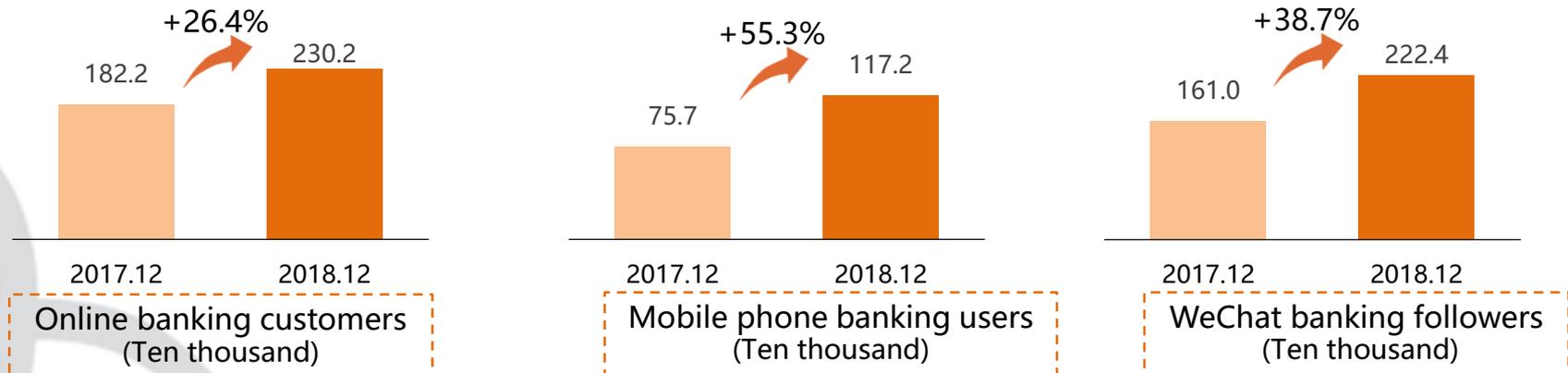


Major systems stable operation rate of **99.98%**



Core systems stable operation rate of **99.95%**

## Channel construction



Source: annual reports

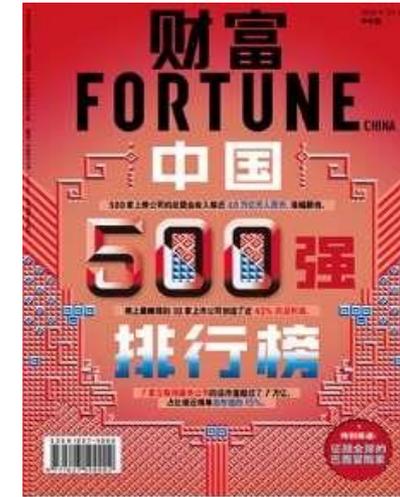
# Market Position Continued To Consolidate With More Distinctive Brand Features



**207th** in the "Top 1000 World Banks 2018" according to The Banker of United Kingdom



**217th** in "Brand Finance China 300 2018" published by Brand Finance



**489th** in the "Top 500 Chinese Companies for 2018" published by the FORTUNE China



Best Trade Finance City  
Commercial Bank



Best Corporate  
Governance Award



Top Ten Innovative  
Financial Products Awards  
of China



Most Trustworthy  
Featured Financial Bank



Smart  
Medical



Anju Loan

# Practicing Social Responsibilities, Enhancing Public Image Of Harbin Bank

## Devote to the Belt and Road

### Happy Communities

Initiated the Sino-Russia Financial Council, held the Fourth General Meeting of the Council and organized its Chinese members to participate in the " St. Petersburg International Economic Forum"

Started United Charity Foundation and organized 600 activities, served 25,000 persons , launch innovative micro public welfare services for social services



## Accurate poverty alleviation

### Financial popularization

Accumulated loans for poverty alleviation RMB 228million, established records for 5,355 poor customers , amount involved RMB 231 million

Carry out publicity and education on the prevention of illegal fund-raising , Financial consumer education. Held financial experts, financial business training camp



## Social Welfare

### Education Support

Sponsored the Harbin International Marathon and Chengdu International Marathon, held Russian oil painting exhibition

Launch and implement "lilac blossom · project hope realize dream ", Education development foundation of Harbin Institute of Technology, Hongyi financial aid association.



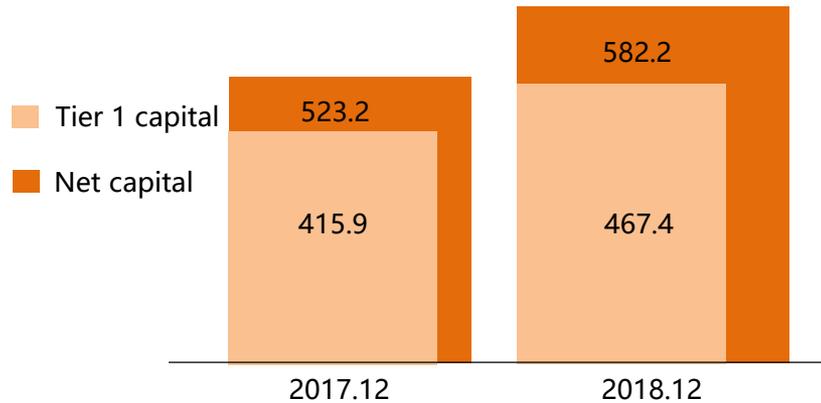
# 03 | Risk Management



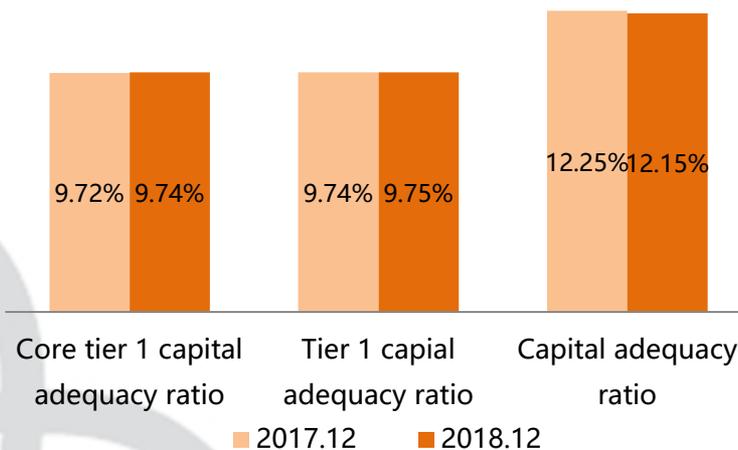
# Maintaining Adequate Capital Level, With More Proactive Capital Management

## Net Capital

( RMB 100million )



## Capital adequacy ratio

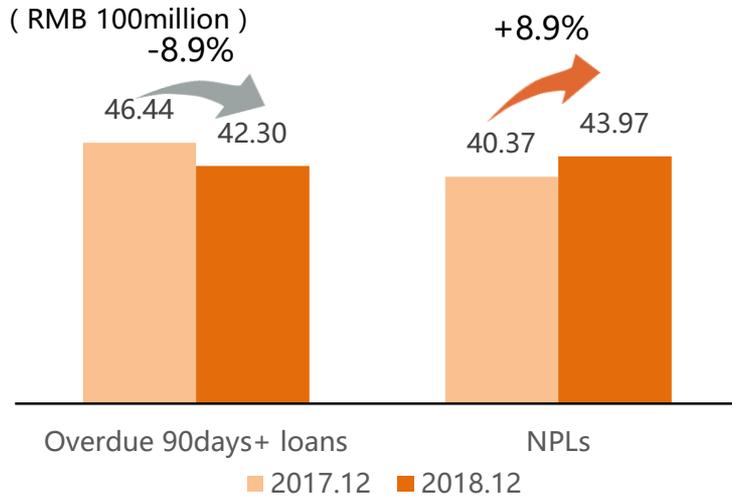


## Capital management – more proactive

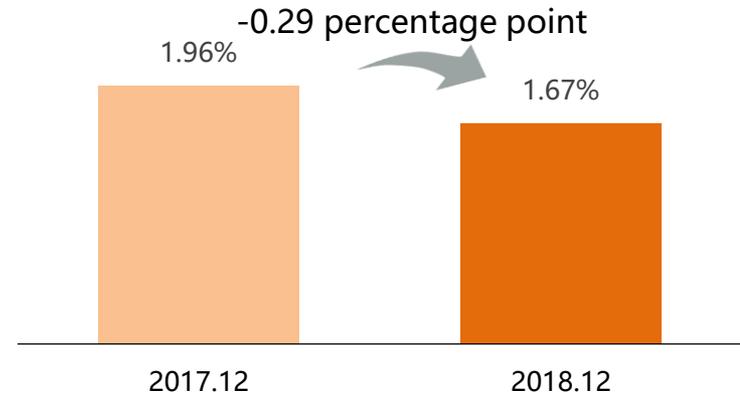
- ✓ To carry out the capital management as preplanned, programmatically replenished capital and set up the comprehensive balance of capital, benefit and risk managerial concept. At the end of 2018, net capital increased by 11.3% from the end of 2017.
- ✓ Established solidly internal capital adequacy assessment procedures, rationally planned capital use according to the comprehensive risk management framework and various types of actual risks evaluation and stress testing, so as to achieve a dynamic balance between capital adequacy level, business planning and financial planning.
- ✓ Adhered to the principle of capital restraint and strengthened capital management. Accomplished the on-line application of RWA system weight method and internal evaluation method. Realized the advanced application of the internal evaluation results in the fields of risk pricing, IFRS9, economic capital measurement, and pressure testing. Maximized the after- risk-coverage income of the credit risk assets.

# Utilized Multiple Measures To Control NPLs , Assets Quality Remained Stable And Towards Sound And Better

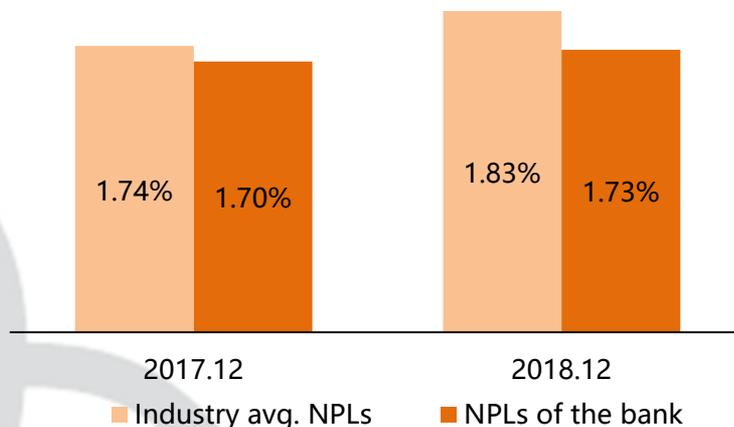
## Assets quality



## Proportion of loans overdue for more than 90 days



## Non-performing Loan ratio

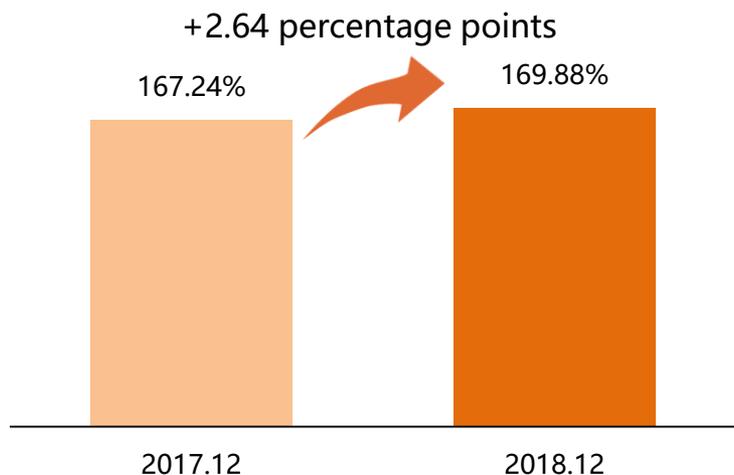


## Assets quality management and control measures

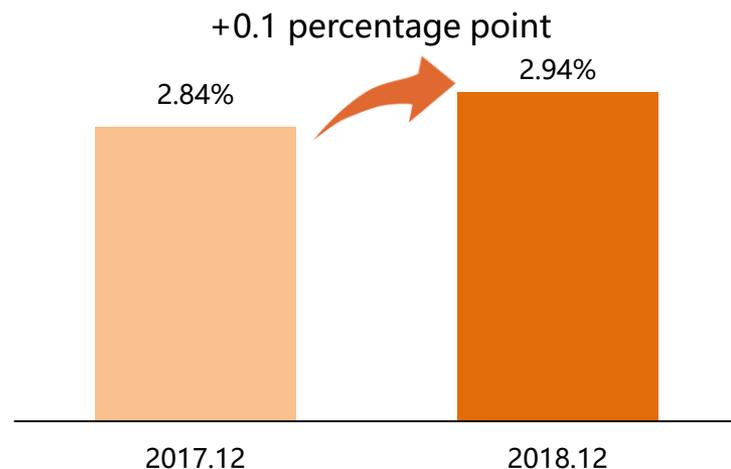
- ✓ Refining credit risk control, comprehensively implying of AI + Big data
- ✓ Optimizing the structure of existing customers, taking steps to withdraw from risky ones
- ✓ Accurately stratifying the new customers, limiting entrance amount to high risky industries
- ✓ Implementing differentiated risk pricing mechanism and rigid pricing control in high risky areas
- ✓ Strengthening the internal assessment and evaluation of collaterals, emphasizing the coverage of collaterals realization
- ✓ Increasing the efforts for the disposal of assets, realizing a flexible risky assets disposal model

# Provision Of Assets Impairment Remained Sufficient, Loan Classification Was True and Accurate

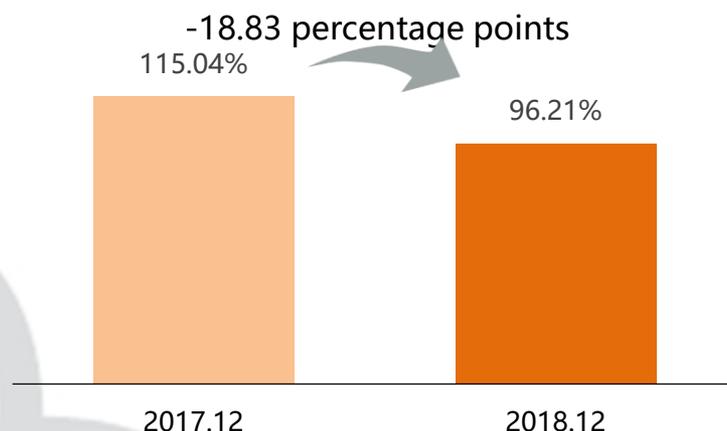
## Provision coverage ratio



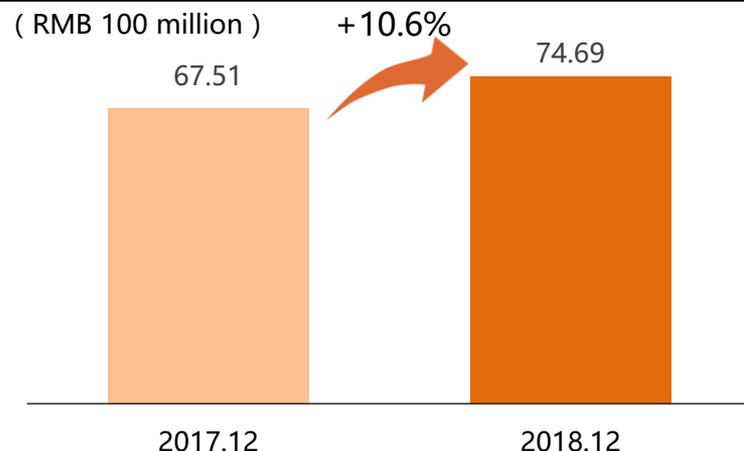
## Provision-loan ratio



## Deviation of loan classification



## Loan impairment loss reserve



# Continuously Strengthened Risk Management and Control Contributed To An Increasingly Improved Risk System

## Credit Risk

The rigid control and independent checks and balances were carried out throughout the credit risk management process, and full-caliber credit risk management and control were implemented. Customer-centric, matching differentiated access strategies, collateral stratification, risk pricing, and optimizing credit structure. Conducted a comprehensive assessment of stock collateral to effectively improve the release capacity.

## Liquidity Risk

Improved the level of refinement in position management, took the initiative to adjust the structure of assets and liabilities, and enhanced liquidity risk resilience.

## Market Risk

Comprehensively implemented the market risk preferences, optimized the market risk management process, and achieved accurate measurement, precise management and effective prevention of market risk.

## Operating Risk

Strengthened the practical application of the three major management tools RCSA, KRI, and LDC to effectively prevent operational risk events in high-risk areas.

## Information Technology Risk

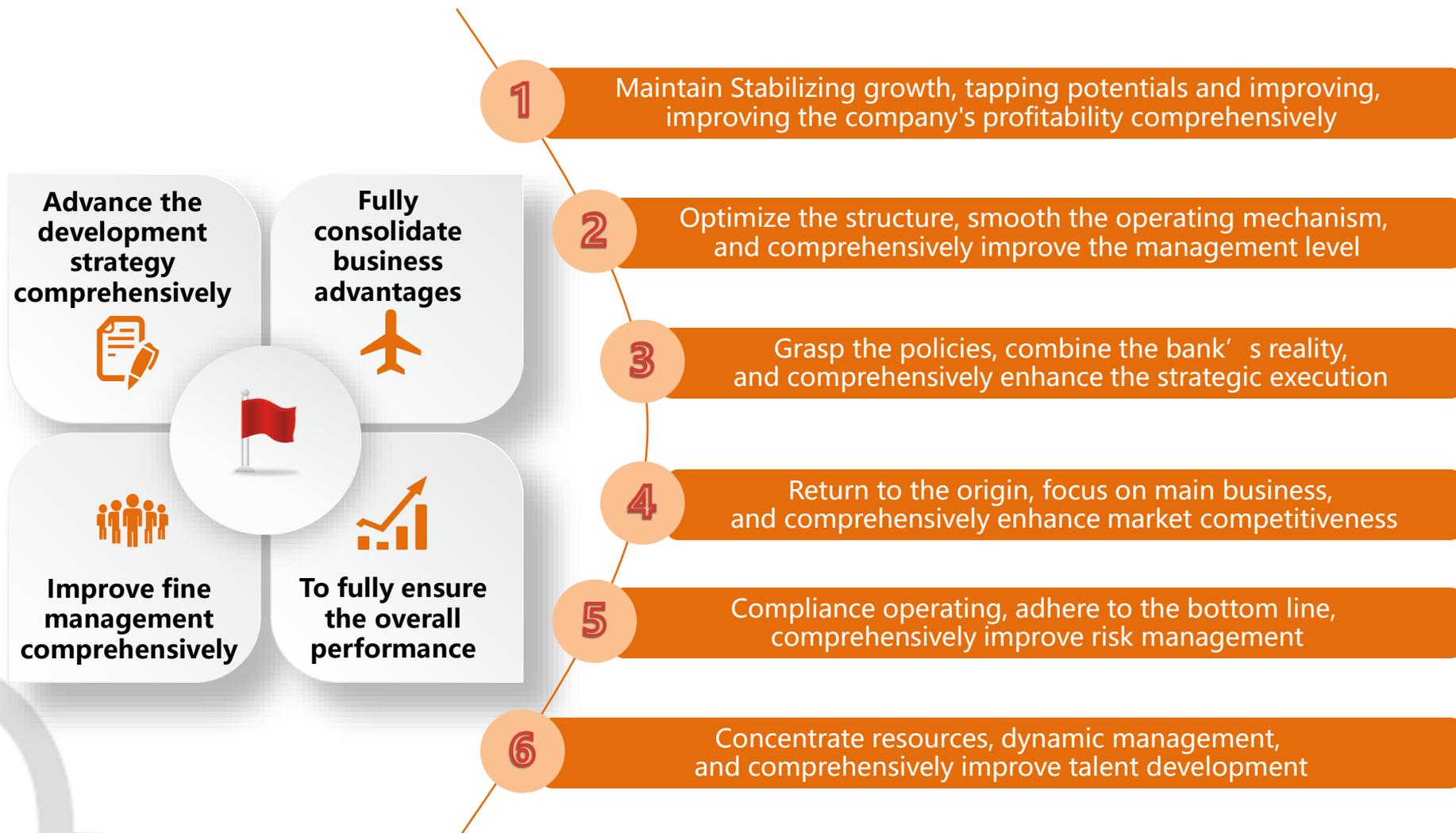
Refined the IT management process, implemented business continuity self-assessment, established an management group of information technology outsourcing, and improved the management level of outsourcing risk.

## Compliance Risk

Deepened the integrated management concept of “prevention, control, investigation and reform” , improved the precise management level of internal control compliance and upgraded the comprehensive internal control management system.

# 04 | Prospect





# Q & A

# Appendix : 2018 annual financials

Profit & Loss ( Million RMB )	2018 Jan-Dec	2017 Jan-Dec	Change
Operating income	14,325.4	14,133.6	↑ 1.36%
Of which: Net interest income	10,127.0	11,307.5	↓ 10.44%
Net fee and commission income	2,391.4	2,444.6	↓ 2.18%
Net profit	5,574.4	5,308.9	↑ 5.00%
Net profit attributable to shareholders of the Bank	5,548.6	5,249.1	↑ 5.71%
Net assets per share attributable to shareholders of the Bank	4.21	3.75	↑ 12.26%
Profitability ( % )	2018 Jan-Dec	2017 Jan-Dec	Change % points
Return on average total assets	0.94	0.96	↓ 0.02
Return on average equity	12.68	13.50	↓ 0.82
Net interest spread	1.67	1.95	↓ 0.28
Net interest margin	1.87	2.15	↓ 0.28
Net fee and commission income to operating income ratio	16.69	17.30	↓ 0.61
Cost-to-income ratio	30.88	29.71	↑ 1.17

Assets & Liab. ( Million RMB )	2018.12.31	2017.12.31	Change
Total assets	615,588.5	564,255.2	↑ 9.10%
Of which: Loans and advances to customers	253,762.7	237,397.8	↑ 6.89%
Total Liabilities	568,097.0	521,846.2	↑ 8.86%
Of which: Due to customers	395,516.8	378,258.4	↑ 4.56%
Share capital	10,995.6	10,995.6	—
Total equity	47,491.5	42,409.0	↑ 11.98%
Assets quality indicators ( % )	2018.12.31	2017.12.31	Change % points
NPL ratio	1.73	1.70	↑ 0.03
Impairment losses on loans	2.94	2.84	↑ 0.10
Impairment coverage ratio	169.88	167.24	↑ 2.64
Core tier 1 capital adequacy ratio	9.74	9.72	↑ 0.02
Tier 1 capital adequacy ratio	9.75	9.74	↑ 0.01
Capital adequacy ratio	12.15	12.25	↓ 0.10
Loan-deposit ratio	64.16	62.76	↑ 1.40

Source: annual reports



**Thank you !**

