



2018年度業績發佈會

Annual Results Announcement

Stock code : HK.6138

March, 2019, Hong Kong

The information contained in this material does not form an offer or an invitation proposal to purchase or subscribe the securities of Harbin Bank Co., Limited (the “Company”) in Hong Kong, the United States or any other regions. The securities of the Company is neither registered under the Securities Act of 1933 nor in its revision, shall not be offered or sold in the United States, except its registration in accordance with the applicable laws or exempted from registration.

This announcement contains “forward-looking statements” defined in Article 27A of the Securities Act of 1933 (Revised) and Article 21E of the Securities Exchange Act of 1934 (Revised). These forward looking statements involve known or unknown risks, uncertainties and other factors, and are made based on the Company's existing industry expectations, assumptions, forecast and prediction. Unless otherwise required by law, the Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances in the future will not bear the corresponding changes to its expected duty. Although the Company believes that the expectation described in the forward-looking statements are reasonable, it does not assure you that the expectations in the future will prove to be correct, and investors should pay attention that the actual results may have difference with the prediction results.



Content

1

Financial
Performance

2

Business
Operation

3

Risk
Management

4

Prospect



01 | Financial Performance



Key Financial Indicators From 2013 To 2018

Scale indicators (RMB 100 million)	2018.12	2013.12	Growth rate	Compound growth rate
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%

Profitability indicators (RMB 100 million)	2018.12	2013.12	Growth rate	Compound growth rate
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

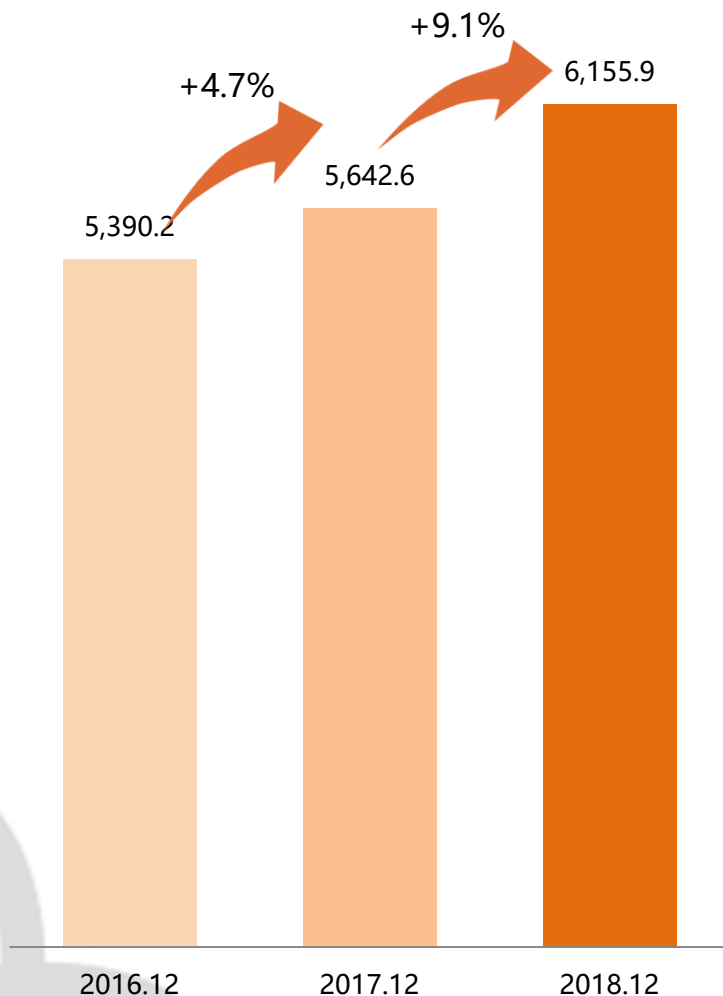
Assets & liabilities indicators (RMB 100 million)	2018.12	2017.12	Change(%)
Total assets	6,155.88	5,642.55	↑ 9.10%
Of which : Loans and advances to customers	2,537.63	2,373.98	↑ 6.89%
Total liabilities	5,680.97	5,218.46	↑ 8.86%
Of which : Due to customers	3,955.17	3,782.58	↑ 4.56%
Equity attributable to shareholders of the Company	462.75	412.60	↑ 12.15%
Total equity	474.92	424.09	↑ 11.98%
Profitability indicators (RMB 100 million)	2018.12	2017.12	Change(%)
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

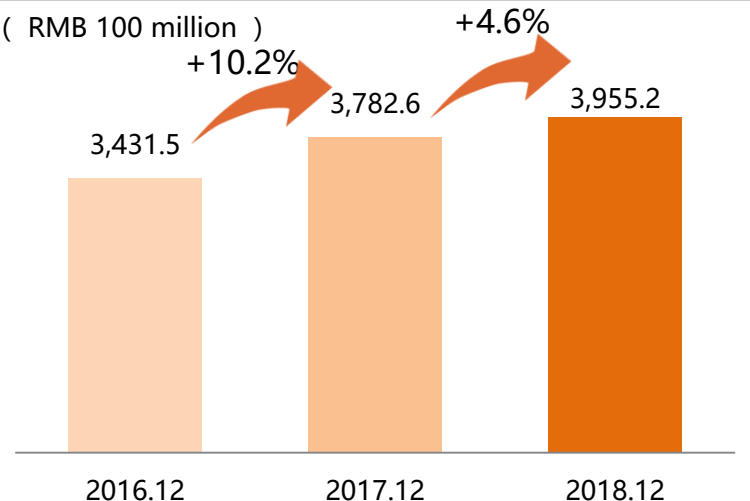
Total assets

(RMB 100 million)



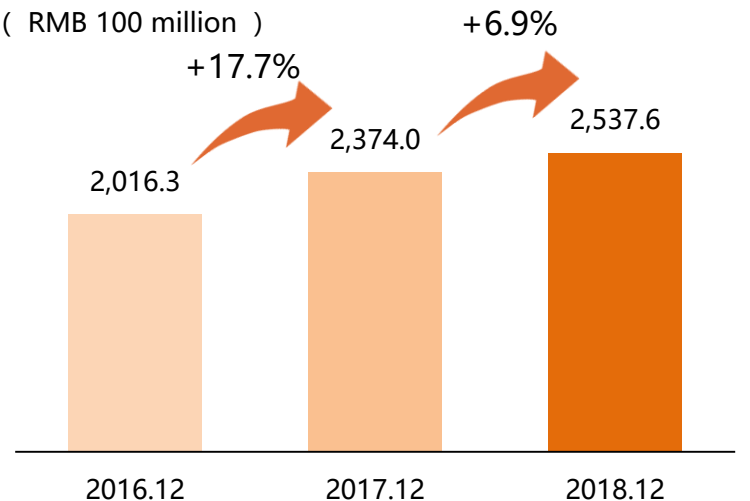
Due to customers

(RMB 100 million)



Total loans to customers

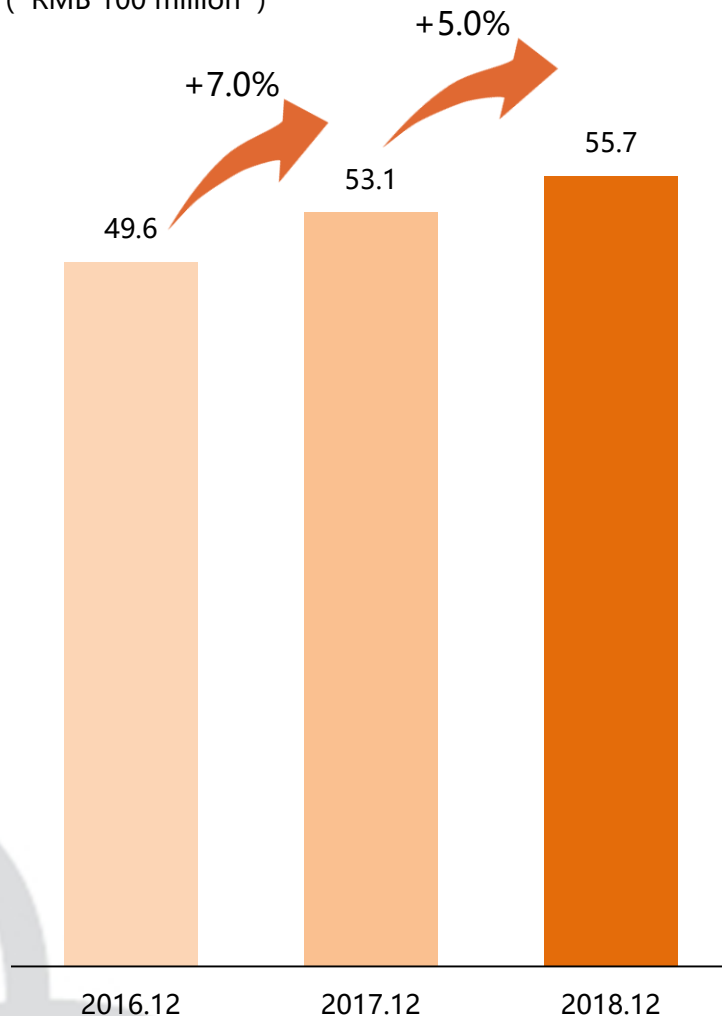
(RMB 100 million)



Steady Increase Of Profitability, The Company Value Promoted Sustainably

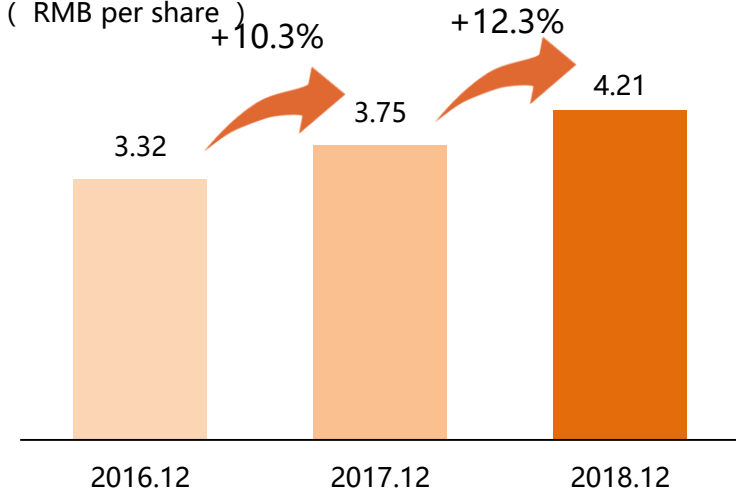
Net profit

(RMB 100 million)



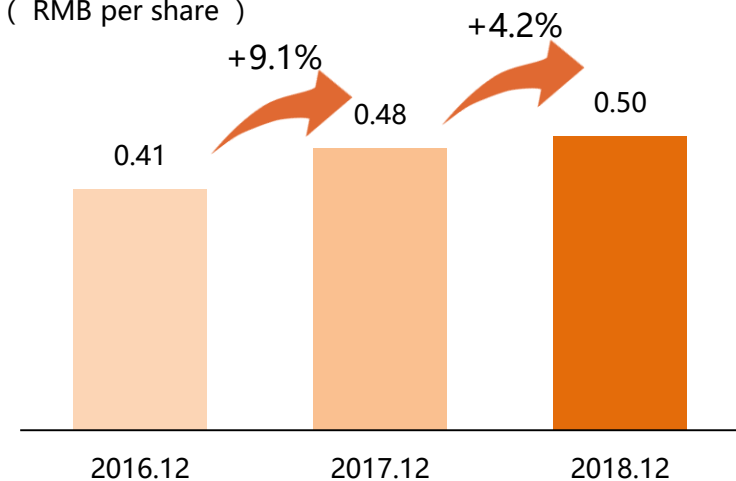
Net assets value per share

(RMB per share)



Earnings per share

(RMB per share)

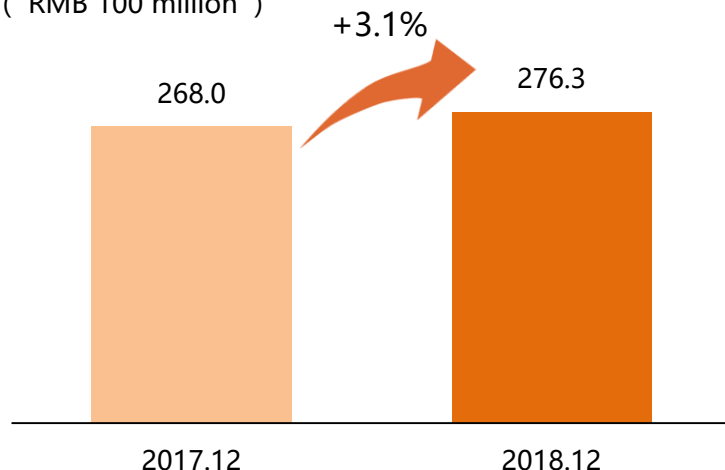


Source: annual reports

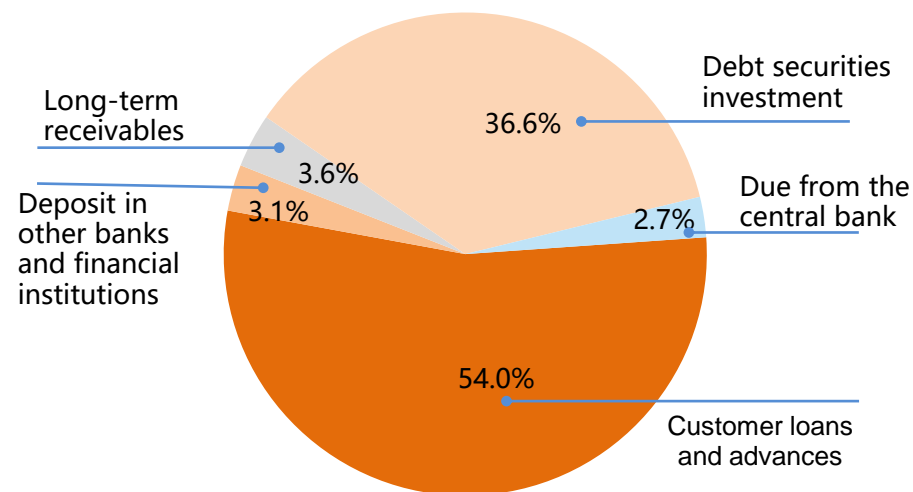
Interest Income Kept Increasing, Earnings Level Remained In Good Condition

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

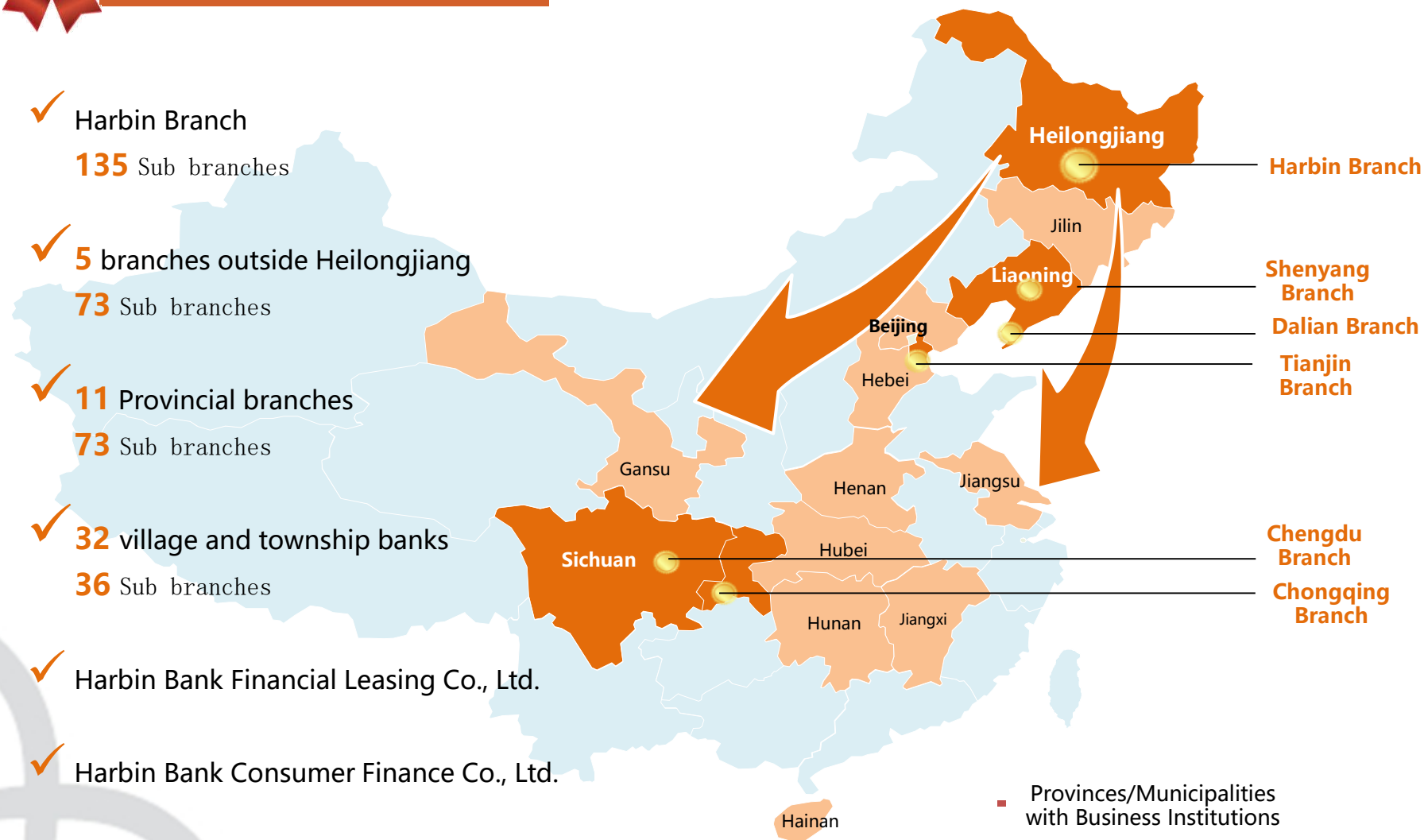


Regional Development Increasingly Balanced, And Branches Operated Steadily



City Commercial Bank with Most
Domestic Subsidiaries

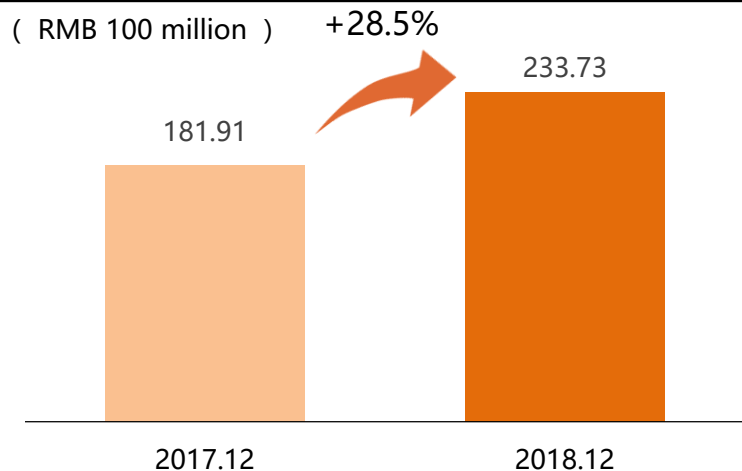
- ✓ Harbin Branch
135 Sub branches
- ✓ 5 branches outside Heilongjiang
73 Sub branches
- ✓ 11 Provincial branches
73 Sub branches
- ✓ 32 village and township banks
36 Sub branches
- ✓ Harbin Bank Financial Leasing Co., Ltd.
- ✓ Harbin Bank Consumer Finance Co., Ltd.



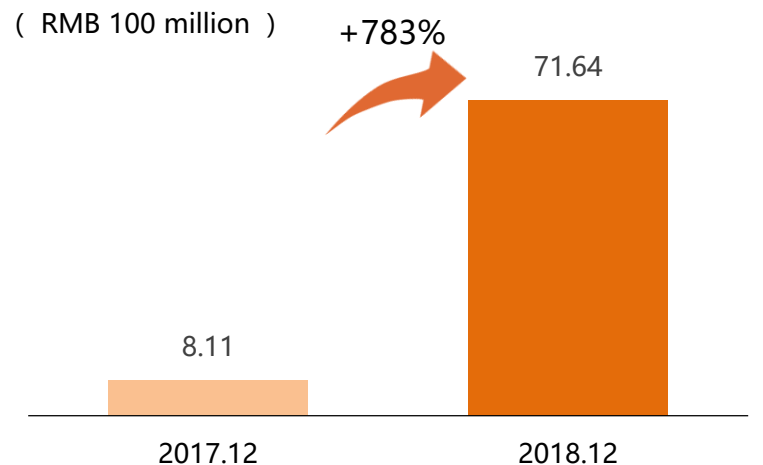
■ Provinces/Municipalities
with Business Institutions

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

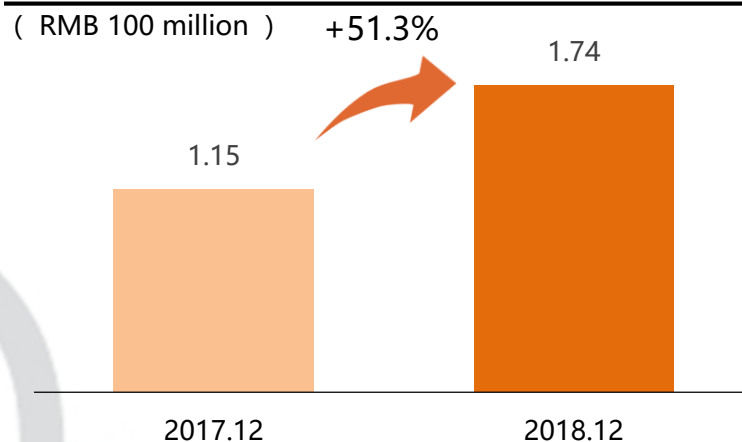
Total assets of HB Leasing



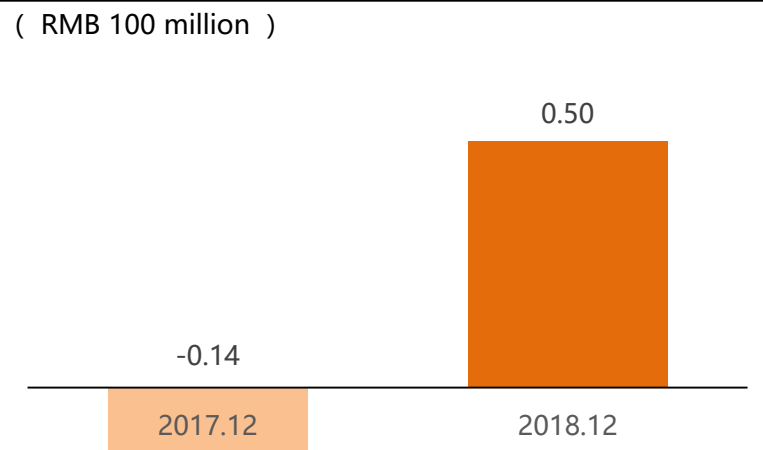
Total assets of HBCF



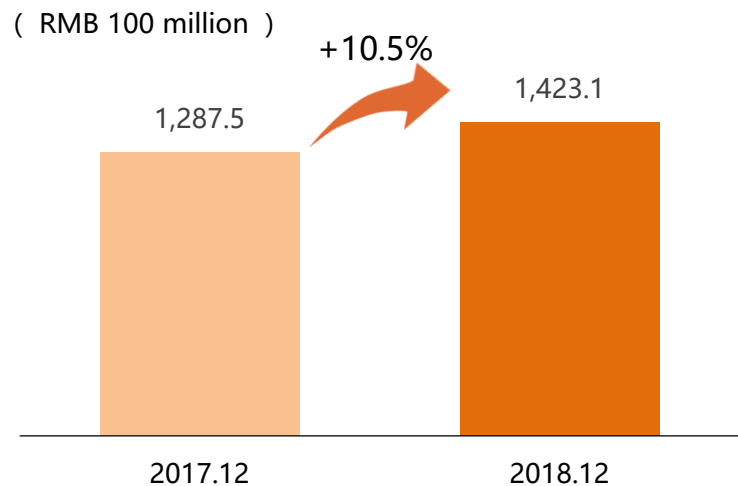
Net profit of HB Leasing



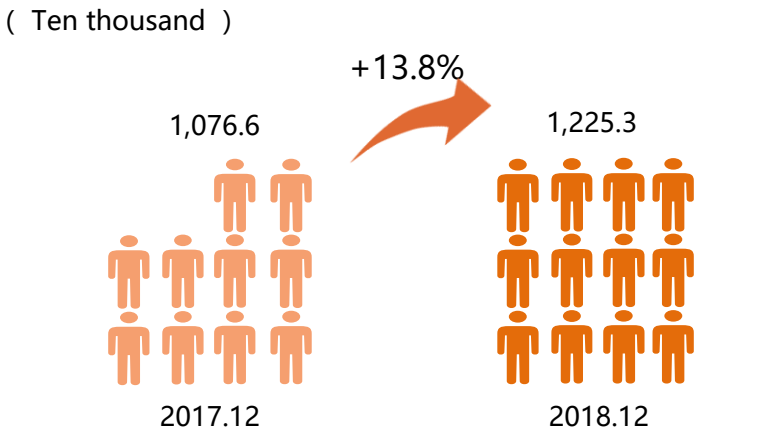
Net profit of HBCF



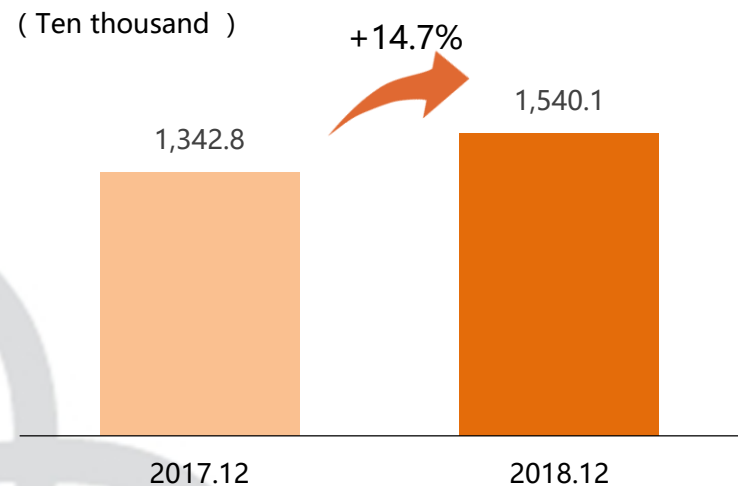
Retail deposit balance



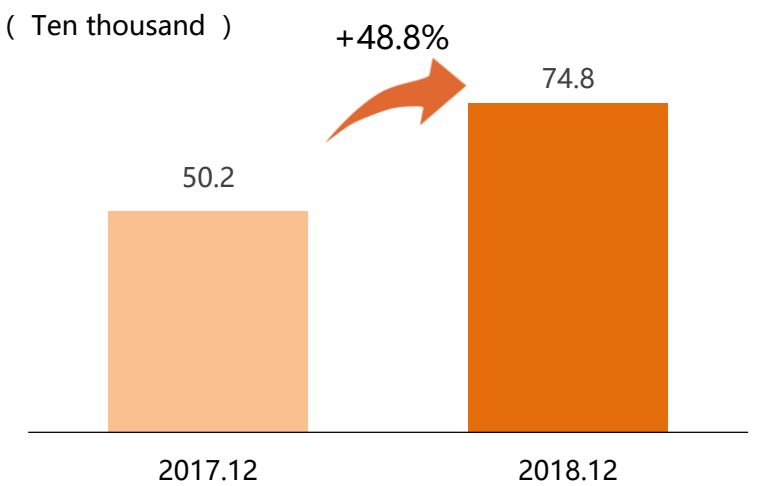
Number of deposit customers



Number of issued debit cards



Number of issued credit cards



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**

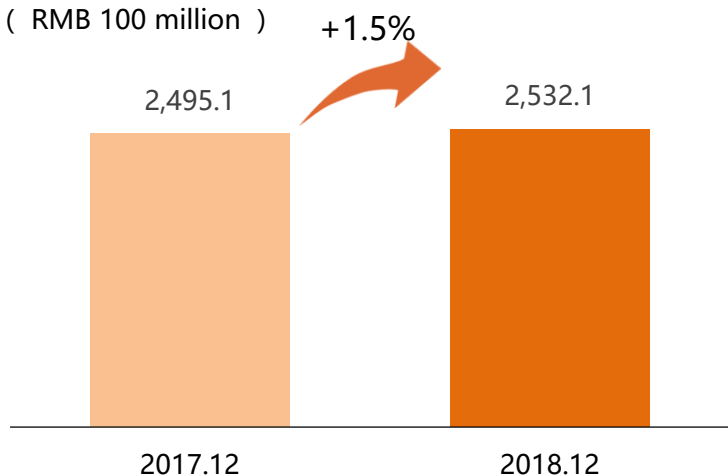
Cross-border E-commerce payment

- ✓ 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

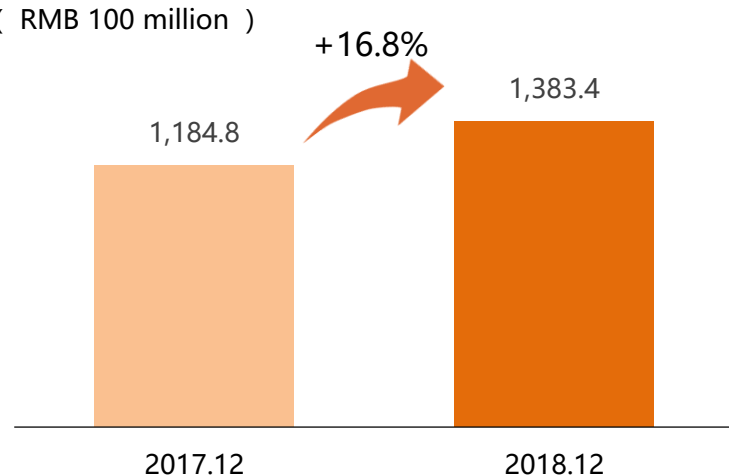
Corporate deposits

(RMB 100 million)



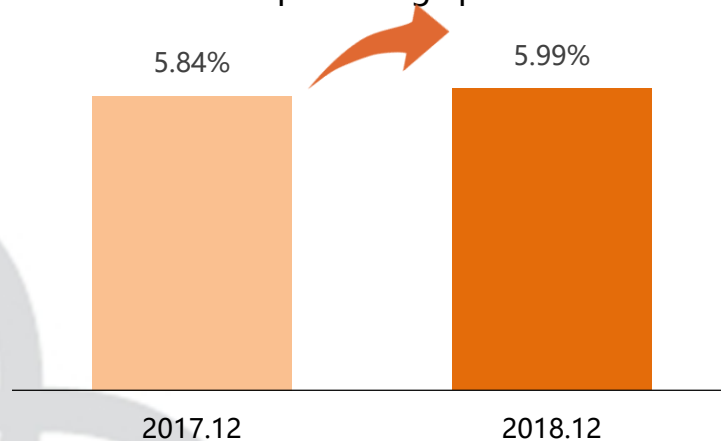
Corporate loans

(RMB 100 million)



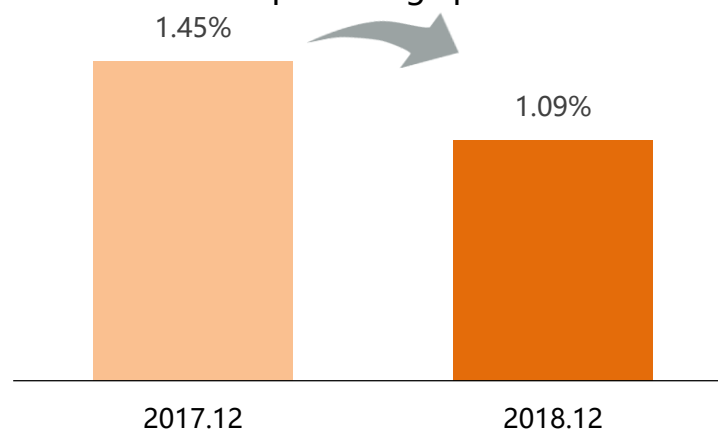
Average return on Corporate loans

+0.15 percentage point



Corporate NPL ratio

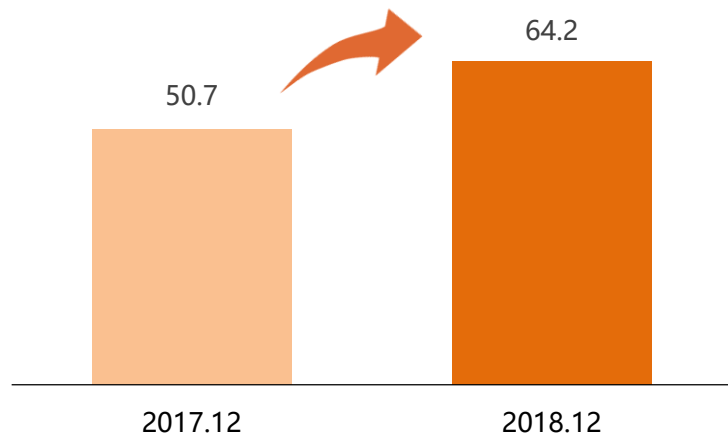
-0.36 percentage point



Financial Market Business Stably Operated And Profit Contribution Continually Increased

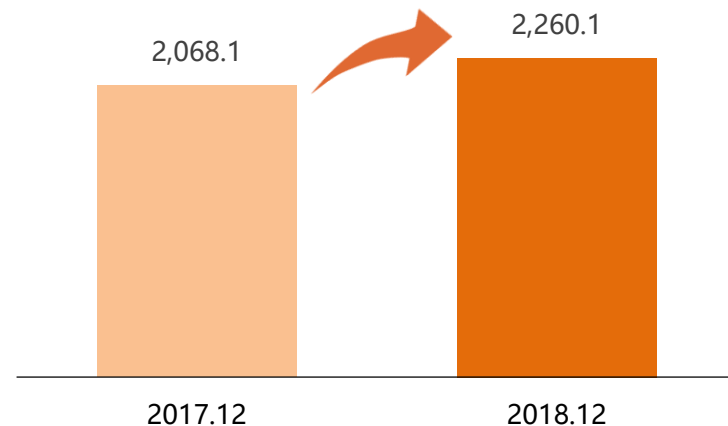
Operating income

(RMB 100 million) +26.7%



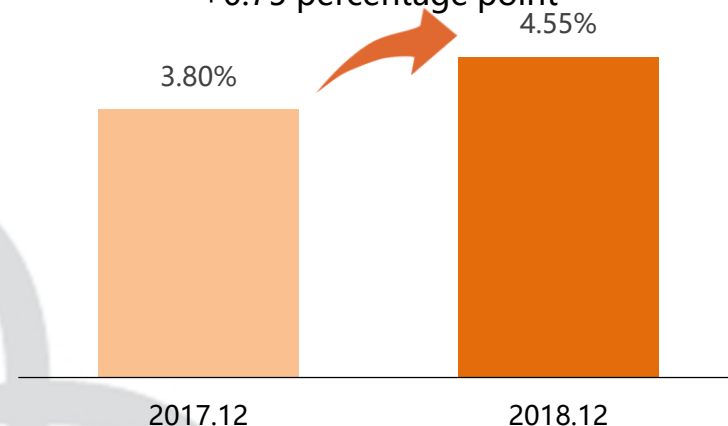
Investment in securities and other financial assets

(RMB 100 million) +9.3%



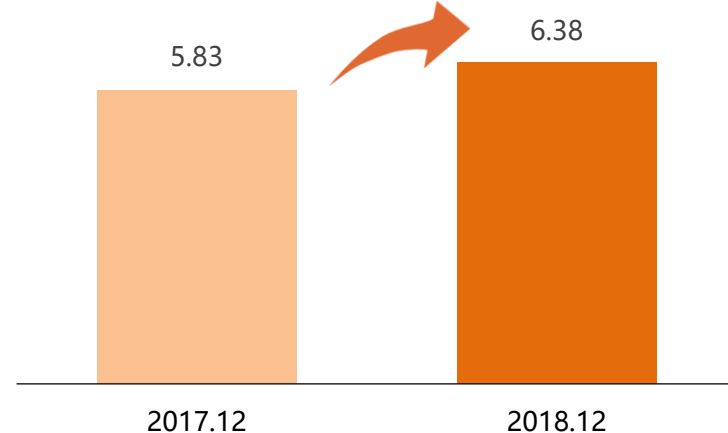
Return on bond holdings

+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

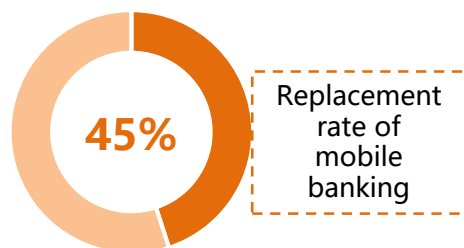


Major systems stable operation
rate of **99.98%**

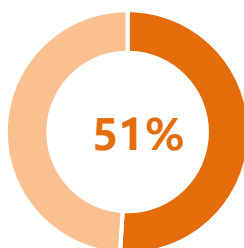


Core systems stable operation
rate of **99.95%**

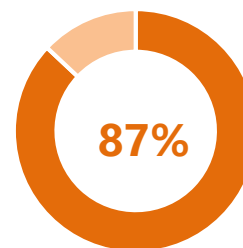
Channel construction



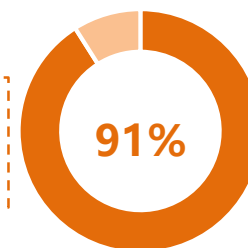
2017.12



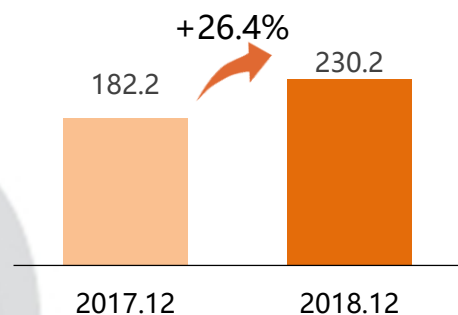
2018.12



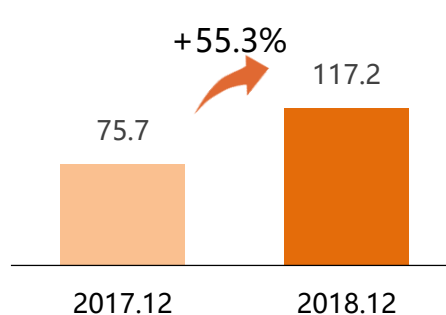
2017.12



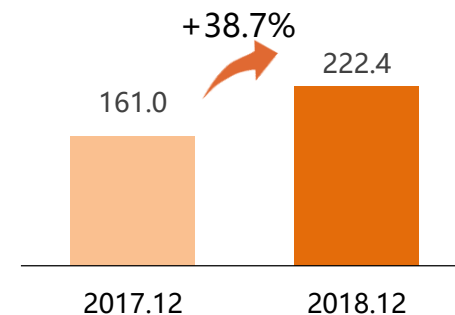
2018.12



Online banking customers
(Ten thousand)



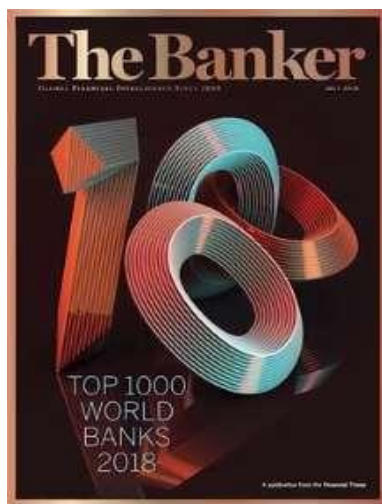
Mobile phone banking users
(Ten thousand)



WeChat banking followers
(Ten thousand)

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.



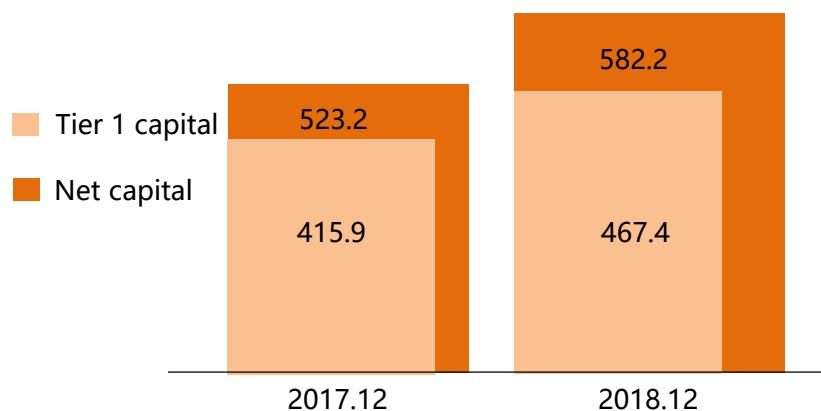
03 | Risk Management



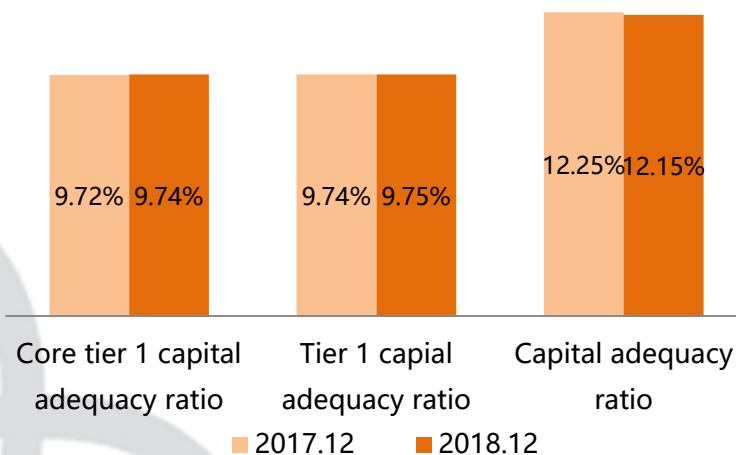
Maintaining Adequate Capital Level, With More Proactive Capital Management

Net Capital

(RMB 100million)



Capital adequacy ratio



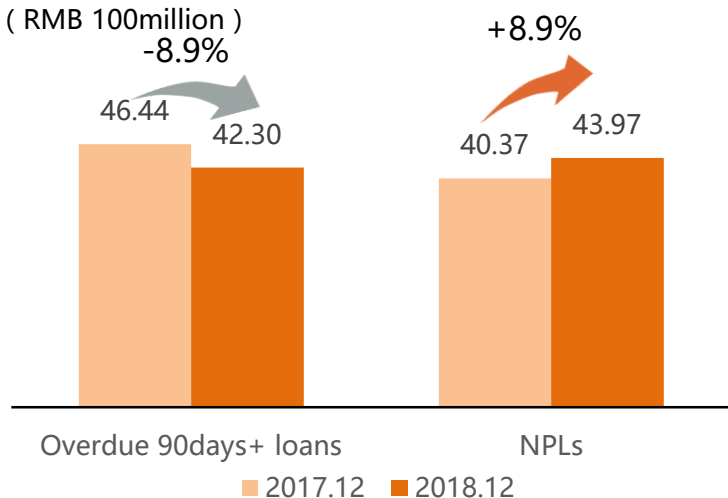
Capital management – more proactive

- ✓ 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.

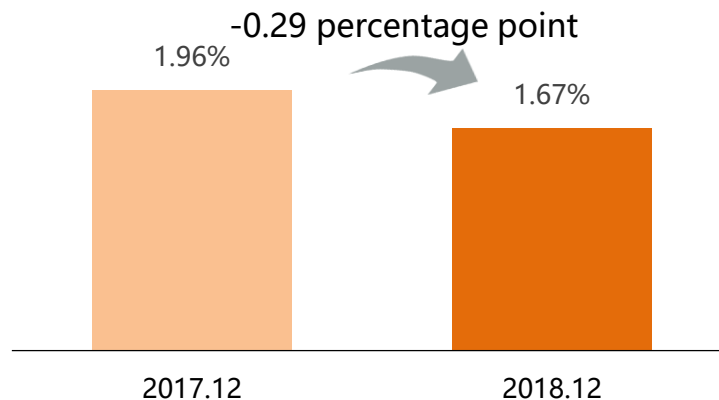
Utilized Multiple Measures To Control NPLs , Assets Quality Remained Stable And Towards Sound And Better

Assets quality

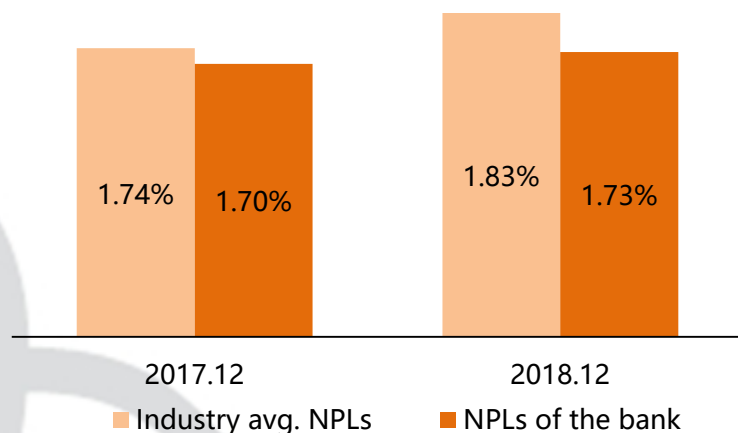
(RMB 100million)
-8.9%



Proportion of loans overdue for more than 90 days



Non-performing Loan ratio

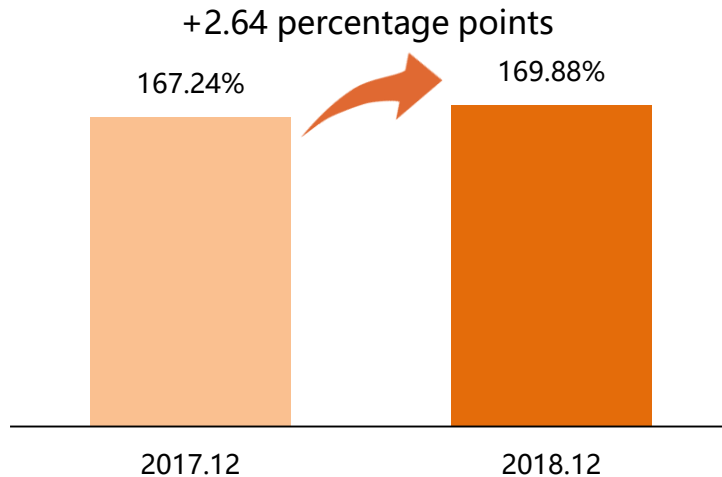


Assets quality management and control measures

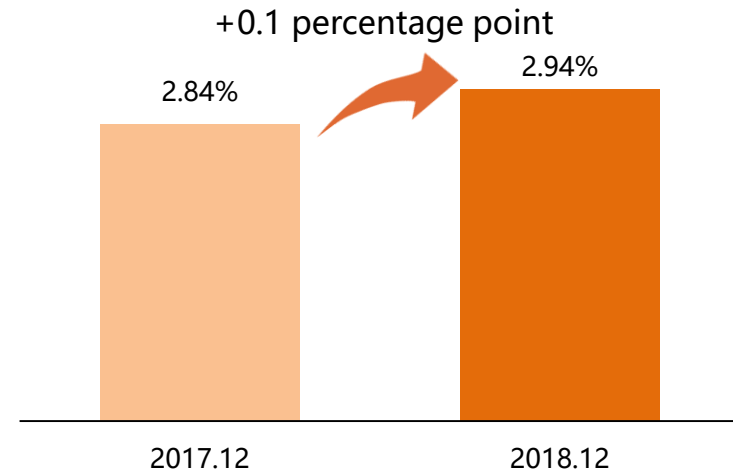
- ✓ Refining credit risk control, comprehensively implying of AI + Big data
- ✓ Optimizing the structure of existing customers, taking steps to withdraw from risky ones
- ✓ Accurately stratifying the new customers, limiting entrance amount to high risky industries
- ✓ Implementing differentiated risk 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

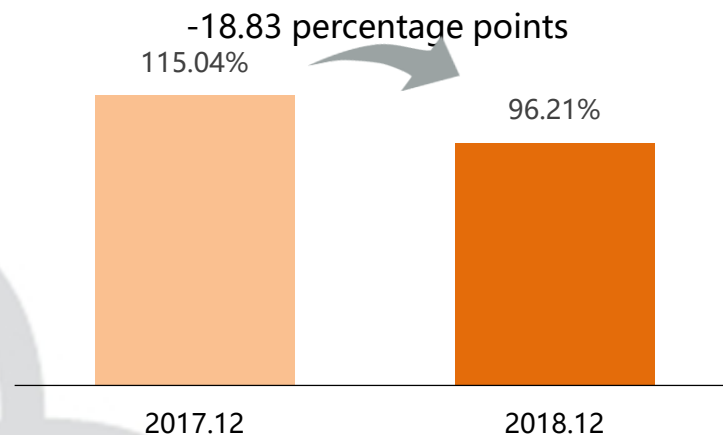
Provision coverage ratio



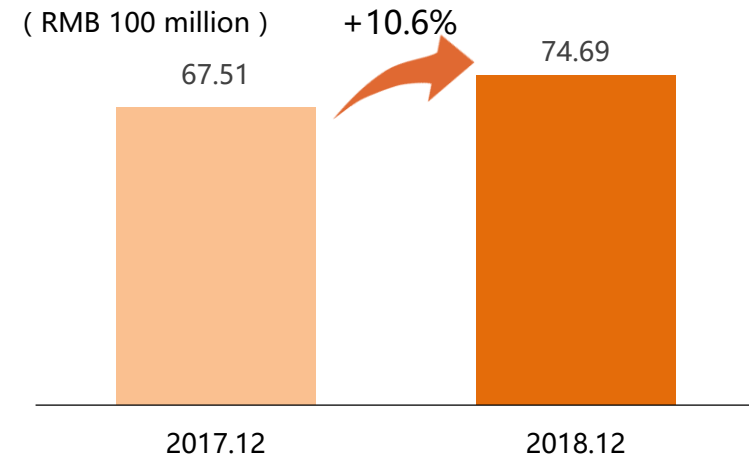
Provision-loan ratio



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.

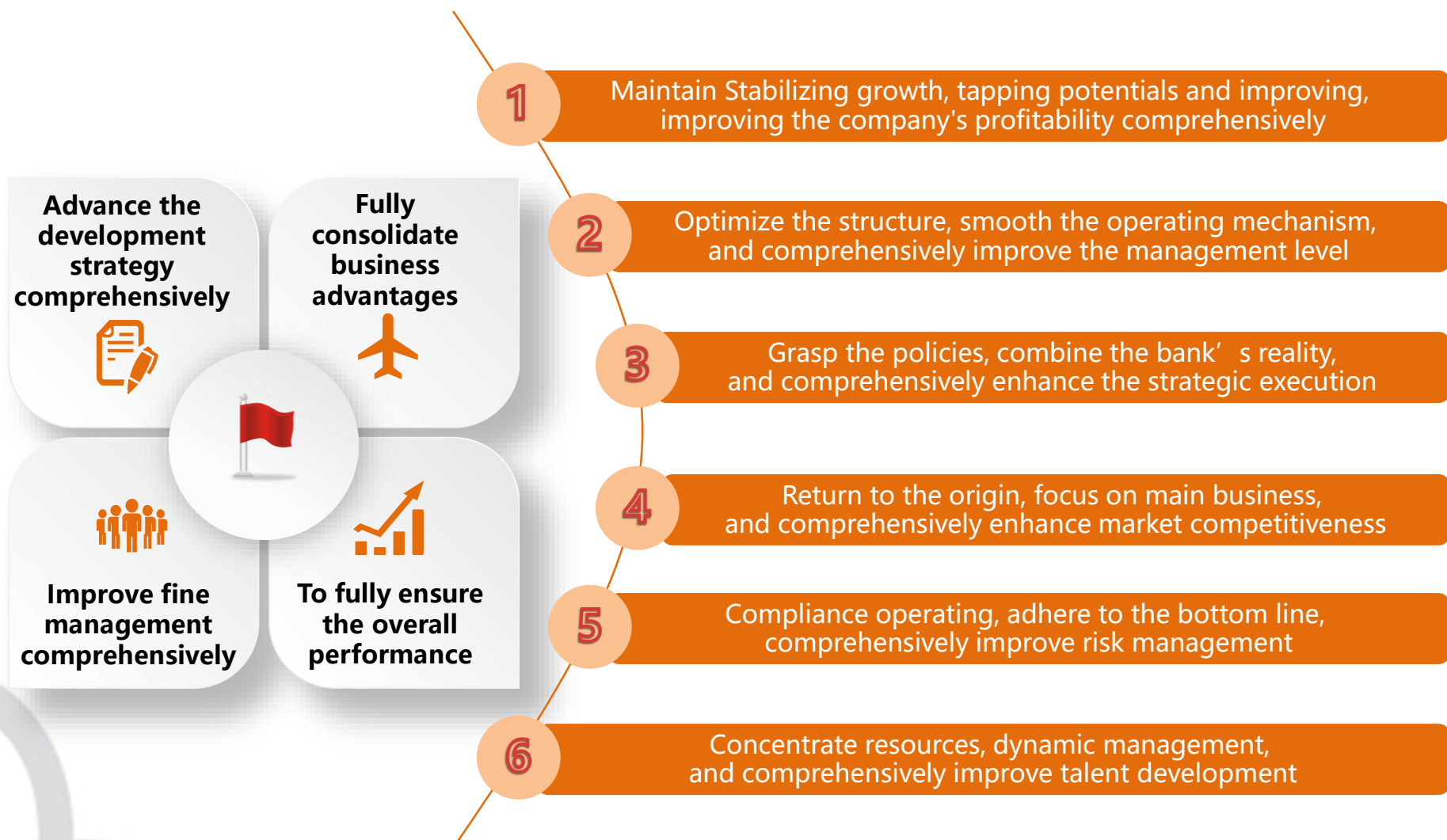
Compliance Risk

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



Main Strategies For 2019



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 !

