



2019年度業績發佈會

Annual Results Announcement

Stock code: HK.6138

March, 2020, Harbin

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Content

- 1 / Financial Performance
- 2 / Business Operation
- 3 / Risk Management
- 4 / Prospect

01 | Financial Performance



Key Financial Indicators Of 2019

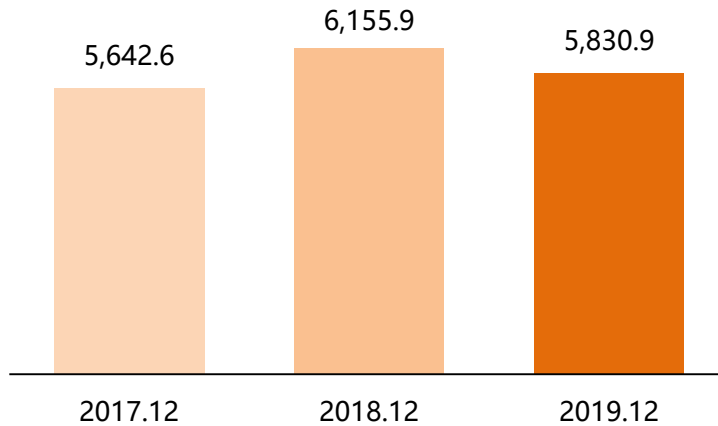
Scale indicators (RMB 100 million)	2019.12	2018.12		Change(%)
Total assets	5,830.89	6,155.89	▼	5.28%
Of which: Loans and advances to customers	2,636.04	2,537.63	▲	3.88%
Total liabilities	5,314.48	5,680.97	▼	6.45%
Of which: Due to customers	4,256.83	3,955.17	▲	7.63%
Equity attributable to Shareholders	498.27	462.75	▲	7.68%
Total equity	516.41	474.92	▲	8.74%

Profitability indicators (RMB 100 million)	2019.12	2018.12		Change(%)
Operating income	151.24	143.25	▲	5.58%
Net profit	36.35	55.74	▼	34.79%
NIS	1.87%	1.67%	▲	0.20percentage point
NIM	1.95%	1.87%	▲	0.08percentage point
Net asset value per share (RMB)	4.53	4.21	▲	7.60%

Scale Of Assets Kept Steady, Indicators Of Deposits & Loans Maintained Well Growth Trend

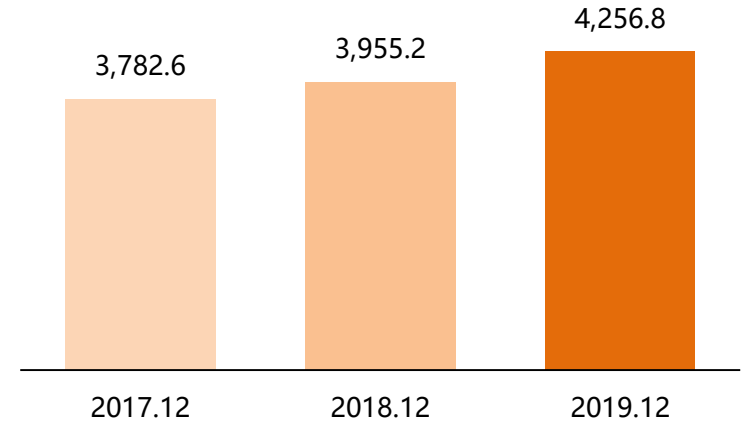
Total assets

(RMB 100 million)



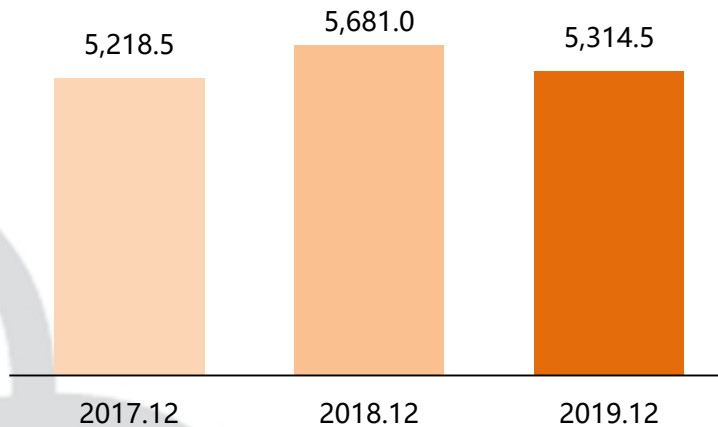
Due to customers

(RMB 100 million)



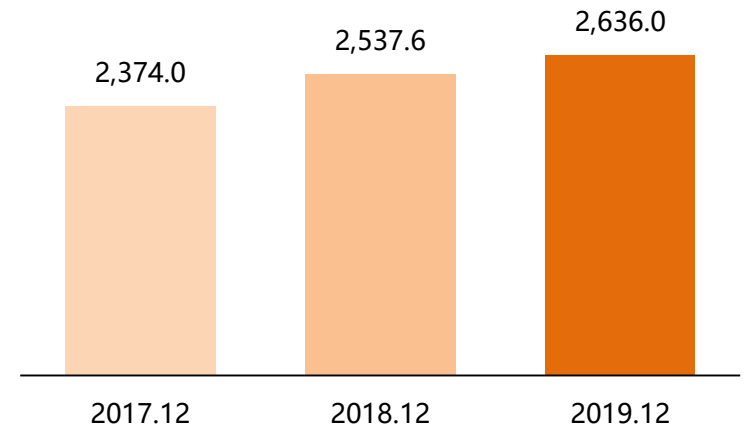
Total liabilities

(RMB 100 million)



Loans and advances to customers

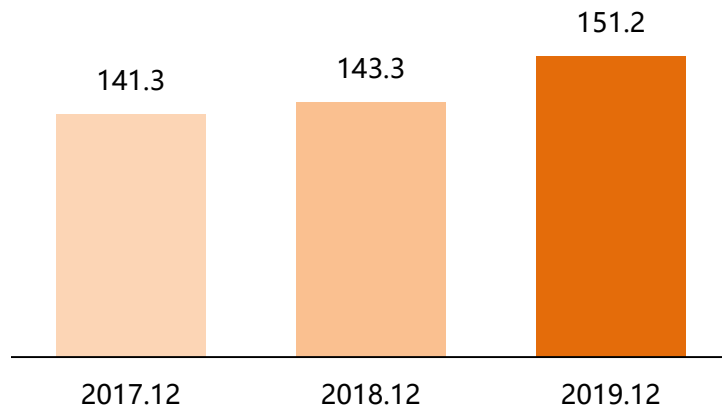
(RMB 100 million)



Steady Increased Of Operating Income, And The Company Value Continued to Rise

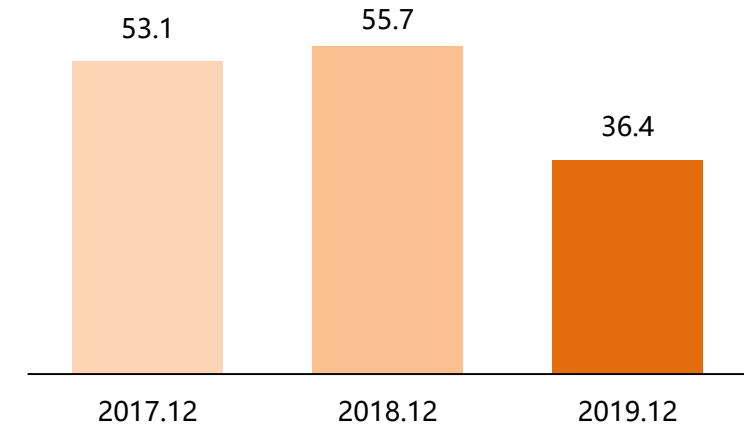
Operating income

(RMB 100 million)



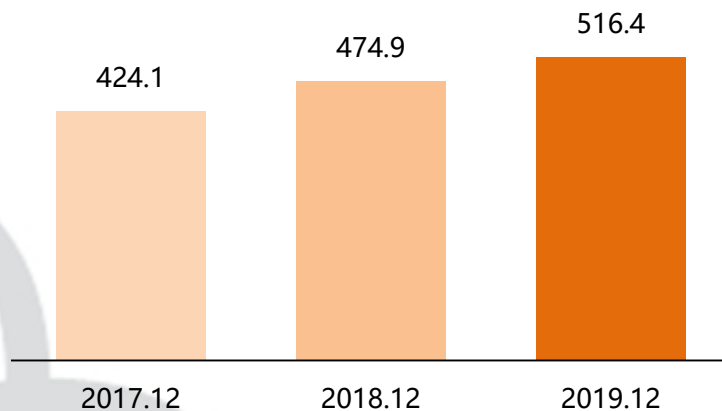
Net profit

(RMB 100 million)



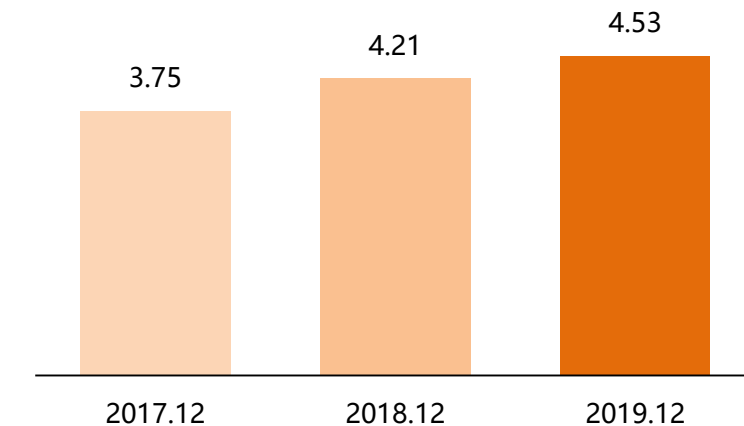
Total equity

(RMB 100 million)



Net assets value per share

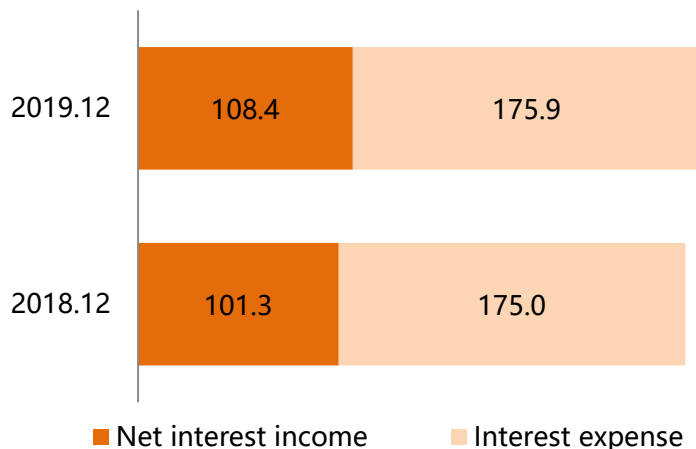
(RMB Yuan per share)



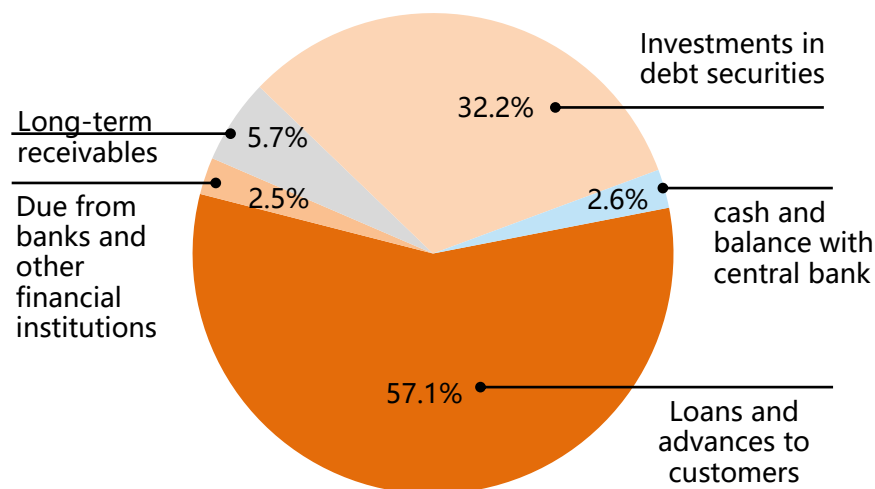
Interest Income Kept Solid Growth, Profitability Remained Stable

Interest income

(RMB 100 million)



Interest income structure



Profitability indicators

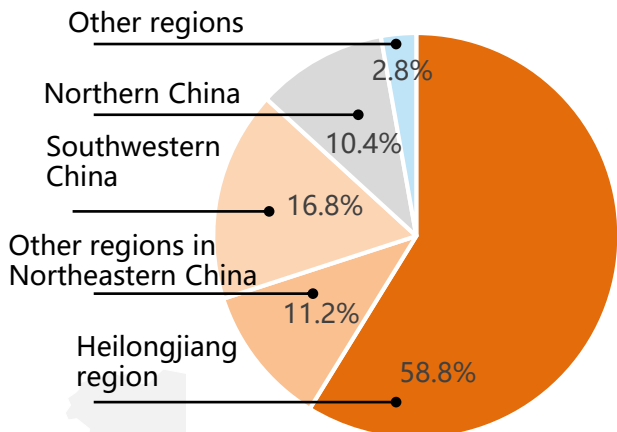
Items	2019.12	2018.12	Change
Yield of interest earning assets	5.11%	5.09%	+ 2bps
Cost rate of interest-bearing liabilities	3.24%	3.42%	- 18bps
NIM	1.95%	1.87%	+ 8bps
NIS	1.87%	1.67%	+ 20bps

02 | Business Operation

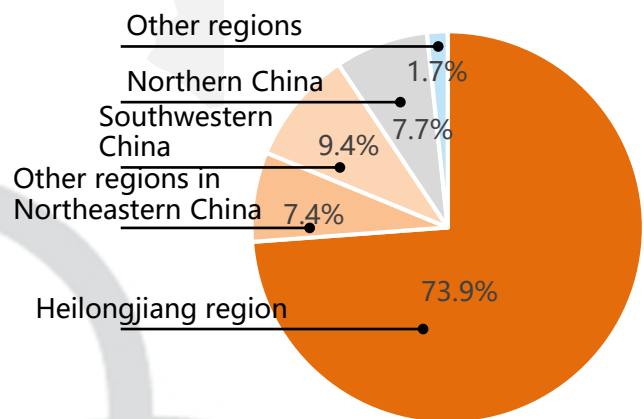


Regional Development Increasingly Balanced, And Branches Operated Steadily

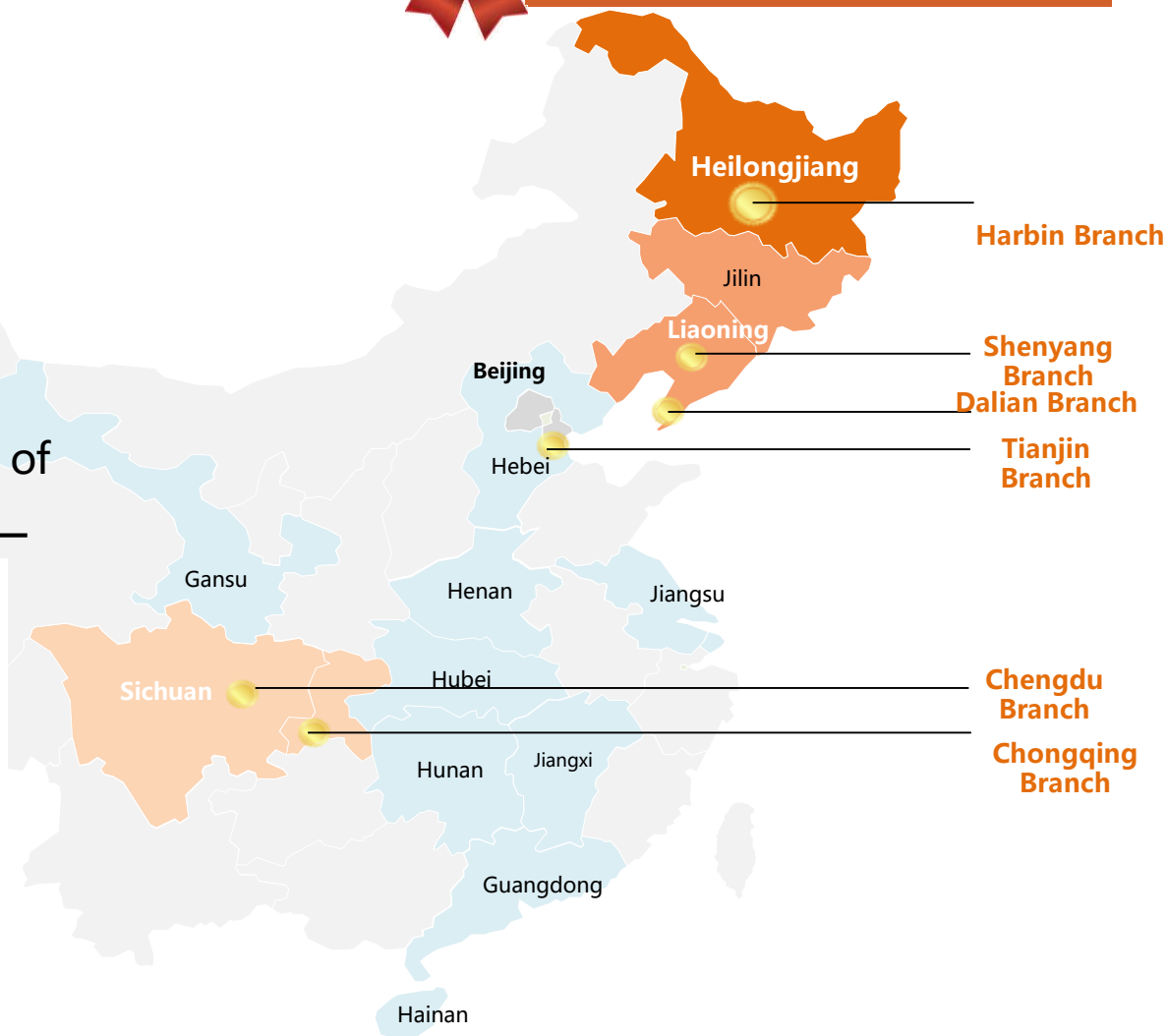
Proportions of operating income in each of the geographical regions



Proportions of assets in each of the geographical regions



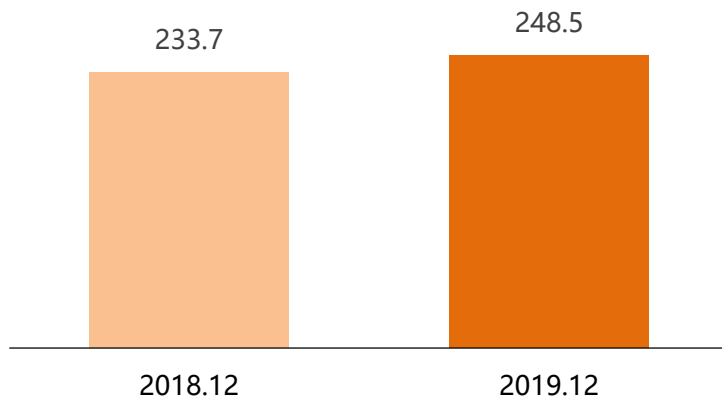
City Commercial Bank with Most Domestic Subsidiaries



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

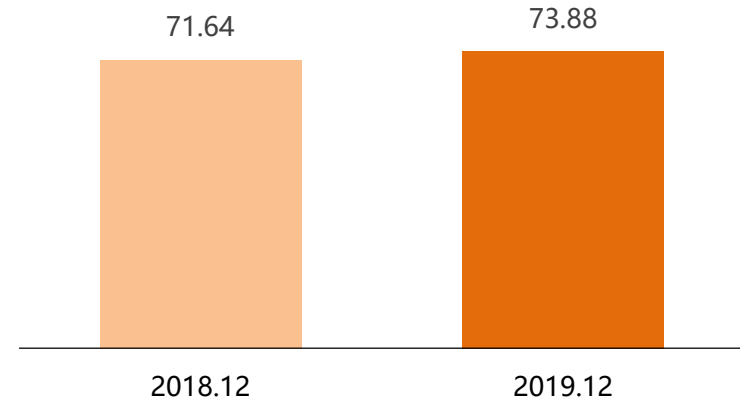
Total assets of HB Leasing

(RMB 100 million)



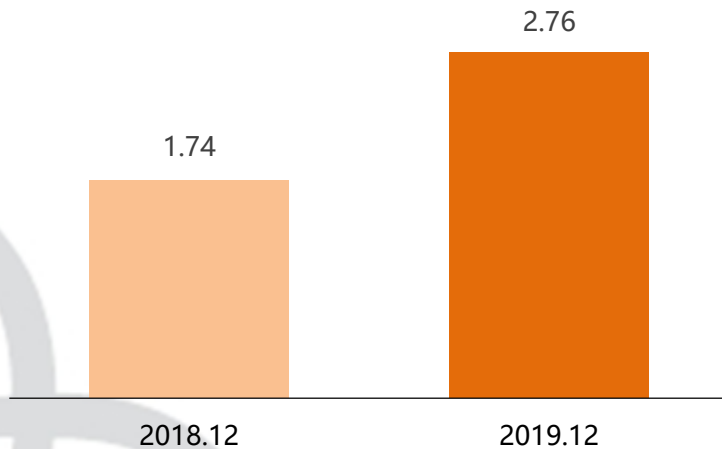
Total assets of HBCF

(RMB 100 million)



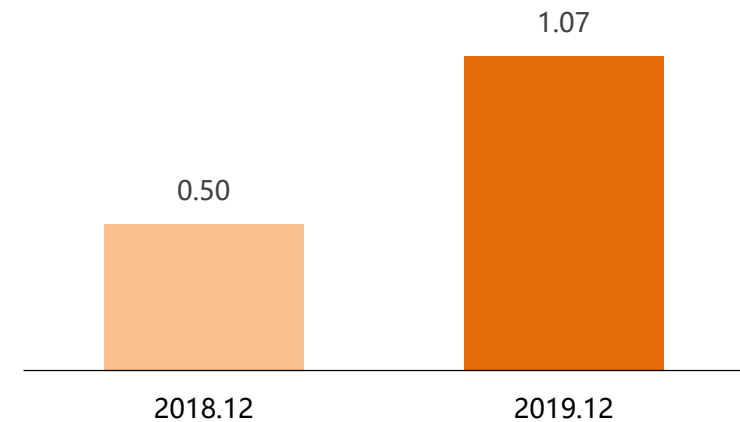
Net profit of HB Leasing

(RMB 100 million)



Net profit of HBCF

(RMB 100 million)

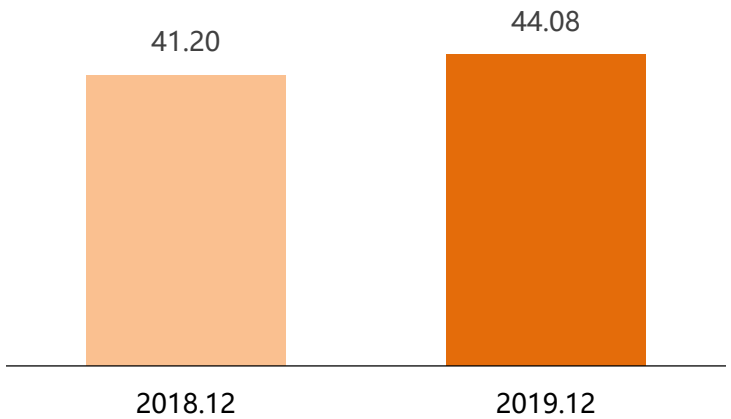


Retail Business Transformation Achieved Remarkable Results, With Explicitly Effect Of "Deposit As The Foundation"



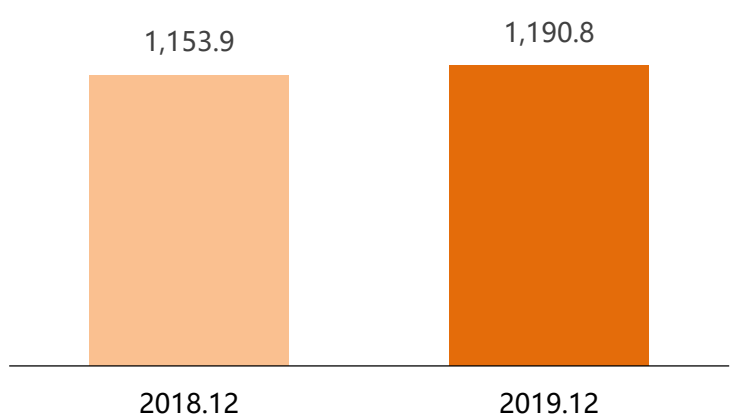
Operating income of retail business

(RMB 100 million)



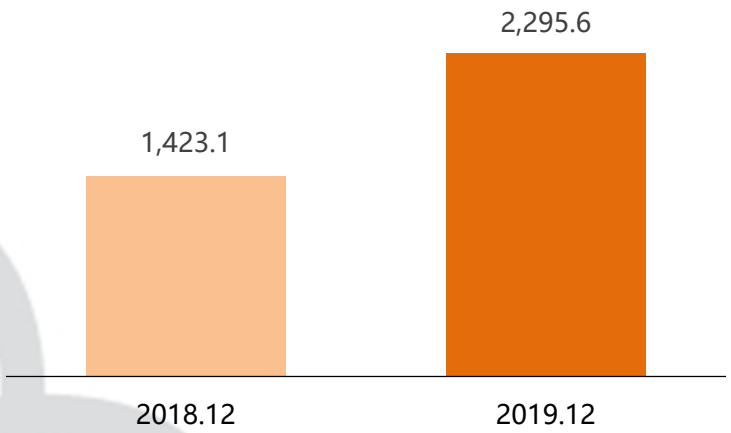
Total retail loans

(RMB 100 million)

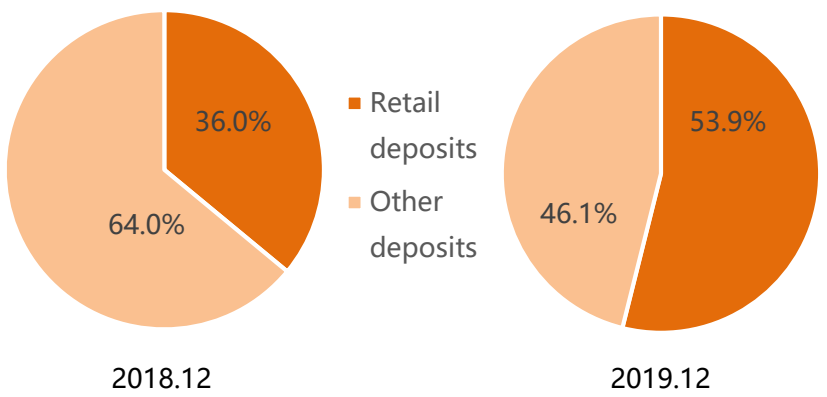


Total retail deposits

(RMB 100 million)



Proportion of retail deposits

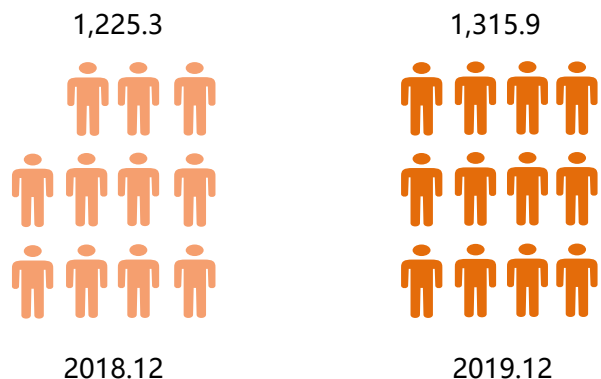


Source: Annual Report

Retail Customers Increased Steadily, Credit Cards Business Remained Sound

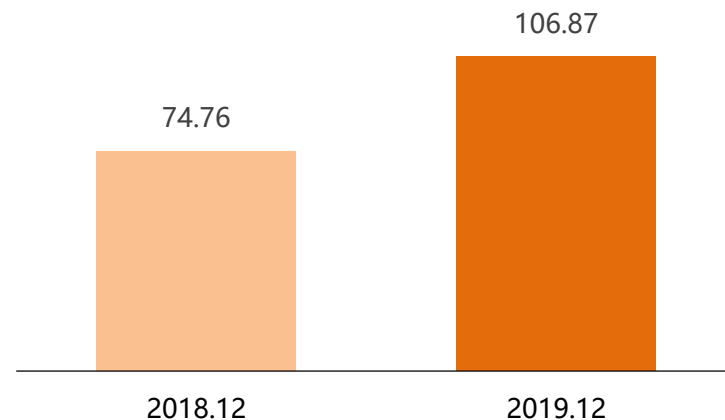
Number of deposit customers

(Ten thousand)



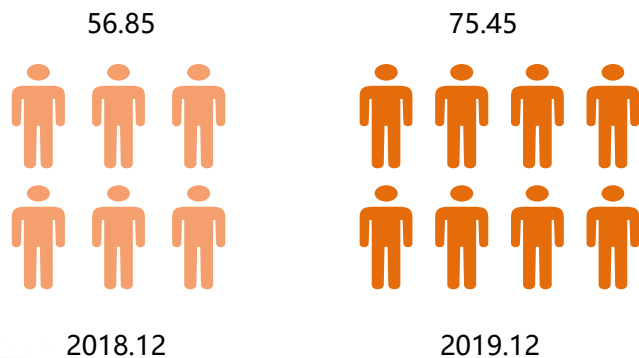
Number of issued credit cards

(Ten thousand)



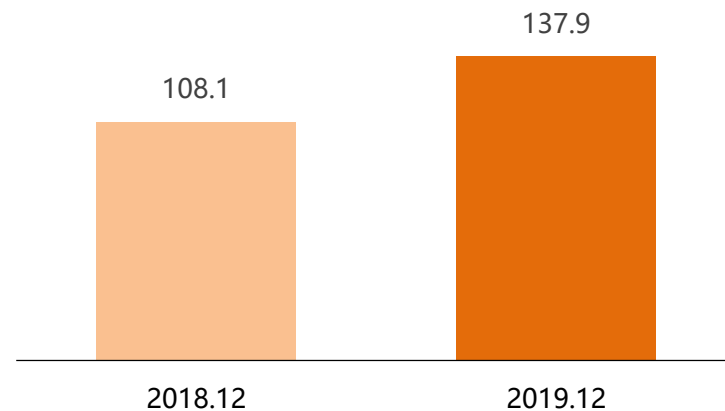
Number of value customers

(Ten thousand)



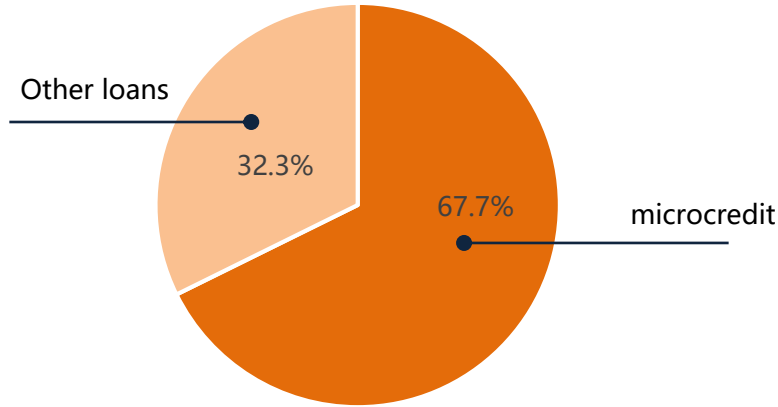
Balance of credit card assets

(RMB 100 million)

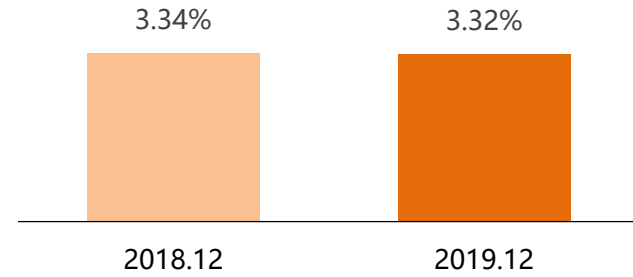


The Status Of Microcredit Was Consolidated, And Assets Quality Was Gradually Optimized

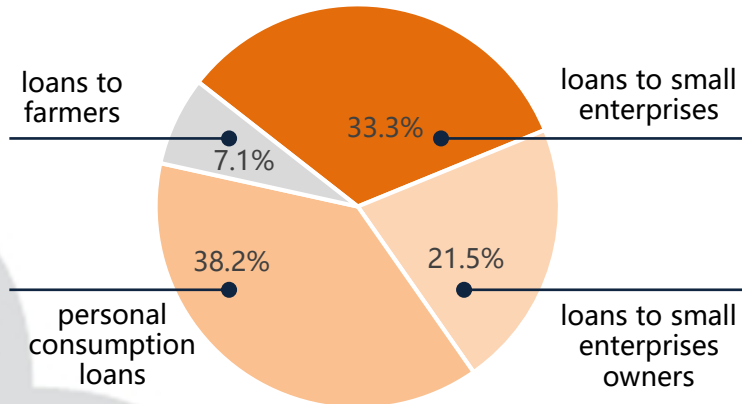
The proportion of microcredit



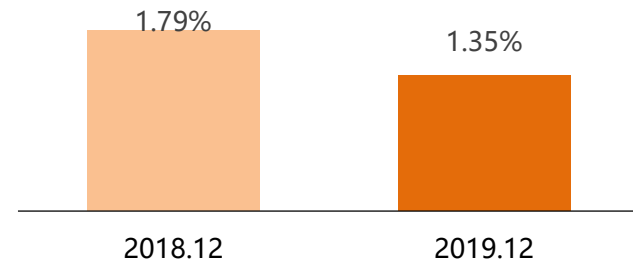
NPL ratio of loans to small enterprises owners



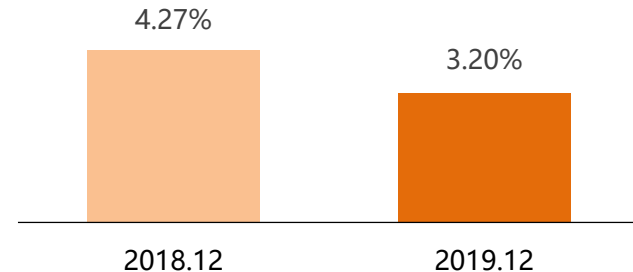
Structure of microcredit



NPL ratio of loans to consumers



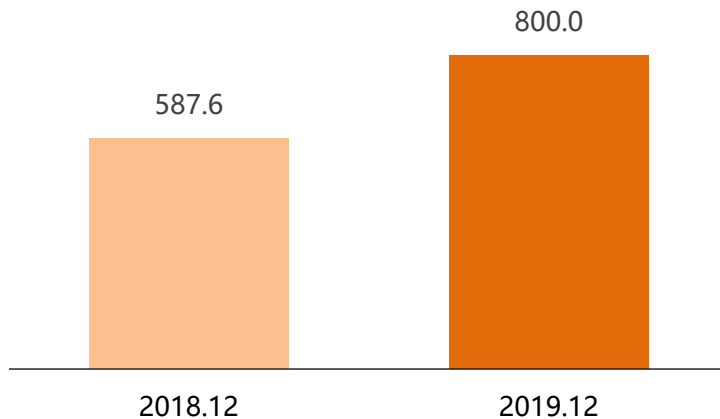
NPL ratio of loans to farmers



Sino-Russia Finance Held Market Leadership, Cross-border E-commerce Special Features Maintained

Trading volume of ruble spot exchange

(Ruble 100 million)

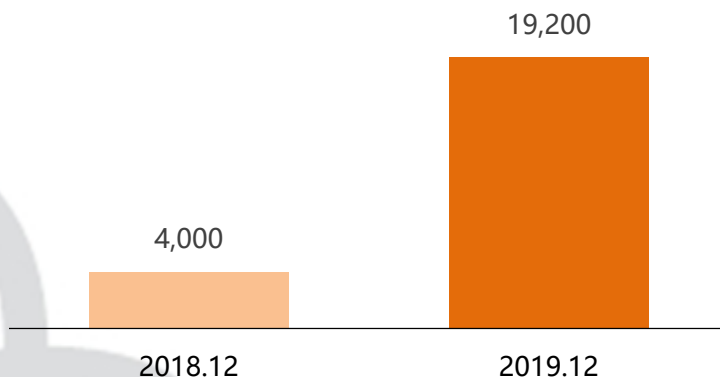


Cross-border finance

- ✓ Ranked **1st** in the interbank foreign exchange market in terms of RUB transaction volume;
- ✓ **22** account banks in Russia;
- ✓ Total interbank credit to Russian banks amounted to RMB **8** billion;
- ✓ The membership of Sino-Russian Financial Union had grown to **72**;
- ✓ Heilongjiang' s first Chinese-funded USD debt business of RMB **500** million.

RMB cash transfer volume

(RMB ten thousand)



E-commerce payment and settlement platform

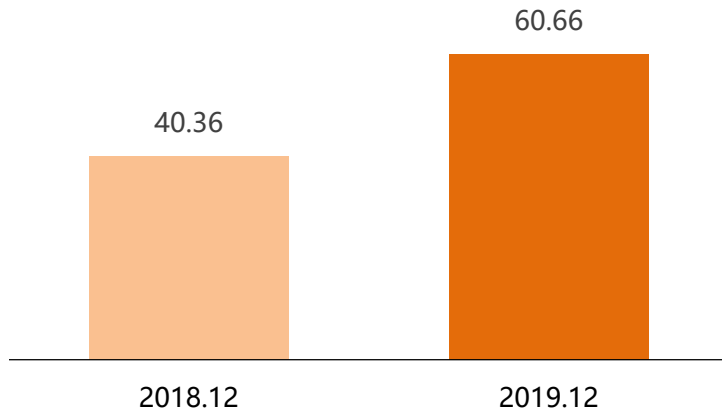
- ✓ Transaction settlement volume of RMB **1.732** billion;
- ✓ Intermediary business income of RMB **32** million;
- ✓ Market share exceeded **15%** , ranking **3rd** in the industry;
- ✓ Hosts cross border e-commerce **2,514** merchants;
- ✓ Available for MasterCard /JCB/mainstream payment tools in Russia and online banking of commercial banks.

Source: Annual Report

Corporate Finance Business Stably Developed, Profitability Significantly Improved

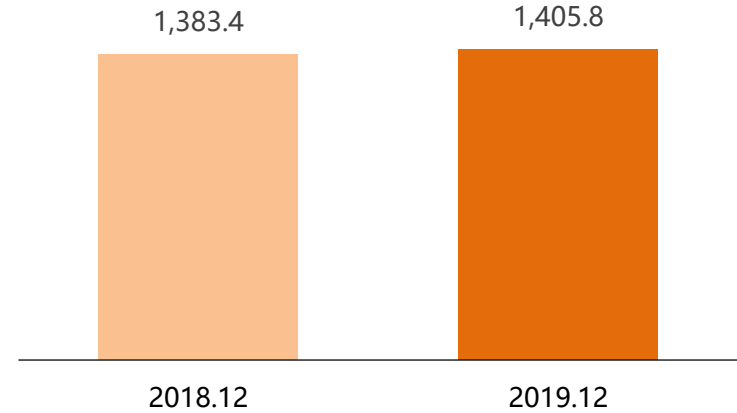
Operating income from corporate finance

(RMB 100 million)

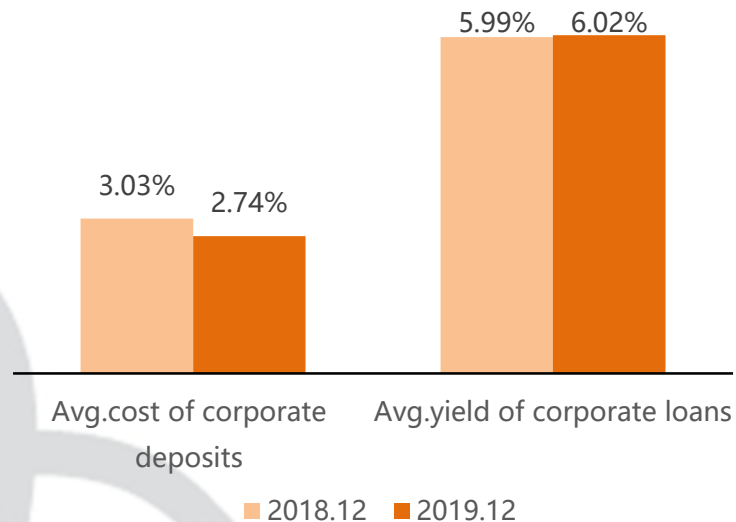


Corporate loans

(RMB 100 million)

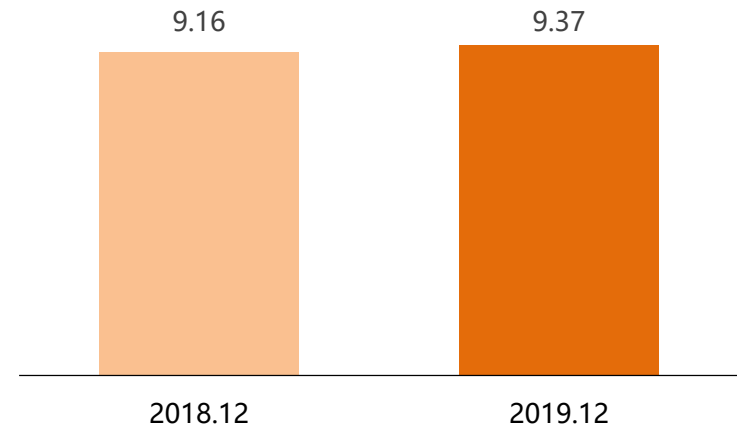


Interest rates of corporate deposits and loans



Corporate customers

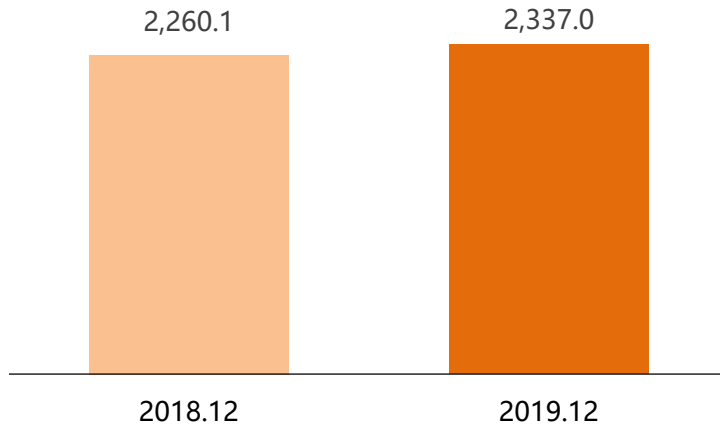
(ten thousand)



Financial Market Business Stably Operated, With Progressively Decreased Funding Costs

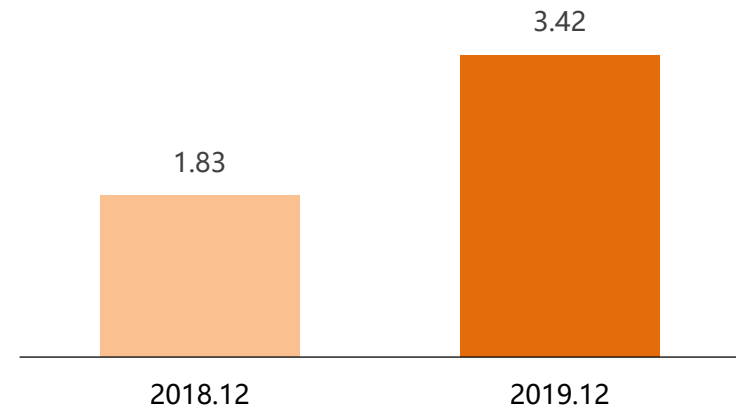
Total investment in securities and other financial assets

(RMB 100 million)

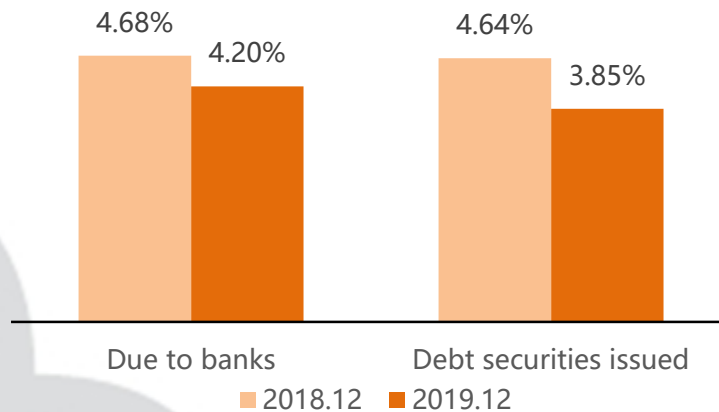


Aggregate cash exchange

(RMB trillion)



Cost of interbank liabilities



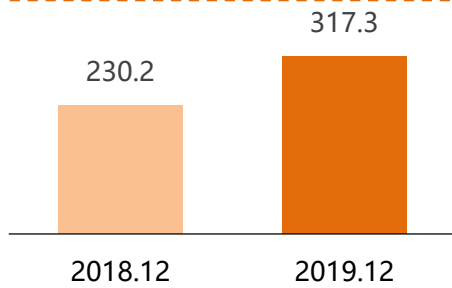
Wealth management business

- ✓ Balance of wealth management products amounted to RMB **65.657** billion
- ✓ Balance of net-value wealth management products amounted to RMB **13.393** billion
- ✓ Wealth management customers reached RMB **814.5** thousand
- ✓ Released a series of "fixed period open & close" products.
- ✓ Ranked **10th** in overall wealth management capability among 124 city commercial banks

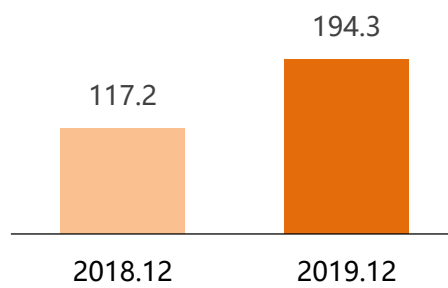
Source: Annual Report, Ranking report on wealth management ability of banks (2018)

Operational Support Improved, With More Resources Allocated To Fin-tech

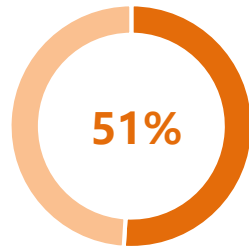
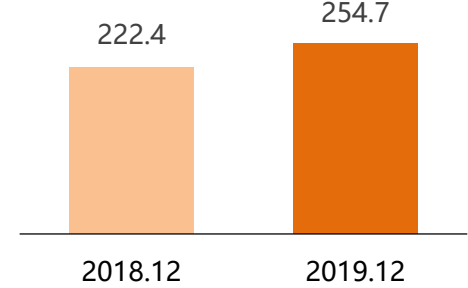
Online banking customers
(ten thousand)



Mobile banking customers
(ten thousand)

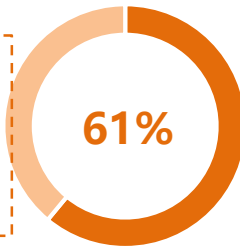


We-chat banking customers
(ten thousand)

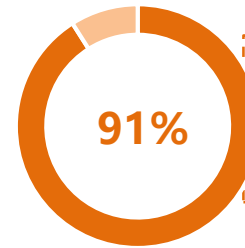


2018.12

Mobile Channel Replacement Rate

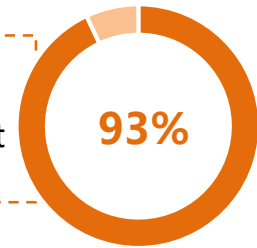


2019.12



2018.12

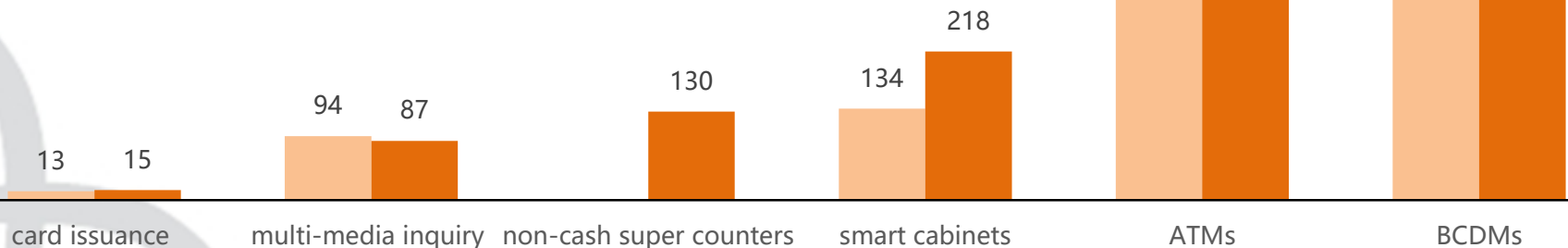
Electronic Channel Replacement Rate



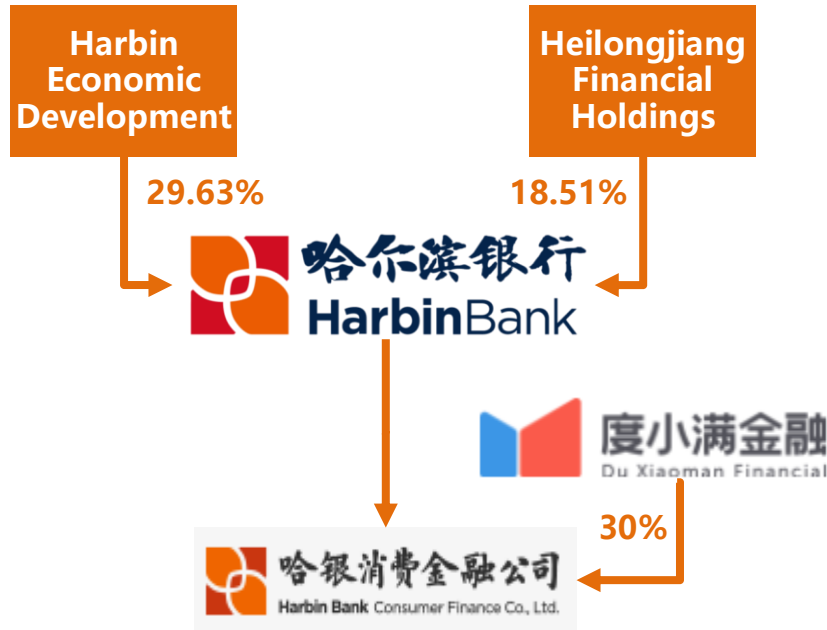
2019.12

2018.12 2019.12

No. of self-service equipments (sets)



Introduction of strategic investors



Business model transformation

Transformation of branch construction

Retail exclusive sub branch
"standardized + featured" hall

Light-weight organization
"center + satellite" layout

Service transformation of corporate finance team

Branches out of Heilongjiang
established professional service
team

Branches inside Heilongjiang
set up headquarter depart.
correspond supportive team

Transformation of credit approval mode

Corporate approval
restructure of credit examination
committee

Retail approval
strategy application of
"model + rule"

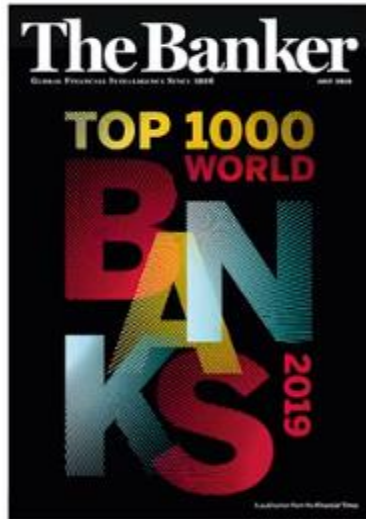


Launched "Joint
Laboratory of Fin-tech"
with Du Xiaoman

Launched "Management
innovation cooperation
plan" with Deloitte China



Brand Features Became More Distinctive , With Continuous Improvement of Market Image



Ranked **199th** in "Top 1000 World Banks 2019" according to The Banker





Ranked **217th** in "Brand Finance Global 500 2019" published by Brand Finance



Ranked **1117th** in the Forbes Global 2000





-  Ranked 34th in the "2018 China Banking Top 100 List"
-  Ranked 13th in the "City Commercial Banks with Asset Size of more than RMB200 billion in 2018 for the Ranking of the GYROSCOPE Evaluation System"



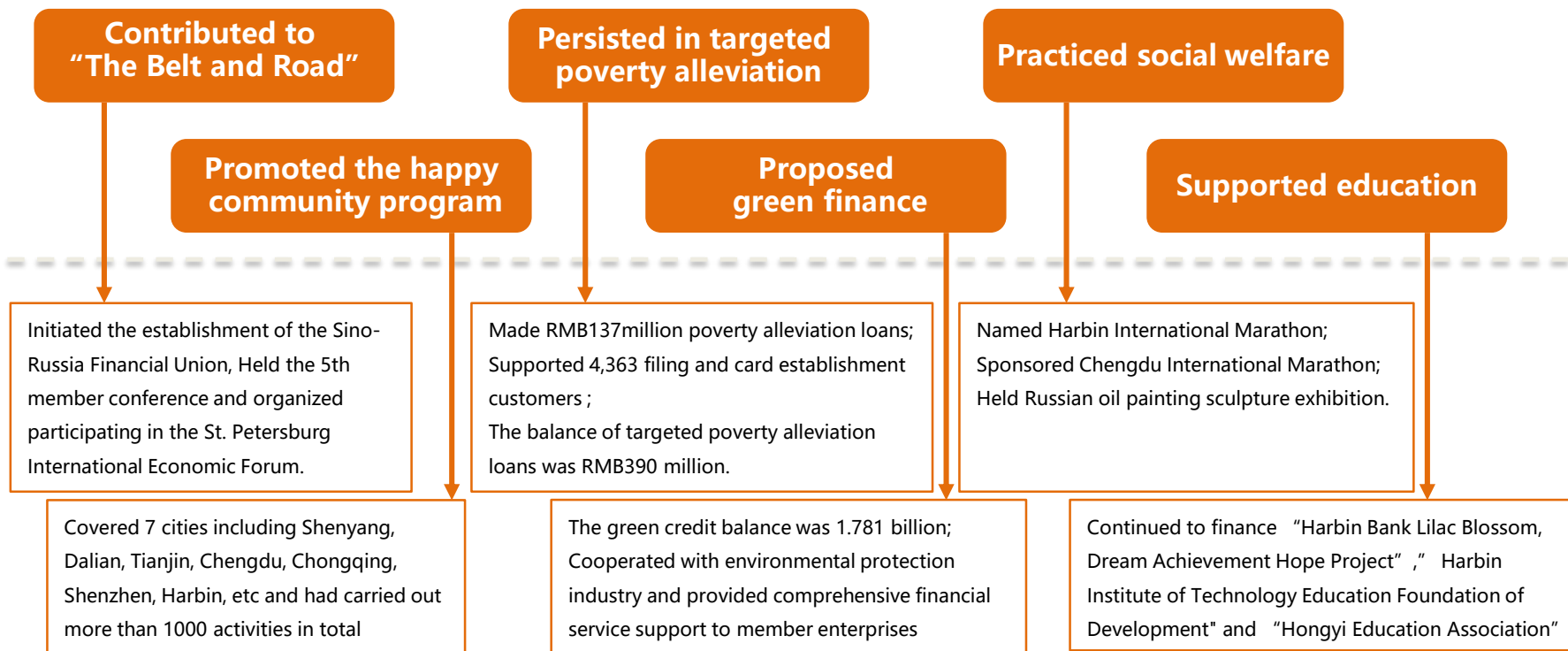
-  The 33rd World' s Best Annual Report in China
-  Golden Award of "Social Responsibility Report" of the 33rd World' s Best Annual Report Special Award



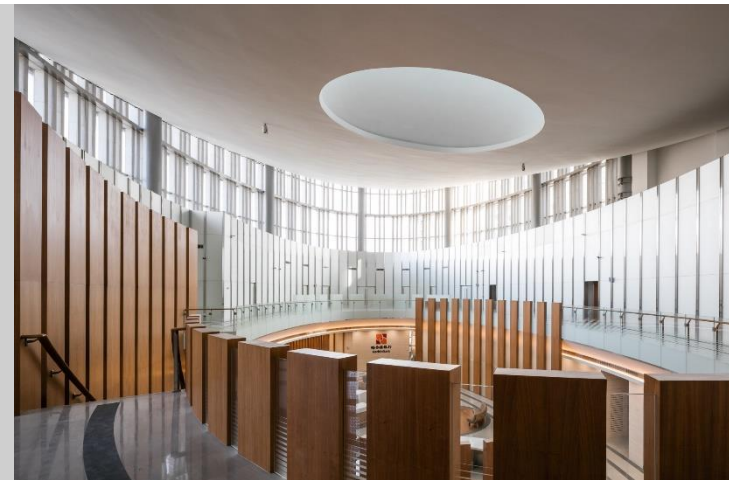
-  2019 Cross-border Financial Service Bank
-  2019 Outstanding Retail Loan Bank

Source: Annual Report, Public information

Public Welfare Image Continuously Improved By Practicing Social Responsibility



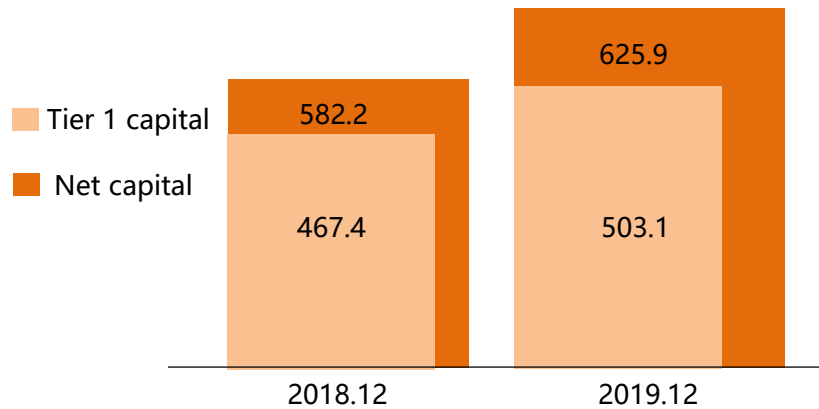
03 | Risk Management



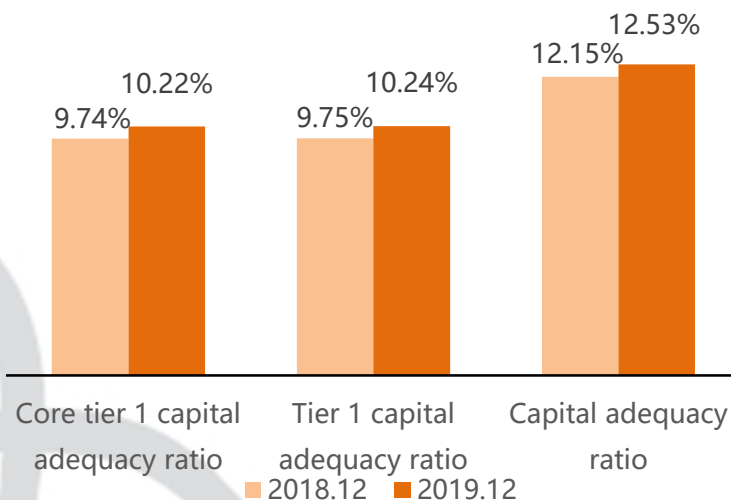
Steadily Improved Capital Adequacy Level, With More Proactive Capital Managerial Approaches Utilized

Net Capital

(RMB 100million)



Capital Adequacy Ratios



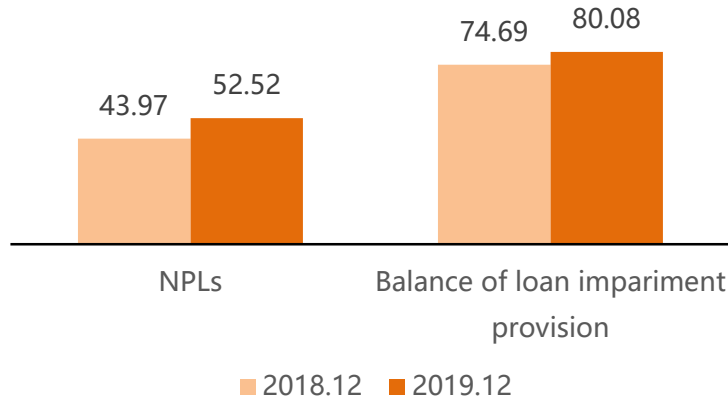
Capital management – more proactive

- ✓ Further improved the capital management mechanism, effectively conducted regulatory requirements, while carried out the requirements of capital management as preplanned, and continued to strengthen the fundamental capacity of capital management. At the end of 2019, net capital increased by 6.8% compared to the end of 2018, capital adequacy ratio increased by 49 bps from the end of 2018.
- ✓ Built a steady internal capital adequacy evaluation procedure. According to the Bank's comprehensive risk management framework, various substantive risk assessments, and results of stress tests, the Bank rationally planned its capital usage, so that the Bank's capital adequacy level, operational planning and financial planning achieved a dynamic balance.
- ✓ Adhere to the capital constraint principle, enhanced capital management. Comprehensive application of risk pricing mechanism across the Bank, which based on risk-adjusted returns, and solidified into operation systems, in order to realize the differentiated risk pricing on transaction-by-transaction manner, and maximized the risk-adjusted return of the Bank's assets.

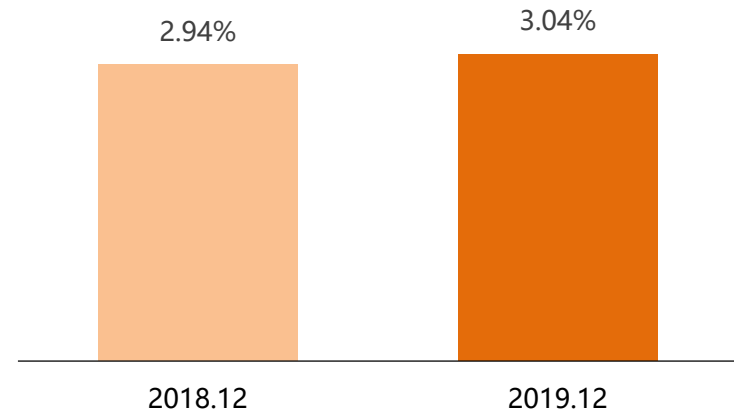
Assets Quality Remained Stable And Controllable, Impairment Provision Sufficiently Accrued

Assets quality

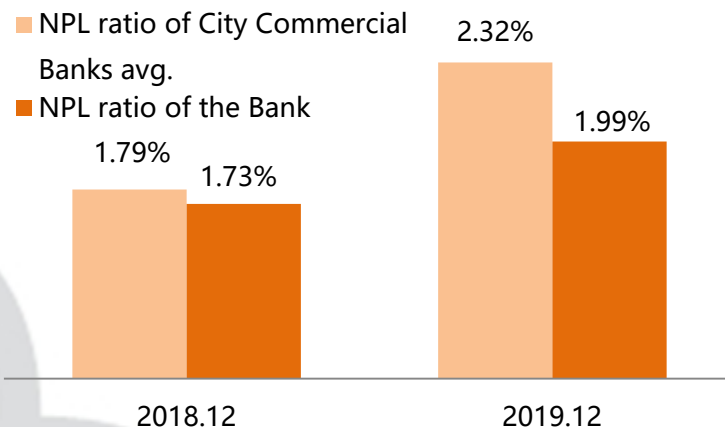
(RMB 100million)



Loan impairment loss reserve ratio



Non-performing Loan ratio



Assets quality control measures

- ✓ Utilized advanced fin-tech applications to build a intelligential risk control system.
- ✓ Strengthened the credit assets quality control of entire business process for existing customers, to prevent downward movements of asset quality indicators.
- ✓ Rigorous control of new customers' entrance, imposed quota management in term of industrial, regional and highly risky areas.
- ✓ Established a centralized collection mechanism for non-performing assets, and implement rigid ownership transfer management.

Risk Control Kept Strengthening, Risk Management System Increasingly Improved

Credit Risk

Risk measurement model was continuously improved, and the results of the internal evaluation system were in-depth applied in areas such as customer entrance, post-loan management, risk policy, risk pricing, provision for impairment, and economic capital. In the aspect of collateral risk valuation, the Bank established an automatic evaluation model for office buildings, started to establish the commercial housing automatic evaluation model and the land managerial right database, in order to plentiful the collateral risk valuation system.

Liquidity Risk

Improved the level of cash position management meticulousness, proactively adjust structure of assets and liabilities, proportion of retail deposits increased and interbank liabilities decreased both significantly, in result, the liquidity risk resistance capacity enhanced.

Market Risk

Comprehensively implemented market risk management preferences, optimized market risk management and control procedures, ensure that market risk management is accurately measured, carefully managed, properly implemented and effectively prevented.

Operational Risk

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

Information Technology Risk

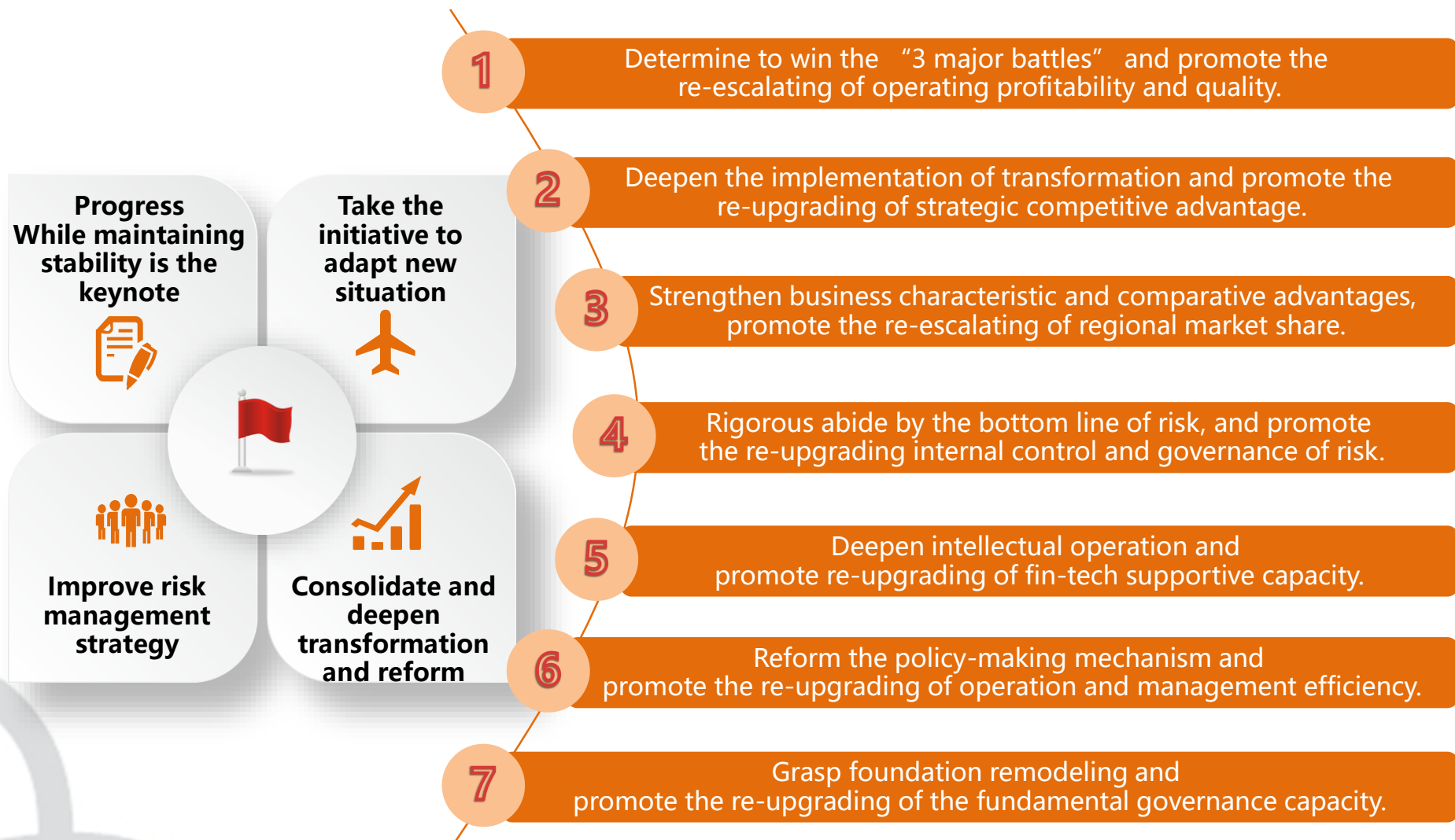
Refined the IT management process, the disaster recovery and switching work of the new core system has completed in August 2019, business continuity construction made substantive breakthrough, while enhanced the IT outsourcing management, and consistently improve the outsourcing risk management capacity.

Compliance Risk

Deepened the integrated managerial method of "prevention, control, inspection and revise", prompted the level of internal control and compliance management meticulousness, and improved the business suitable comprehensive internal control and compliance risk management system development and transform.

04 | Prospect





Appendix: Financial Statements Of 2019

Profit & Loss (Million RMB)	2019 Jan-Dec	2018 Jan-Dec	Change
Operating income	15,124.4	14,325.4	↑ 5.58%
Of which: Net interest income	10,836.1	10,127.0	↑ 7.00%
Net fee and commission income	2,225.6	2,391.4	↓ 6.93%
Net profit	3,635.1	5,574.4	↓ -34.79%
Net profit attributable to shareholders of the Bank	3,558.4	5,548.6	↓ 35.87%
Net assets per share attributable to shareholders of the Bank	4.53	4.21	↑ 7.60%
Profitability (%)	2019 Jan-Dec	2018 Jan-Dec	Change % points
Return on average total assets	0.61	0.94	↓ 0.33
Return on average equity	7.41	12.68	↓ 5.27
Net interest spread	1.87	1.67	↑ 0.20
Net interest margin	1.95	1.87	↑ 0.08
Net fee and commission income to operating income ratio	14.72	16.69	↓ 1.97
Cost-to-income ratio	32.71	30.88	↑ 1.83

Assets & Liab. (Million RMB)	2019.12.31	2018.12.31	Change
Total assets	583,089.4	615,588.5	↓ 5.28%
Of which: Loans and advances to customers	263,604.1	253,762.7	↑ 3.88%
Total Liabilities	531,448.2	568,097.0	↓ 6.45%
Of which: Due to customers	425,683.7	395,516.8	↑ 7.63%
Share capital	10,995.6	10,995.6	—
Total equity	51,641.2	47,491.5	↑ 8.74%
Assets quality indicators (%)	2019.12.31	2018.12.31	Change % points
NPL ratio	1.99	1.73	↑ 0.26
Impairment losses on loans	3.04	2.94	↑ 0.10
Impairment coverage ratio	152.50	169.88	↓ 17.38
Core tier 1 capital adequacy ratio	10.22	9.74	↑ 0.48
Tier 1 capital adequacy ratio	10.24	9.75	↑ 0.49
Capital adequacy ratio	12.53	12.15	↑ 0.38
Loan-deposit ratio	61.92	64.16	↓ 2.24



Thank you!

