



# 2020中期業績發佈會

2020 Interim Results Announcement



Stock code: HK.6138

August, 2020, Harbin

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## Content

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1

Financial  
Performance

2

Business  
Operation

3

Risk  
Management

4

Prospect



# 01 | Financial Performance



# Key Financial Indicators

Scale indicators (RMB 100 million)	2019.12	2020.6		Change(%)
Total assets	5,830.89	6,383.47	↑	9.48%
Of which: Loans and advances to customers	2,636.04	2,796.76	↑	6.10%
Total liabilities	5,314.48	5,860.49	↑	10.27%
Of which: Due to customers	4,256.84	4,959.62	↑	16.51%
Equity attributable to Shareholders	498.27	504.88	↑	1.33%
Total equity	516.41	522.98	↑	1.27%

Profitability indicators (RMB 100 million)	2019.6	2020.6		Change(%)
Operating income	74.25	78.41	↑	5.61%
Of which: net interest income	51.76	58.33	↑	12.69%
Net profit attributable to shareholders of the Company	21.76	18.58	↓	14.61%
Net assets per share (RMB yuan)	4.39	4.59	↑	4.56%
NIS	1.55%	2.13%	↑	0.58 percentage point
NIM	1.75%	2.15%	↑	0.40 percentage point
Cost-to-income ratio	25.01%	22.03%	↓	2.98 percentage point

# Scale of Assets Grew Steadily And The Indicators of Deposits & Loans Operated Smoothly

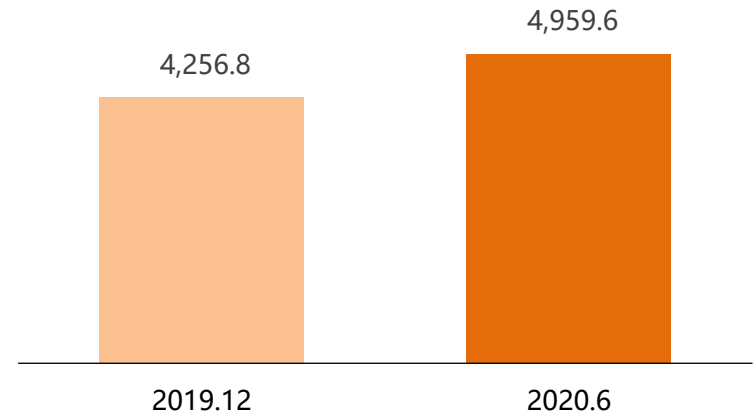
## Total assets

( ( RMB 100 million ) )



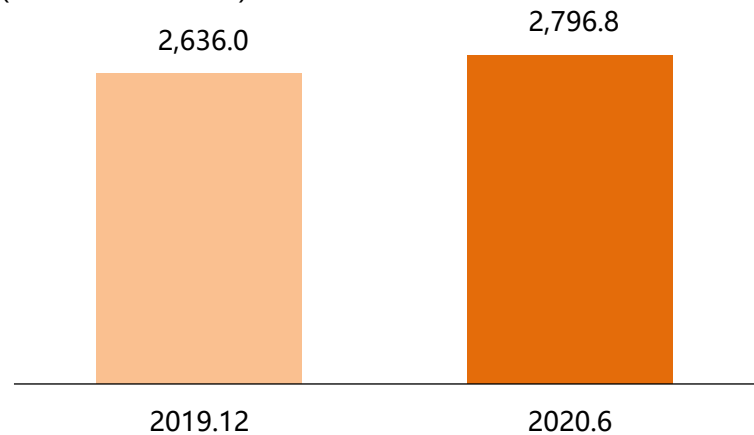
## Due to customers

( RMB 100 million )



## Total loans and advances to customers

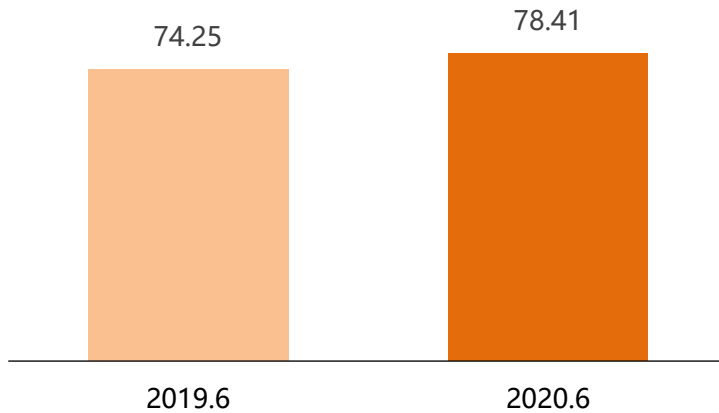
( RMB 100 million )



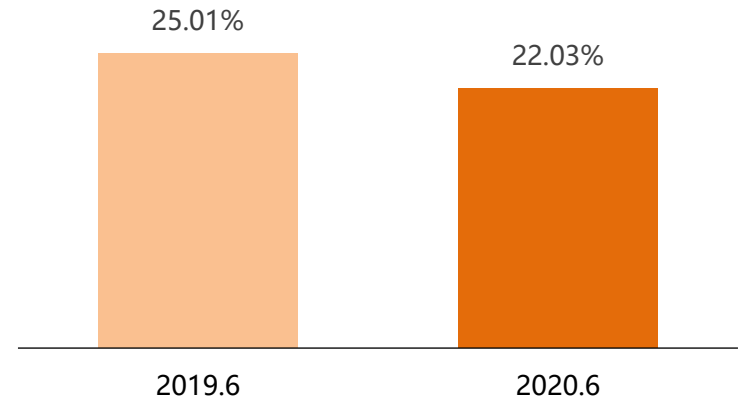
# Steady Increased of Operating Income, And The Cost Management Effect Was Remarkable

## Operation income

( RMB 100 million )

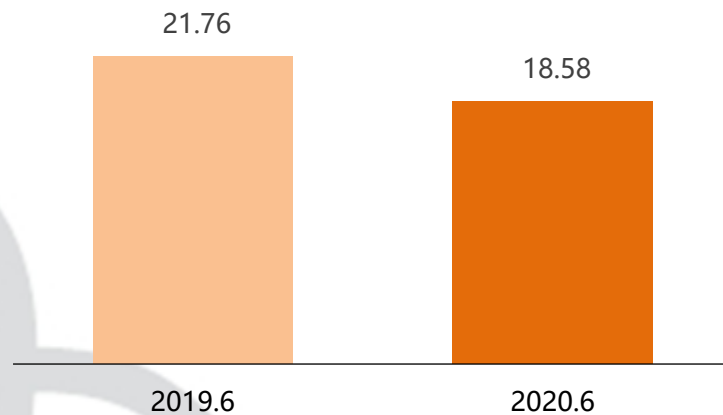


## Cost-to-income ratio



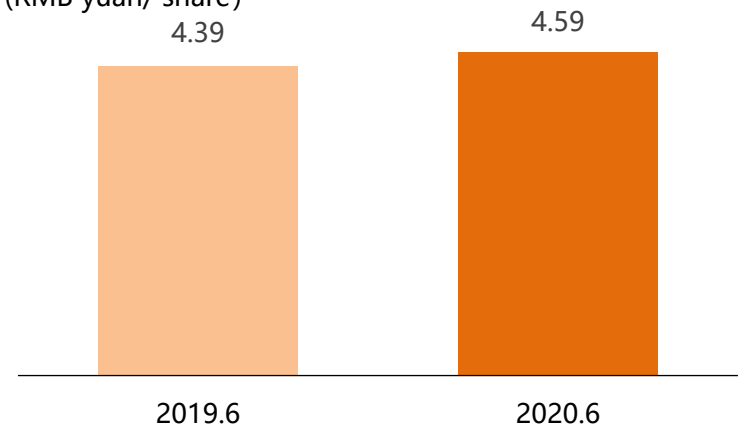
## Net profit attributable to shareholders

( RMB 100 million )



## Net assets per share

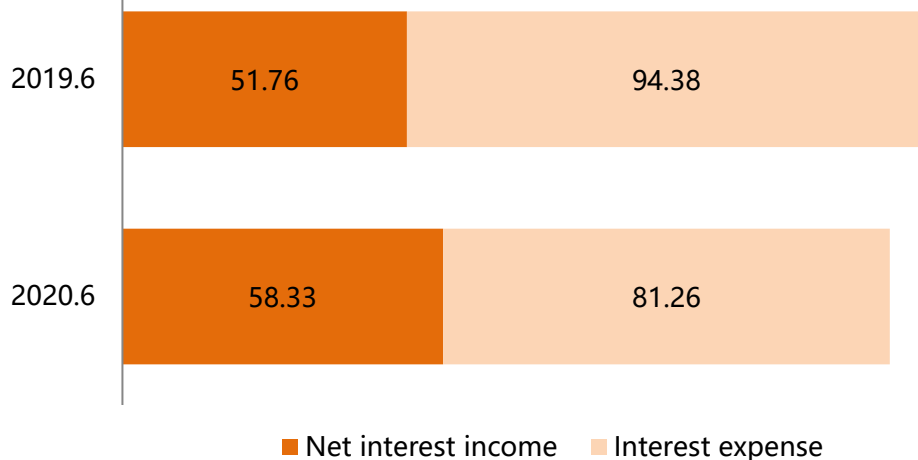
(RMB yuan/ share)



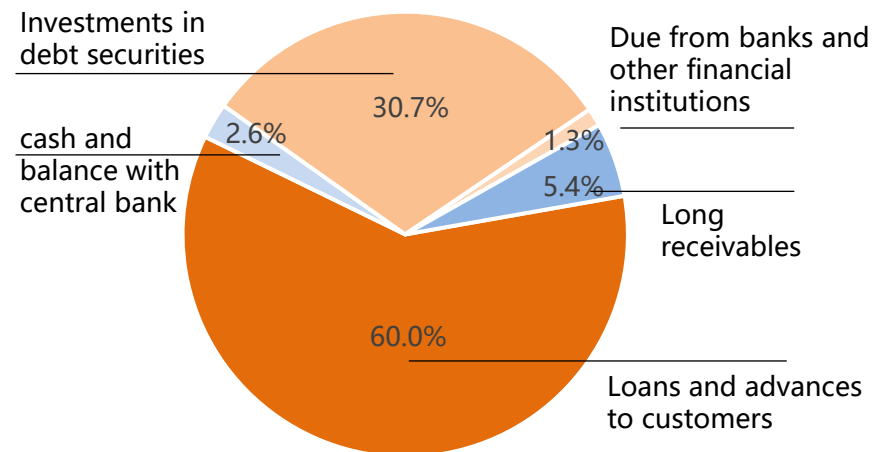
# NIS & NIM Increased, Profitability Remained Stable

## Interest income

( RMB 100 million )



## Interest income structure

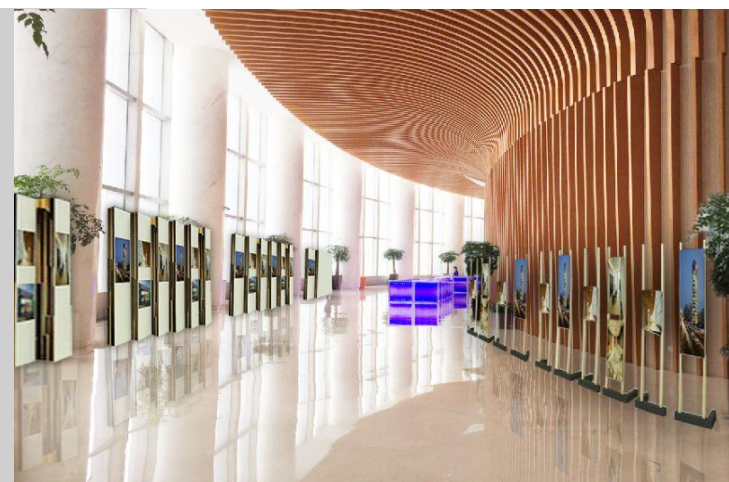


## Profitability indicators

Items	2019.6	2020.6	change
Yield of interest earning assets	4.93%	5.14%	+ 21bps
Cost rate of interest-bearing liabilities	3.38%	3.01%	- 37bps
NIS	1.55%	2.13%	+ 58bps
NIM	1.75%	2.15%	+ 40bps



## 02 | Business Operation

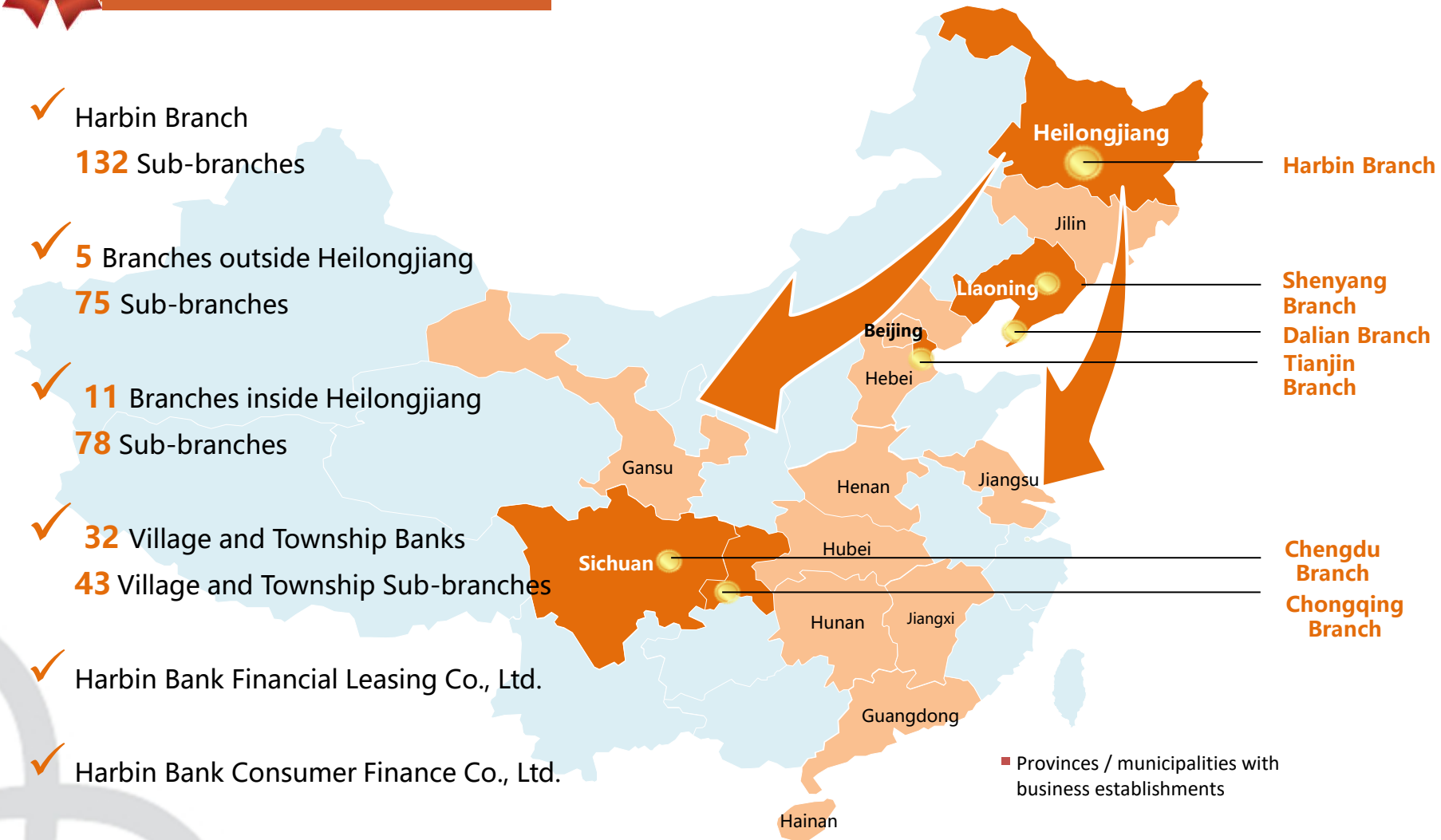


# Regional Development Increasingly Balanced, And Branches Operated Steadily



City commercial bank with  
most subsidiaries in China

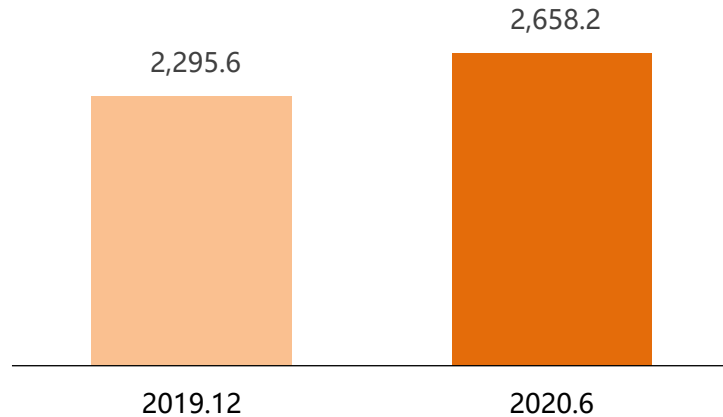
- ✓ Harbin Branch  
132 Sub-branches
- ✓ 5 Branches outside Heilongjiang  
75 Sub-branches
- ✓ 11 Branches inside Heilongjiang  
78 Sub-branches
- ✓ 32 Village and Township Banks  
43 Village and Township Sub-branches
- ✓ Harbin Bank Financial Leasing Co., Ltd.
- ✓ Harbin Bank Consumer Finance Co., Ltd.



# Retail Business Transformation Achieved Remarkable Results, With Explicitly Effect of “Deposit as The Foundation”

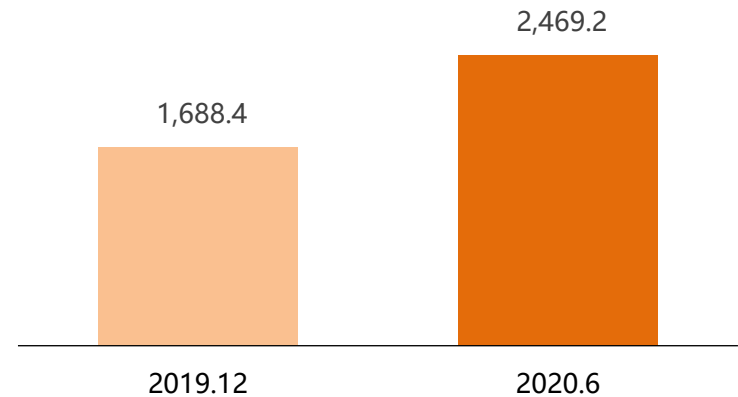
## Total retail deposits

( RMB 100 million )

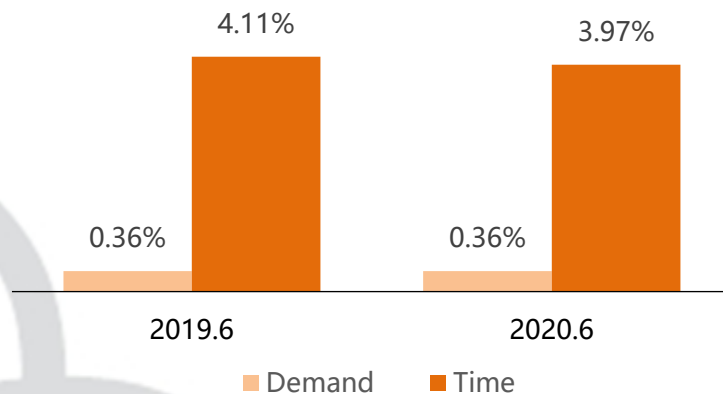


## The average balance of retail deposits

( RMB 100 million )

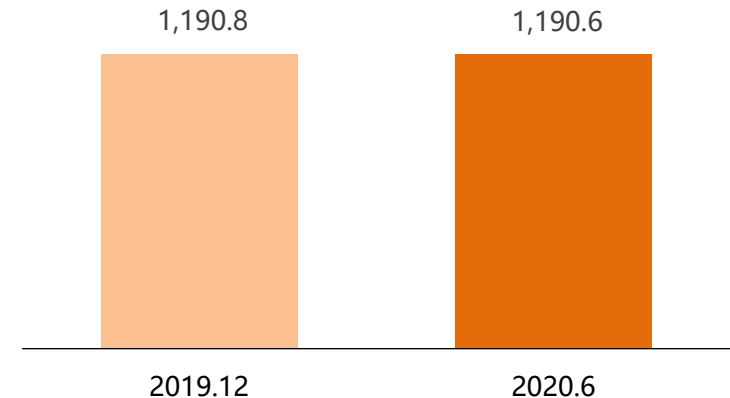


## Cost ratio of retail deposit

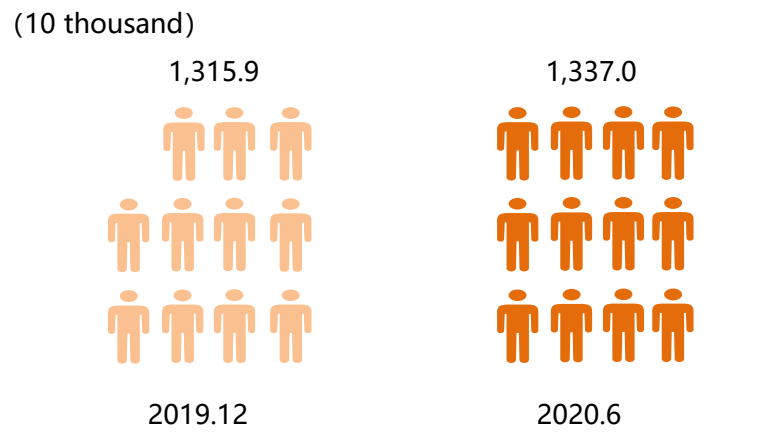


## Total retail loans

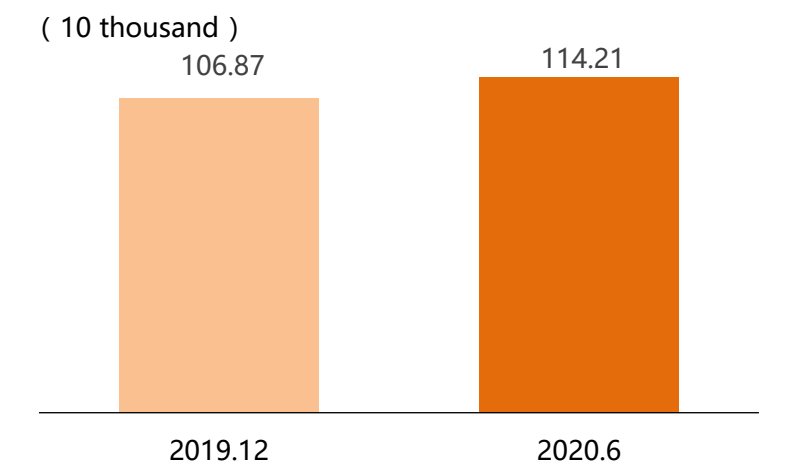
( RMB 100 million )



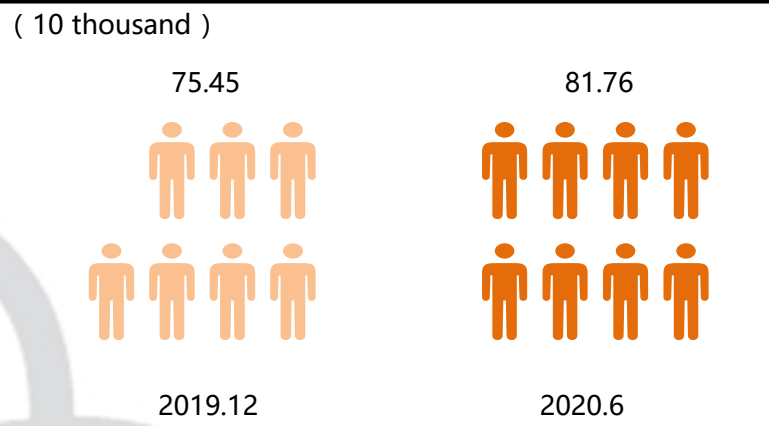
## Number of deposit customers



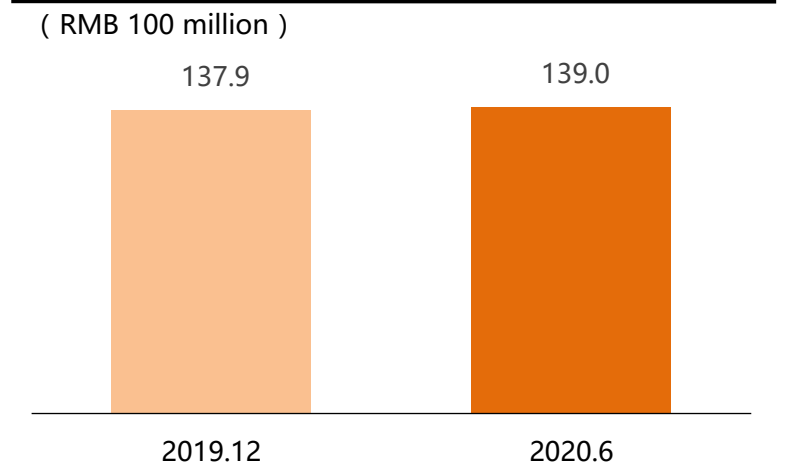
## Credit card issuing volume



## Number of value customers



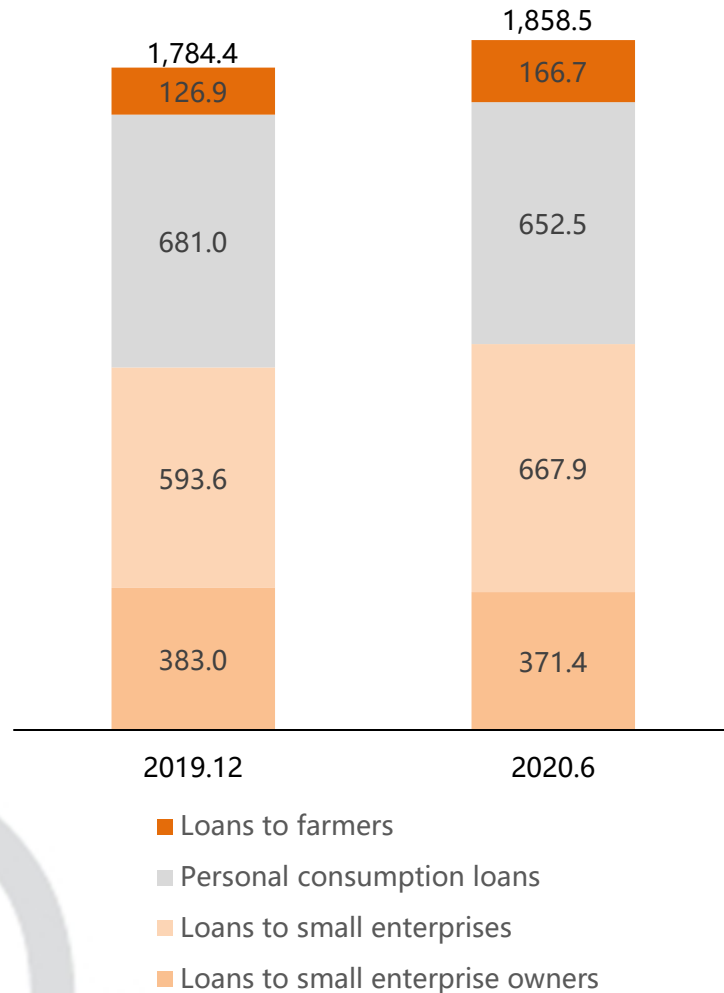
## Balance of credit card assets



# The Position of Microcredit Was Consolidated, And Featured Business Operated Well

## Microcredit loans

( RMB 100 million )



## Sino-Russia financial services

- ✓ Total interbank credit to Russian banks RMB **8** billion
- ✓ Cross-border transportation of RMB cash **362** million
- ✓ The membership of Sino-Russian Financial Union had grown to **72**
- ✓ **23** Russia accounting banks with domestic and foreign currency settlement network covering entire Russia
- ✓ Handled the first NRA account settlement business in the Heilongjiang Pilot Free Trade Zone
- ✓ Launched featured exchange rate hedging product

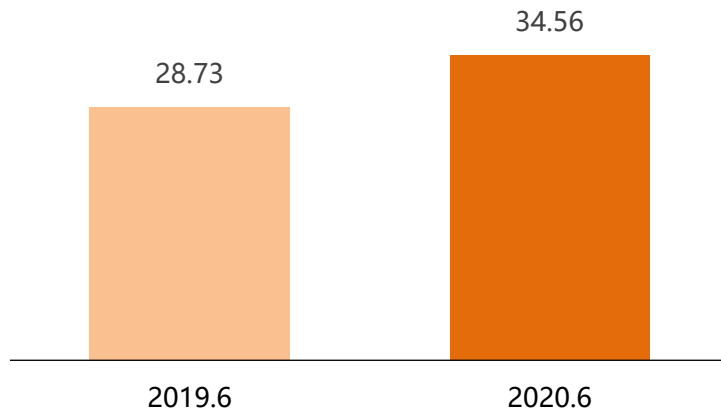
## The cross-border E-commerce business

- ✓ **2,584** cross-border E-commerce customers
- ✓ Aggregate transaction settlement volume reached RMB**15** billion
- ✓ The first domestic commercial bank to cooperate with the Russian World Card channel
- ✓ Supported more than ten foreign payment tools such as MASTERCARD, JCB and YANDEX

# Corporate Finance Business Stably Developed, With Steady Growth of Business Indicators

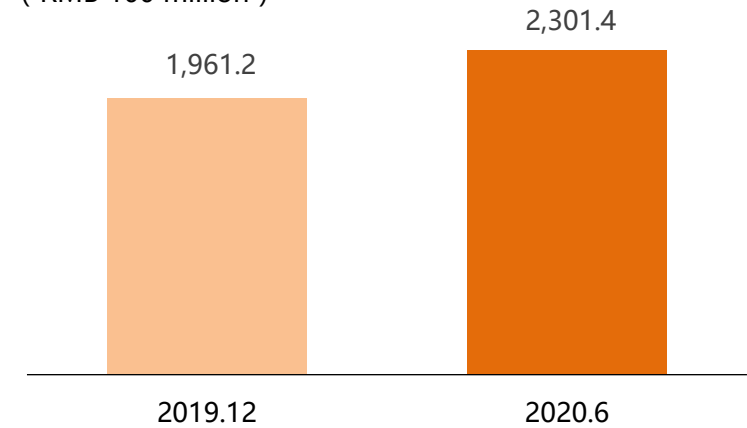
## Operating income of corporate finance

( RMB 100 million )



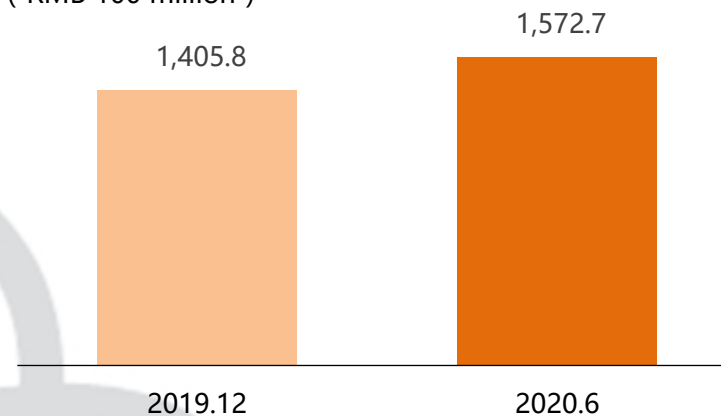
## Corporate deposits

( RMB 100 million )

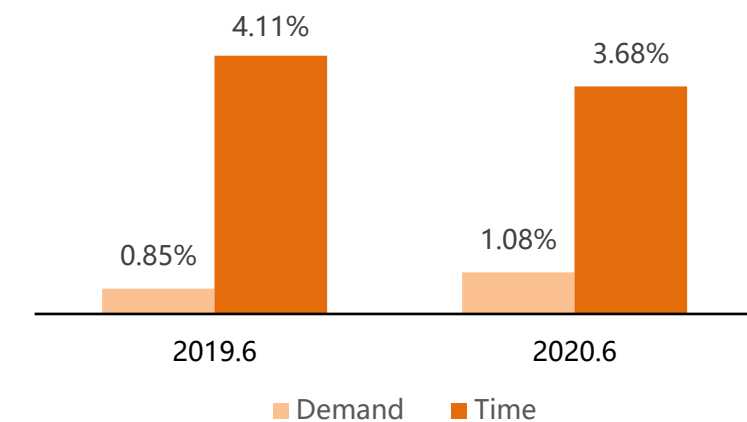


## Corporate loans

( RMB 100 million )



## Cost ratio of corporate deposits

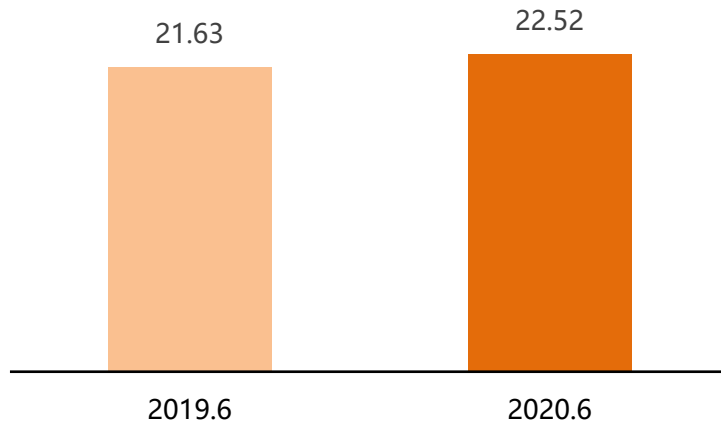




# Financial Market Business Stably Operated, With Progressively Decreased Funding Cost

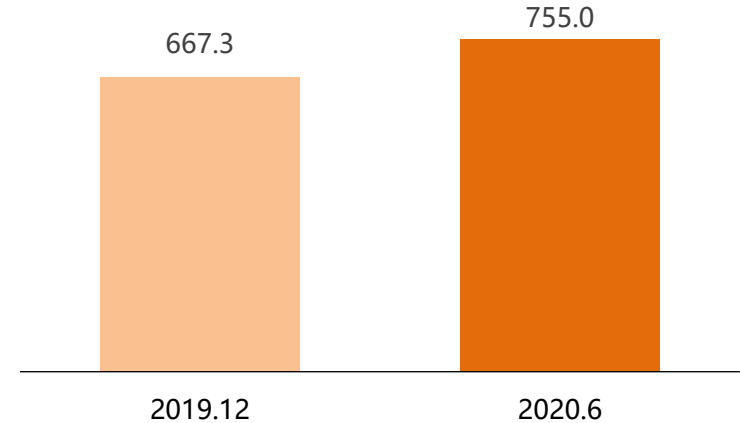
## Operating income of interbank finance

( RMB 100 million )

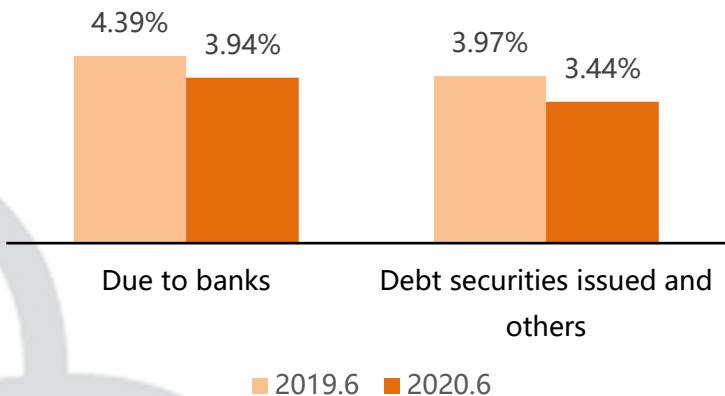


## Total bond investment

( RMB 100 million )



## Cost of interbank liabilities

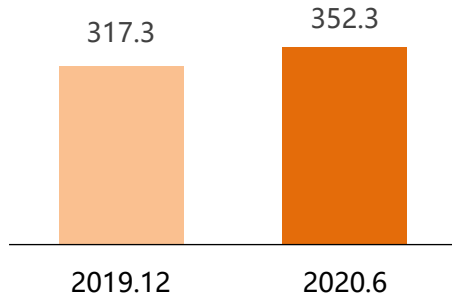


## Wealth management business

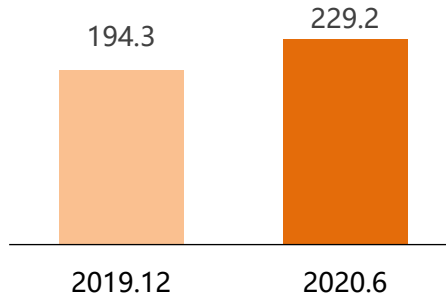
- ✓ The balance of non-principal protected wealth management products amounted to RMB **62.470** billion
- ✓ The balance of net-value wealth management products amounted to RMB **14.019** billion
- ✓ Wealth management customers reached **891.2** thousand
- ✓ Establishment of the “fixed income +” product series
- ✓ 2019 Excellent City Commercial Bank for Banking Wealth Management Registration

# Operational Support Improved, With More Resources Allocated to Fin-tech

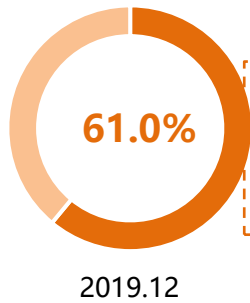
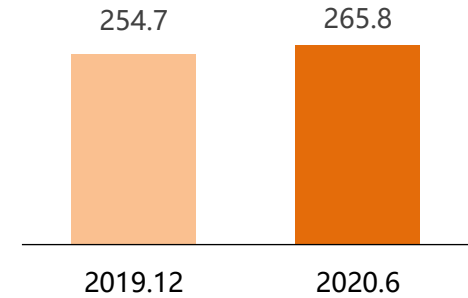
Online banking customers  
(ten thousand)



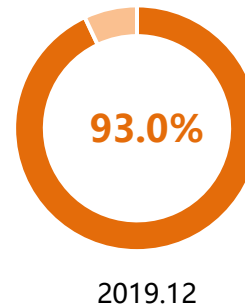
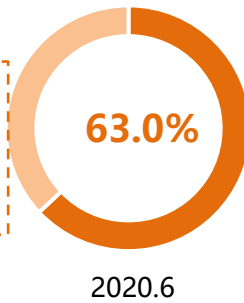
Mobile banking customers  
(ten thousand)



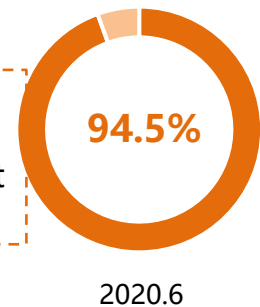
We-chat banking customers  
(ten thousand)



Mobile Channel Replacement Rate

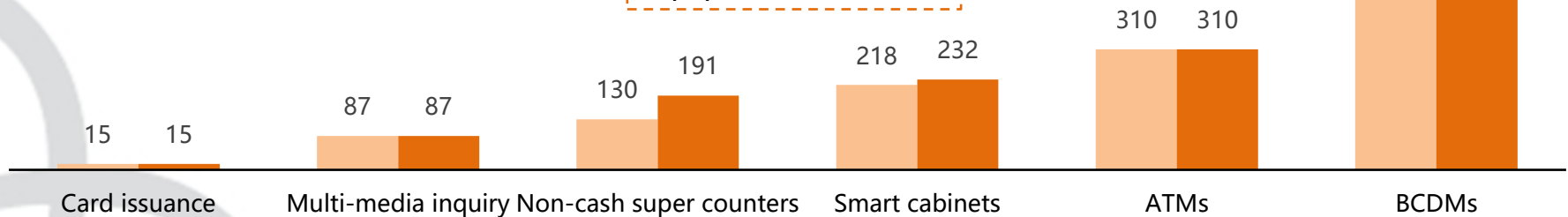


Electronic Channel Replacement Rate



2019.12 2020.6

No. of self-service equipments (sets)



# Actively Practicing Social Responsibility With Remarkable Results in Brand Building



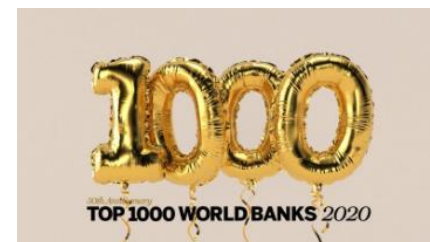
Gave play to the advantages of Fin-Tech, and launched the "seven financial measures for fighting the epidemic situation together" by formulating special service measures, integrating special resources, enriching online service functions, and strengthening science and technology operation guarantee and so on, to meet the demand for financial services in special periods, and promoted to the fight against the epidemic situation and resume work and production.



Brand Finance **191th** in "2020 Brand Finance Global 500"



Held online promotion conference on featured Sino-Russia financial products, and launched a number of measures to help enterprises to relieve difficulties, so as to further promote the resumption of foreign trade enterprises.



《The Banker》**199th** in "Top 1000 World Banks 2020"

Provided liquidity loans for micro enterprises focusing on epidemic prevention and control, effectively supported enterprises to resume work and production, and reduced the financing cost of micro enterprises.



**31th** in the "2019 China Banking Top 100 List"

03

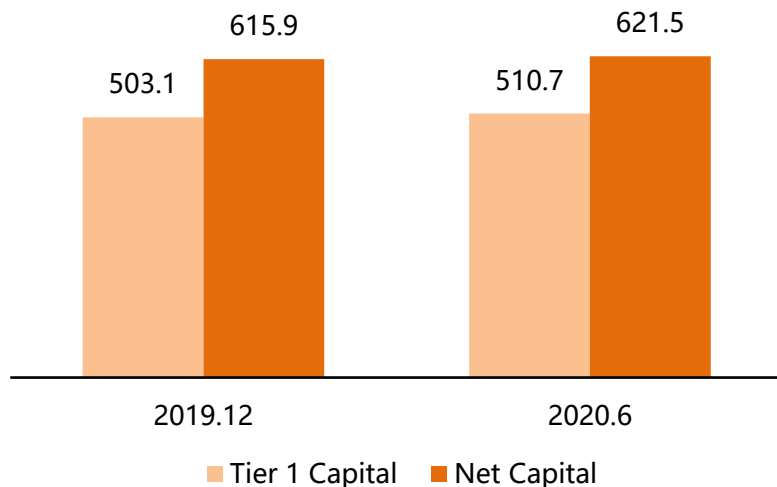
# Risk Management



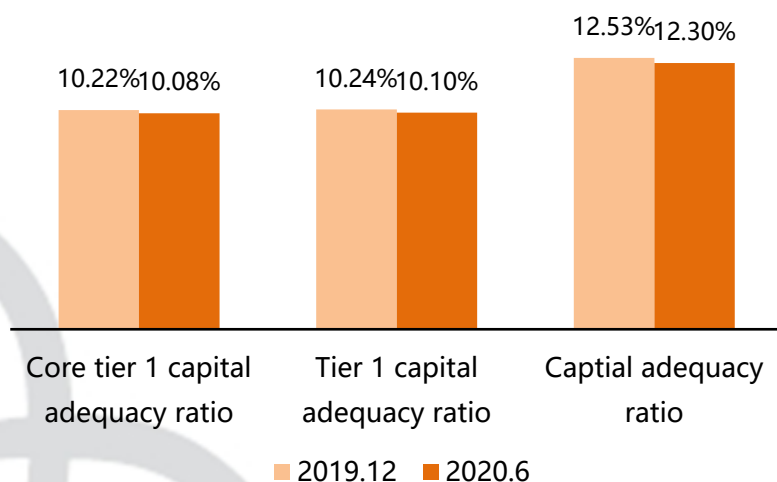
# The Level of Capital Remained Adequate And Managed Capital With More Proactive Approaches

## Net Capital

(RMB 100million)



## Capital Adequacy Ratios



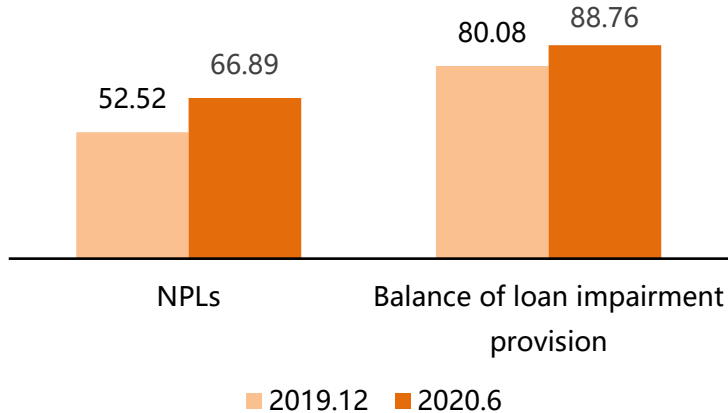
## More proactive capital management

- ✓ 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.
- ✓ 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.

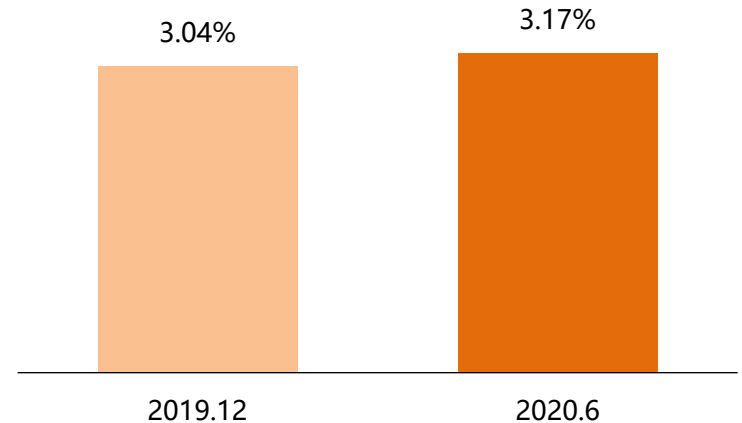
# Assets Quality Remained Stable And Controllable, Impairment Provision Sufficiently Accrued

## Assets Quality

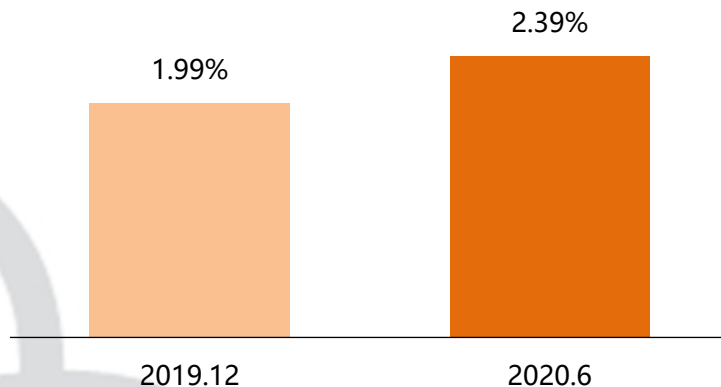
(RMB 100million)



## Loan Impairment Loss Reserve Ratio



## Non-performing Loan Ratio



## Management & Control Measures for Assets Quality

- ✓ Formulate risk prevention and control measures under the COVID-19 pandemic to reduce the impact on asset quality.
- ✓ 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.



## 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 constructed land management rights data warehouse of agricultural loan, self-developed automatic evaluation model for office buildings and commercial housing, improving automated evaluation capabilities constantly.

## Liquidity Risk

Improved the level of cash position management meticulousness, proactively adjust structure of assets and liabilities, expanded and diversified financing channels, in result, the liquidity risk resistance capacity was 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, emphasized to focus on the internal anti-fraud, standardized risk assessment procedures of resignations.

## Information Technology Risk

Refined the IT management process, and with the help of financial technology means, the efficiency of work mode and method is steadily improved, and the implementation of business requirements is effectively promoted. enhanced the IT outsourcing management, and consistently improved the outsourcing risk management level.

## Compliance Risk

Deepened the integrated management idea of "prevention, control, inspection and revise", improved the fine management level of internal control and compliance, and improved the comprehensive internal control and compliance risk management system that adapted to the transformation of business development.

# 04 | Prospect



## 1 Three major campaigns reinvigorate

 NPLs collecting


 Asset allocation

 Optimisation of deposit structure


## 2 Three major transform re-deepen

 Branch retail transformation

 Service mode transformation for corporate customer team

 Transformation of credit approval mode

## 3 Technology empowerment re-upgrade

 Technology research system

 Fin-tech application

 Tech fundamental capacity

## 4 Foundation shaping reinforce

 New strategic plan

 Basic management of compliance and internal control

 Asset allocation management

 Promoting brand image

## 5 Pandemic control re-persevere

# Q & A



# Appendix: Financial Statements Of 1H 2020

Profit & Loss ( Million RMB )	2019 Jan-Jun	2020 Jan-Jun	Change
Operating income	7,424.6	7,840.9	5.61%
Of which: Net interest income	5,175.8	5,832.8	12.69%
Net fee and commission income	1,462.2	1,057.8	-27.66%
Net profit	2,208.9	1,853.3	-16.10%
Net profit attributable to shareholders of the Bank	2,175.7	1,857.8	-14.61%
Net assets per share attributable to shareholders of the Bank	4.39	4.59	4.56%
Profitability (%)	2019 Jan-Jun	2020 Jan-Jun	Change %
Return on average total assets	0.71%	0.61%	-0.10
Return on average equity	9.20%	7.41%	-1.79
Net interest spread	1.55%	2.13%	0.58
Net interest margin	1.75%	2.15%	0.40
Net fee and commission income to operating income ratio	19.69%	13.49%	-6.20
Cost-to-income ratio	25.01%	22.03%	-2.98

Assets & Liab. ( Million RMB )	2019.12.31	2020.6.30	Change
Total assets	583,089.4	638,346.5	9.48%
Of which: Loans and advances to customers	263,604.1	279,675.6	6.10%
Total Liabilities	531,448.2	586,048.8	10.27%
Of which: Due to customers	425,683.7	495,962.0	16.51%
Share capital	10,995.6	10,995.6	—
Total equity	51,641.2	52,297.7	1.27%
Assets quality indicators (%)	2019.12.31	2020.6.30	Change %
Core tier 1 capital adequacy ratio	10.22%	10.08%	-0.14
Tier 1 capital adequacy ratio	10.24%	10.10%	-0.14
Capital adequacy ratio	12.53%	12.30%	-0.23
NPLs ration	1.99%	2.39%	0.40
Impairment losses on loans	3.04%	3.17%	0.13
Impairment coverage ratio	152.50%	132.69%	-19.81
Other indicator (%)	2019.12.31	2020.6.30	Change %
Loan-deposit ratio	61.92%	56.39%	-5.53

Source: Interim report



# Thank You!

