



# 2017年度業績發佈會

Annual Results Announcement

情系家乡二十載  
普惠金融譜新篇



Stock code: HK.6138

March, 2018, Hong Kong

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# Financial Performance



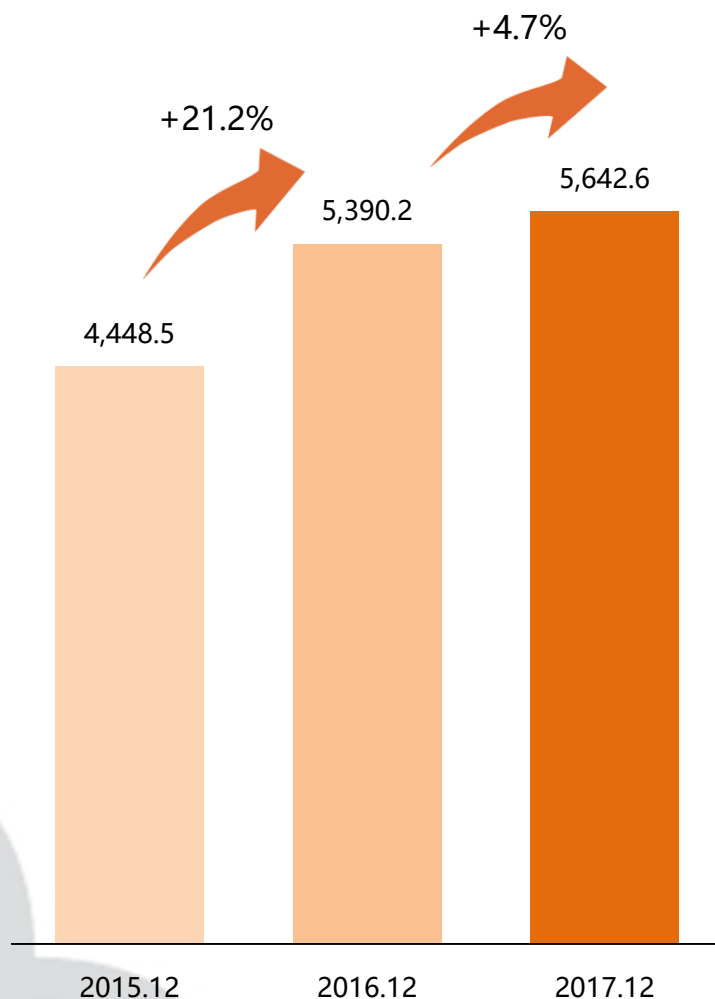
# Key Financial Indicators

(RMB 100 million)	2016.12	2017.12	Change(%)
Total assets	5,390.16	5,642.55	↑ 4.68%
Of which: Loans and advances to customers	2,016.28	2,373.98	↑ 17.74%
Total liabilities	5,016.81	5,218.46	↑ 4.02%
Of which: due to customers	3,431.51	3,782.58	↑ 10.23%
Equity attributable to Shareholders	365.08	412.60	↑ 13.02%
(RMB 100 million)	2016.12	2017.12	Change(%)
Operating income	141.72	141.34	↓ 0.27%
Of which : Net interest income	115.73	113.07	↓ 2.30%
Net fee and commission income	23.93	24.45	↑ 2.14%
Net profit	49.62	53.09	↑ 6.99%
Net asset value per share (RMB)	3.32	3.75	↑ 12.95%
Earnings per share (RMB)	0.44	0.48	↑ 9.09%
Net fee and commission income to operating income ratio	16.89%	17.30%	↑ 0.41 percentage point
Cost-to-income ratio	28.60%	29.71%	↑ 1.11 percentage point

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

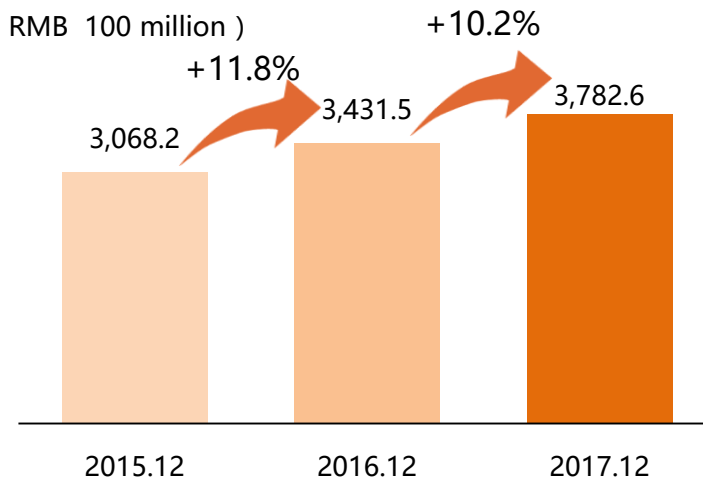
## Total assets

(RMB 100 million)



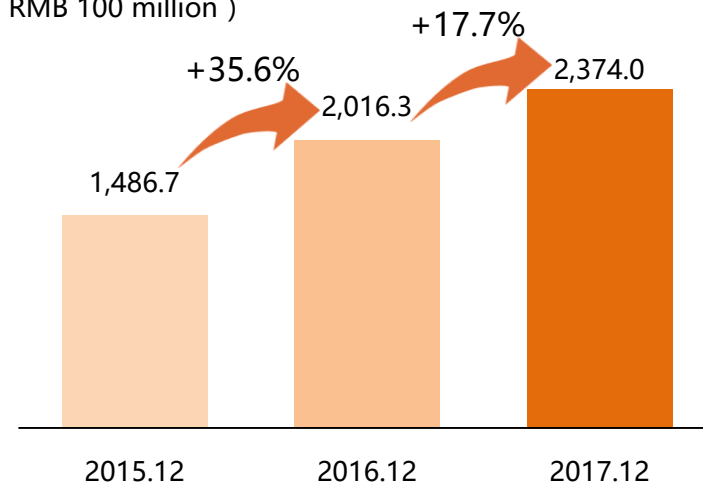
## Due to customers

( RMB 100 million )



## Total loans to customers

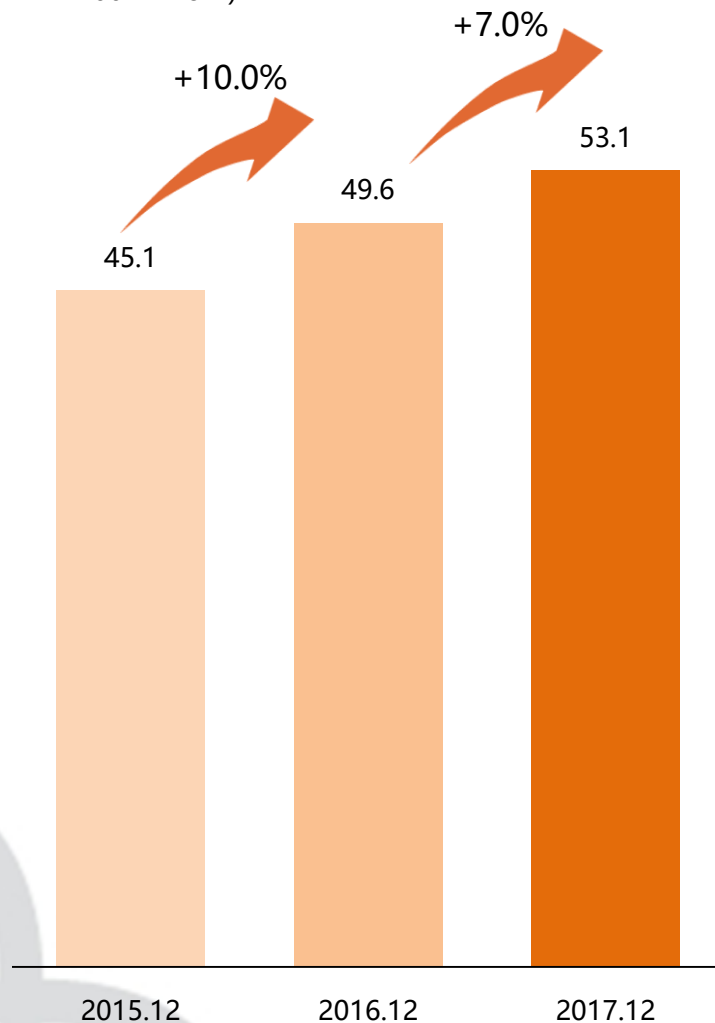
( RMB 100 million )



# Steady Increase Of Profitability, The Company Value Promoted Sustainably

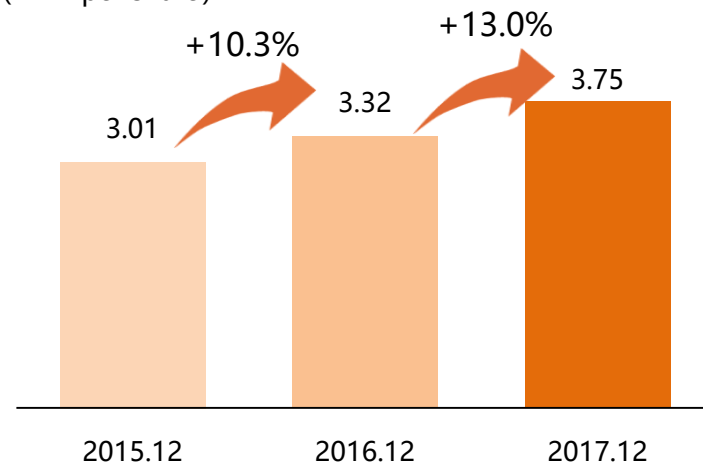
## Net profit

( RMB 100 million )



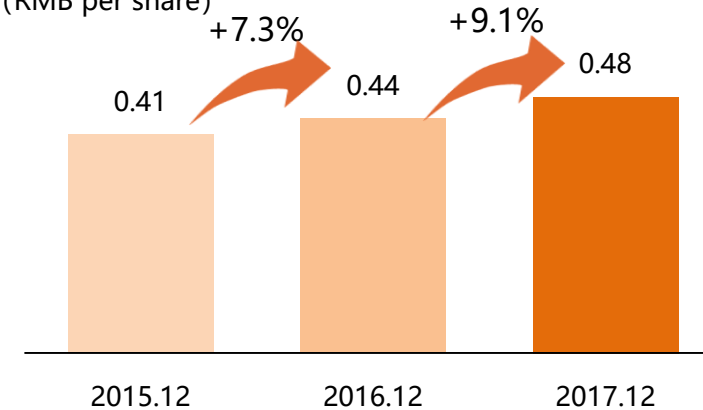
## Net assets value per share

(RMB per share)



## Earnings per share

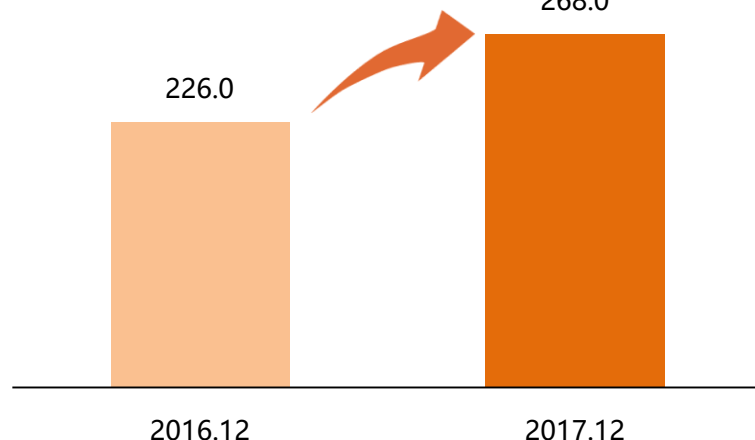
(RMB per share)



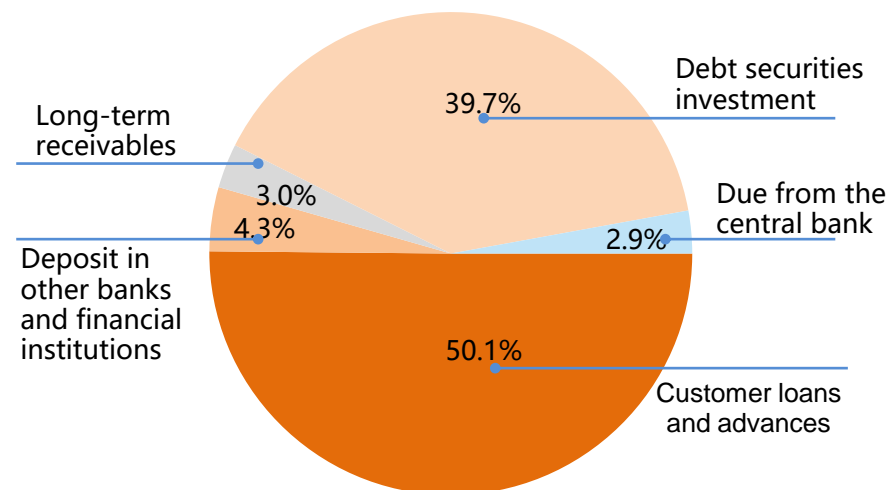
# Interest Income Kept Increasing, Earnings Level Remained Good Condition

## Interest income

( RMB 100 million )      +18.6%



## Interest income structure



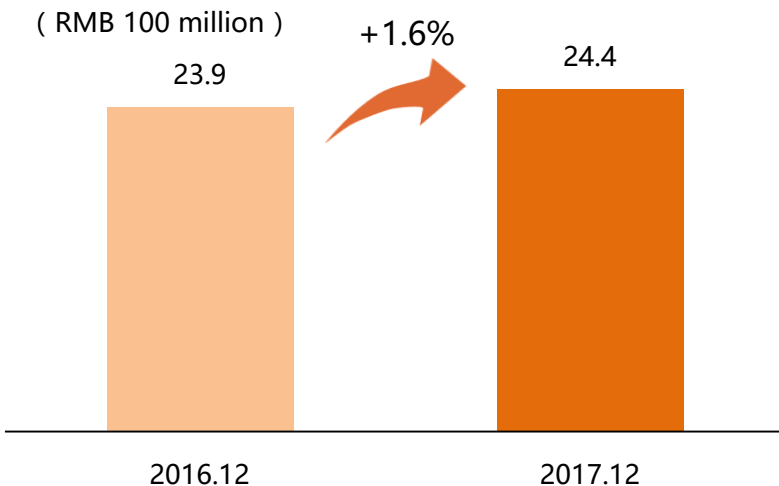
## Profitability indicators

items (%)	2016.12	2017.12	change
Yield of interest earning assets	5.17%	5.10%	- 7bps
Cost rate of interest-bearing liabilities	2.70%	3.15%	+ 45bps
NIM	2.65%	2.15%	- 50bps
NIS	2.47%	1.95%	- 52bps

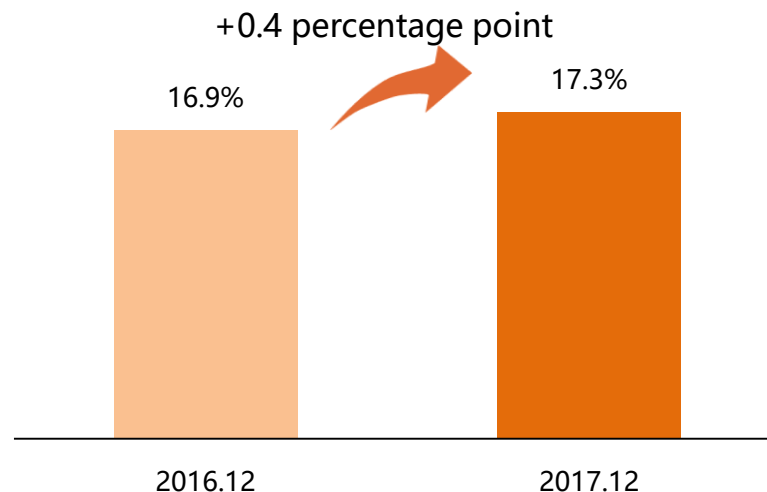


# Non-interest Income Continued To Increase, And Business Structure Was Optimized Stepwise

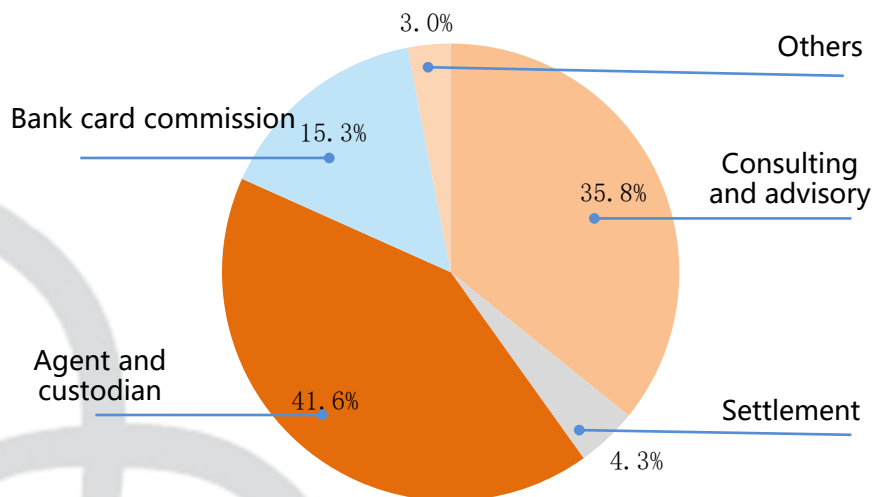
## Net fee and commission income



## Net fee and commission income to business operation ratio



## Fee and commission income structure



Bank card commission income is RMB **399** million, with year on year growth RMB **266** million, or **200.4%**

Non-guaranteed financial service fee income RMB **685** million, with year on year growth RMB **141** million, or **25.9%**

# HB Consumer Finance Officially Opened, The Group Layout Became More Diversified

The group layout is basically formed

## Village and township banks

**32** village and township banks, of which **35** sub-branches located in **14** provinces and municipalities, including Beijing, Shenzhen and Chongqing, with the total asset RMB**27,012** million, net profit RMB **310** million

## HB leasing

HB Leasing opened up in June, 2014, the Bank holds **80%** of its RMB 2 billion registered capital. It is the first financial leasing company in northeastern China, the first financial leasing company featured agriculture machinery leasing business in China. Total assets RMB **18,191 Million**, net profit RMB**115** million

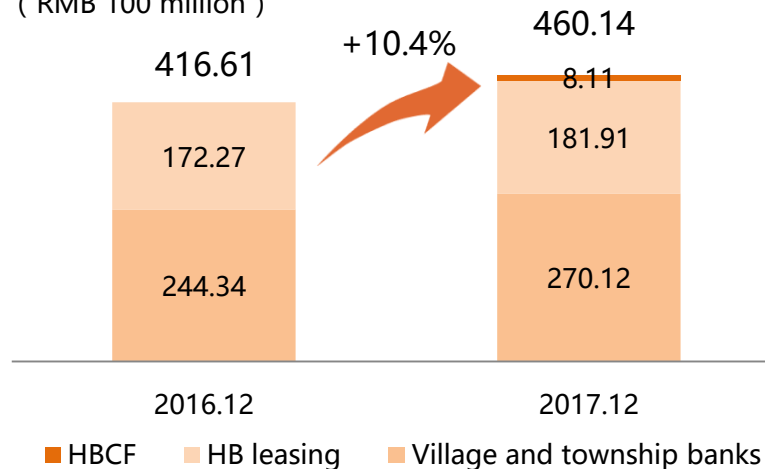
## HBCF

Approved to establish on 10, November, 2016, and opened up in January, 2017; the Bank holds **59%** of its RMB 500 million registered capital. It is the first consumer finance company in Heilongjiang province

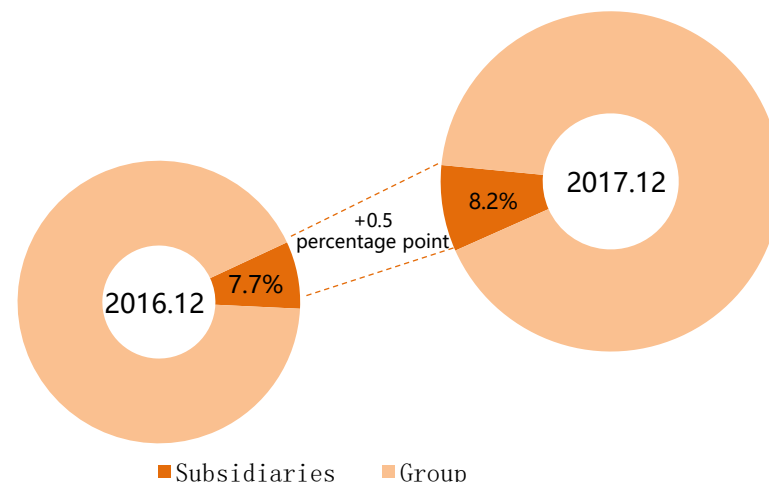
**The city commercial bank with the most numbers of controlling subsidiaries in China**

## Assets scale of subsidiaries

( RMB 100 million )



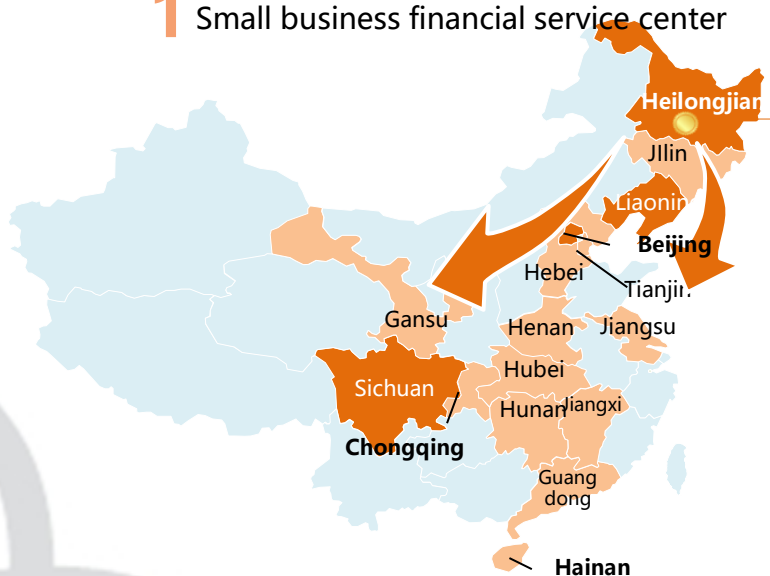
## The proportion of assets size of subsidiaries



# Layout of the Branches & Offices Are Expensive, With Prominent Advantages Among The Local Market

Branches located in seven administrative districts

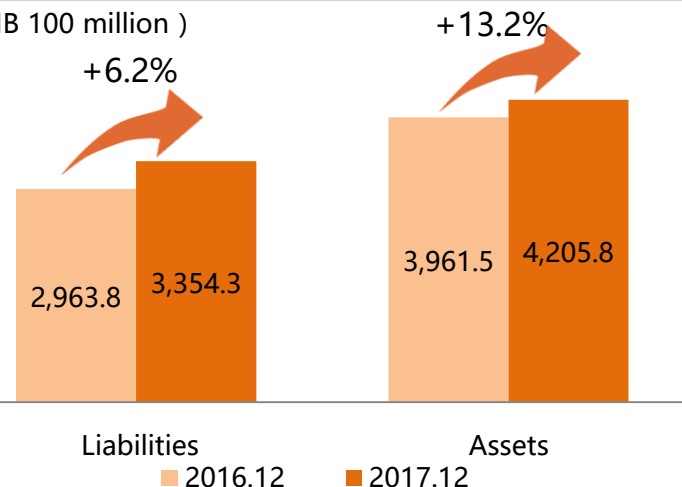
Total institution **363** among **14** provinces and cities  
**17** branches **277** Sub-branches  
**32** village and township banks **35** Sub-branches of village and township banks  
**1** Leasing company **1** Consumer finance company  
**1** Small business financial service center



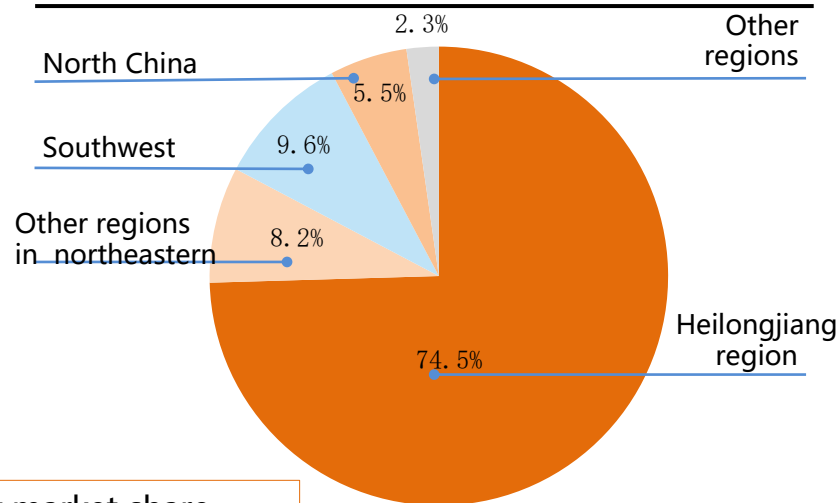
The **17%** of corporate deposits & **14%** of retail deposit market share ,  
Rank first in Harbin

Assets and liabilities in Heilongjiang province

( RMB 100 million )



Regional distribution of assets



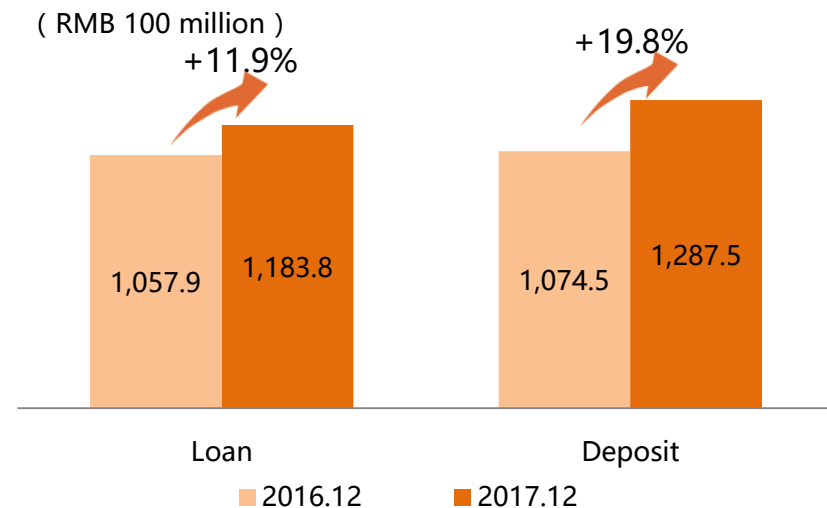
Source: annual reports

## 02 | Business Operation

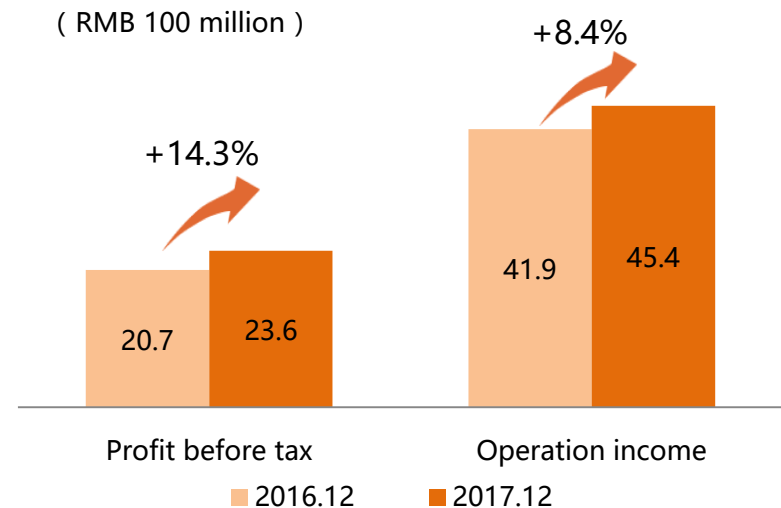


# Retail Finance Progressed With Ensured Stability, Foundation Of Development Became More Solid

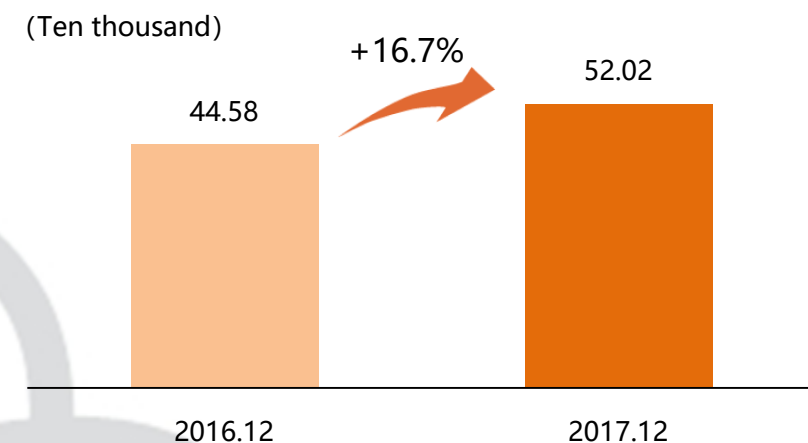
## Loan and deposit scale of retail finance



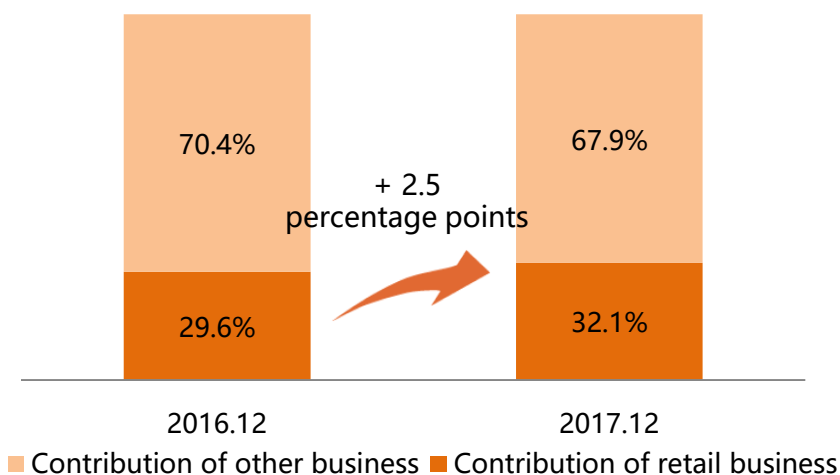
## Profit before tax, operation income



## Valuable customer number (AUM > 50 thousand)



## Contribution of retail business



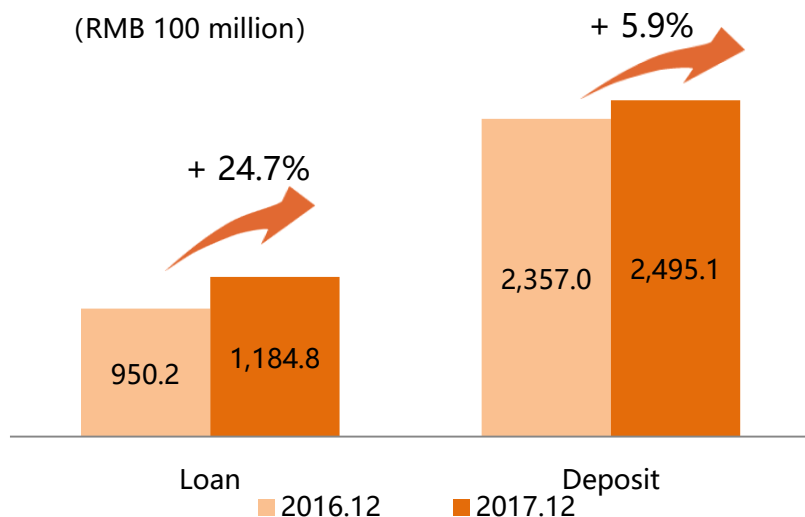
Source: annual reports



# Optimized Business Structure Of Corporate Finance & Orderly Development of Inter-bank Finance

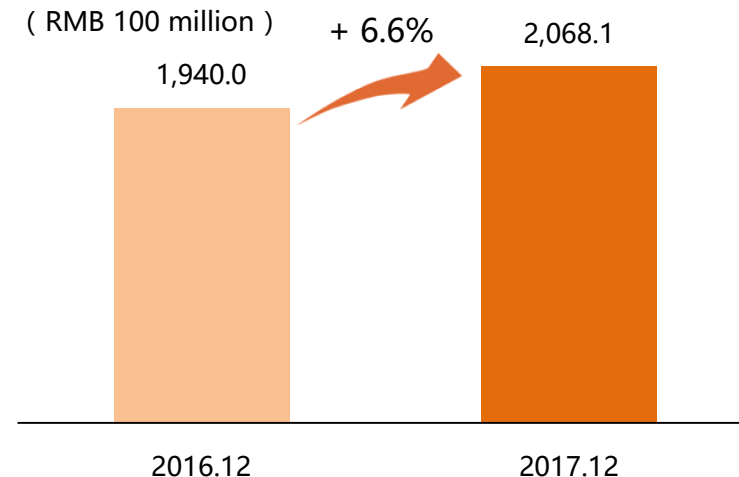
## Loan and deposit scale of corporate finance

(RMB 100 million)

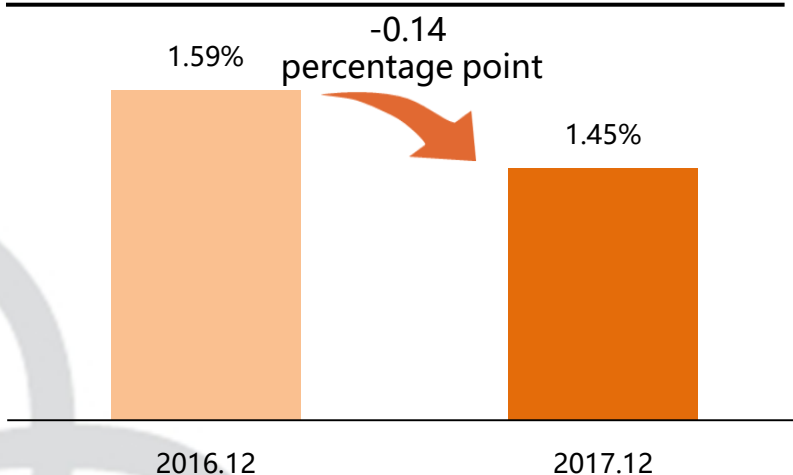


## Investment securities and other financial assets balance

( RMB 100 million )

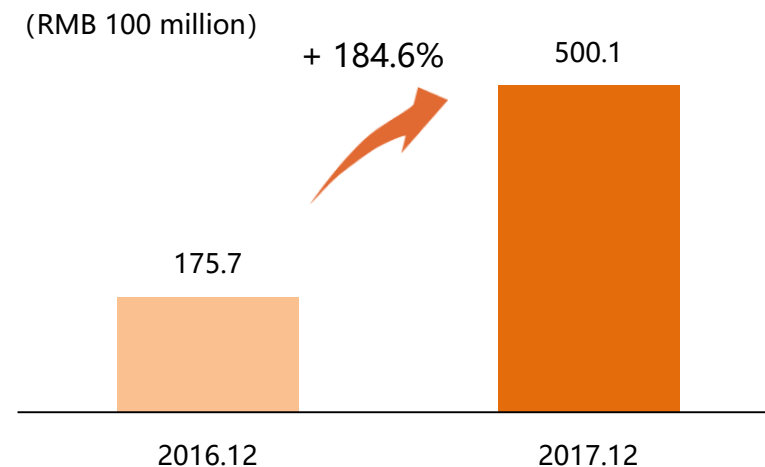


## NPL ratio of corporate loan



## Asset custody scale

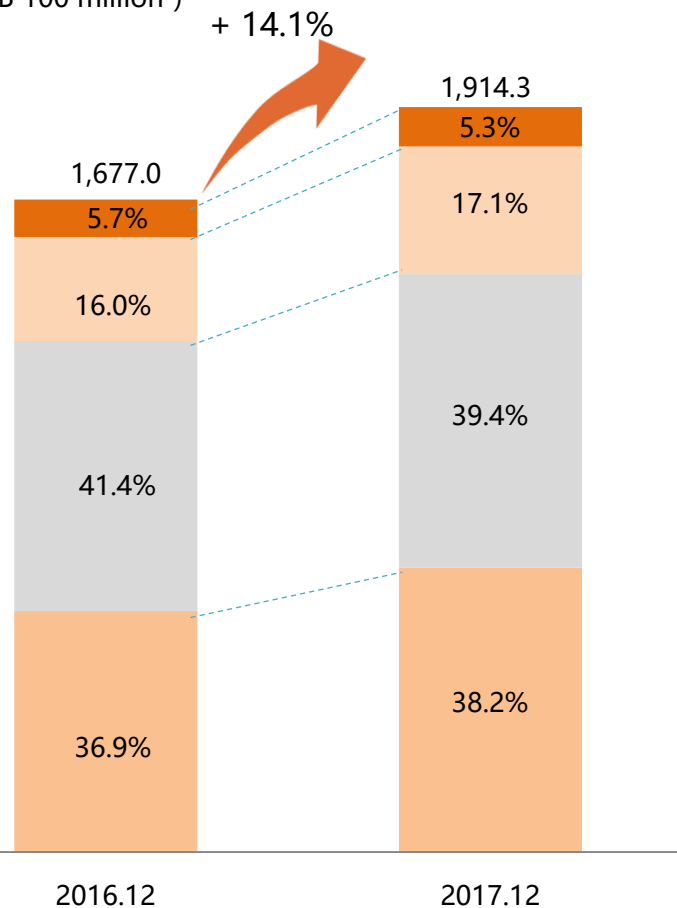
(RMB 100 million)



# Expanding Microcredit Business & More Clear Strategic Positioning

## Balance of microcredit

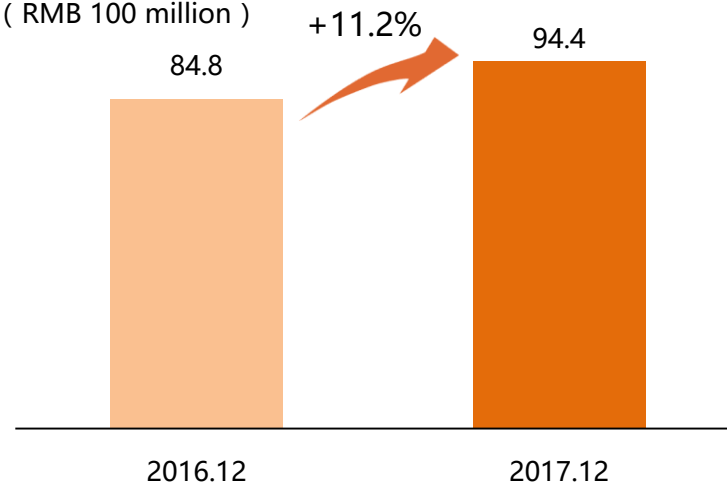
( RMB 100 million )



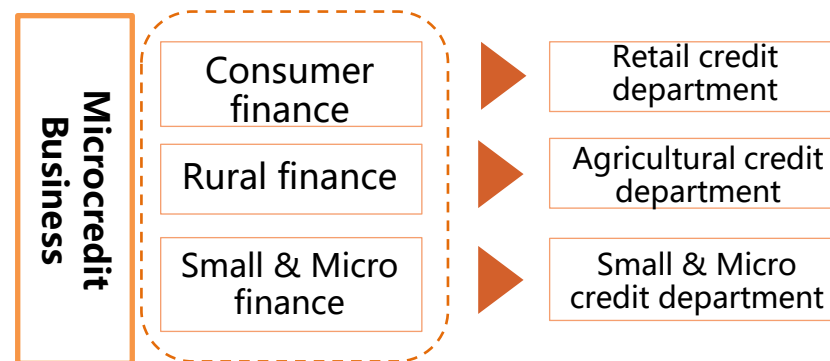
Farmer  
Small enterprise owner  
Personal consumption  
Small enterprises

## Interest income of microcredit

( RMB 100 million )



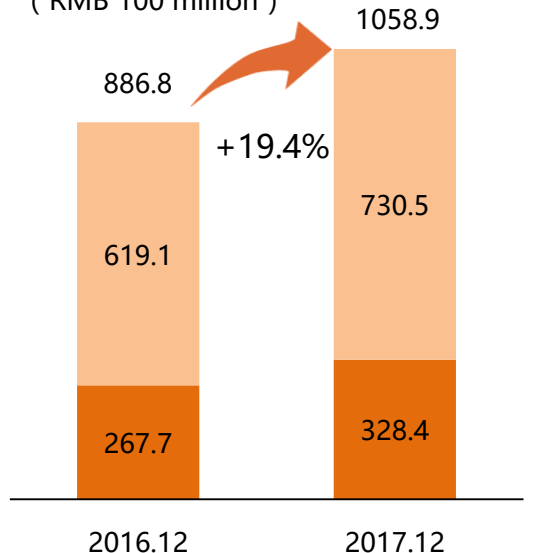
## Upgraded organizational structure



# Small and Micro Finance Operated Solidly, Consumer And Agriculture Financial Service Highlighted Distinctive Features

## Balance of Small and Micro finance

( RMB 100 million )

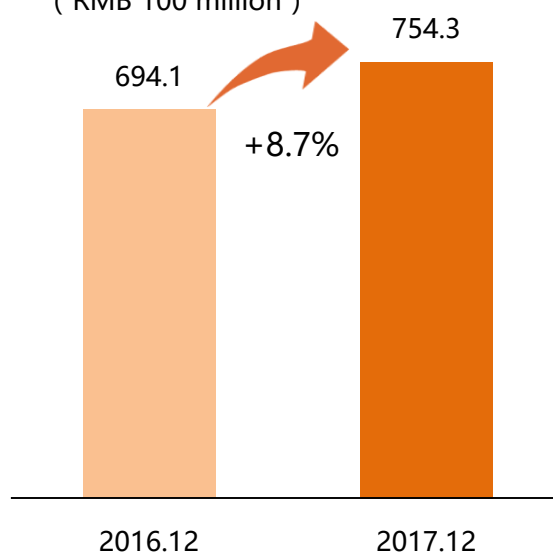


■ Small enterprises ■ Small enterprise owner

- ✓ Prioritized the customers of technological innovation enterprises and the pension industry
- ✓ Developed characteristic financial products for small enterprises, such as tax-credit loan, floating capital loan and housing loan
- ✓ Honored as the first choice service provider for China's small and medium enterprises in 2017 by CASME

## Balance of consumer finance

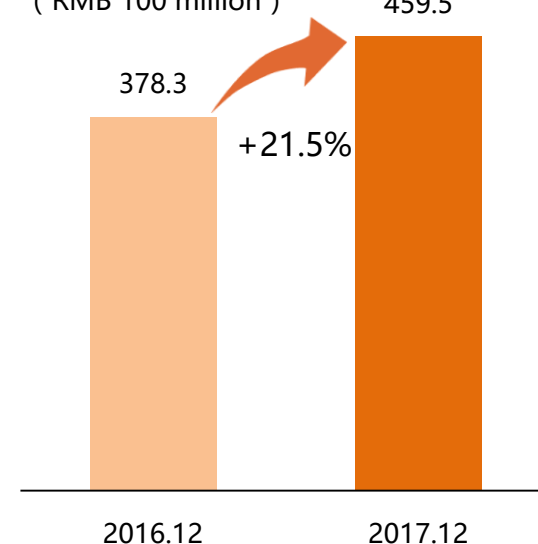
( RMB 100 million )



- ✓ Combined large data analysis with traditional bank means to control business risk
- ✓ Collaboratively developed with WeBank and focused on scene, data and sharing
- ✓ Harbin Bank Consumer Finance Company was officially opened

## Balance of Agricultural finance

( RMB 100 million )

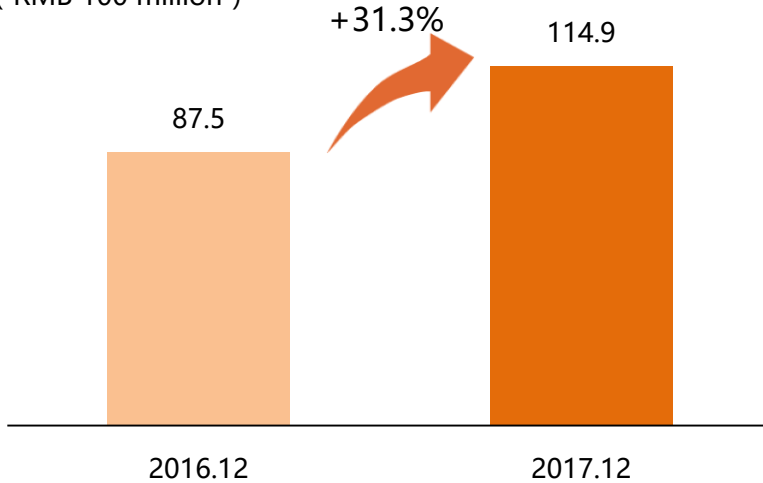


- ✓ Developed online new agricultural finance with features of "Internet+ agriculture, rural areas and farmers"
- ✓ Established "four-in-one" diversified "new agricultural financial subject"
- ✓ "Harvest e-loan" won the 2017 China's top 10 Internet Innovation Awards published by "The Banker"

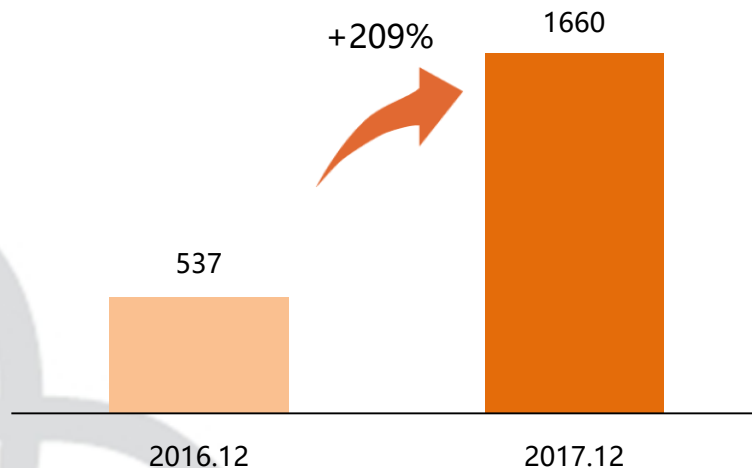
# Sino-Russia Finance Developed Vigorously With Cross-border E-commerce Platform Operated Steadily

## Sino-Russia finance Asset balance both on- and off-balance sheet

( RMB 100 million )



## Merchants scale of cross-border e-commerce platform

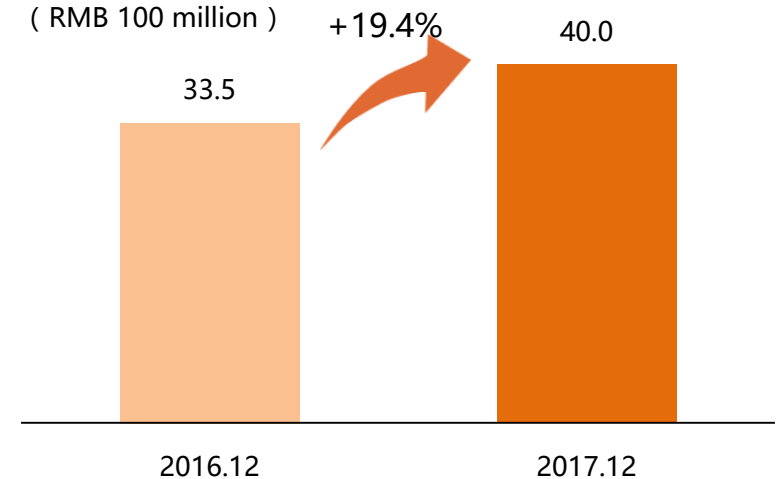


## Sino-Russia finance yielded fruitful results

- ✓ 6 partners newly joined Sino-Russia Financial Council ,thus total number increased to **68**
- ✓ Organized **11** Chinese Council members to participate in the "twenty-first St Petersburg International Economic Forum"
- ✓ Convened the third member conference of Sino-Russia Financial Council
- ✓ Participated in the **\$500** million cross border syndicated loan to the Credit Bank of Moscow

## Transaction amount of cross-border e-commerce platform

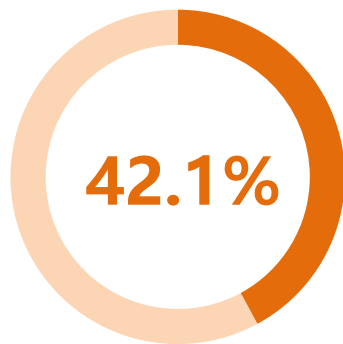
( RMB 100 million )



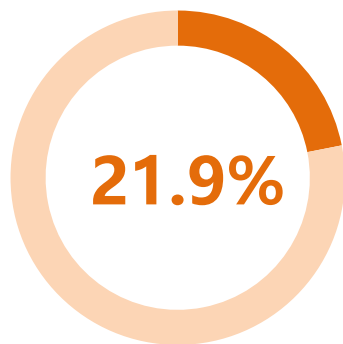
Source: annual reports

# Optimizing Assets And Liabilities Structure, Development Transformation Results Remarkable

## Optimized assets and liabilities structure

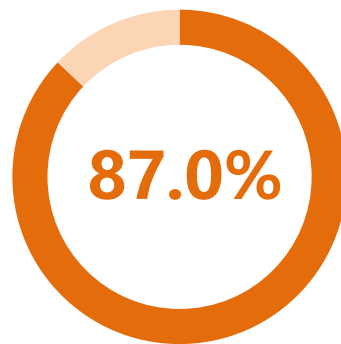


Customer loans account for **42.1%**, with an increase of **4.7** percentage points

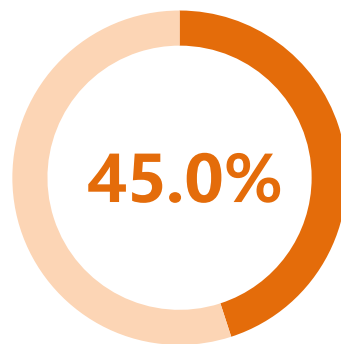


Interbank liabilities account for **21.9%**, with an decrease of **4.2** percentage points

## Better Channel operation



Electronic channel substitution rate **87.0%** with an increase of **4.0** percentage points



Mobile channel substitution rate **45.0%** with an increase of **6.0** percentage points

## Upgraded control mechanism

### Optimized headquarter structure

Business departments has been integrated from 20 to 11, gave prominence to characteristic advantages, optimized the SME finance, agricultural finance and the cross-border Finance Department

### Optimized group governance

Optimized group management model, set up the investment management office, the village and township bank management headquarters to improve the corporate governance capacity of subsidiary companies

### Optimized collaborative development mechanism

Collaborative development between parent bank and subsidiaries  
Set up a more flexible group decision-making mechanism under the leadership of the assets and liabil



# Promoting Brand Image Continuously With More Distinctive Features

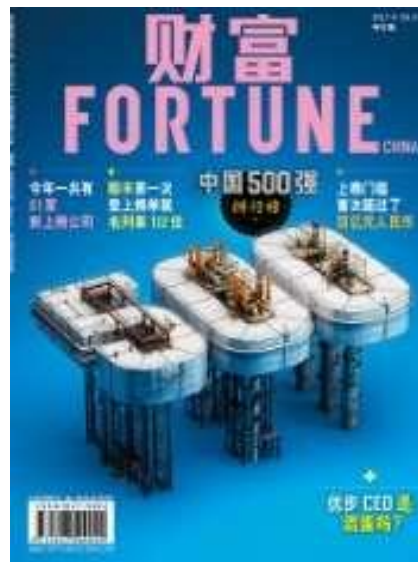
Brand Finance®



**Global  
500  
2017**

The annual report on the world's most valuable brands  
February 2017

the Bank was ranked **195th** in "Top 500 bank brand value 2017" published by Brand Finance. (UK-based brand valuation consulting firm)



**417th** in the "Top 500 Chinese Companies for 2017" published by the FORTUNE China and **23rd** among the 25 commercial banks



**217th** in "The Banker Top 1000 World Banks 2017" and **35th** among the Chinese-funded Banks in 2017 by the Banker of UK



**1130th** in the "World's 2000 Largest Public Companies 2017" published by Forbes of the US

**GLOBAL  
FINANCE**



2017 Best City Commercial Bank



Best Bank for Asian Syndicated Lending

 **银行家**  
The Chinese Banker



Top Ten Innovative Financial Products Awards



Eyirong  
(俄易融)



Yidaitong  
(易贷通)



Harvest E-Loan  
(丰收e贷)

**THE ASIAN BANKER**  
STRATEGIC BUSINESS INTELLIGENCE FOR ASIA'S FINANCIAL SERVICES COMMUNITY



Best Regional Cash Management Bank in China

# Practicing Social Responsibilities, Enhancing Public Image Of Harbin Bank

## Devote to the Belt and Road



The Sino-Russia Financial Alliance sharing platform member increased to 68 institutions, and brought the benefits to further contribute to “The Belt and Road” development.

Organized 11 alliance members to participate the ” St. Petersburg International Economic Forum”. Convene the 3rd member conference of Sino-Russia Financial Alliance.

## Support Innovation & Start-up



For many years, the bank supports Harbin innovation and entrepreneurship competition. It has granted more than RMB 2.3 billion in college students' pioneering loans, women's entrepreneurship and laid-off reemployment loans, and has benefited more than 20 thousand entrepreneurial customers.

## Accurate poverty alleviation



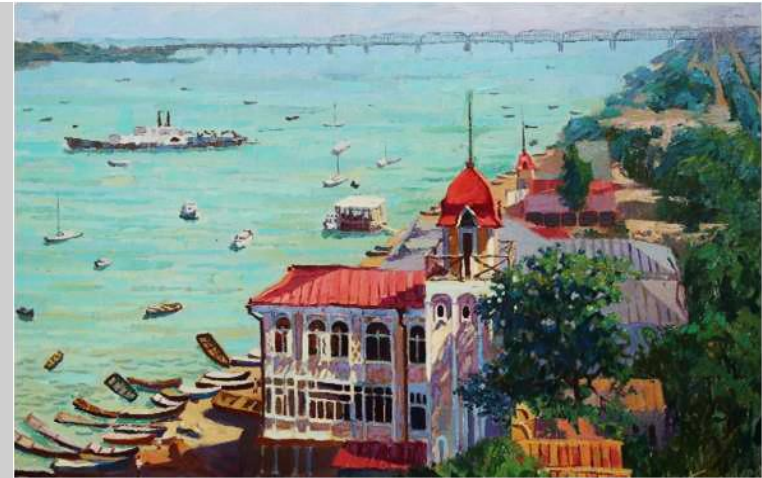
Accumulatively distribution of poverty alleviation loans for RMB 2.3 billion, the balance of accurate poverty alleviation loan is RMB 601 million, supported 64.6 thousand clients who's in poverty, has helped 23.7 thousand households out of poverty. Established a student loan center and granted student loan of over RMB 2 billion and signed more than 50 thousand students in poverty

## Social welfare



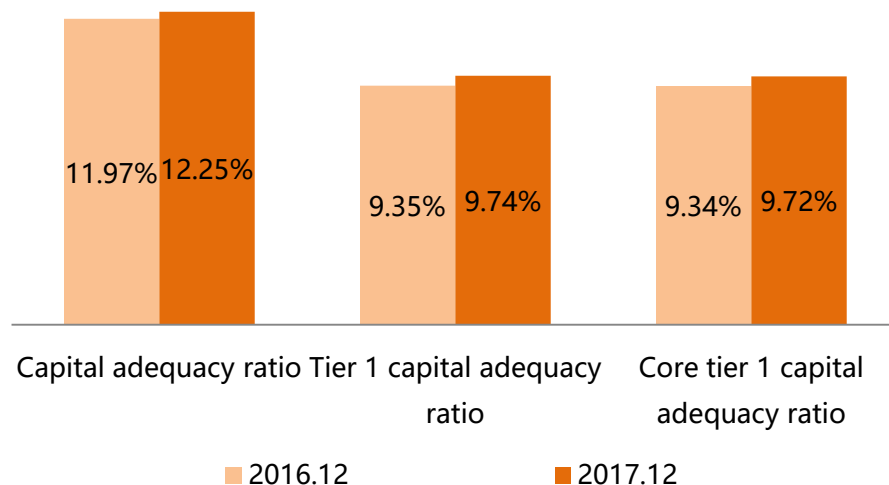
Title sponsored “Harbin Marathon”, became the domestic marathon golden metal event, created the new symbol of the city. Public welfare expenditure was 22.89 million. Organized Russian boutique painting exhibition, sculpture art exhibition, the happiness community plan, Hong Yi Student Fund, Harbin bank support project, Love bookstore and other public welfare projects

# 03 | Risk Management



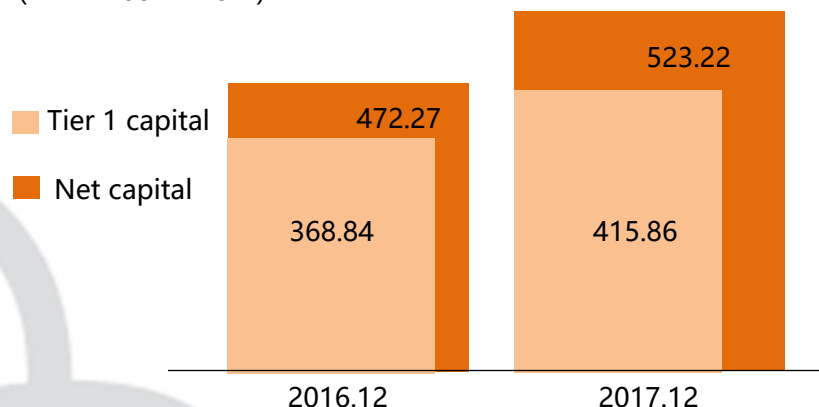
# Capital Level Remains Sufficient With More Initiative Capital Management

## Capital adequacy ratio



## Net capital

( RMB 100 million )



## More initiative capital management

Established capital management plan, programmatically replenished capital and set up the comprehensive balance of capital, benefit and risk managerial concept. By the end of 2017, the net capital increased by 10.8% and the capital adequacy ratio increased by 29 BP compare with year end of 2016.

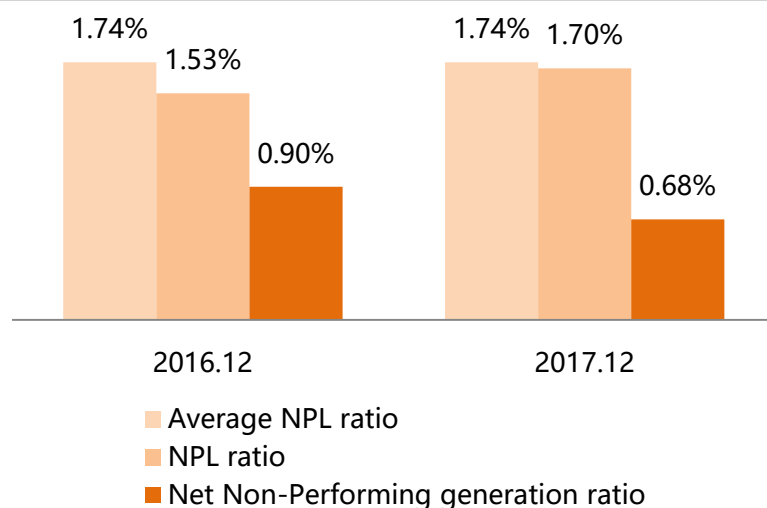
Sustained to promote the compliance of the Basel new capital agreement, accomplished compliance self-evaluation, report compilation, comprehensive verification and special audit. Compliance with the requirements for the independent application of advanced measurement methods of "The Capital management of commercial banks ( for Trial Implementation)"

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



# Assets Quality Was Completely Under Control With Well-prepared Asset Impairment

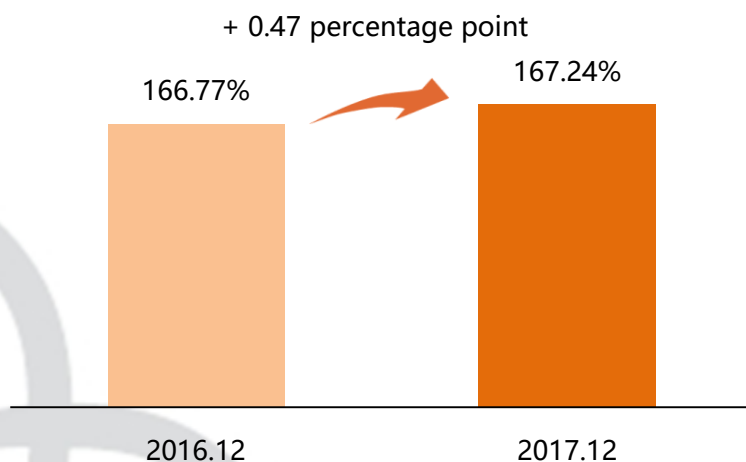
## Non-performing Loan rate



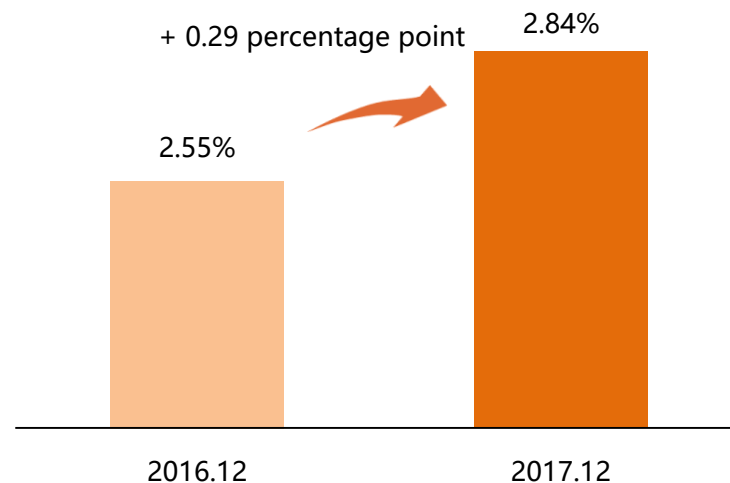
## Risk management measures

- ✓ Full caliber full coverage unified risk management
- ✓ Full customers layered management
- ✓ Full collaterals layered management
- ✓ Vertically examine and approve of non-retail business
- ✓ Rigidly control of the risk quota system
- ✓ The long-effect management mechanism of non-performing assets
- ✓ Comprehensive application of "AI + Big data" in risk management
- ✓ Special investigation in high risk field

## Provision coverage



## Provision-loan ratio

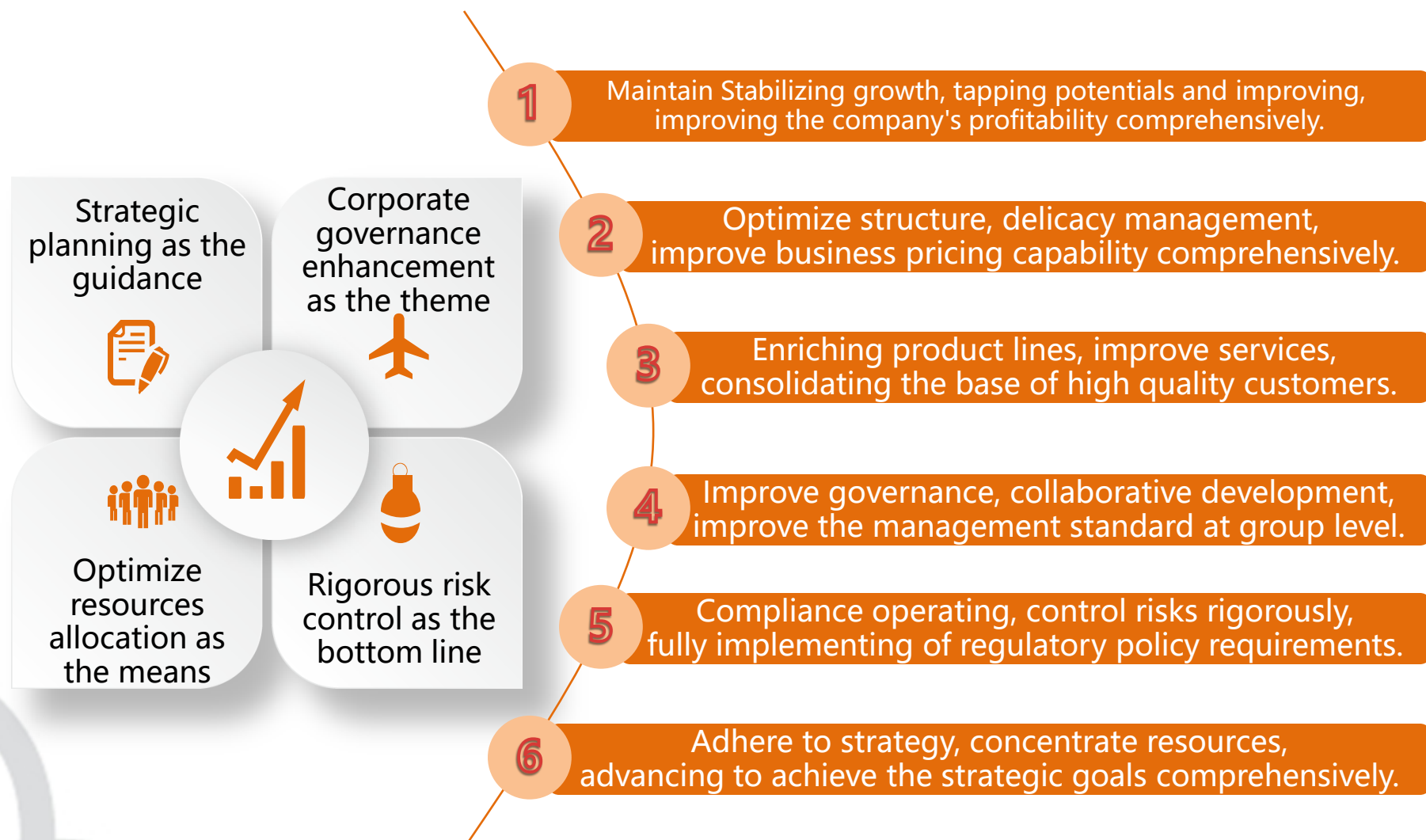




## 04 | Outlook



# Main Strategies For 2018



# Q & A

# Appendix: 2017 Annual Financials

Profit & Loss ( Million RMB )	2016	2017	Change
Operating income	14,172.0	14,133.6	↓ 0.27%
Of which: Net interest income	11,573.3	11,307.5	↓ 2.30%
Net fee and commission income	2,393.4	2,444.6	↑ 2.14%
Net profit	4,962.2	5,308.9	↑ 6.99%
Net profit attributable to shareholders of the Bank	4,876.6	5,249.1	↑ 7.64%
Net assets per share attributable to shareholders of the Bank	3.32	3.75	↑ 12.95%

Profitability ( % )	2016	2017	Change (%)
Return on average total assets	1.01	0.96	↓ 0.05
Return on average equity	14.01	13.50	↓ 0.51
Net interest spread	2.47	1.95	↓ 0.52
Net interest margin	2.65	2.15	↓ 0.50
Net fee and commission income to operating income ratio	16.89	17.30	↑ 0.41
Cost-to-income ratio	28.60	29.71	↑ 1.11

Assets & Liab. ( Million RMB )	2016	2017	Change
Total Assets	539,016.2	564,255.2	↑ 4.68%
Of which: Loans and advances to customers	201,627.9	237,397.8	↑ 17.74%
Total Liabilities	501,681.2	521,846.2	↑ 4.02%
Of which: Due to customers	343,151.0	378,258.4	↑ 10.23%
Share capital	10,995.6	10,995.6	—
Total Equity	37,335.0	42,409.0	↑ 13.59%

Assets quality indicators (%)	2016	2017	Change (%)
NPL ratio	1.53	1.70	↑ 0.17
Impairment losses on loans	2.55	2.84	↑ 0.29
Impairment coverage ratio	166.77	167.24	↑ 0.47
Core tier 1 CAR	9.34	9.72	↑ 0.38
Tier 1 CAR	9.35	9.74	↑ 0.39
Capital adequacy ratio	11.97	12.25	↑ 0.28
Loan-deposit ratio	58.76	62.76	↑ 4.00

Source: annual reports

# Thanks!

