



2019 Interim Results Announcement

Hong Kong
August 2019

A traditional Chinese ink wash painting of a misty mountain landscape. The scene features a prominent, dark pine tree growing from a rocky cliff edge in the foreground. The background consists of soft, hazy mountains and mist, creating a sense of depth and atmosphere. The style is minimalist and elegant, typical of classical Chinese art.

Disclaimer

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*Notes: Increase/decrease and percentag figures are derived based
financials rounded to RMB millions*



Financial Performance

Stable Profitability with Steady Growth in Net Profit

(RMB mn)
YoY Growth **16.67%**



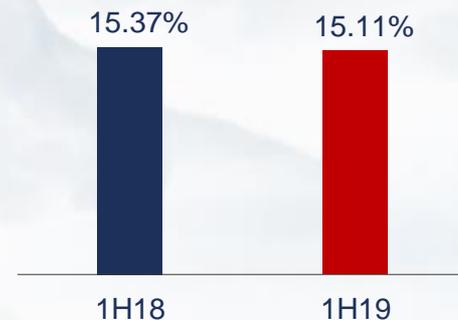
Net Profit

Return on Average Total Assets reached over **0.9%** for five years



Return on Average Total Assets

Return on Average Equity of Shareholders Reached more than **15%** for five years



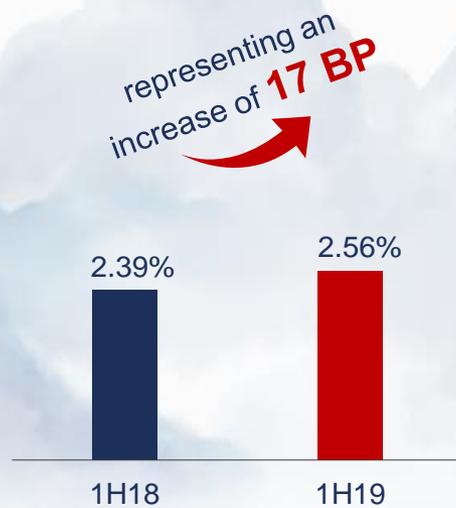
Return on Average Equity of Shareholders

Steady Increase in Net Interest Spread

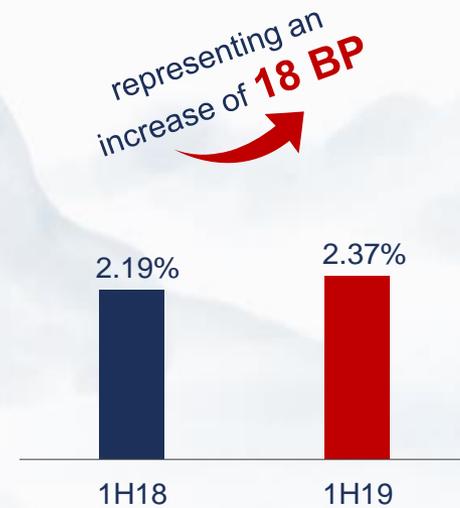
(RMB mn)



Net Interest Income



Net Interest Margin (NIM)

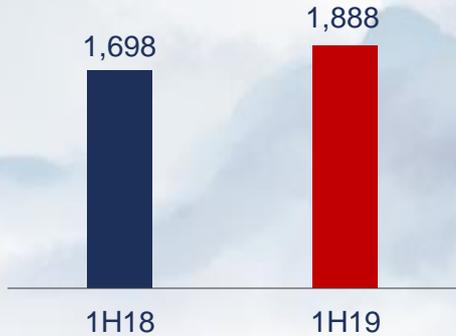


Net Interest Spread (NIS)

Robust Growth in Net Fee and Commission Income

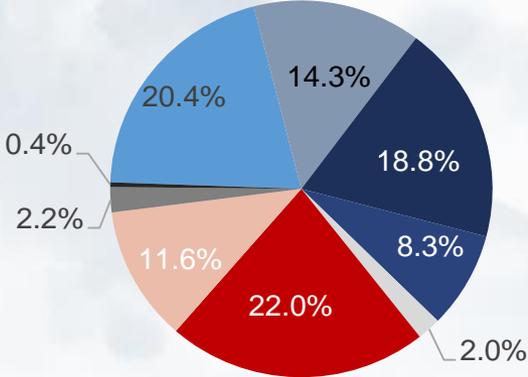
(RMB mn)

YoY Growth = **11.19%**



Net Fee and Commission Income

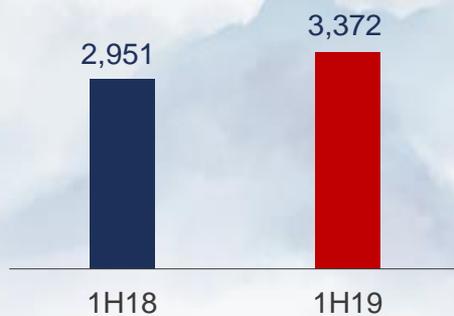
- Agency service fees
- Financial leasing fee income
- Bank card fee income
- Guarantee and commitment fee income
- Settlement fees
- Investment banking fee income
- Custodian service fee income
- Other fee income
- Settlement fees



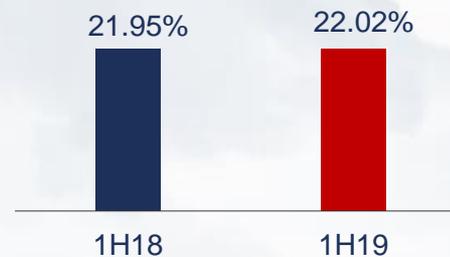
Principal Components of Fee And Commission Income

Continued Leading Cost-efficiency among Peers

(RMB mn)



**Operating Expenses
Increased Slightly**



**Cost-to-income Ratio
Continually Stayed Low**



Business Development

Steady Expansion of Business Scale



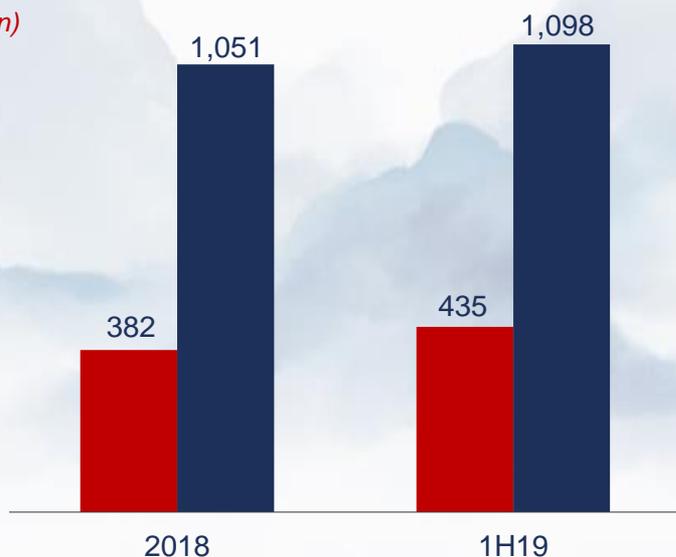
Total Assets: RMB **1,098.208** bn

Growth: **4.54%** YTD

Total Loans and Advances to

Customers Growth: **13.83%** YTD

(RMB bn)



■ Total Loans and Advances ■ Total Assets

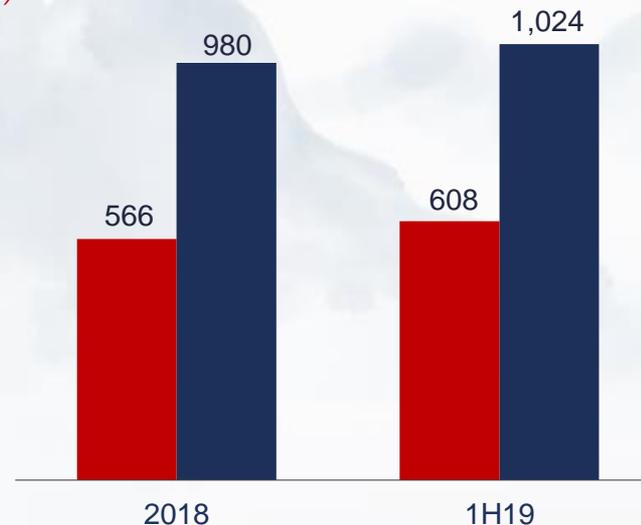


Total Liabilities: RMB **1,023.820** bn

Growth: **4.45%** YTD

Total Customer Deposits Growth: **7.43%** YTD

(RMB bn)



■ Total Customer Deposit ■ Total Liabilities

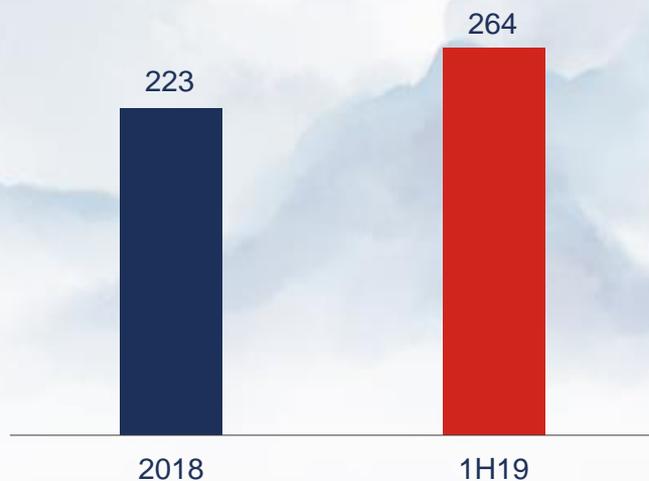
Steady Growth of Corporate Banking Business



Total Corporate Loans: **263.952** bn

Growth: **18.28%** YTD

(RMB bn)

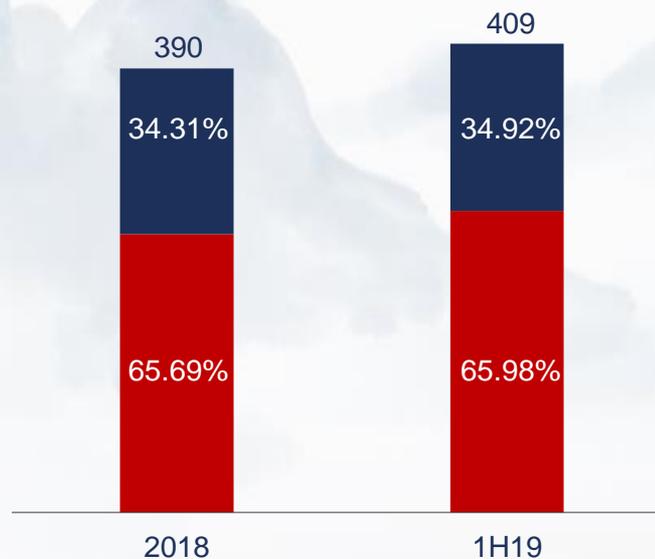


Corporate Deposit Keeps Steady



the Bank's market share of corporate deposit continued to rank the **first** in Anhui Province for eleven consecutive years

(RMB bn)



■ Demand Deposits

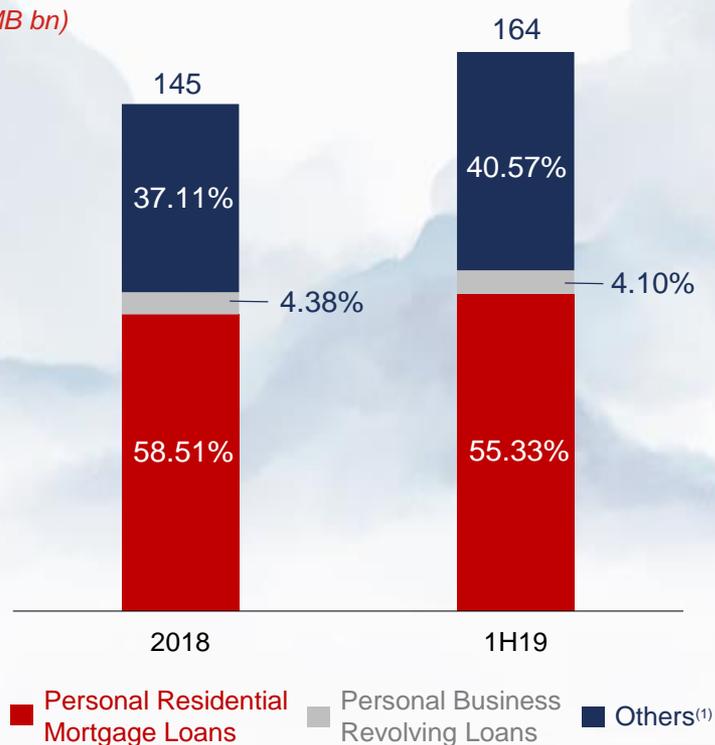
■ Time Deposits

Fast Growth of Retail Banking Business

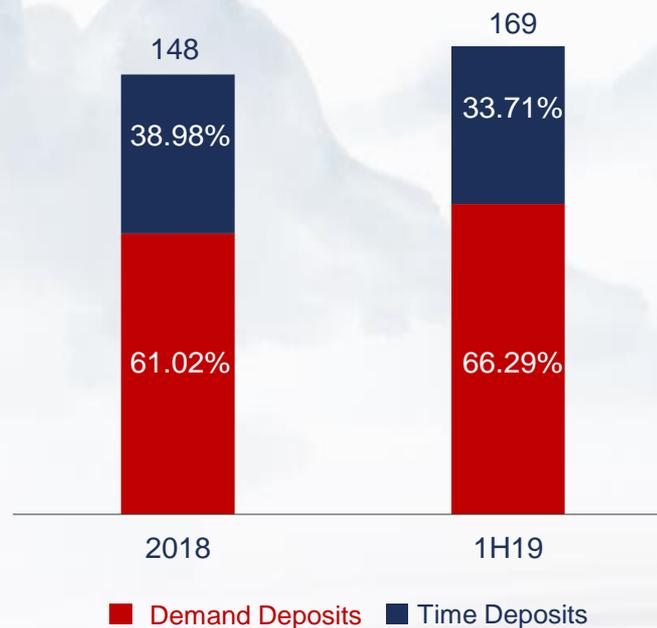
 Retail Loan Growth: **13.07%** YTD

 Retail Deposit Growth: **13.82%** YTD

(RMB bn)



(RMB bn)



(1) Other retail loans comprised products such as personal commercial real estate loans, direct banking personal credit guarantee online loans and Micro-Linked-Loan

Fast Growth of Retail Banking Business (Cont'd)

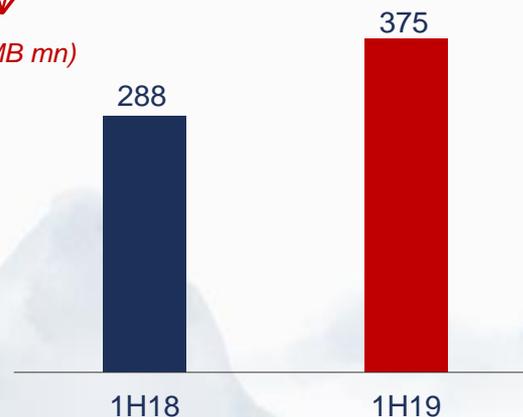
 Total Number of Valid Debit Cards

(in millions)



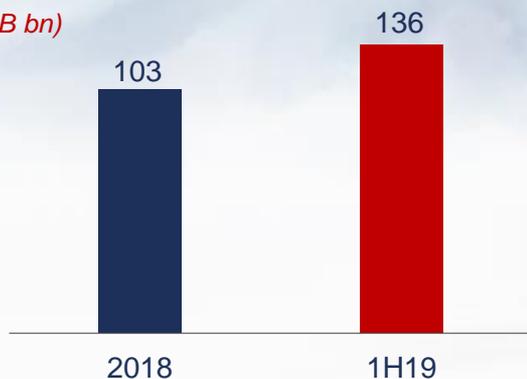
 Bank Card Fee Income

(RMB mn)



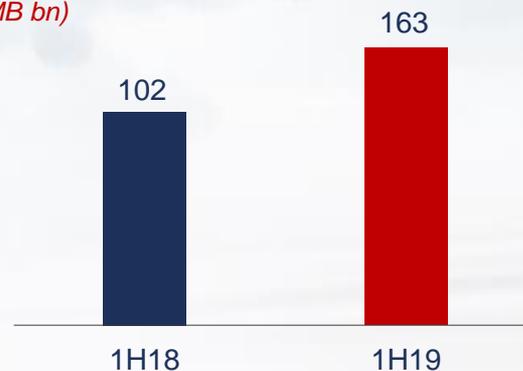
 Wealth Management Business Scale
(Excluding Direct Banking Business)

(RMB bn)



 Fund Raised for Personal
Wealth Management Business

(RMB bn)



Rapid Development of Other Businesses

International Business Maintained Steady and Rapid Growth

International settlements for clients amounted to US\$ **3.73** bn as at the end of June 2019, up **12.03%** YoY

As at the end of June 2019, the cumulative transaction volume of foreign exchange funds amounted to US\$**5.25** bn. The cumulative contracted value of the derivatives business was US\$**1.83** bn, of which the contractual amount of forward settlement of foreign exchange amounted to US\$**55.77** million, up **101.6%** YoY

In 1H19, in respect of agent bank business, the Bank further tapped its potential in satisfying customer demands and business development needs by continuously expanding and improving its overseas agency networks and making full use of its agency business resources to provide strong support for cross-border integrated finance. As at the end of June 2019, the Bank had established agency partnership with **678** banks in **76** countries and regions. In respect of cross-border clearing channel construction, the Bank provides clearing services in 8 major currencies and has **14** overseas clearing accounts



Electronic Banking Channels Further Improved

In the first half of 2019, the trading account transactions via retail electronic channels and via corporate electronic channels increased by **0.74** percentage points and **2.24** percentage respectively, compared with the end of 2018

The total number of personal online banking customers amounted to **4.28** mn. The number of personal online banking transactions accumulated to **192.13** mn, up **48.83%** YoY. The number of the Bank's corporate online banking transactions amounted to **25.08** mn. The transaction amount of corporate online banking accumulated to RMB **1061.38** bn

The total number of contracted mobile banking customers reached **3.78** mn. The number of mobile banking transactions reached **58.59** mn in 1H19, up **32.11%** YoY, and transaction amount accumulated to RMB**320.28** bn, up **79.66%** YoY

As at the end of June 2019, the number of direct banking accounts of the Bank exceeded **16.60** mn, the balance of various loans was RMB **21.65** bn, representing an increase of **34.19%** as compared with the beginning of the year

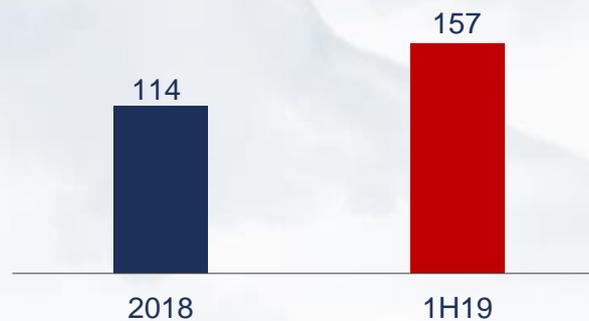


Rapid Development of Other Businesses(Cont'd)

 The Balance of Assets under Custody



 Financial Products Business



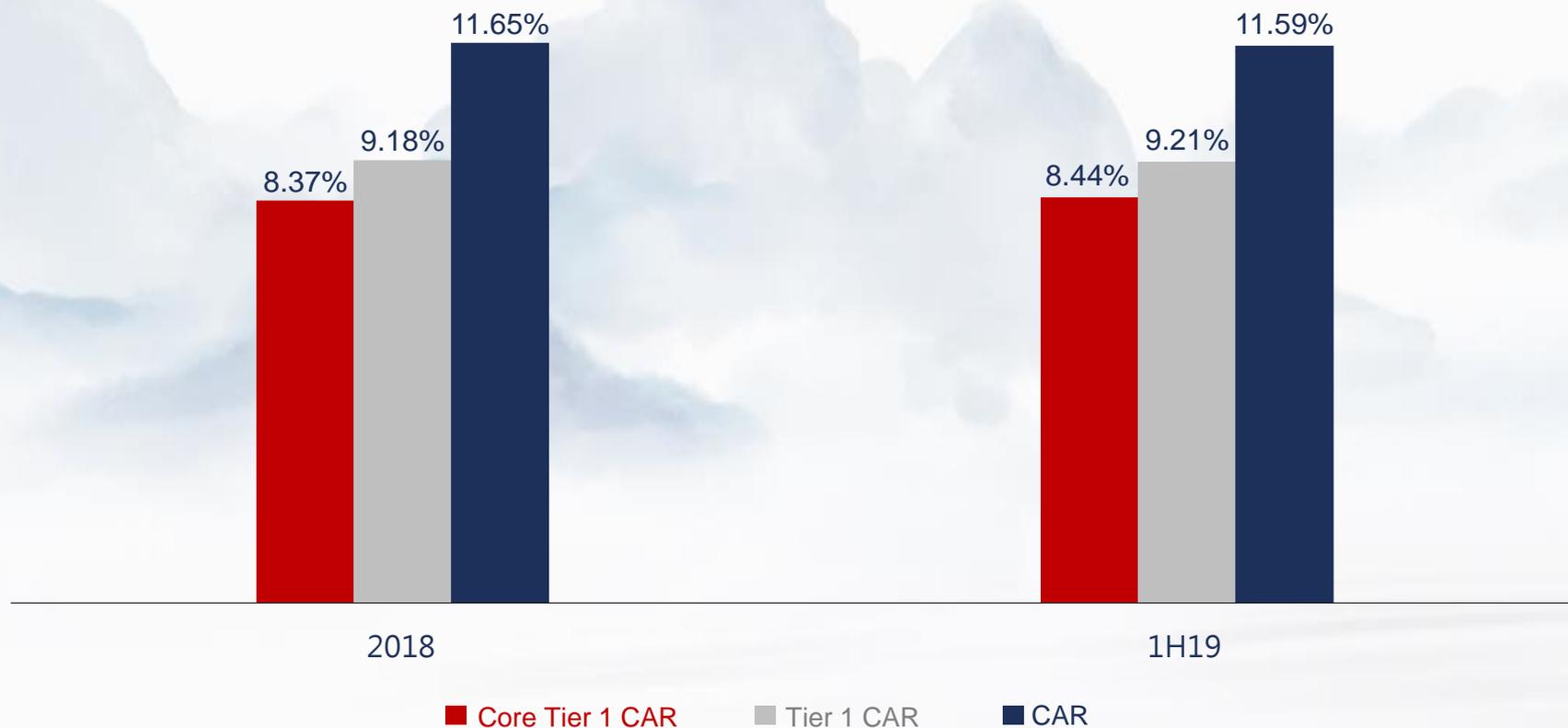


Risk Management

Capital Adequacy Ratios Continuously Comply with Regulatory Requirements



Capital Adequacy Ratios

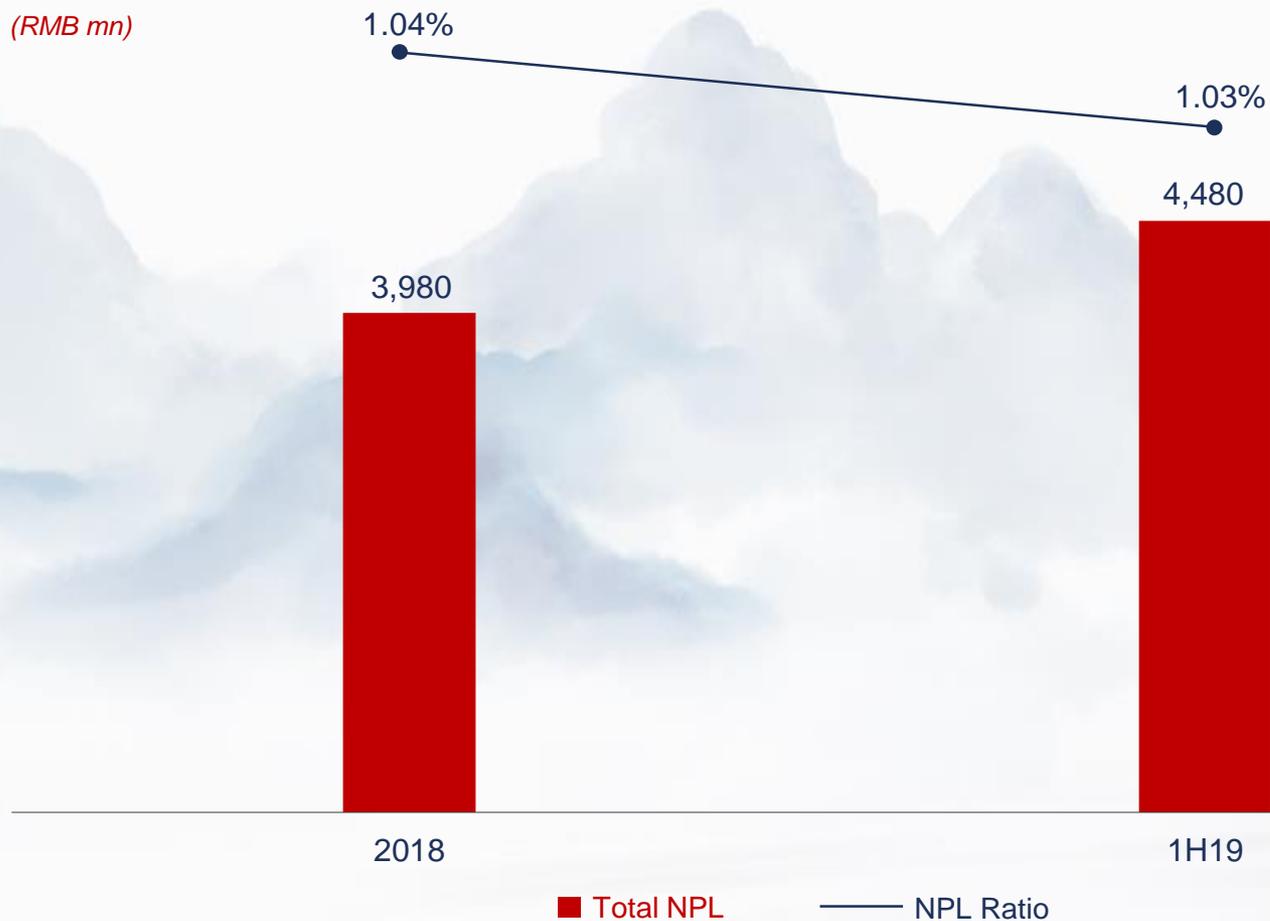


Asset Quality Remains Stable



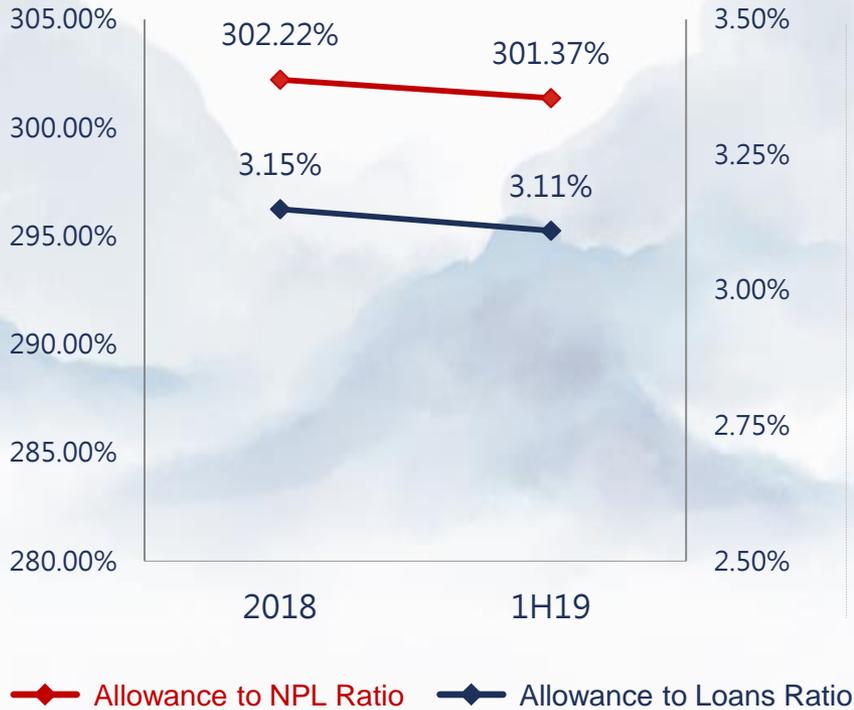
Asset Quality Remains Stable

(RMB mn)

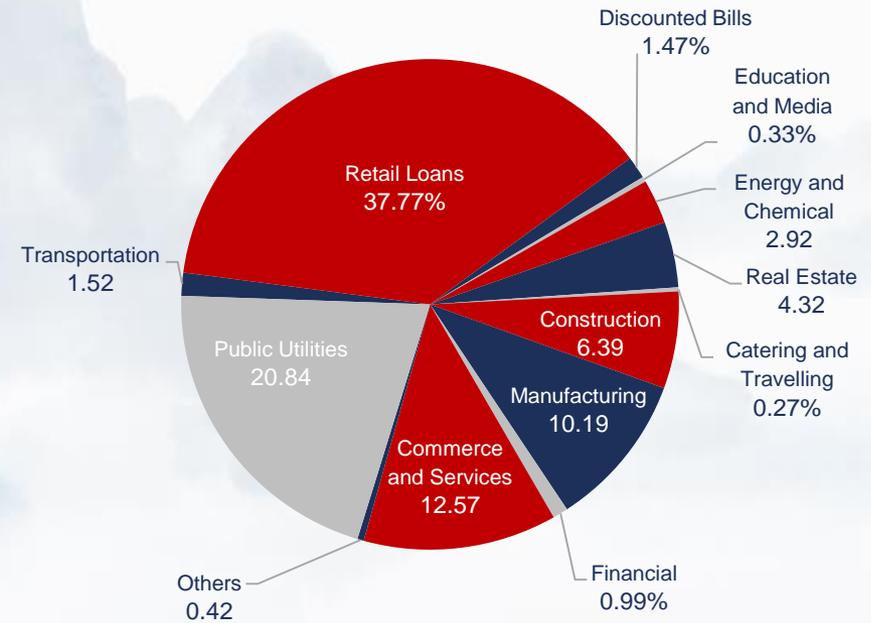


Effective Risk Management

Slightly Decrease in NPL



Strictly Control of Corporate Loan Distribution ⁽¹⁾



(1) Corporate loans are classified by industry; other sectors include the planting, forestry and livestock industry and the fishery industry.

IV

Outlook

2019 Outlook – Opportunities and Challenges

Vigorously improve the management of **“three fundamental tasks”** continue to consolidate the **“four fundamental tasks”** in business

Focus on high-quality development accelerate the implementation of three-year action plan of **“One Body, Two Wings”** (一體兩翼)

The Bank will offer a comprehensive range of services for local economic and social development as the principle of its founding and will adhere to the **return to its roots**

Looking forward to the second half of 2019, the variables in the global economic recovery still exist. Domestically, the effect of positive fiscal policies will be more apparent, monetary policy will remain stable, and economic growth is expected to stabilize gradually under the “six stabilities” policy and keep operating within a reasonable range.

Orderly promote the **“stabilization of growth, customer, liability, quality and foundation”**

Comprehensively build a **modern bank** with high-quality development.



Q&A

Summary Financials

| RMB in millions, percentage excluded | January to June 2019 | 31 Dec. 2018 | | Change |
|---|----------------------|--------------|---|---------|
| Total assets | 1,098,208 | 1,050,506 |  | 4.54% |
| Total loans and advances | 434,557 | 381,766 |  | 13.83% |
| Total liabilities | 1,023,820 | 980,229 |  | 4.45% |
| Total customer deposits | 608,037 | 565,961 |  | 7.43% |
| Equity attributable to shareholders of the bank | 72,255 | 68,213 |  | 5.93% |
| Core Tier 1 capital adequacy ratio | 8.44% | 8.37% |  | 0.07PPT |
| Capital adequacy ratio | 11.59% | 11.65% |  | 0.06PPT |
| NPL ratio | 1.03% | 1.04% |  | 0.01PPT |
| Allowance to NPL ratio | 301.37% | 302.22% |  | 0.85PPT |
| Allowance to loans ratio | 3.11% | 3.15% |  | 0.04PPT |

Summary Financials (Cont'd)

| RMB in millions, percentage excluded | January to June 2019 | January to June 2018 | | Change |
|--|----------------------|----------------------|---|---------|
| Net interest income | 12,825 | 11,043 |  | 16.14% |
| Net fee and commission income | 1,888 | 1,698 |  | 11.19% |
| Operating income | 15,310 | 13,443 |  | 13.89% |
| Profit before tax | 6,111 | 5,150 |  | 18.66% |
| Net profit | 5,011 | 4,295 |  | 16.67% |
| Earnings per share (RMB Yuan) | 0.40 | 0.35 |  | 14.29% |
| Net interest margin (NIM) | 2.56% | 2.39% |  | 0.17PPT |
| Cost-to-income ratio ⁽¹⁾ | 22.02% | 21.95% |  | 0.07PPT |
| Return on average assets | 0.93% | 0.92% |  | 0.01PPT |
| Return on average equity of shareholders | 15.11% | 15.37% |  | 0.26PPT |

(1) Cost-to-income ratio = Operating expenses (including business tax and surcharges) / Operating income



Thank You