

## Haitong Bank, S.A. Reports FY2018 Results – Successful Turnaround Leading to a Positive Performance

- **Banking Income has reached €99 million, a 43% year-on-year increase**
- **The FY2018 Operating Profit has reached €21 million, a significant improvement when compared to the Operating Loss of €57 million in 2017**
- **The Bank is running at 38% lower operating costs**
- **Net Income reached €1.2 million which compares to a loss of €130 million in 2017**
- **Haitong Bank succeeded in improving its Asset Quality**
- **The Bank's Capital position stands among the strongest in the industry with a CET 1 ratio of 22.9% and a Total Capital ratio of 28.9%**

**Wu Min, CEO**, stated *“Haitong Bank finally reaches profitability. We are proud to have created the foundations for the Bank's sustainability in terms of Business Model, Governance and Strategic Direction. Underpinned by a renewed corporate culture, we are committed to continue delivering performance with integrity in a meritocratic organisation.”*

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### Financial Overview

**Lisbon, March 22, 2019 – Haitong Bank, S.A.** (Haitong Bank) today reported an Operating Profit of €21.0 million, significantly better than the €57.2 million operating losses registered in 2017. Haitong Bank has succeeded in increasing revenues and returning to a consistent operating and bottom-line profitability.

Banking Income reached €98.5 million, a 43.3% YoY increase. The fee-driven business lines performed positively, particularly Capital Markets, M&A and Structured Finance.

This performance is the consequence of the turnaround, leveraging on China-related business together with a consistent performance of the local franchises in Europe and Brazil.

On the costs side, by the end of 2018, the Bank was running at a 38.3% lower cost base vs the same period of last year (€77.6 million in 2018 vs. €125.6 million in the previous year).

Impairments and provisions charges recorded a 66.5% decrease YoY to €26.4 million in 2018 from €78.8 million in 2017. These impairments were mostly related to the legacy credit portfolio.

Net Income reached €1.2 million bringing forward by one year the well-awaited profitability target.

**KEY INDICATORS**

(million euros)		
B/S	2018 December	2017 December (restated)
Total Assets	2 895	3 276
Total Liabilities	2 279	2 742
Equity	616	534
CET1 ratio (transitional)	22.9%	21.2%
CET1 ratio (fully-loaded)	22.6%	20.3%
Total capital ratio (transitional)	28.9%	21.3%
Total capital ratio (fully-loaded)	28.5%	20.5%
Leverage ratio (transitional)	18.6%	15.0%
Leverage ratio (fully-loaded)	18.4%	14.5%
(million euros)		
P/L	2018 December	2017 December (restated)
Banking Income	99	69
Operating Costs	-78	-126
Operating Profit	21	-57
Impairment and Provisions	-26	-79
Net profit / loss	1	-130
Total Headcount	389	462

**Capital**

Haitong Bank is currently highly capitalized with CET1 of 22.9% and Total Capital ratio of 28.9%. The combination of capital availability and transaction pipeline, both in the local regions and China-related, will allow further expanding of the balance sheet and the improvement of the recurrent revenues in the next financial years.

## Other Matters

During the year, Haitong Bank benefitted from the results from discontinued operations of €13.2 million related to the sale of the UK and US subsidiaries. This was an important part of the restructuring plan, which allowed Haitong Bank to focus on its core business in corporate and investment banking under a more efficient cost basis. This result from discontinued operations did not affect the operating income of the Bank.

The Bank is preparing the sale of its Irish subsidiary – Haitong Investment Ireland p.l.c. –, and, consequently, the assets and results of the Irish subsidiary have been reclassified to the discontinued operations line category.

As a result of the significant efforts to reduce the stock of non-performing loans, the NPL ratio registered a significant drop from 37.3% in 2017 to 8.2% in 2018, also benefiting from the accounting reclassification of Haitong Investment Ireland p.l.c.. Without this reclassification, the NPL ratio would stand at 21.8%, which still represents a 41% reduction on the stock of NPL during the year.

## About Haitong Bank

Haitong Bank is part of Haitong Securities Co. Ltd, which is one of the leading investment banks and securities firms in China listed in the Shanghai Stock Exchange (stock code: 600837) and in the Hong Kong Stock Exchange (stock code: 6837). Haitong Securities currently has nearly 340 securities and futures business units and nearly 13 million customers at home and abroad. Haitong Group has operations in Asia-Pacific (Mainland China, Hong Kong, Singapore, Japan and India); EMEA (Iberia, UK, Poland and Ireland) and the Americas (US and Brazil) with a staff of 10,383.

Haitong Bank offers a combination of expertise in corporate and investment banking, asset management and private equity businesses. Through its offices in Iberia, the UK, Poland and Brazil, Haitong Bank has an unrivalled cross-border approach, connecting clients and business opportunities across its broad group network with a team of almost 400 professionals.

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