

Haitong Bank, S.A. Reports First Half 2018 Results

- **Banking Income has reached €48.8 million, a 40.2% year-on-year increase**
- **The Bank is running at 44% lower operating costs**
- **1H18 Operating Profit of €9.6 million vs an Operating Loss of €35.1 million in 1H17**
- **Results reflect the restructuring and repositioning of the Bank with enhanced operating leverage**
- **Capital position among the largest in the industry with a CET 1 ratio of 22% and Total Capital ratio of 28%**

Wu Min, CEO, said “We are proud to report a return to operating profitability during the first half of 2018. This is an encouraging indication that the restructuring, repositioning and new governance structure of the Bank are yielding results. During this first half of the year, we have benefitted from a good flow of cross-border business with China and positive revenue momentum in our core geographies. This performance has further consolidated Haitong Bank’s position as a core element of our Group’s international franchise.”

Restructuring already yielding results

Lisbon, September 18, 2018 – Haitong Bank, S.A. (Haitong Bank) today reported Banking Income of €48.8 million, a 40.2% year-on-year increase, which resulted mainly from higher commissions, in particular from the Capital Markets and Structured Finance business areas.

The positive revenue momentum benefitted from the restructuring and repositioning of the Bank to become the corporate and investment banking unit of Haitong Group. The Bank has significantly increased cross-border business with China, leveraging on its unique China angle. Also the domestic franchises in Iberia, the UK, Poland and Brazil have shown a positive performance.

By the end of the first half, the Bank registered a 44% lower cost base versus the same period last year (€39.1 million versus €69.9 million). This positive performance on the cost side has been a core objective of the restructuring plan to ensure the sustainability of the business.

As a result of the improved banking income and lower operating costs, Haitong Bank has registered an Operating Profit of €9.6 million, significantly better than the results achieved in the first half of 2017 (€35.1 million Operating Loss). This is also a clear indication of the successful operational turnaround that has been implemented.

Impairments and provisions were 38% lower versus the same period last year, although the Bank continued to take a conservative approach to its legacy credit portfolio. This effect led the Bank to register Net Losses of €2.1 million, which represents a significant improvement vs the €79.8 million Net Losses in the first half of 2017, showing that the Bank is nearly at break-even.

KEY INDICATORS

	(million euros)	
B/S	2018 June	2017 December
Total Assets	3 263	3 276
Total Liabilities	2 642	2 742
Equity	621	534
CET1 ratio (phased-in)	22.1%	21.2%
CET1 ratio (fully-loaded)	21.9%	20.3%
Total capital ratio (phased-in)	28.0%	21.3%
Total capital ratio (fully-loaded)	27.7%	20.5%
Leverage ratio (phased-in)	21.8%	15.0%
Leverage ratio (fully-loaded)	21.6%	14.5%

	(million euros)	
P/L	2018 June	2017 June
Banking Income	49	35
Operating Costs	-39	-70
Operating Profit	10	-35
Impairment and Provisions	-23	-38
Net profit / loss	-2	-80
Total Headcount	392	498

Source: Haitong Bank

Capital

During the first half of the year, Haitong Bank's capital has strengthened considerably, benefitting from the issuance of a US\$130 million additional tier 1 instrument that was fully subscribed to by the Group. This deal is a clear indication of the Shareholder's commitment to Haitong Bank's successful turnaround, underpinned by a strong capital position, as a driver to achieve sustainable profitability. By the end of the first half of 2018, the Bank's Common

Equity Tier 1 and the Total Capital Ratio were 22% and 28%, respectively. The Leverage Ratio was 21.8%.

By the end of June, total assets reached €3.3 billion, approximately the same amount as at the end of 2017. The Bank's comfortable capital and liquidity positions provide significant balance sheet capacity to expand lending and investment, which should occur from the second half of 2018 onwards.

Other Matters

During the first half of the year, Haitong Bank has registered 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 that 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 impact the operating income of the Bank.

About Haitong Bank

Haitong Bank, S.A. is part of Haitong Securities Co. Ltd, which is one of the leading investment banks and securities firms in China listed on the Shanghai Stock Exchange (stock code: 600837) and on the Hong Kong Stock Exchange (stock code: 6837). Haitong Securities currently has nearly 340 securities and futures business units in the PRC and nearly 12 million customers at home and abroad. Haitong Group has operations in Asia-Pacific (Mainland China, Hong Kong, Singapore, Japan and India), EMEA (Iberia, the UK, Poland and Ireland) and the Americas (US and Brazil).

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

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