

**IPO FACT SHEET**
**Jinshang Bank Co., Ltd. (2558)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$3,268.0m – HK\$3,422.8m
<b>Placement Tranche:</b>	860m
<b>Price:</b>	HK\$3.80 - HK\$3.98
<b>Board lot:</b>	1,000
<b>Entry fee:</b>	HK\$4,020.11
<b>Historical PE</b>	12.4x – 13.0x
<b>Net tangible asset per share:</b>	HK\$3.69 – HK\$3.72
<b>Market Cap (post-IPO):</b>	HK\$21,766.4m - HK\$22,797.4m
<b>Open:</b>	28 June 2019
<b>Close:</b>	12.00 noon on 11 July 2019
<b>Trading:</b>	18 July 2019
<b>Sponsor:</b>	CCB International Capital Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited

<b>Year ended 31 Dec</b>	<b>(in millions of RMB)</b>	<b>yoy % chg</b>
<b>Operating income</b>		
2017	4,385.9	11.0%
2018	4,752.8	8.4%
<b>Net profit</b>		
2017	1,230.5	19.2%
2018	1,313.6	6.8%

**BACKGROUND**

- The Group is the only provincial city commercial bank in Shanxi Province. In 2018, it was ranked 440th among the “Top 1000 World Banks” in terms of tier-one capital as of December 31, 2017 by The Banker, moving up 136 places compared with its ranking in 2017.
- The Group has established an extensive business network covering Shanxi Province that fully penetrated into regions with strong economic growth. As of December 31, 2018, it had a business network comprising 160 outlets that covered all 11 prefecture-level cities in Shanxi Province.
- During the Track Record Period, a majority of its corporate loans were granted to borrowers in the manufacturing and mining industries, which included some enterprises operating in the iron and steel industry and the coking industry that are commonly associated with heavy pollution, high energy consumption or overcapacity in China.
- The Group experienced an increase in its net interest spread and net interest margin from 2016 to 2017, followed by a decrease in the same ratios from 2017 to 2018. Apart from the impact of the change of accounting policies, these changes were mainly due to changes in the average cost on its interest-bearing liabilities.

**BUSINESS STRATEGIES**

- Continuously enhance its existing competitive edges by capturing opportunities brought up by the economic transformation of Shanxi Province and solidifying its advantages in the local market.
- Optimize its business and revenue structure by further improving its business network and promoting the transformation of its retail banking business with a focus on the expansion of wealth management and private banking business operations.
- Continue to develop its featured financial services for micro and small enterprises by leveraging the advantages of its corporate banking businesses, and continue to enhance its cooperation with local enterprises and governments.
- Further enhance its risk management and internal control capability to improve asset quality.
- Optimize its human resources system to attract and cultivate quality talents.
- Continually improve technology innovation and utilization and invest in the development of internet finance channels.

### COMPETITIVE STRENGTHS

- The Group is the only provincial city commercial bank in Shanxi Province and are well-positioned to benefit from the strong growth of the local economy driven by Shanxi Province's economic transformation and favorable national and regional policies.
- The Group has established a strongly competitive corporate banking business by deepening cooperation with corporate and institutional customers and actively seizing market opportunities brought up by favorable policies.
- The Group continually innovates retail banking products and services based on thorough analysis of customers' needs and have established its distinctive competitiveness.
- The Group recognizes the strategic value of internet technology for promoting its financial market business and invest in the continual utilization of advanced technology to drive innovation in its financial products and services.
- The Group has established a sound risk management mechanism and have taken prudent risk management measures to ensure asset quality.
- Its market leading position can be strongly attributed to its corporate culture that represents the cultural heritage of "Jin Shang (晋商)", its management team with rich industry experience, a sound and diversified shareholders' structure and a well-established talent cultivation system.

### KEY RISKS

- Ability to effectively maintain the quality of its loan portfolio.
- Its allowance for impairment losses on loans may not be sufficient to cover the actual losses on its loan portfolio in the future.
- The Group faces concentration risks from its credit exposure to certain industries, borrowers and geographic regions.
- The collateral or guarantees securing its loans to customers may not be sufficient or fully realizable.
- The Group is exposed to risks arising from loans granted to small and micro enterprises.
- Any significant or protracted downturn in, or change in national policies affecting the real estate market in the PRC.
- There are legal defects regarding some of its properties.
- The Group disposed of certain non-performing assets and should it become unable to dispose of or transfer such assets in the future, its liquidity, financial condition and results of operations may be affected.
- Further development of interest rate liberalization, the PBoC's adjustments to the benchmark interest rate, the deposit insurance program and other regulatory changes in the PRC's banking industry.
- Risks relating to SPV investments.
- Ability to detect and prevent fraud or other misconduct committed by its employees or third parties.

### DIVIDEND POLICY

- No fixed dividend policy

### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To strengthen its capital base to support the ongoing growth of its business	3,230.5	100.0%
<b>Total:</b>	<b>3,230.5</b>	<b>100.0%</b>

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