



Bank of Chongqing, Co.,Ltd.

(1963.HK)

2015 Interim Results Presentation

Hong Kong (Aug. 2015)





2015 Interim results presentation

Disclaimer

- The information contained in these materials does not constitute an offer or invitation to purchase or subscribe for any securities of Bank of Chongqing ,Co., Ltd.(the “Company”) in Hong Kong, the United States or other regions. No securities of the Company have been registered under the U.S Securities Act of 1933,as amended, and securities of the Company may not be offered or sold in the United States unless such registration has been processed pursuant to the applicable laws or an exemption from such registration is otherwise available.
- This Statement includes such “Forward-looking Statement "as defined in Article 27A of the U.S. Securities Act of 1933 (as amended) and Article 21E of the U.S. Securities Act of 1934 (as amended). Such Forward-looking Statement involves known or unknown risks, uncertainties and other factors, and is made based on the existing expectations, assumptions, estimations and forecasts of the industries in which the Company is operating business. Unless the law provides otherwise, the Company is not obligated to update any Forward-looking Statement for purposes of reflecting such events or situation occurred in the future nor the Company be obligated to make the corresponding changes thereto such expectations made by the Company. Although the Company believes that such expectations as stated in such Forward-looking Statement are reasonable, the Company cannot guarantee to you that such expectations made by the Company will prove to be correct in the future. Moreover, investors should be noted that the actual results may probably be different from the forecasted results.

Contents












- 1 **Key Business Highlights**
- 2 **Financial Performance**
- 3 **Business Overview**
- 4 **Risk Management**
- 5 **Outlook**

1

Key Business Highlights



Key Business Highlights

RMB (million)	1H2015	1H2014	Change (%)
Net interest income	3,412	2,984	 14.3
Net fee and commission income	766	455	 68.4
Operating income	4,263	3,608	 18.2
Profit before income tax	2,439	2,196	 11.0
Net profit for the year/period attributable to shareholders	1,838	1,667	 10.3
变 动			
EPS (RMB)	0.68	0.62	 0.06
	Jun 30, 2015	Dec 31, 2014	变动率 (%)
Total assets	282,810	274,531	 3.0
Net loans and advances to customers	112,995	104,115	 8.5
Total liabilities	265,621	258,628	 2.7
Customer deposits	181,479	167,932	 8.1
Total equity	17,189	15,903	 8.1

Key Business Highlights

Ratio (%)	1H2015	1H2014	Change
Annualized ROA	1.33	1.55	↓ -0.22
Annualized ROE	22.40	23.92	↓ -1.52
Net interest spread (NIS)	2.33	2.61	↓ -0.28
Net interest margin (NIM)	2.58	2.86	↓ -0.28
Fee and commission income ratio	17.97	12.60	↑ 5.37
	Jun 30, 2014	Dec 31, 2014	Change
Non-performing Loans ratio	0.90	0.69	↑ 0.21
Core capital adequacy ratio (CCAR)	9.84	9.63	↑ 0.21
Capital adequacy ratio (CAR)	11.16	11.00	↑ 0.16
Loan-to-Deposit ratio	63.79	63.39	↑ 0.40

2

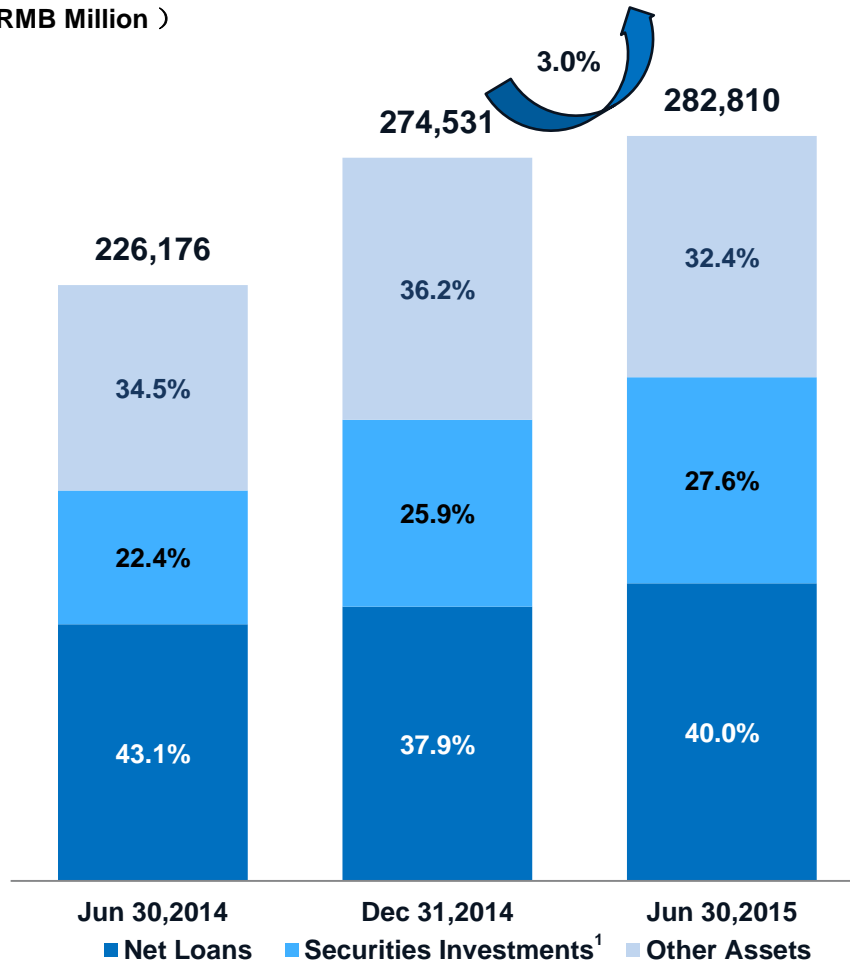
Financial Performance

Financial Performance

Solid and healthy growth of assets

Total assets:

(RMB Million)



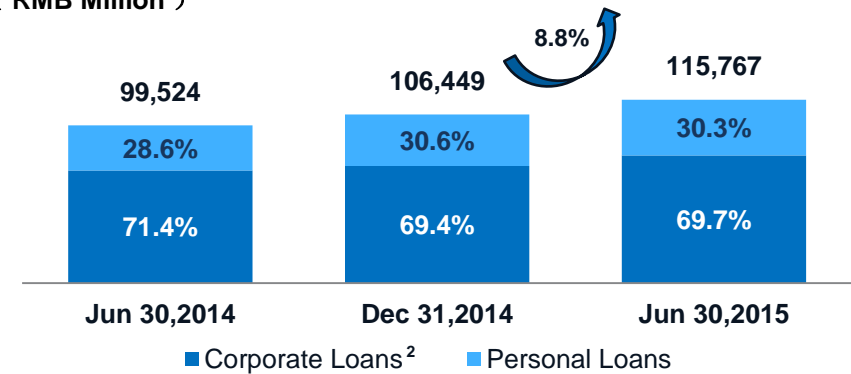
¹ Including loans and accounts receivable investments, available-for-sale securities and held-to-maturity securities.

² Including discounted bills.

³ Including pledged deposits held as collateral.

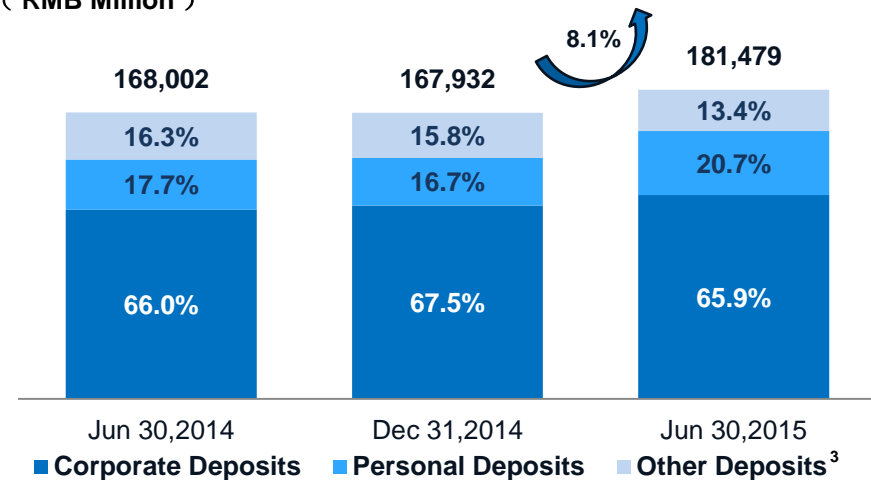
Total loans:

(RMB Million)



Total deposits :

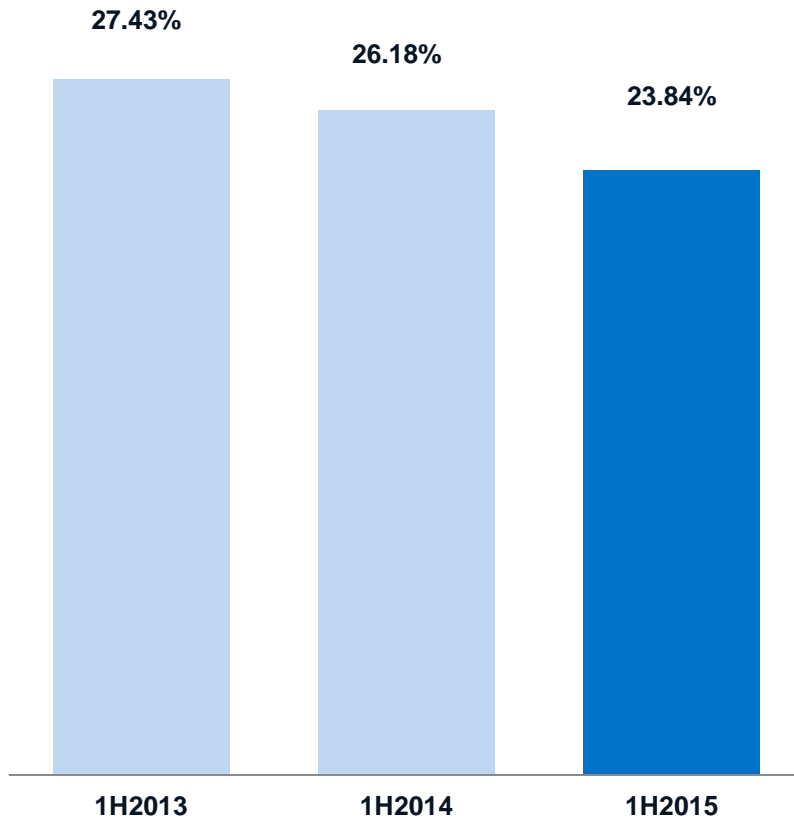
(RMB Million)



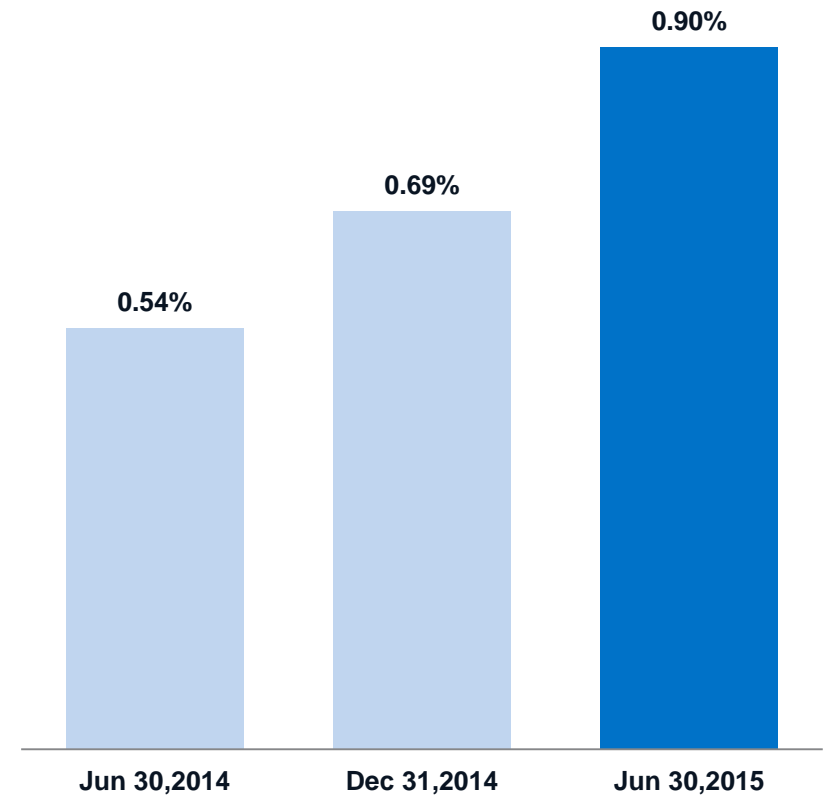
Financial Performance

Decreasing Cost/Income ration, Below-average NPL ratio

Cost-to-income ratio¹:



Non-performing loan ratio ² :



¹ Excluding business tax and surcharges.

² Calculated by dividing balance of non-performing loans by total balance of loans and advances to customers.

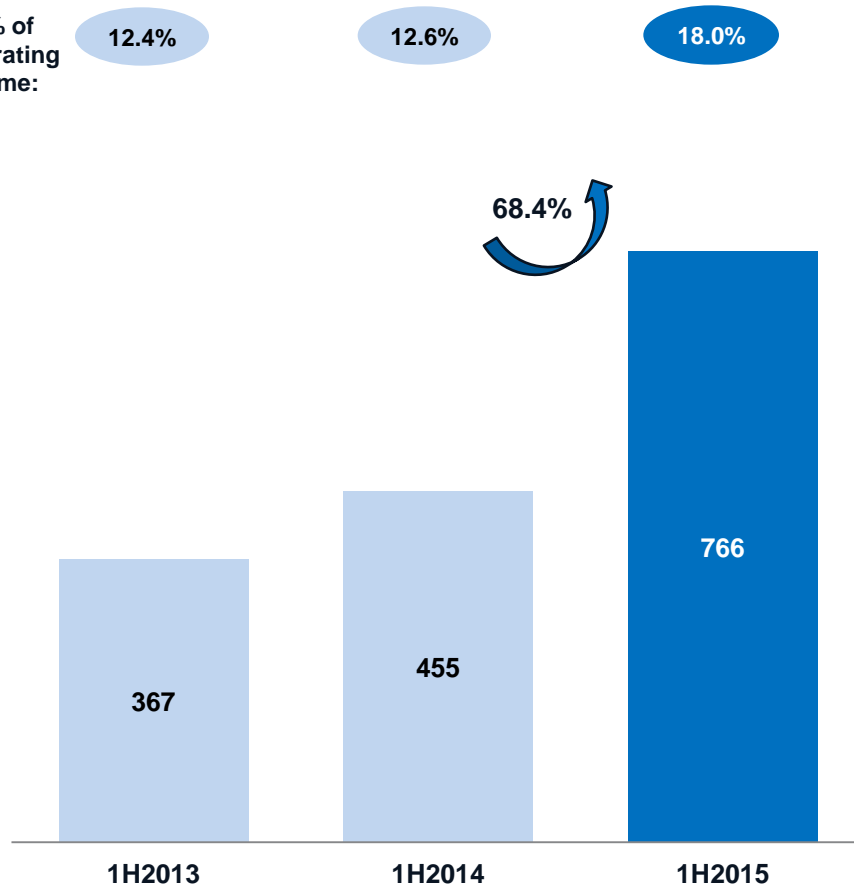
Financial Performance

Strong growth in non-interest income

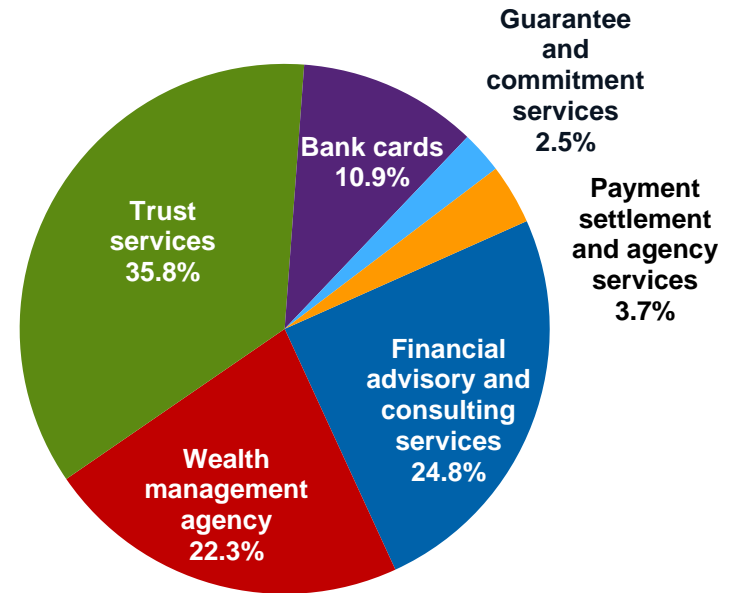
Net fee and commission income:

(RMB Million)

As % of
Operating
Income:



Net fee and commission income breakdown: 1H2015



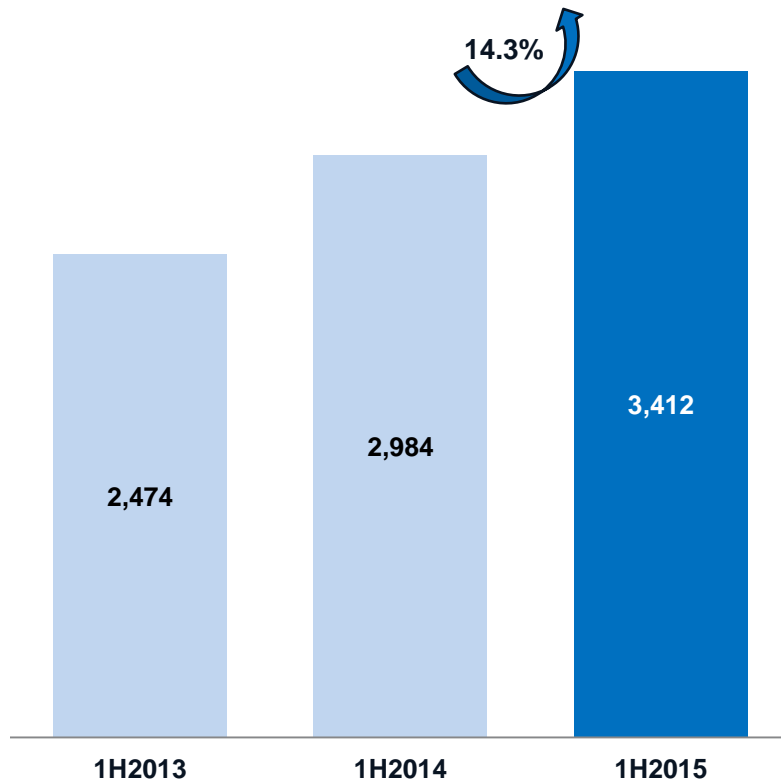
Net Fee and Commission Income
in 1H2015: RMB 766m

Financial Performance

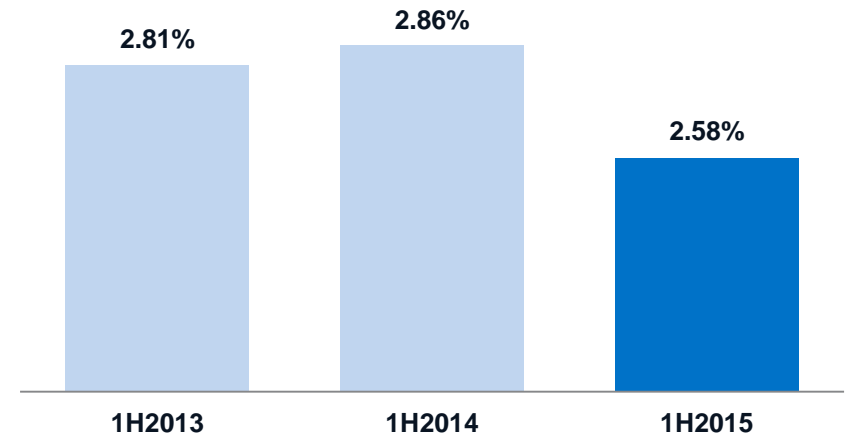
Solid growth of net interest income, narrowing NIM and NIS

Net interest income:

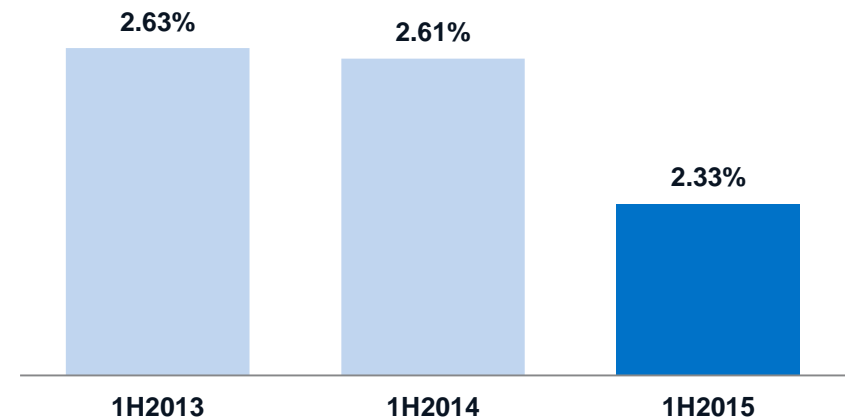
(RMB Million)



NIM:



NIS:



3 Business Overview

- Corporate banking business
- SME business
- Personal banking business
- Treasury Operations



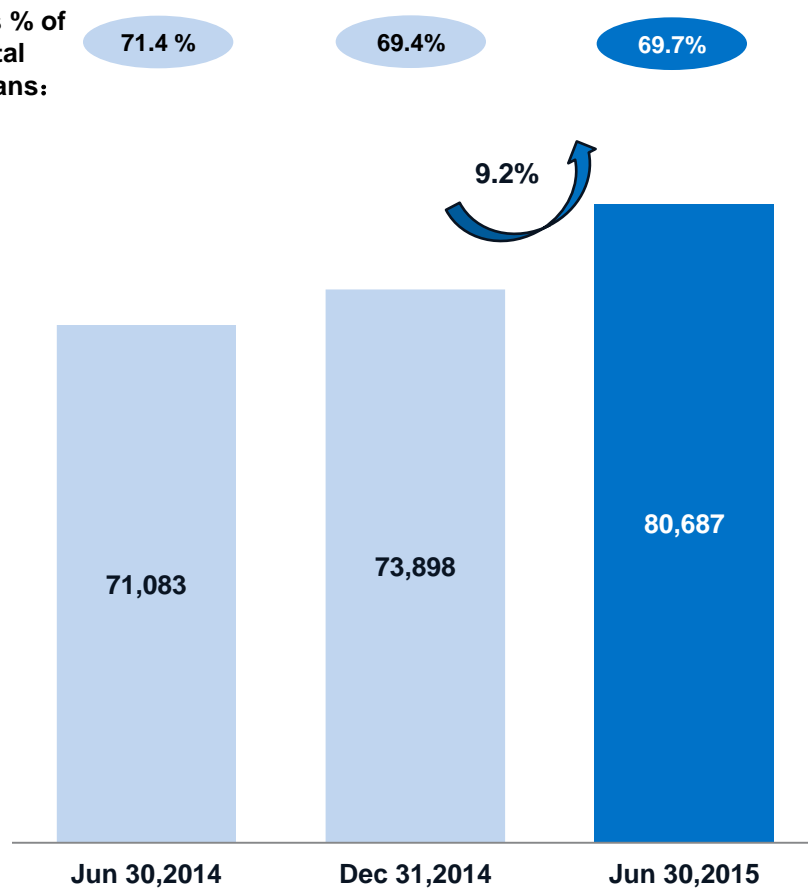
Business Overview: Corporate banking business

Corporate banking business- core business, main driver of revenue and profit

Corporate banking loans ¹:

(RMB Million)

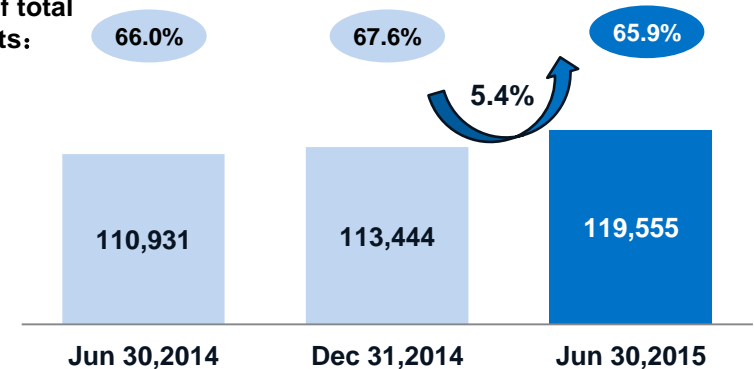
As % of
total
loans:



Corporate banking deposits:

(RMB Million)

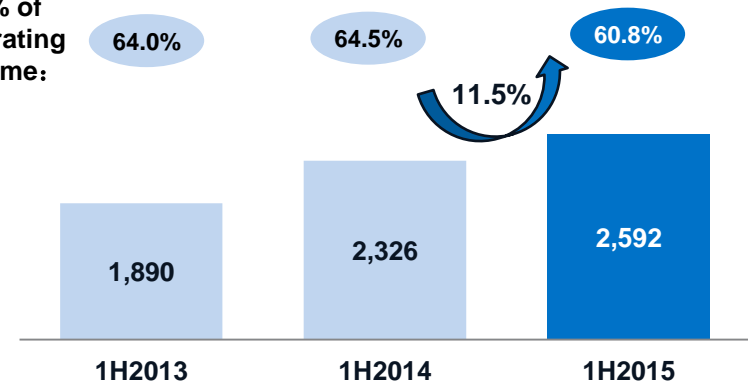
As % of total
deposits:



Corporate banking operating income:

(RMB Million)

As % of
operating
income:



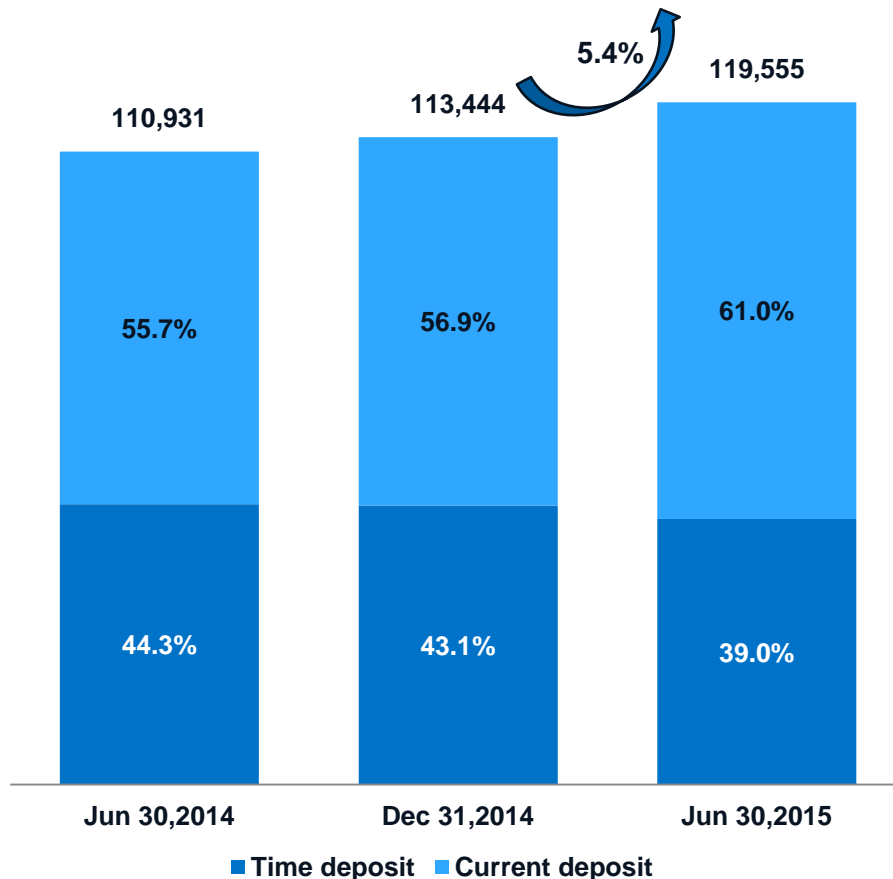
¹ Including SME loans.

Business Overview: Corporate banking business

Continue optimizing the structure of corporate deposits, provides stable funding sources

Structure of corporate deposits and growth rate:

(RMB Million)



Corporate deposits description:

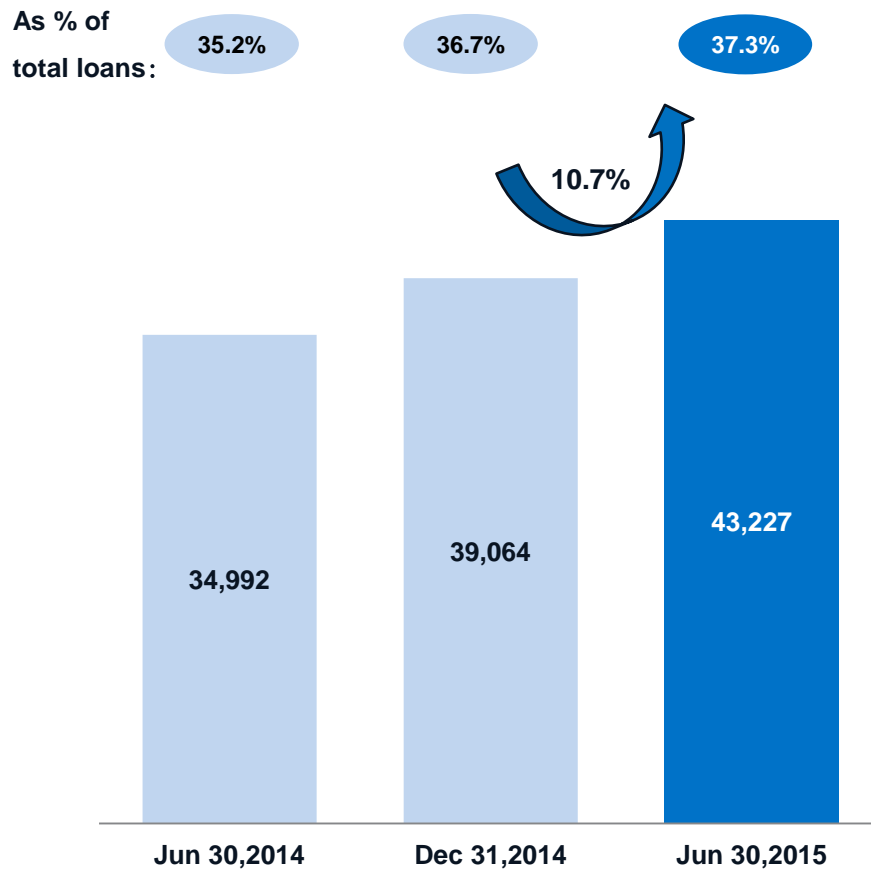
- In order to minimize duration mismatch and stabilize deposits, we focused on attracting time deposits. As end of June 2015, time deposits accounted for 61.0% of total corporate deposits.
- Fast growing corporate deposits:
 - Growing customer base and expanding new customer relations.
 - Full coverage of 38 counties and districts of Chongqing Area since 2011.
 - Three branches launched since 2008 in other 3 western Provinces (Chengdu, Sichuan Province; Guiyang, Guizhou Province; and Xi'an, Shaanxi Province).

Business Overview: SME business

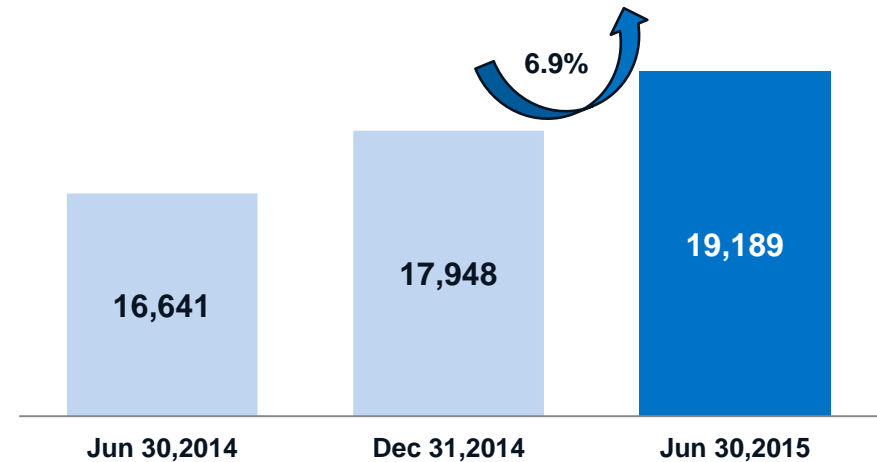
Fast-growing SME business ¹

SME Loans:

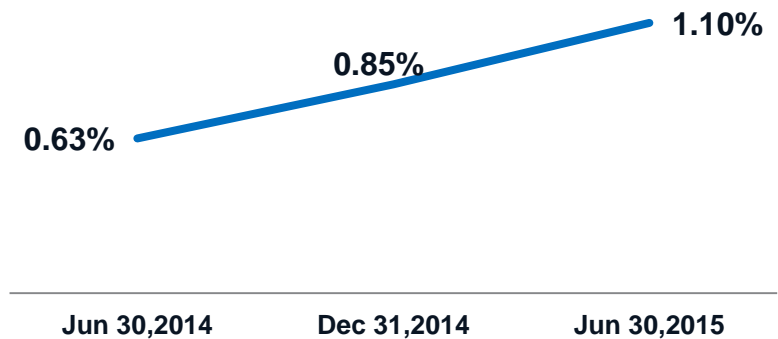
(RMB Million)



Number of SME clients:



SME NPL ratio:

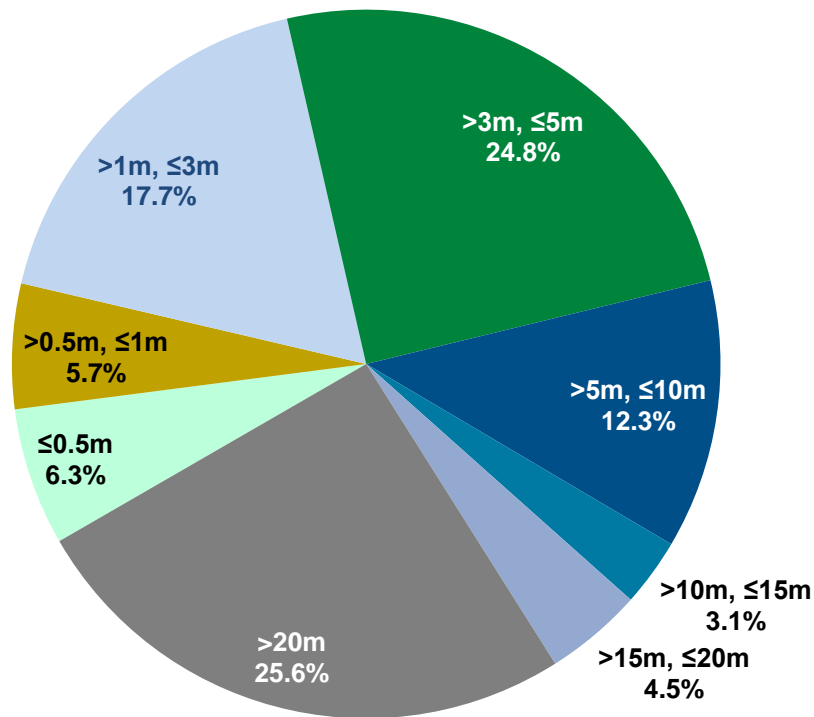


¹ The amount of SME loans is from our management data. The SME loan amount calculation is SME loans included in corporate loans plus personal business loans in individual business, then minus public institution loans.

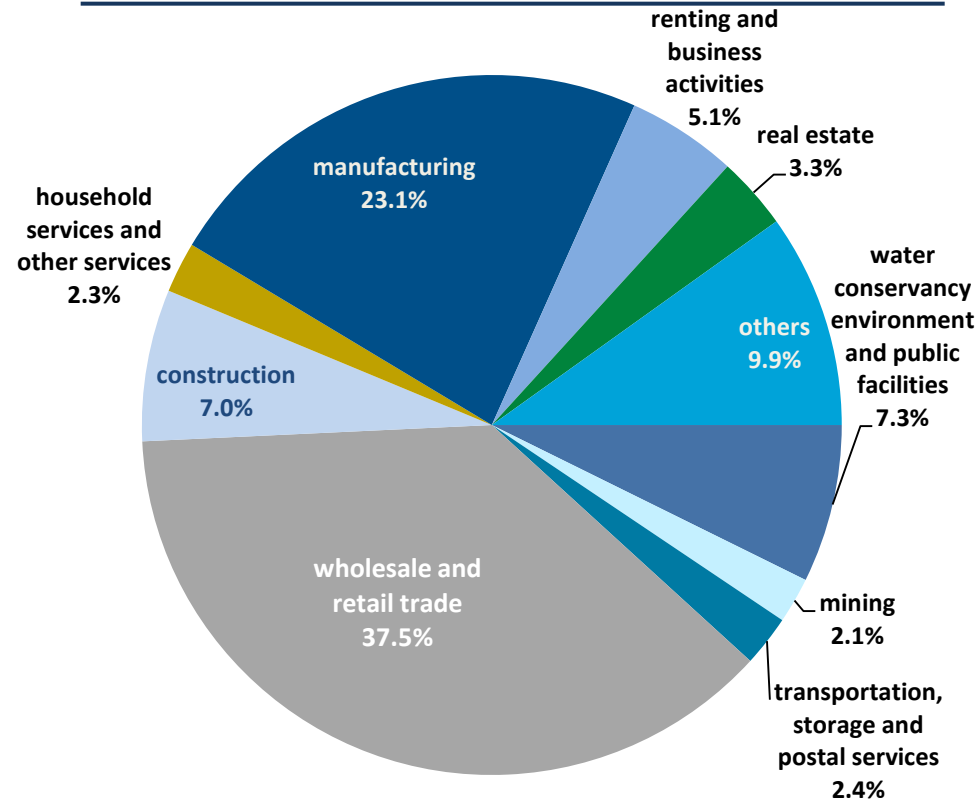
Business Overview: SME business

Well adapted to local economy with scale & industry diversification

Breakdown by scale (Jun 30,2015)



Breakdown by industries (Jun 30,2015)



SME Loans :RMB 43.23bn

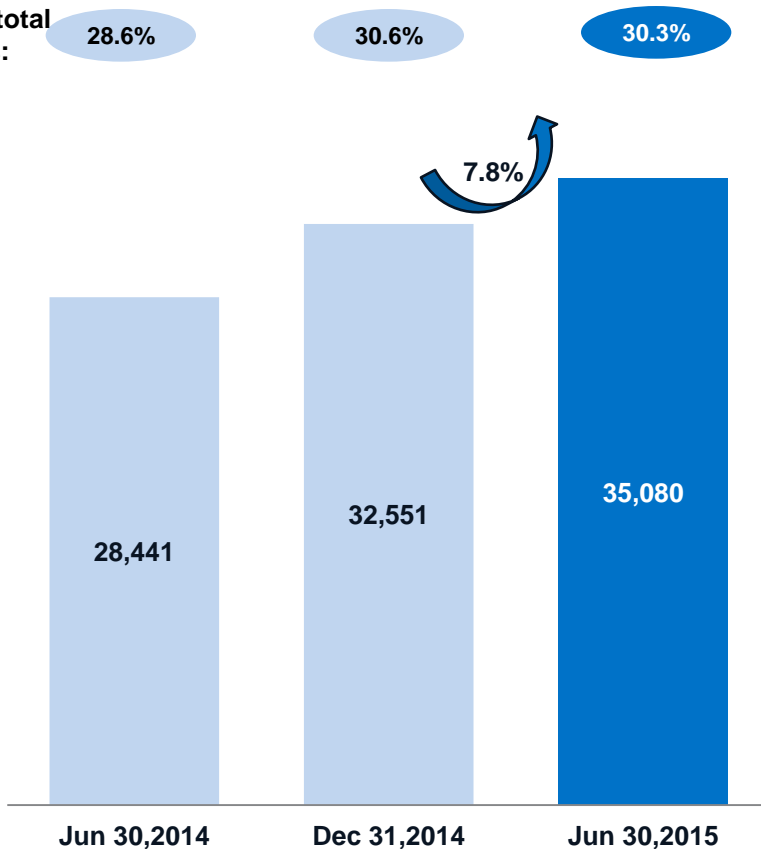
Business Overview : Personal banking business

Strong growth of personal deposits, loans and operating income

Personal banking loans:

(RMB Million)

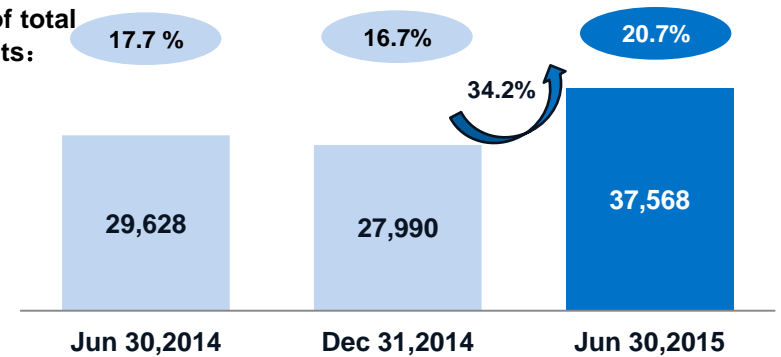
As % of total
loans:



Personal banking deposits:

(RMB Million)

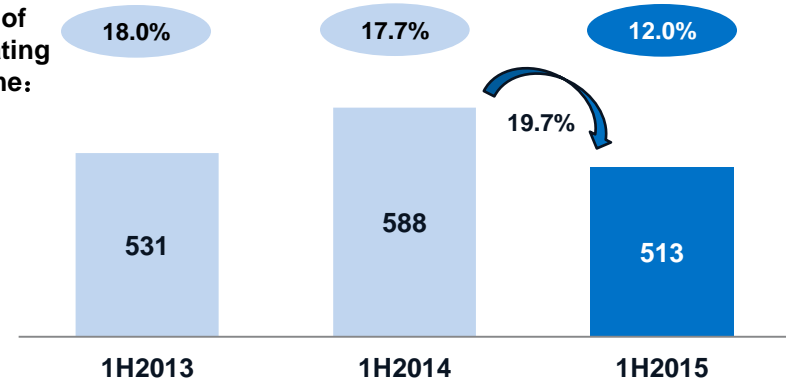
As % of total
deposits:



Personal banking operating income:

(RMB Million)

As % of
operating
income:



Business Overview: Personal banking business



A highly efficient network established in Chongqing and Western China, satisfying individual clients in the convenient and secure manner

Full coverage of 38 counties and districts of Chongqing since 2011



Sichuan, Shaanxi, Guizhou Provinces and Chongqing¹

- 1 headquarter biz dept.
- 1 branch in Chongqing
- 1 small and micro credit center
- 120 branches and sub-branches
- 85 off-site self-service bank
- 95 on-site self-service bank
- 335 ATM
- 288 CRS
- 181 Multimedia self-service terminals

E-banking system



Self-Service Banking

- Self-service banking transactions 4.62m, total amount RMB 7.95bn in 1H2015.



Telephone Banking

- Relatively advanced nationwide, the new Telephone Banking system adds new businesses such as financial product and fund investment, business travel services, personalized value added services, as well as selected online installment payments.



Direct Banking

- Via mobile phones and other portable devices, customers can access banking business as DIY wealth management and loan application without visiting any business outlet



Online Banking

- Online Banking registered a total turnover of RMB112.4bn in 1H2015.



TV Banking

- Signed the strategic cooperation agreement to introduce advanced e-business technologies
- Designing TV interface, by using remote control to query, deposit and withdrawal fund in personal accounts

¹ As end of June 30, 2015.

Direct Banking

重庆银行直销银行

直销银行是互联网时代应运而生的一种新型银行运作模式，重庆银行直销银行依托互联网渠道进行产品直销，为客户提供比传统银行更便捷、优惠的金融产品和服务。客户不需要去营业厅，通过重庆银行直销银行专属网站、手机APP、微信等渠道在全国各地有网络的任意地方获取重庆银行的金融产品。

乐惠存

定期收益
活期便利
安全无忧

聚利宝

货币基金
一分起投
T+0赎回

DIY贷

在线申请
自助定价
及时便捷

■ Launched on July 24, 2014, our first batch products are “Fixed term deposits”, “Monetary Funds Purchase”, and “DIY Loan” application. Further products will cover online wealth management, utility bills direct debiting, micro-consumer lending.

■ Direct Banking has enjoyed great popularity since launching. The users of direct banking have reached ~100 thousand, covering 31 provinces and autonomous regions till June 30th, 2015.

Business Overview: Treasury operations

Stable growth in treasury operations: important channel to enhance revenue sources

Guiding principle and business types

Guiding Principle

- Look for maximizing the financial returns of non-lending operations after satisfying our own liquidity requirements

Business Types

Money market transactions

- Short-term lending (inter-bank lending and re-discounting)
- Repo and reverse repo of securities and notes

Securities investment

- Bond market (government, financial institutions and corporate bonds)
- Guaranteed fixed income financial products and trust beneficiary rights

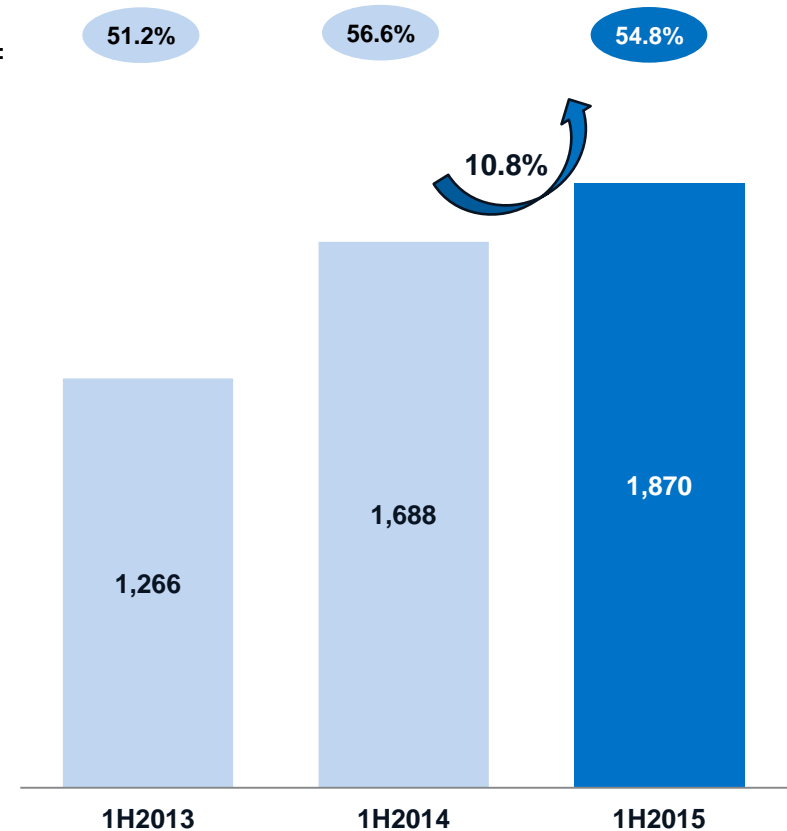
Wealth management

- Investment with proceeds from offering of financial products to companies and personal customers

Net interest income from treasury operations:

(RMB Million)

As % of
total
revenue:



Launch of Consumer Finance JV

Basics

- Registered capital: RMB 300mn, CQB owns 18%;
- Single loan amount: RMB 1,000 – RMB 10,000;
- Current users: around 35,000 .

Positive Effects

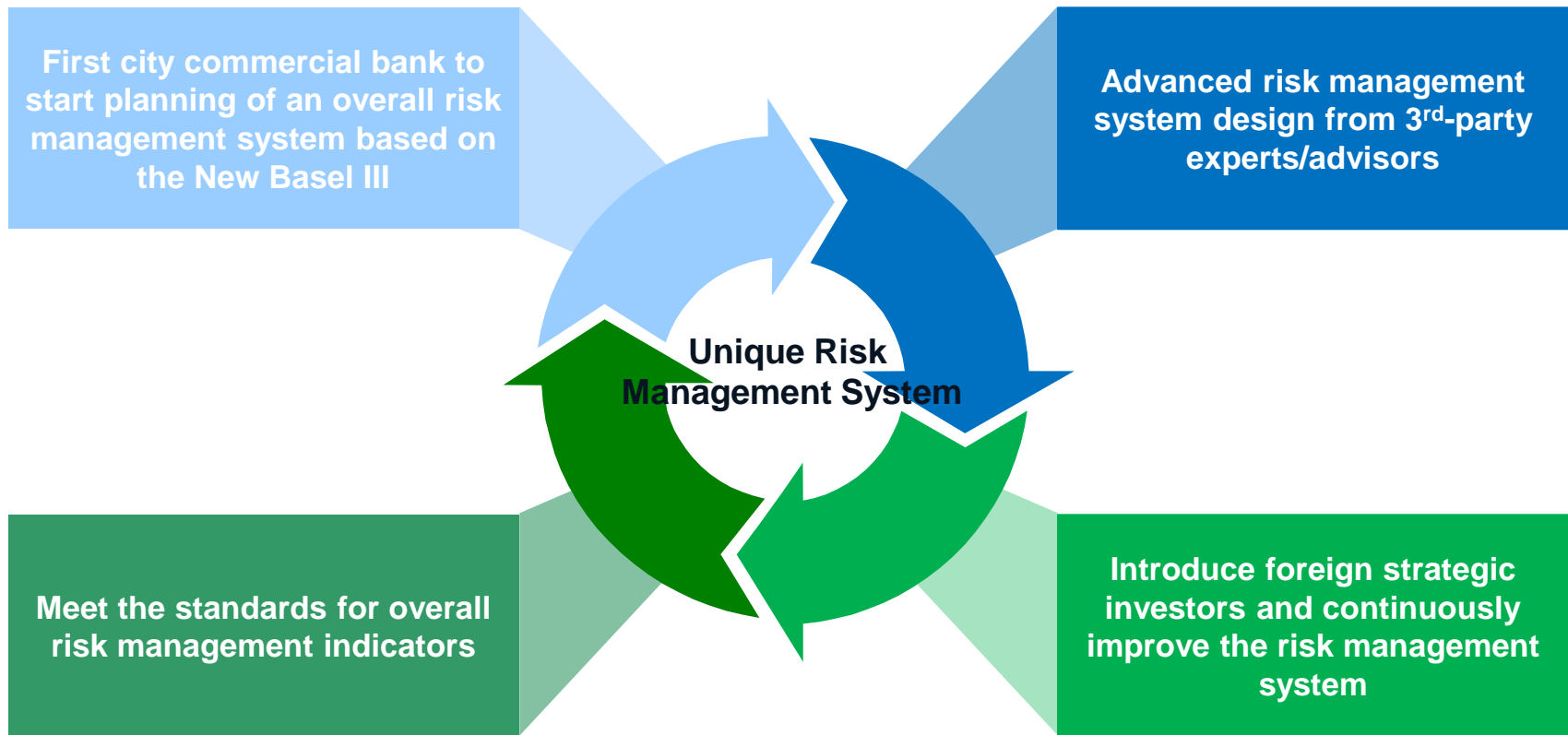
- To facilitate the Bank's integration of offline retail channels under conventional operations with online e-commerce channels in the era of modern Internet finance and expedite the Bank's innovation and practices in the Internet finance business;
- To provide more comprehensive financial services to customers, expand business lines and establish a diversified business structure;
- To facilitate the Bank's cultivation and development of the investment value of its online finance platform and achieve better returns to shareholders and investors.

4

Risk Management

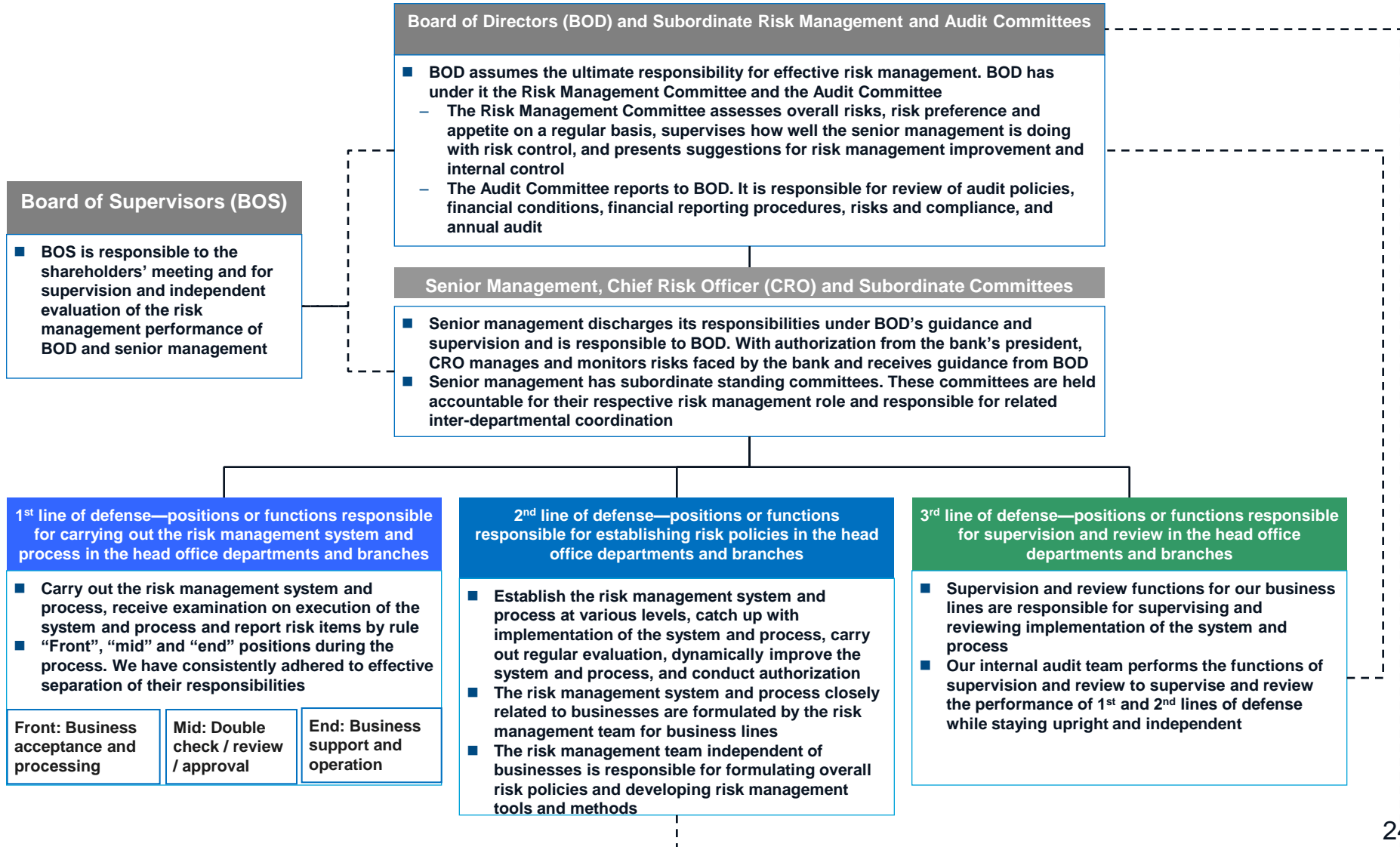
Risk Management

Leading risk management philosophy



Risk Management

Organizational structure for risk management:



5

Outlook

Outlook: Opportunities and Challenges

Opportunities

- As the launch of “**One Belt, One Road**”, “**Internet +**”, “**Public Entrepreneurship, Mass Innovation**” by Chinese government, macro economy is showing signs of stabilization which will promote opportunities for the banking industry;
- The optimizing of banking industry regulatory policy and the loosening of financial licenses will provide more operating autonomy and flexibility, thus more growth sources;
- As the largest municipality located in Western China, directly under the central government, Chongqing benefits from the policies, markets and regional advantages in respect of China’s industry restructuring and manufacturing inland moving, and Chongqing has achieved the highest GDP growth rate in 1H2015, and is still expected to demonstrate a regional growth much higher than the national average.

Challenges

- Global economy condition is still complicated and domestic economy stabilization is not yet solid, the challenge of insufficient momentum will maintain downward pressure on China’s economy;
- Expedited interest rate de-regulation, with NIS and NIM of the banking sector expected to continue to narrow down;
- Increasingly tighter macro policies and banking industry regulations, with new competition from the promotion of privately-run banks and deposit-insurance-system against the existing banking sector;
- Reinforced financial disintermediation as evidenced by the huge impact of emerging e-financial business models on the traditional deposit/lending business of the banking sector, with full competition among and across banking industry peers and internet finance players.

Q & A

Thank you!