



重庆银行
BANK OF CHONGQING

Bank of Chongqing, Co., Ltd. (1963.HK)
2016 Annual Results Presentation

March 2017

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Table of Content

- 1 Financial Performance Overview
- 2 Business Overview
- 3 2017 Outlook
- 4 Appendix



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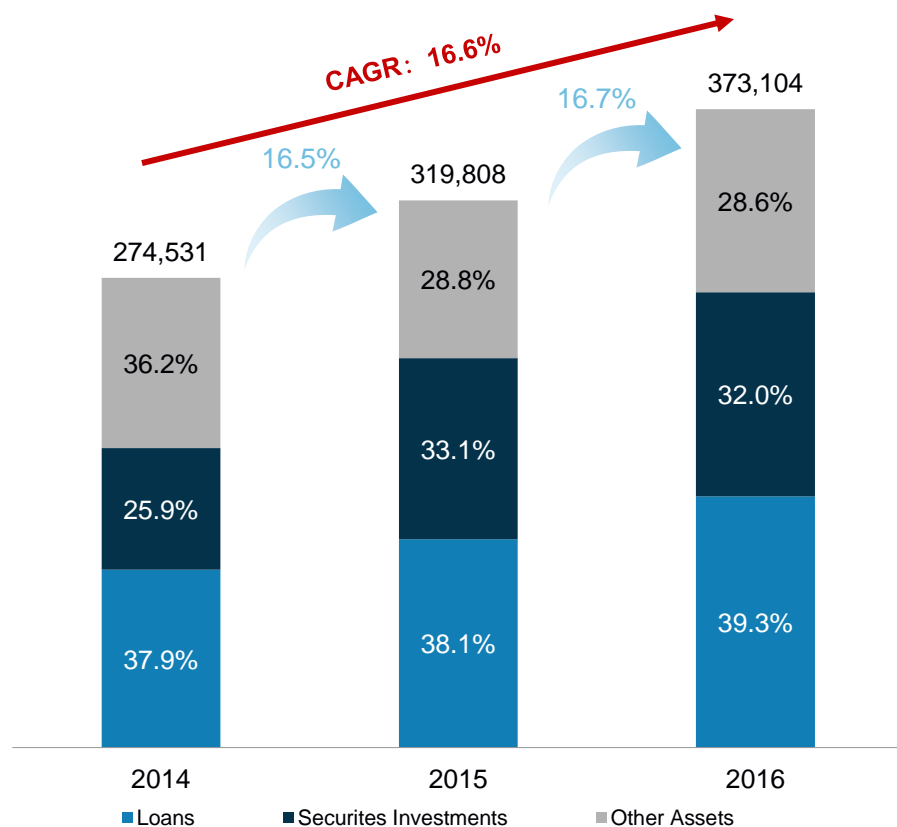
Section 1

Financial Performance Overview

Solid and Healthy Business Growth

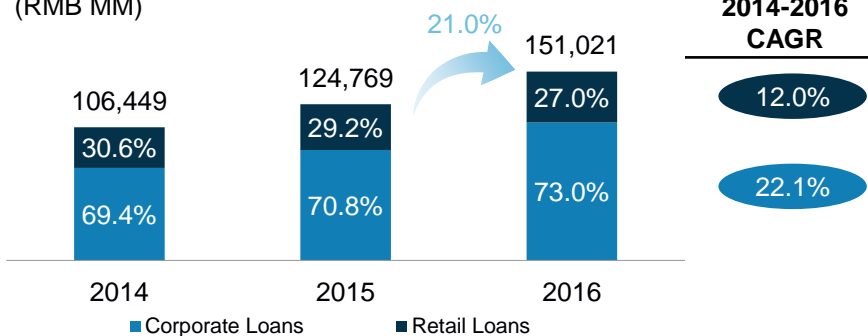
Total Assets: 2014–2016

(RMB MM)



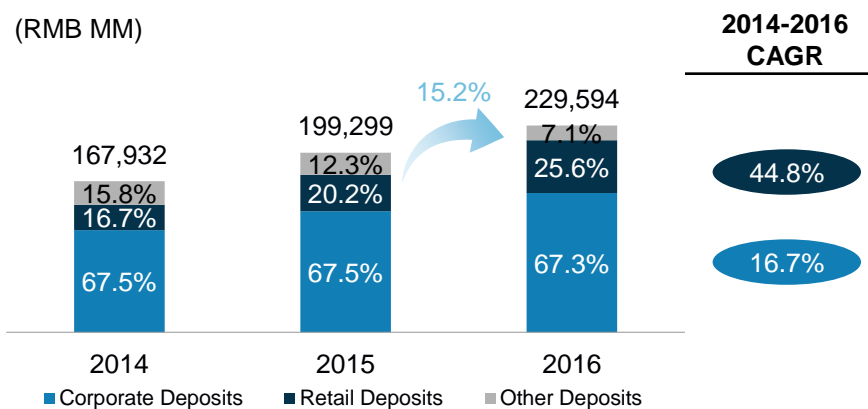
Total Loans : 2014–2016

(RMB MM)



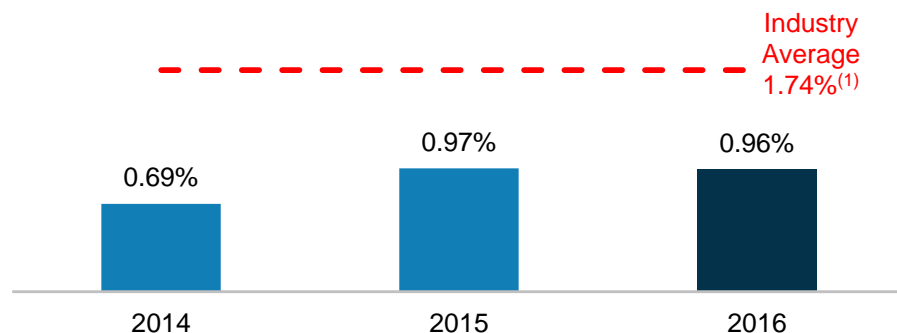
Gross Deposits: 2014–2016

(RMB MM)

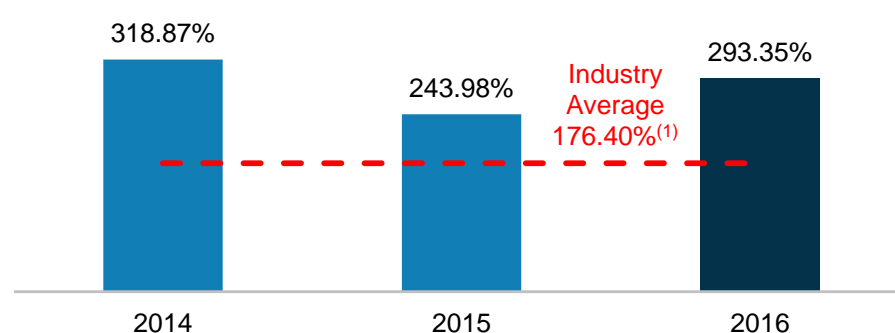


Stable Asset Quality and Capital Adequacy

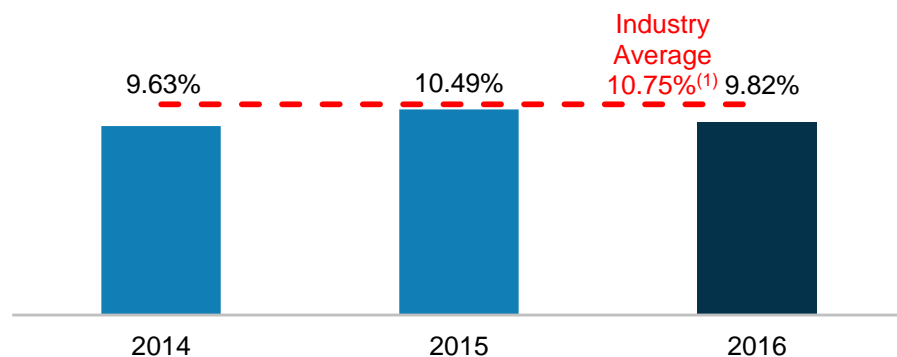
Non-performing Loan Ratio



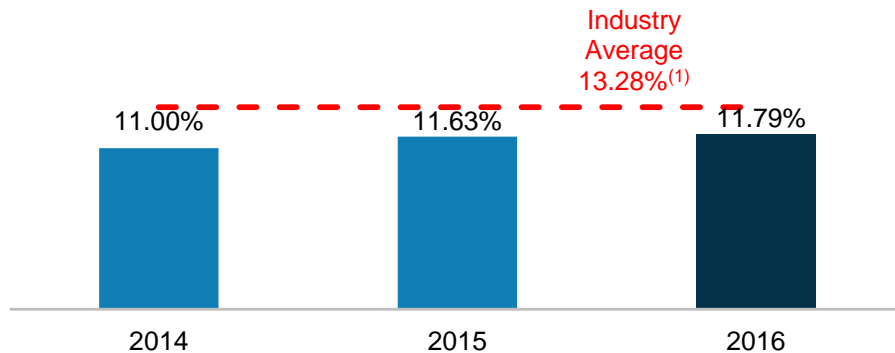
Non-performing Loan Coverage Ratio⁽²⁾



Core Capital Adequacy Ratio



Capital Adequacy Ratio



Note

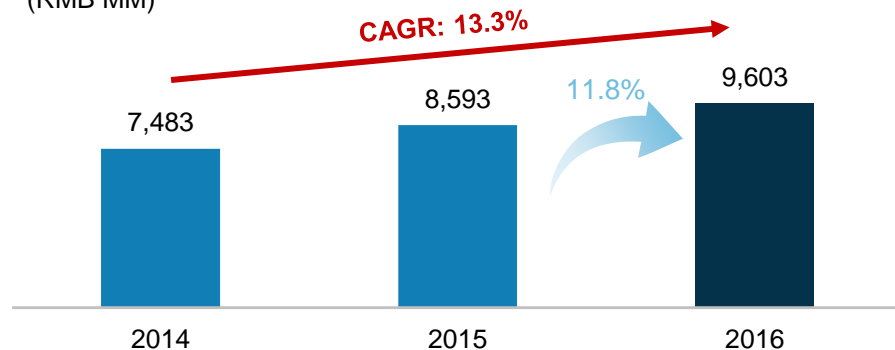
1. Statistic data from China Banking Regulatory Commission; Average of commercial banks by end of 2016

2. NPL Coverage Ratio = Provision / NPL Loan Outstanding

Strong Top-line Growth Supported by Leap in Commission & Fees Income

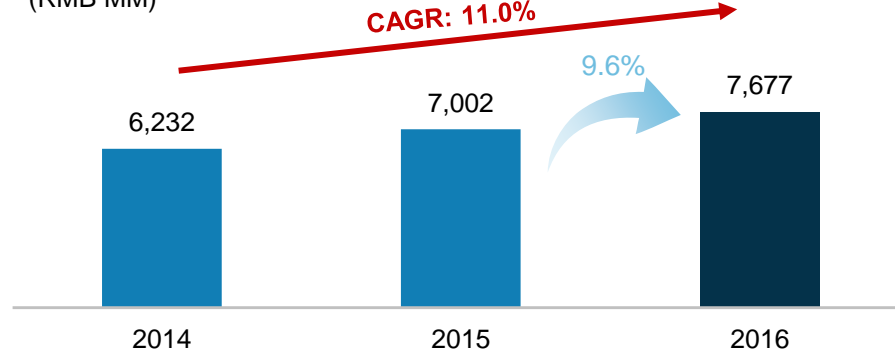
Operating Income

(RMB MM)



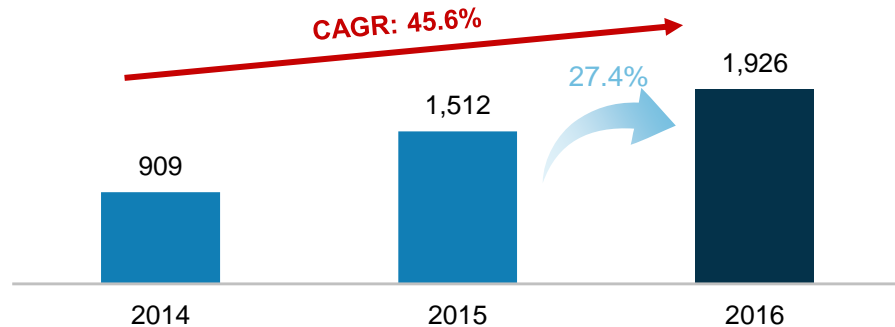
Net Interest Income

(RMB MM)

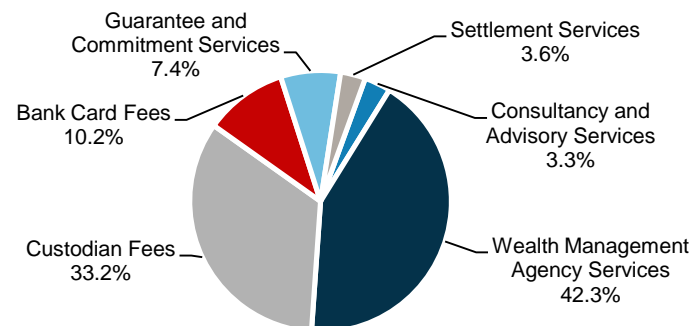


Net Commission & Fees

(RMB MM)



Net Commission & Fees Breakdown

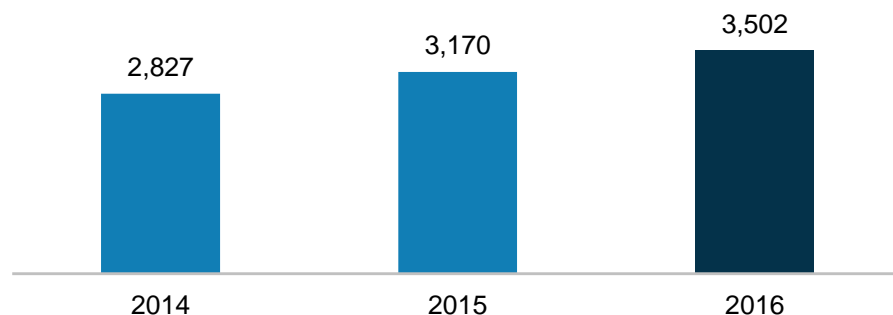


2016 Net Commission & Fees: RMB2.02Bn

Improved Profitability

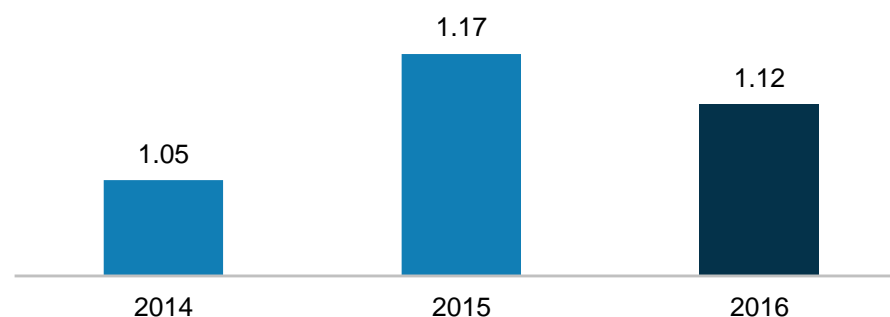
Net Income

(RMB MM)

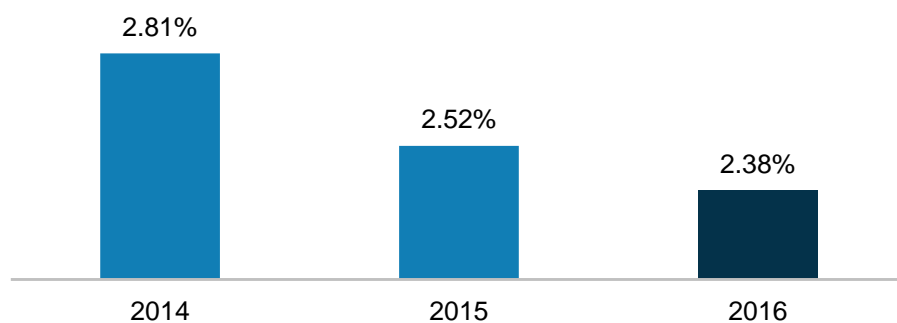


Basic EPS⁽¹⁾

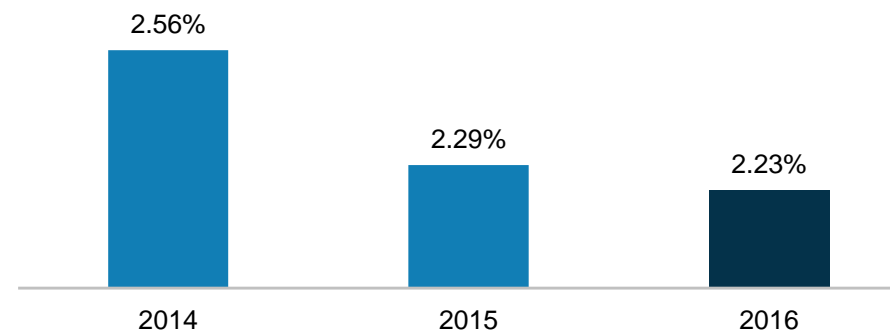
(RMB)



Yields on Assets⁽²⁾



Net Interest Margin (NIM)



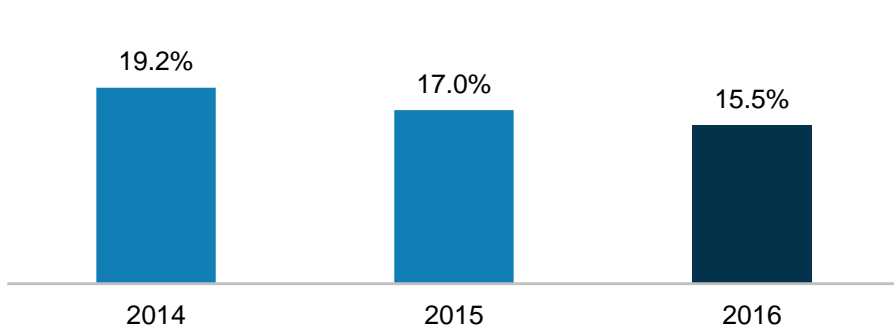
Note

1. EPS attributable to equity shareholders of the bank

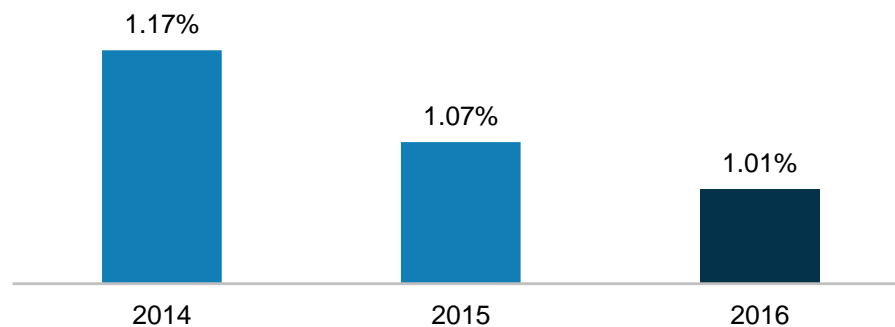
2. Yields on Assets = Net Interest Income / Average Assets

Improved Profitability (Cont'd)

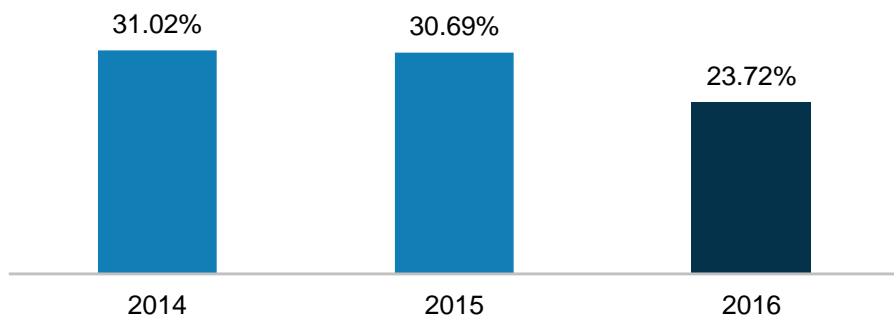
Average Return on Equity (ROE)



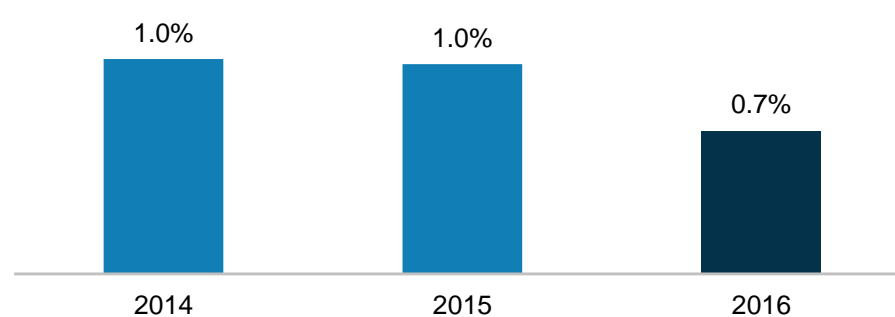
Average Return on Assets (ROA)



Cost-to-income Ratio



OpEx-to-Assets Ratio





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Section 2

Business Overview

Business Overview

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1

Corporate Banking: Stable Growth with Optimized Business Structure

2

SME Banking: Consistent Support to SMEs in West Region

3

Retail Banking: Uptrend Maintained with Focus on Consumer Financing

4

Treasury: Pursue Sustainable Growth while Diversify Income Source

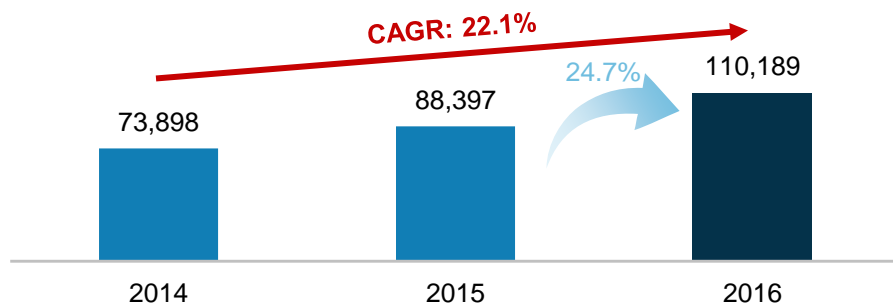
5

Awards: Well Recognized Performance

1 Corporate Banking: Stable Growth with Optimized Business Structure

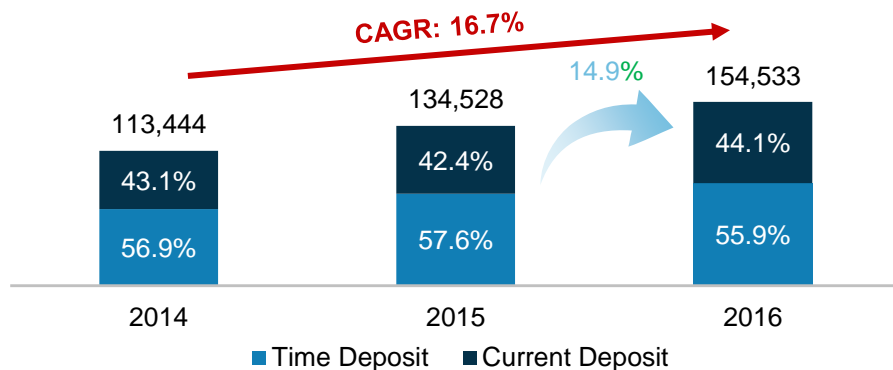
Corporate Loans and Growth Rate⁽¹⁾: 2014–2016

(RMB MM)

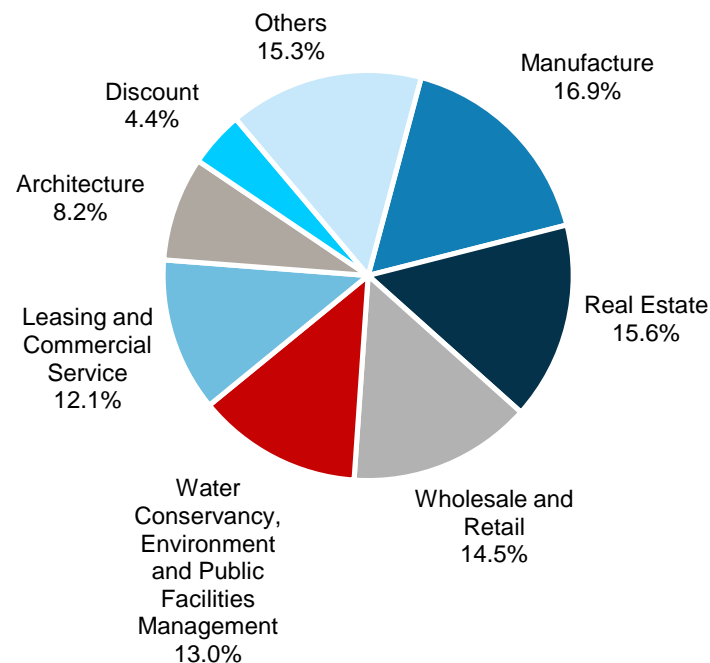


Corporate Deposits and Growth Rate: 2014–2016

(RMB MM)



Industry Distribution of Corporate Loans



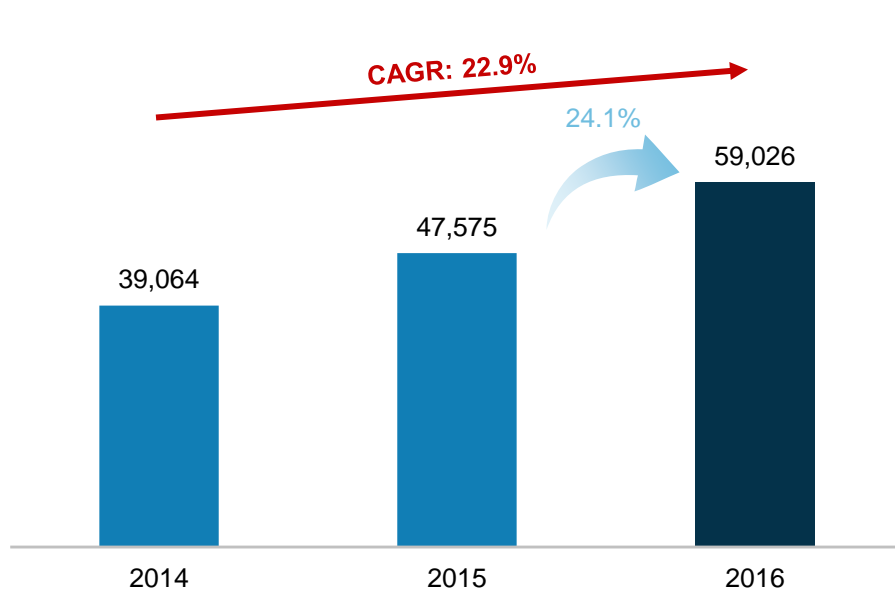
1. Includes SME loans

② SME Banking: Consistent Support to SMEs in West Region

Continuous fast growth of SME banking and above-average asset quality ⁽¹⁾

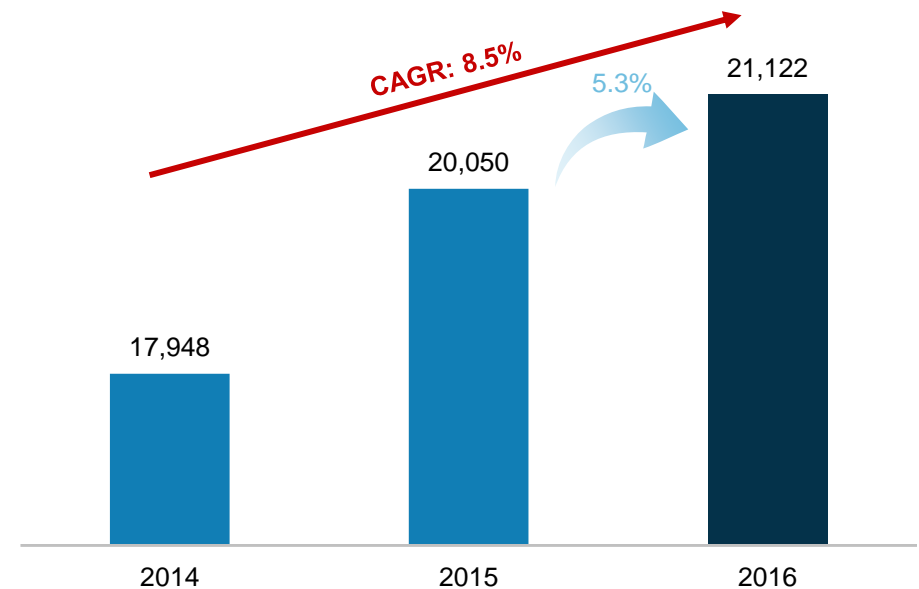
SME Loans and Growth Rate: 2014–2016

(RMB MM)



Stable Growth of SME Credit Client

(No. of Client)



Note

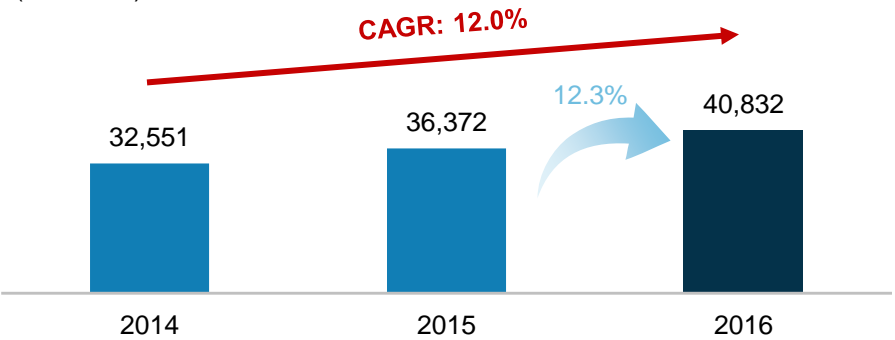
1. The amount of SME loans follows our management account. The SME loan amount is calculated as the SME loans included in corporate loans plus personal business loans in retail banking, deducted by loans to public institution

3 Retail Banking: Uptrend Maintained with Focus on Consumer Financing

Strong uptrend of retail business

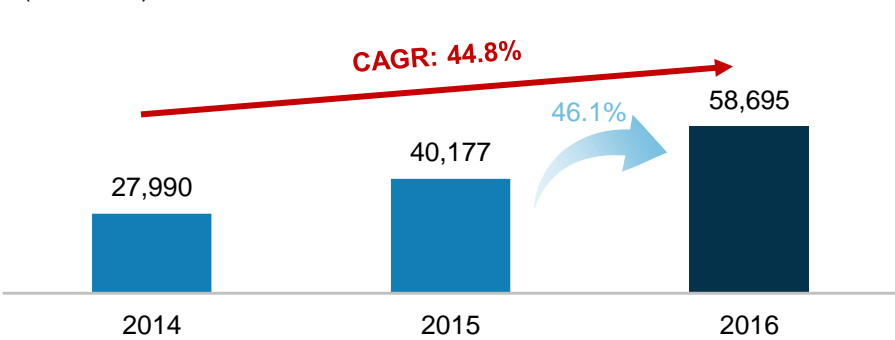
Retail Loans: 2014–2016

(RMB MM)



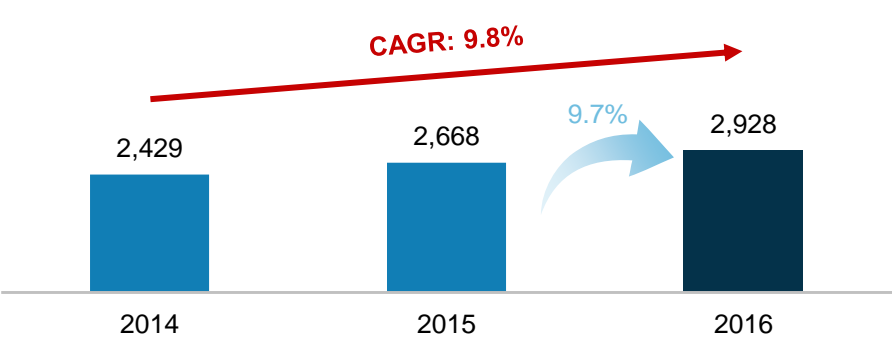
Retail Deposits : 2014–2016

(RMB MM)



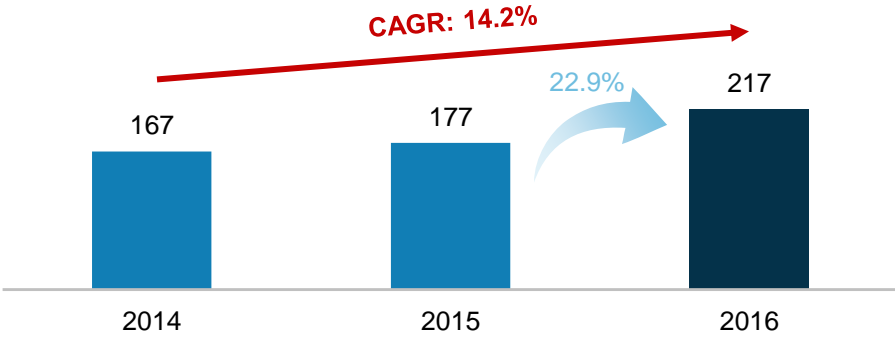
Number of Retail Clients: 2014–2016

(In Thousand)



Net Commission & Fees from Retail Banking: 2014–2016

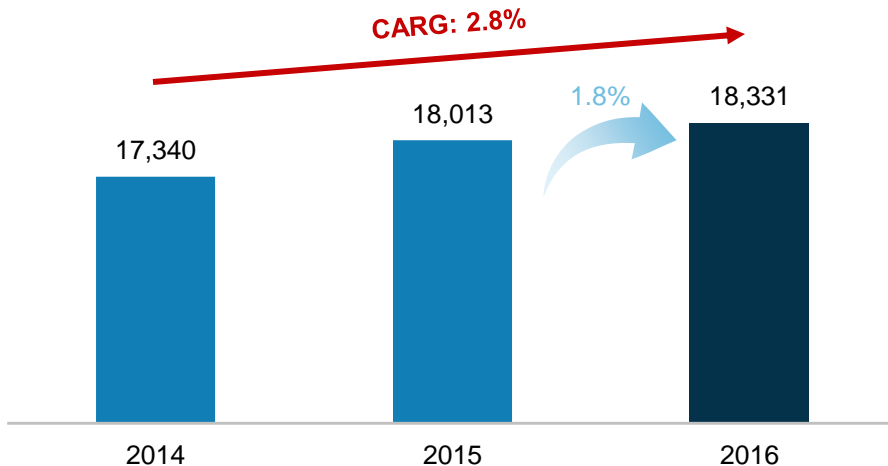
(RMB MM)



③ Retail Banking: Cater Daily Financial Needs of Clients

Mortgage Loans: 2014–2016

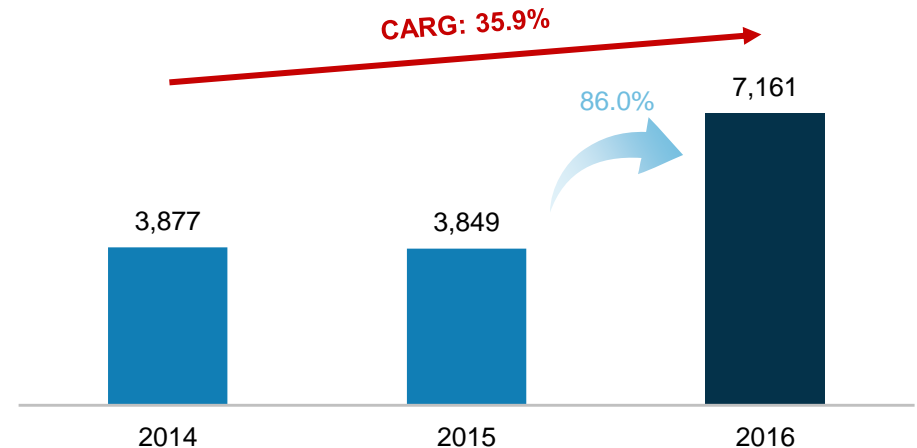
(RMB MM)



- Mortgage loan balance experienced slight growth from 2015 after proactive business structure adjustments
- Mortgage loan's contribution to total retail loans continued to decrease and was under 45% by end of 2016
- No significant deterioration in asset quality of mortgage loans. We will make proper adjustments on business strategies to mortgage loans based on market situation

Retail Consumption Loans: 2014–2016

(RMB MM)



- Benefiting from business structure adjustment, retail consumer loans increased significantly to be over RMB7Bn in 2016
- Retail consumer loan's contribution to total retail loans quickly grew to 17.5%, which optimizes the portfolio of retail loans and diversifies the risk
- We will continue to actively develop consumer loans and cater the daily financial needs of retail clients

4 Treasury: Pursue Sustainable Growth while Diversify Income Source

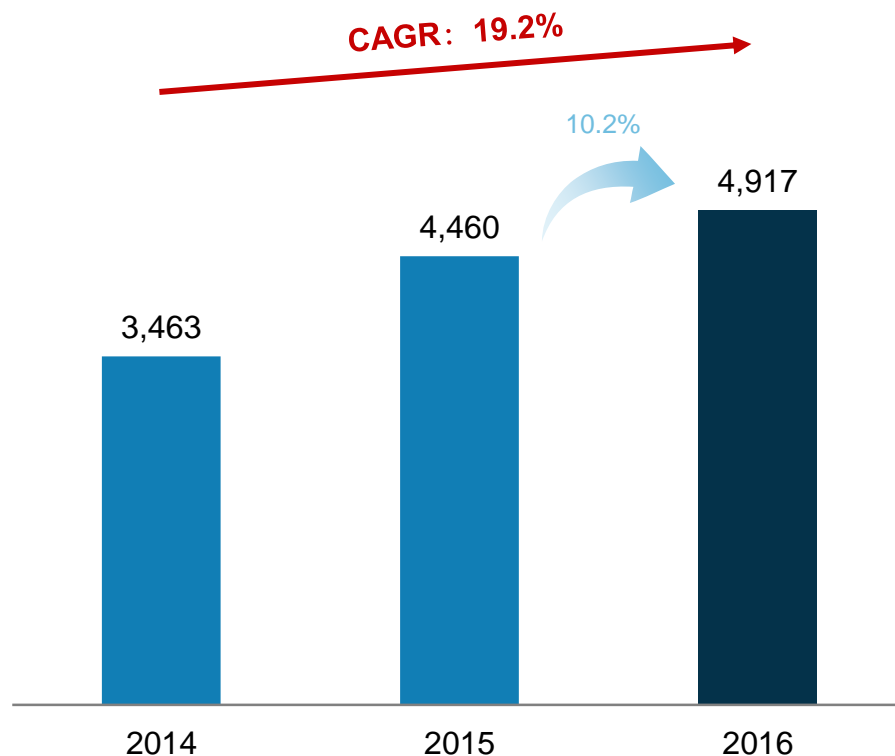
Treasury sector experienced stable growth and plays an important role in income diversification

Guideline and Main Business

Guideline	Ensure the liquidity of bank's daily operation, and then maximize the return of non-credit fund
Main Business	Money Market Trading <ul style="list-style-type: none">• Inter-bank Lending and Bill Rediscount• Repurchase and Reverse Repurchase
	Securities Investment <ul style="list-style-type: none">• Fixed Income Products• Principle-protected Wealth Management Products and Benefit Right of Trust Products
	Wealth Management <ul style="list-style-type: none">• For both corporate and retail clients

Net Interest Income from Treasury Business

(RMB Million)



5 Awards: Well Recognized Performance

Awards

- We were ranked No. 290th among top 1,000 banks globally in The Banker's 2016 annual ranking, 59 ranks up compared with the previous year
- We are among top 250 banks in Brand Finance's list of 2017 Top 500 Global Banks
- We have been selected into Hang Seng Corporate Sustainability Benchmark Index for consecutive two years (2015 and 2016) and are one of the only three city commercial banks among 417 companies to be selected as first batch of investment target of Shenzhen – Hong Kong Stock Connect
- We were winner of SEHK's Best Chinese Listed Company of the Year and Bank with Best Corporate Governance award
- We were winner of The Banker's Best Corporate Governance award in its commercial competitiveness review





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Section 3
2017 Outlook

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1 Specialized Industry Division

Education and Cultural Finance Division

- Preparation started in June 2016 and the division was officially commenced in December 2016
- The division mainly focuses on Education, Culture & Media, Tourism, Sports and Smart Manufacturing industries, and is designed to grow business by integrating manufacturing and finance. We have developed business models such as “Education + Finance”, “Culture + Finance” and “Sports & Tourism + Finance” etc.
- Leverage and utilize the capability of business partners in investment and operation in targeted industries, to promote business development in the “credit + peers + investment” model
- Currently business partners are mainly large educational institutions

Healthcare, Aged Care and Environmental Protection Division

- The division was established in December 2016 at the headquarter level. We are the first bank in Middle and West region to set up such division
- The division engages in providing customized financing products for clients in Healthcare, Medicine, Aged Care and Environmental Protection industries. Via strategic planning and centralized operations, we have developed a business model involving M&A loans, financial leasing and cooperation with fund.
- While developing business by itself, the division also encourages and guides innovation in products and business model at branches level to enhance our capability and competitiveness in this sector
- Currently working with several iconic Chinese companies to develop business in regional as well as national markets

2 Business Diversification

Approved to Set Up Financial Leasing Company

- An milestone in execution of our business diversification strategy, laying a solid foundation on our way to be a full-license business
- Based in Chongqing and with business footprint in West of China, we will adopt differentiated strategy and provide featured services on the basis of national industry policy and market demand. We will serve SMEs in both traditional manufacturing and strategic non-traditional manufacturing. Our goal is to become a financial leasing company of professionalism, good corporate governance and differentiated product offering

Qualification for Bond Underwriter

- Obtained license as underwriter for debt financing instrument of non-financial companies
- Will leverage this license to actively explore new revenue sources and business models and to stimulate cooperation among various business lines

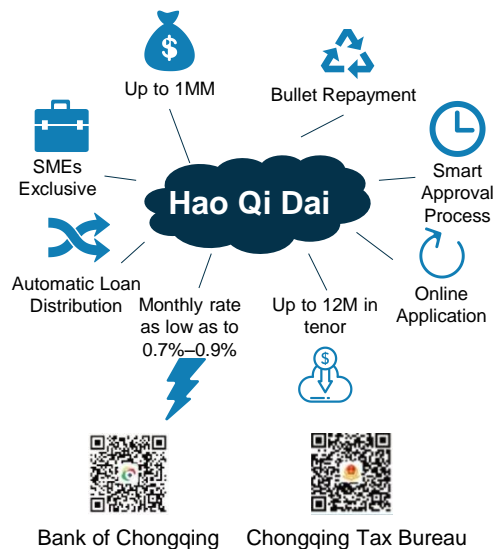
Qualification for Wealth Management Direct Financing Instrument

- The wealth management direct financing instrument is an investment product to match financing demand of companies and investment demand of investors. It is a part of the multi-level direct financing system on China's capital market
- Will help us to effectively reduce funding cost and transaction cost, and diversify underlying assets of our wealth management products to better cater distinctive investment demand of our clients

3 Internet Finance: Develop SME Business via Big Data

Hao Qi Dai

Product Description



Supported by Chongqing Tax Bureau, "Hao Qi Dai" is a short-term loan exclusively for SMEs with good tax record to finance its daily operation. By taking tax record as an important credit rating factor, "Hao Qi Dai" incentivizes SMEs to keep good tax record for a better credit score.

Client can apply a loan up to 1MM with the tenor up to 12 months, bullet Repayment with monthly interest rate as low as to 0.7%–0.9%

Product Features



Online Application



Pure Credit Loan Up to 1MM



Bullet Repayment

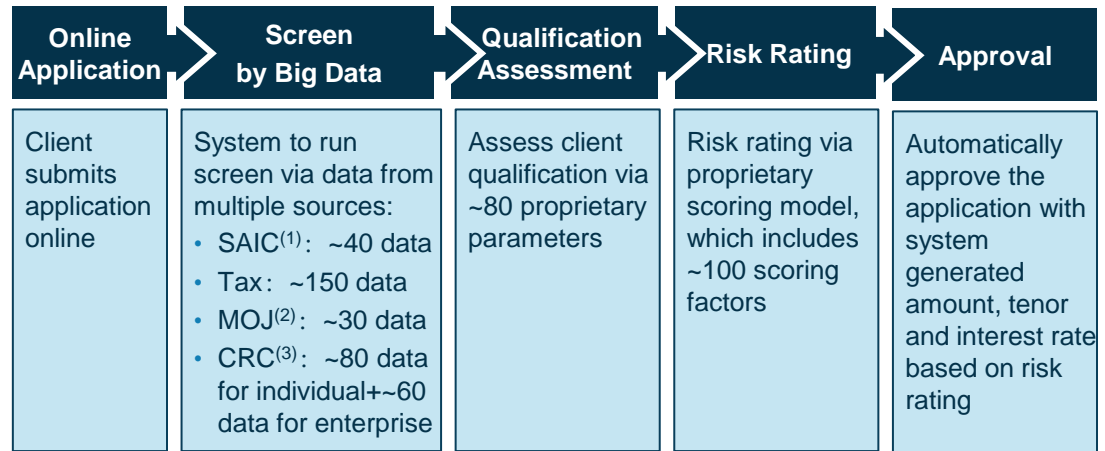


Client With Tax Record

Note:

1. State Administration for Industry & Commerce
2. Ministry of Justice
3. Credit Reference Center of The People's Bank of China

Process



Prospect

- As of February 2017, there were around 640,000 SMEs in Chongqing. Assume 5% of them are qualified for Hao Qi Dai, it will be 32,000 new SME clients, which exceeds aggregate number of existing clients of SME Banking
- Currently, aforementioned approval process can be completed purely online within several seconds. We target to move the loan distribution process online in near future to fulfill the full process in seconds



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Section 4

Appendix

Key Operating Metrics

RMB Million	2016	2015	Change (%)
Net Interest Income	7,677	7,002	9.6
Net Commission & Fees	1,926	1,512	27.4
Operating Income	9,603	8,593	11.8
Pre-tax Profit	4,659	4,270	9.1
Net Income	3,502	3,170	10.5
			Change
Basic EPS (RMB Yuan)	1.12	1.17	(0.05)
DPS (RMB Yuan)	0.291	0.264	0.027
			Change (%)
Total Assets	373,104	319,808	16.7
Loans	146,789	121,816	20.5
Total Liabilities	349,292	298,515	17.0
Gross Deposits	229,594	199,299	15.2
Total Equity	23,812	21,293	11.8

Key Operating Metrics (Cont'd)

Rations (%)	2016	2015	Change
ROA	1.01	1.07	(0.06)
ROE	15.5	17.0	(1.5)
Net Interest Margin	2.23	2.29	(0.06)
Yields on Assets ⁽¹⁾	2.38	2.52	(0.14)
Net Commission & Fees / Operation Income	20.06	17.60	2.46
NPL	0.96	0.97	(0.01)
NPL Coverage	293.35	243.98	49.37
Core Capital Adequacy	9.82	10.49	(0.67)
Capital Adequacy	11.79	11.63	0.16
Loans-Deposits	65.78	62.60	3.18

Note:

1. Yields on Assets = Net Interest Income / Average Assets



Thank you!