



重庆银行
BANK OF CHONGQING

Bank of Chongqing, Co., Ltd. (1963.HK)
2017 First Half Results Presentation
August 2017

Disclaimer

By attending this presentation, you are agreeing to be bound by the restrictions set out below. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

The information and opinions contained in this presentation are intended solely for your personal reference and are strictly confidential. The information and opinions contained in this presentation have not been independently verified, and no representation or warranty, expressed or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of, the information or opinions contained herein. It is not the intention to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the condition (financial or other), earnings, business affairs, business prospects, properties or results of operations of Bank of Chongqing Co., Ltd. (the **"Company"**). The information and opinions contained in this presentation are provided as at the date of this presentation and are subject to change without notice. Neither the Company nor any of its affiliates, advisors and representatives shall have any responsibility or liability whatsoever (in negligence or otherwise) for the accuracy or completeness of, or any errors or omissions in, any information or opinions contained herein nor for any loss howsoever arising from any use of this presentation.

This presentation is not and does not constitute or form part of and should not be construed as, any offer, invitation or recommendation to purchase or subscribe for any securities (the **"Securities"**) of the Company or any of its subsidiaries or affiliates in any jurisdiction or an inducement to enter into investment activity, and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto. If you intend to deal in any Securities, you will be solely responsible for your own assessment of the market and the market position of the Company and you must conduct your own analysis at the time of such dealing and be solely responsible for forming your own view of the potential future performance of the business of the Company. This presentation is not intended to provide and should not be relied upon for tax, legal or accounting advice, investment recommendations or a credit or other evaluation of the issue of Securities. Prospective investors should consult their tax, legal, accounting or other advisers.

This document is not for distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia). No Securities have been and will be registered under the U.S. Securities Act of 1933, as amended (the **"Securities Act"**) or the securities laws of any State of the United States or any applicable jurisdiction, and these materials do not constitute or form a part of any offer to sell or solicitation of an offer to purchase or subscribe for securities in the United States or elsewhere in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No Securities may be offered or sold in the United States absent registration or an applicable exemption from registration requirements, pursuant to the Securities Act. The Company does not intend to make any public offering of Securities in the United States or in any other jurisdiction where such an offering is restricted or prohibited.

This presentation may not be used or relied upon by any other party, or for any other purpose, and may not be reproduced, disseminated or quoted without the prior written consent of the Company. Any investment in any Securities issued by the Company or its subsidiaries or affiliates should be made solely on the basis of the final offer document issued in respect of such Securities. This presentation or any materials provided in connection herewith may not be taken away by the recipients. The contents of this presentation may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. The distribution of this presentation in certain jurisdictions may be restricted by law and recipients should inform themselves about and observe any such restrictions. In particular, this document may not be taken or transmitted into the United States, the United Kingdom, Hong Kong, Singapore, Japan and the PRC, except in accordance with applicable securities laws.

The information contained in this presentation contains forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on a number of estimates and current assumptions which are subject to business, economic and competitive uncertainties and contingencies as well as various risks and these may change over time and in many cases are outside the control of the Company and its directors. No assurance can be given that future events will occur or that the Company's assumptions are correct. Actual results may differ materially from those forecast and projected.

This document contains data sourced from and the views of independent third parties. In replicating such data in this presentation, the Company makes no representation, whether express or implied, as to the accuracy of such data. The replication of any third party views in this presentation should not necessarily be treated as an indication that the Company agrees with or concurs with such views.

Table of Content

- 1 Key Performance Metrics
- 2 Financial Performance Overview
- 3 Business Overview
- 4 1H2017 Operating Highlight
- 5 Opportunities and Challenges



重庆银行
BANK OF CHONGQING

Section 1

Key Performance Metrics

Key Operating Metrics

RMB Million	1H2017	1H2016	Change (%)
Net Interest Income	4,033	3,927	2.7
Net Fee and Commission Income	848	949	(10.6)
Operating Income	5,076	4,889	3.8
Profit before Income Tax	2,830	2,685	5.4
Net Profit	2,259	2,030	11.3
Net Profit Attributable to Shareholders of the Bank	2,249	2,030	10.8
			Change
Basic EPS (RMB Yuan)	0.72	0.65	0.07
	2017/6/30	2016/12/31	Change (%)
Total Assets	408,429	373,104	9.5
Loans and Advances to Customers	159,806	146,789	8.9
Total Liabilities	382,144	349,292	9.4
Customer Deposits	238,705	229,594	4.0
Total Equity	26,284	23,812	10.4

Key Operating Metrics (Cont'd)

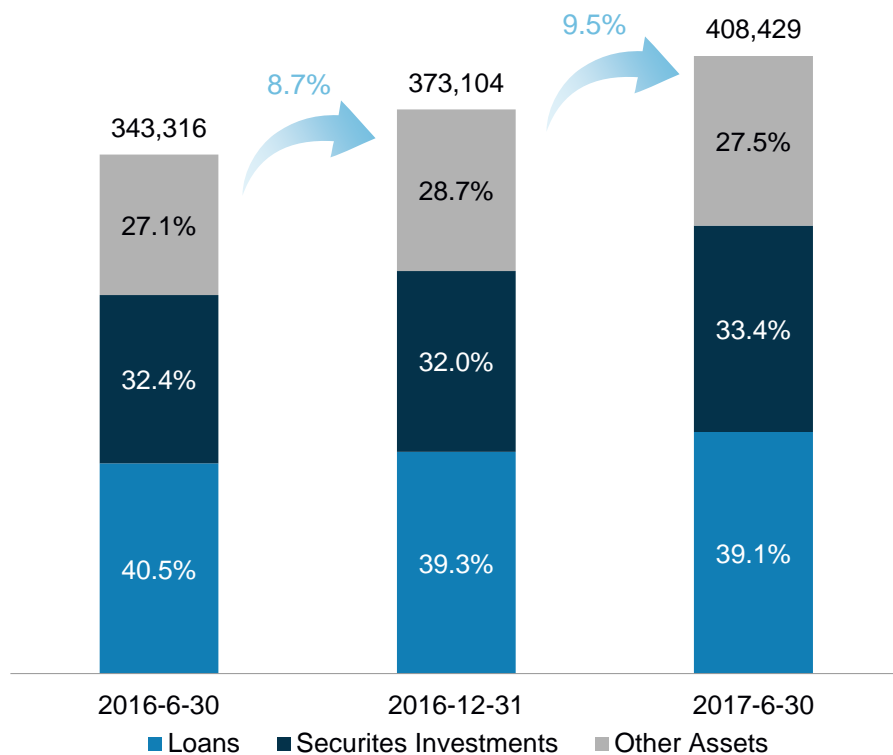
Ratios (%)	1H2017	1H2016	Change
ROA	1.17	1.23	(0.06)
ROE	18.66	18.64	0.02
Net Interest Spread	1.93	2.26	(0.33)
Net Interest Margin	2.15	2.47	(0.32)
Net Fee and Commission Income to Operating Income	16.71	19.41	(2.70)
	2017/6/30	2016/12/31	Change
NPL Ratio	1.25	0.96	0.29
Provision for Impairment to NPL	213.89	293.35	(79.46)
Core Capital Adequacy Ratio	9.21	9.82	(0.61)
Capital Adequacy Ratio	12.88	11.79	1.09
Loan-to-deposit Ratio	68.79	65.78	3.01

Financial Performance Overview

Solid and Healthy Business Growth

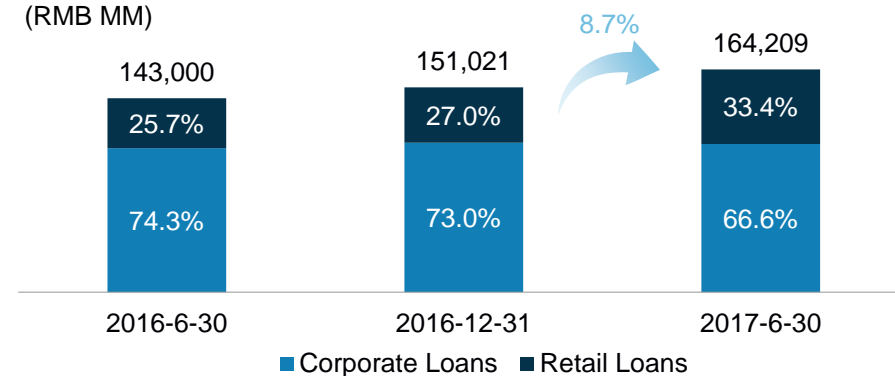
Total Assets

(RMB MM)



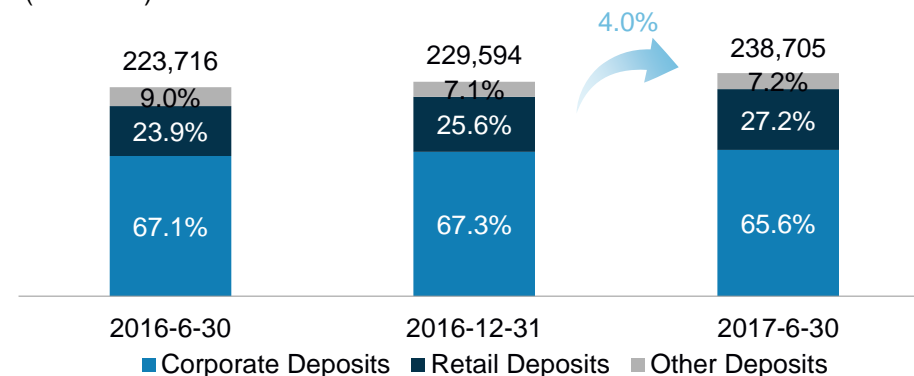
Total Loans

(RMB MM)



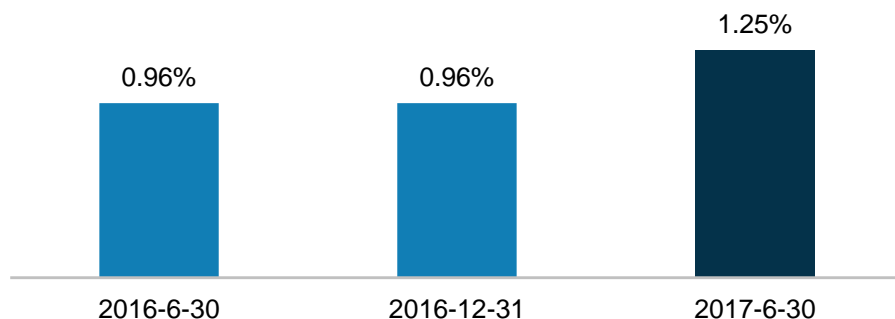
Customer Deposits

(RMB MM)

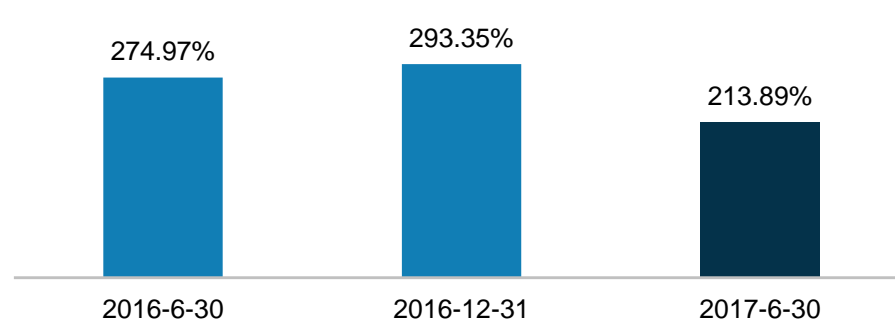


Stable Asset Quality and Capital Adequacy

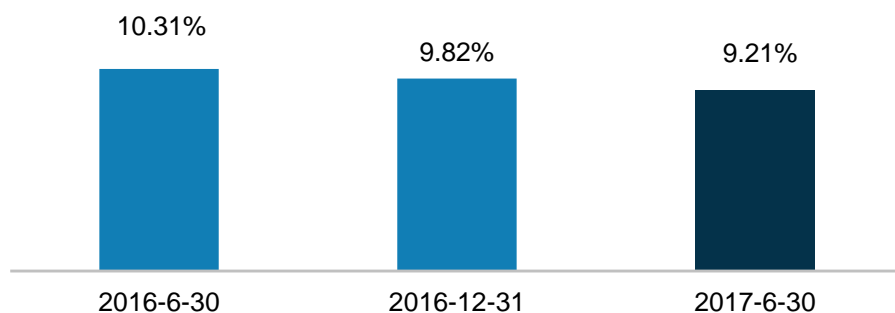
Non-performing Loan Ratio



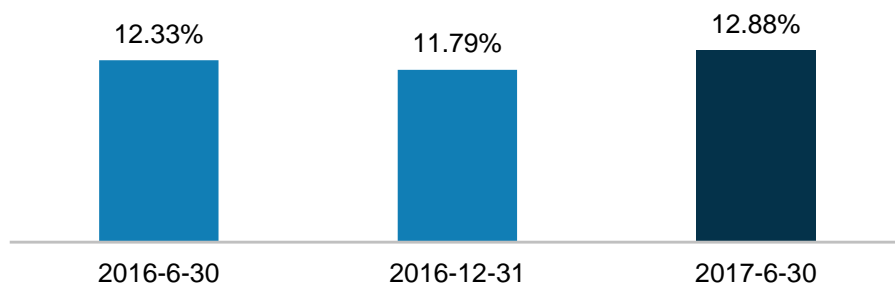
Provision for Impairment to NPL⁽¹⁾



Core Capital Adequacy Ratio



Capital Adequacy Ratio



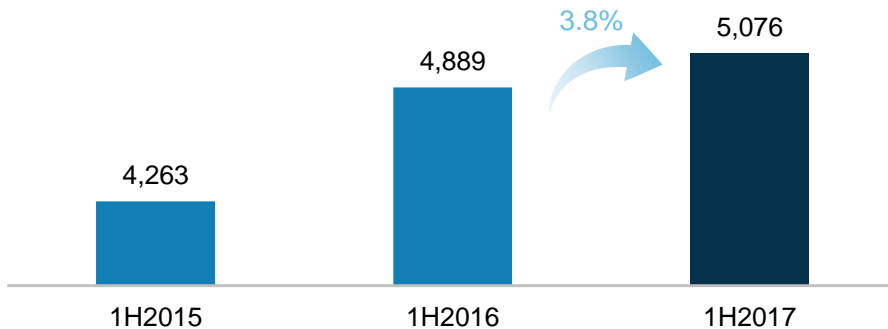
Note

1. Provision for Impairment to NPL = Provision / NPL Outstanding

Stable Top-line Growth with Slight Decline in Commission & Fees Income

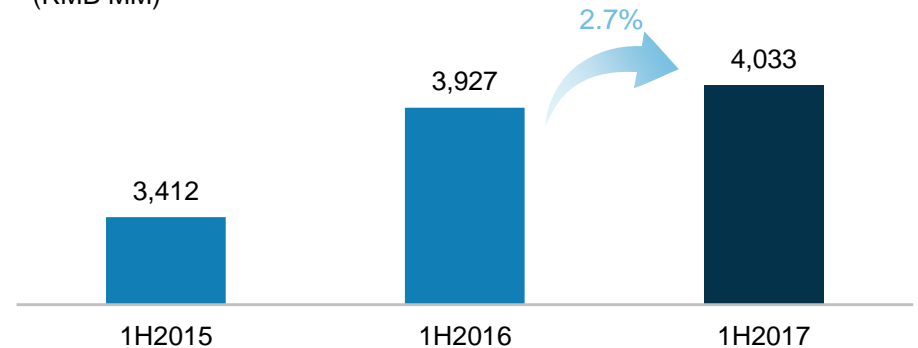
Operating Income

(RMB MM)



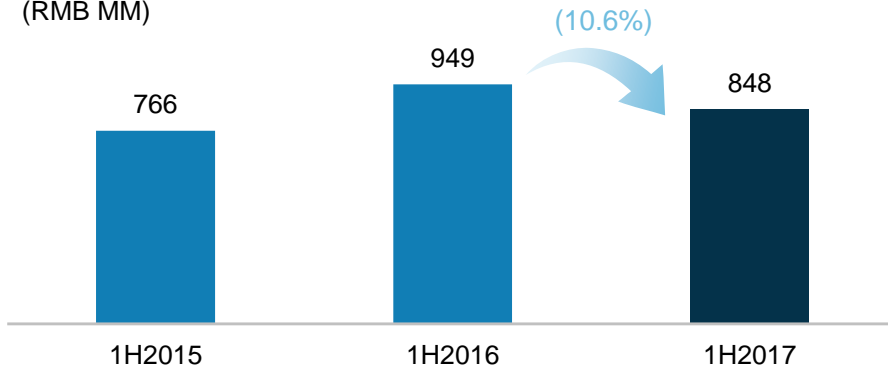
Net Interest Income

(RMB MM)

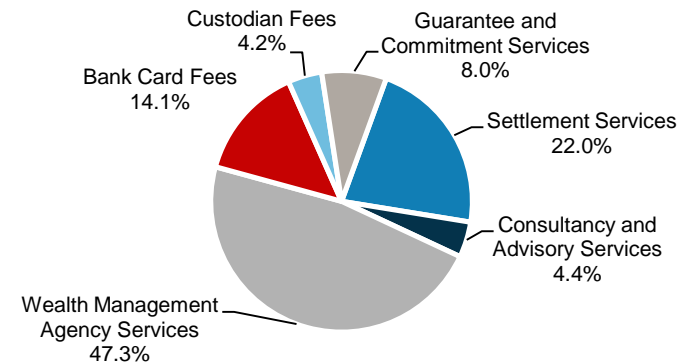


Net Fee and Commission Income

(RMB MM)



Net Fee and Commission Income Breakdown

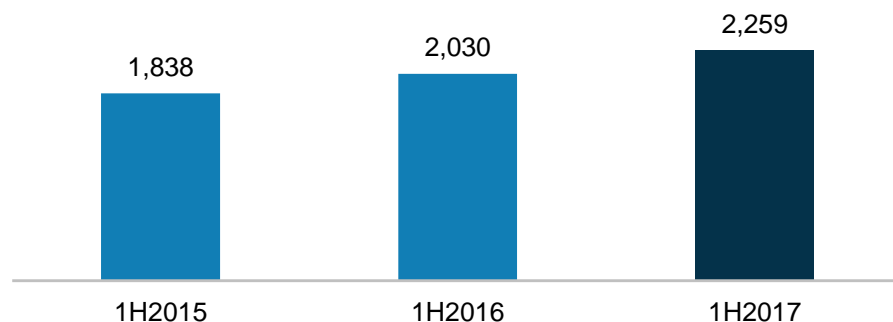


1H2017 Fee and Commission Income: RMB940MM

Improved Profitability

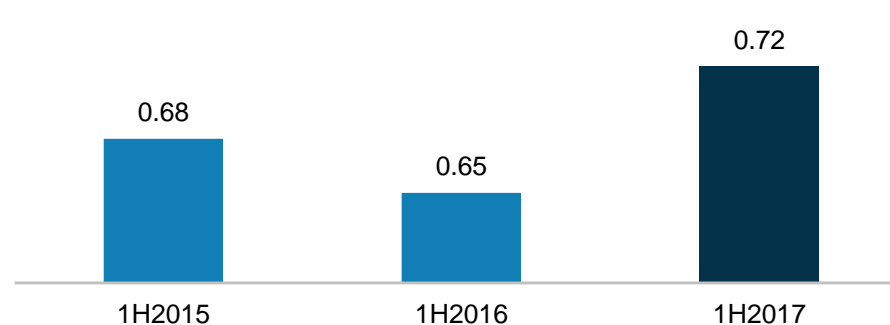
Net Income

(RMB MM)

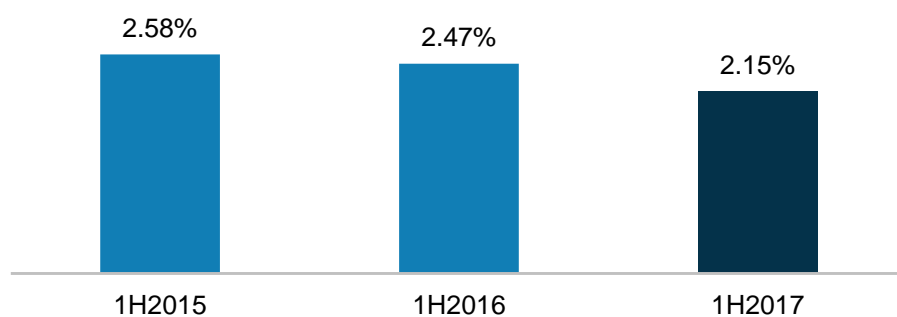


Basic EPS⁽¹⁾

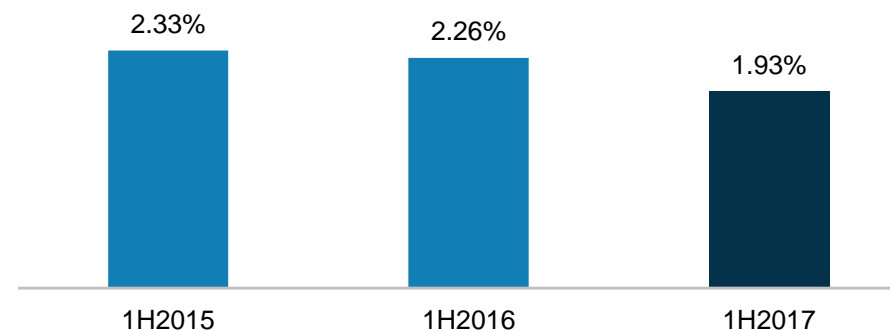
(RMB)



Net Interest Margin⁽²⁾



Net Interest Spread



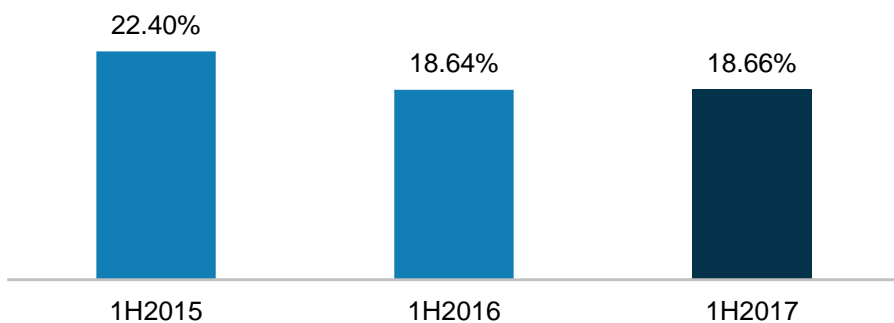
Note

1. EPS attributable to equity shareholders of the bank

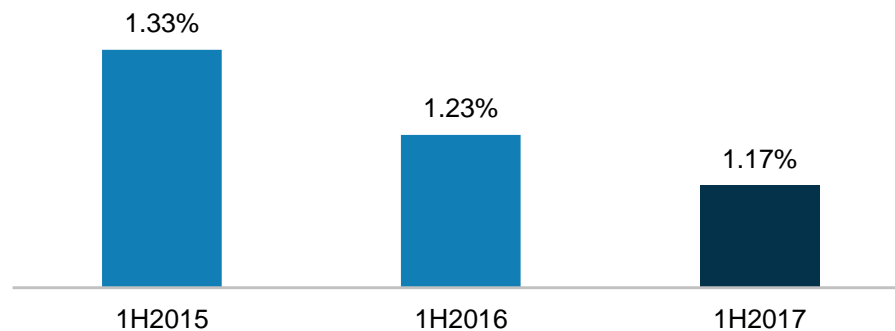
2. Net Interest Margin = Net Interest Income / Average Interest-bearing Assets

Improved Profitability (Cont'd)

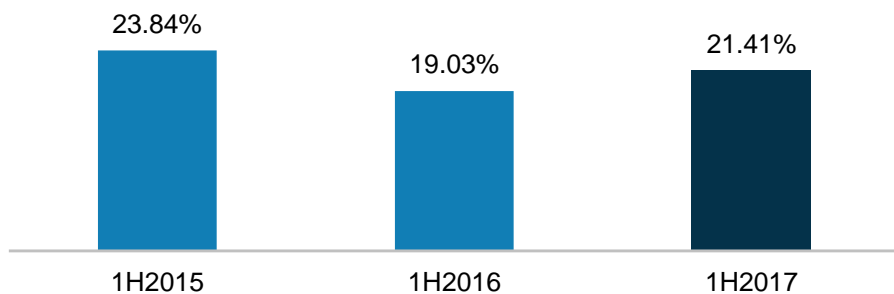
Average Return on Equity (ROE)



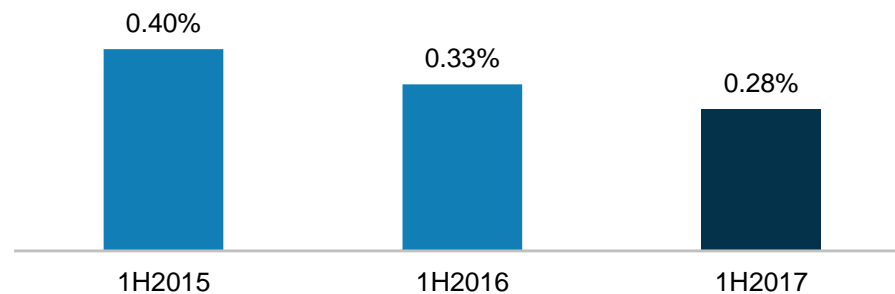
Average Return on Assets (ROA)



Cost-to-income Ratio



OpEx-to-assets Ratio





重庆银行
BANK OF CHONGQING

Section 3

Business Overview

Business Overview

20170222_CreditEase_IPO DM_v22.pptx20 FEB 2017 9:24 AM(1)



1

Corporate Banking: Solid Profile with Optimized Business Structure

2

SME Banking: Consistent Support to SMEs in West Region

3

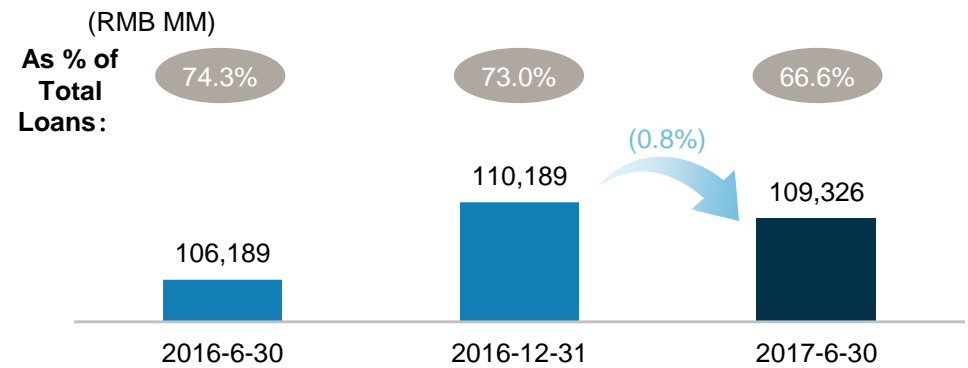
Retail Banking: Concrete Momentum with Focus on Consumer Financing

4

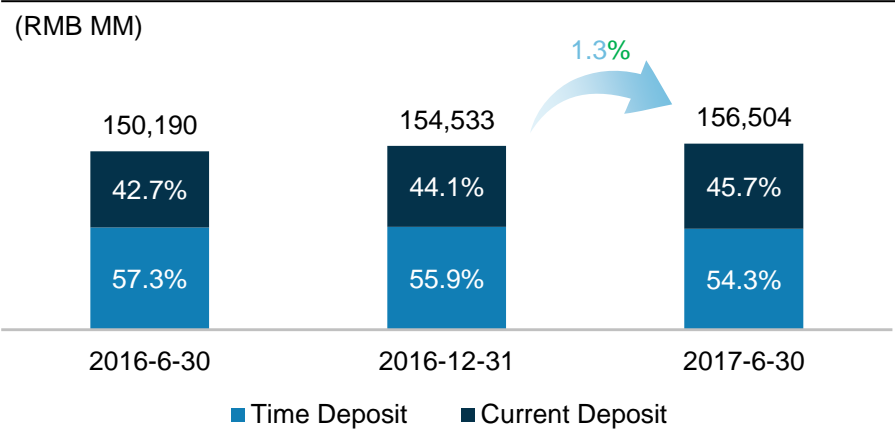
Treasury: Sustainable Growth while Diversified Income Source

1 Corporate Banking: Solid Profile with Optimized Business Structure

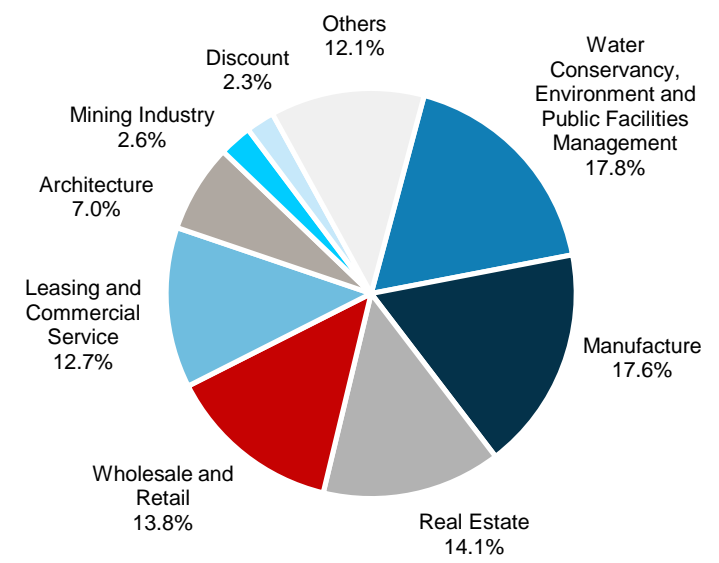
Corporate Loans and Growth Rate⁽¹⁾



Corporate Deposits and Growth Rate



Industry Distribution of Corporate Loans



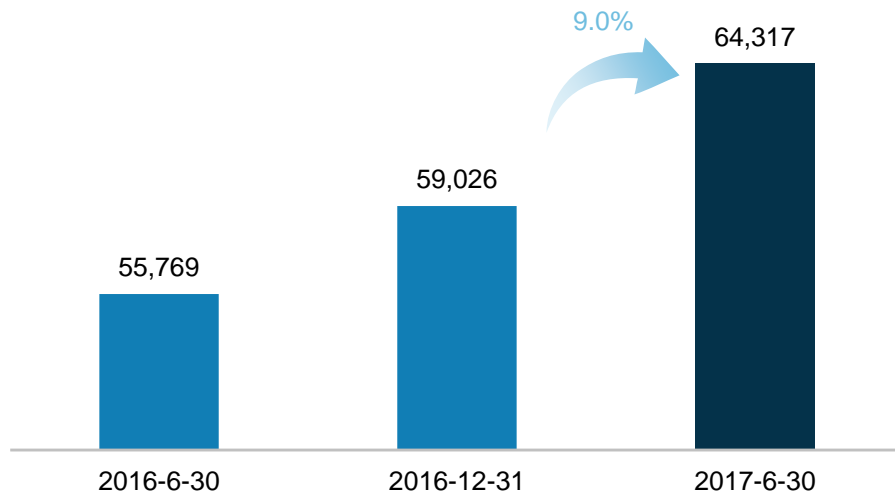
1. Includes SME loans

② SME Banking: Consistent Support to SMEs in West Region

Continuous fast growth of SME banking in Assets⁽¹⁾

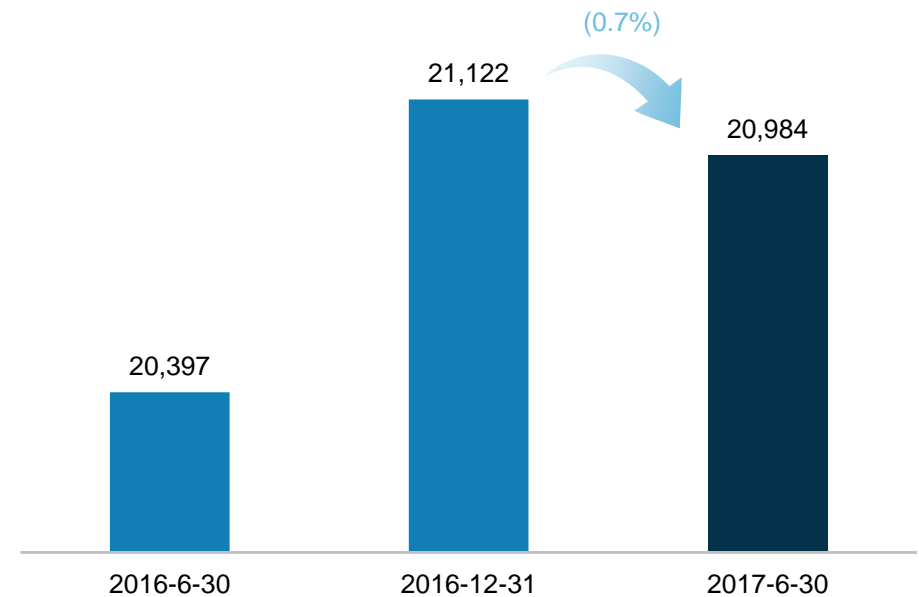
SME Loans and Growth Rate

(RMB MM)



Stable Growth of SME Credit Client

(No. of Client)



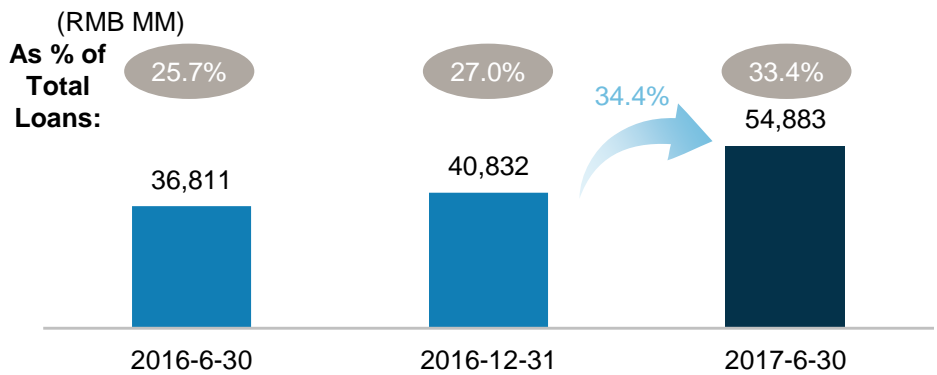
Note

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

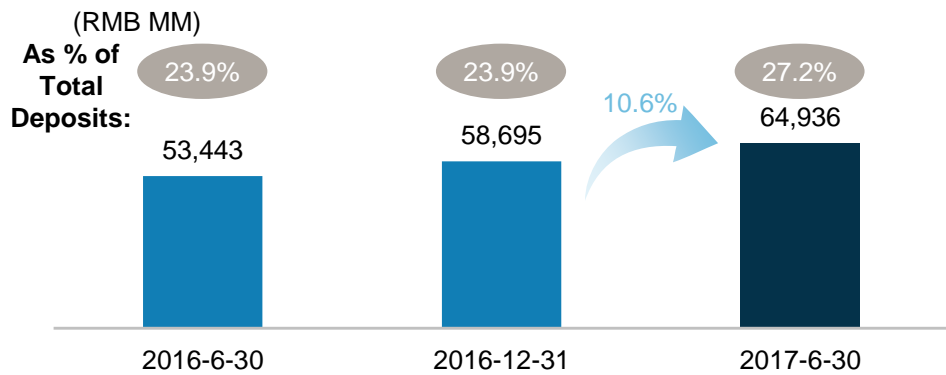
3 Retail Banking: Concrete Momentum with Focus on Consumer Financing

Strong uptrend of retail business

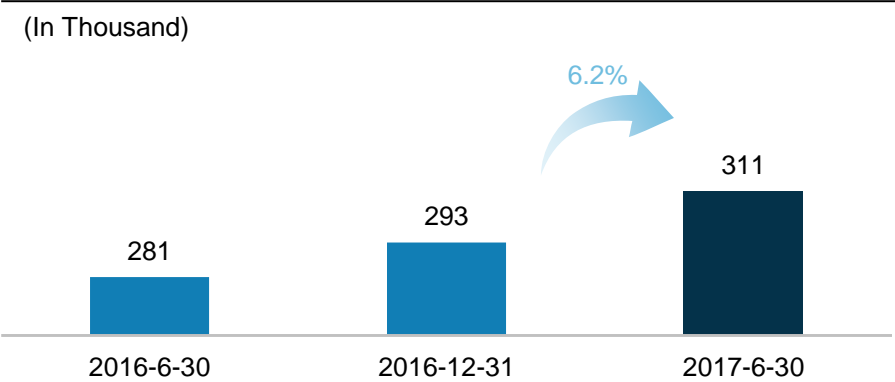
Retail Loans



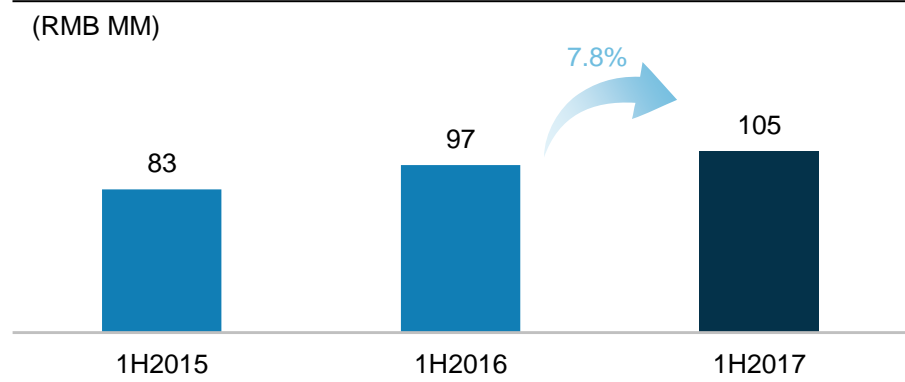
Retail Deposits



Number of Retail Clients



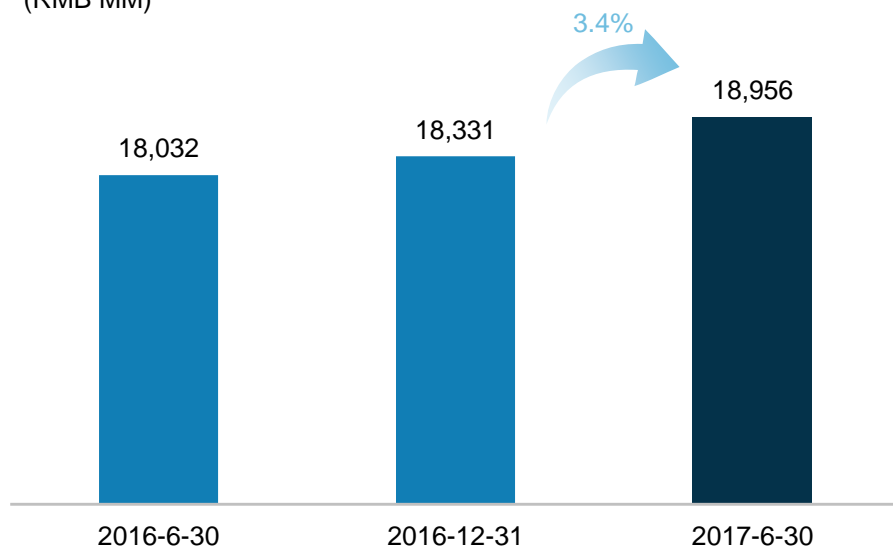
Net Fee and Commission Income from Retail Banking



3 Retail Banking: Cater Daily Financial Needs of Clients

Mortgage Loans

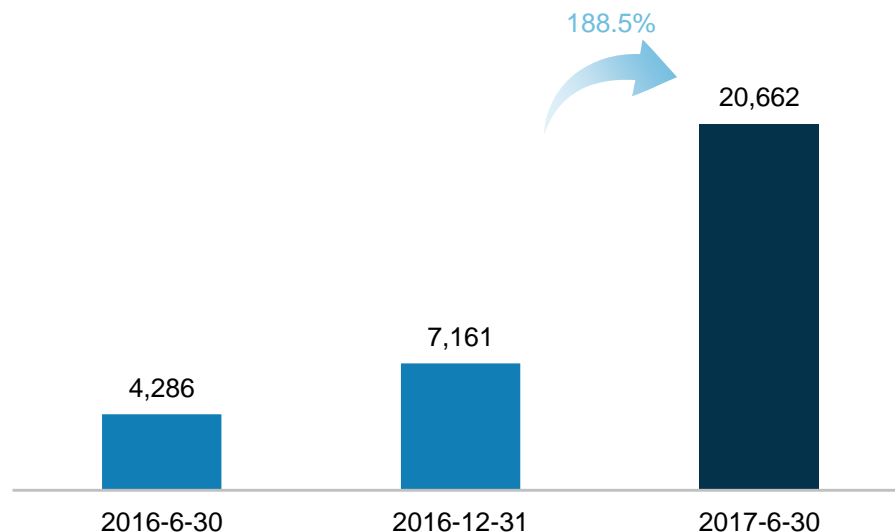
(RMB MM)



- Mortgage loan balance experienced slight growth from 2016 after proactive business structure adjustments
- Mortgage loan's contribution to total retail loans continued to decrease and was under 35% by end of 1H2017
- 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

(RMB MM)



- Benefiting from business structure adjustment, retail consumer loans increased significantly in 1H2017 to be over RMB20.6Bn
- Retail consumer loan's contribution to total retail loans quickly grew to 37.6%, 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

Treasury: Sustainable Growth while Diversified Income Source

Treasury sector experienced consistent double-digit 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

- Inter-bank Lending and Bill Rediscount
- Repurchase and Reverse Repurchase

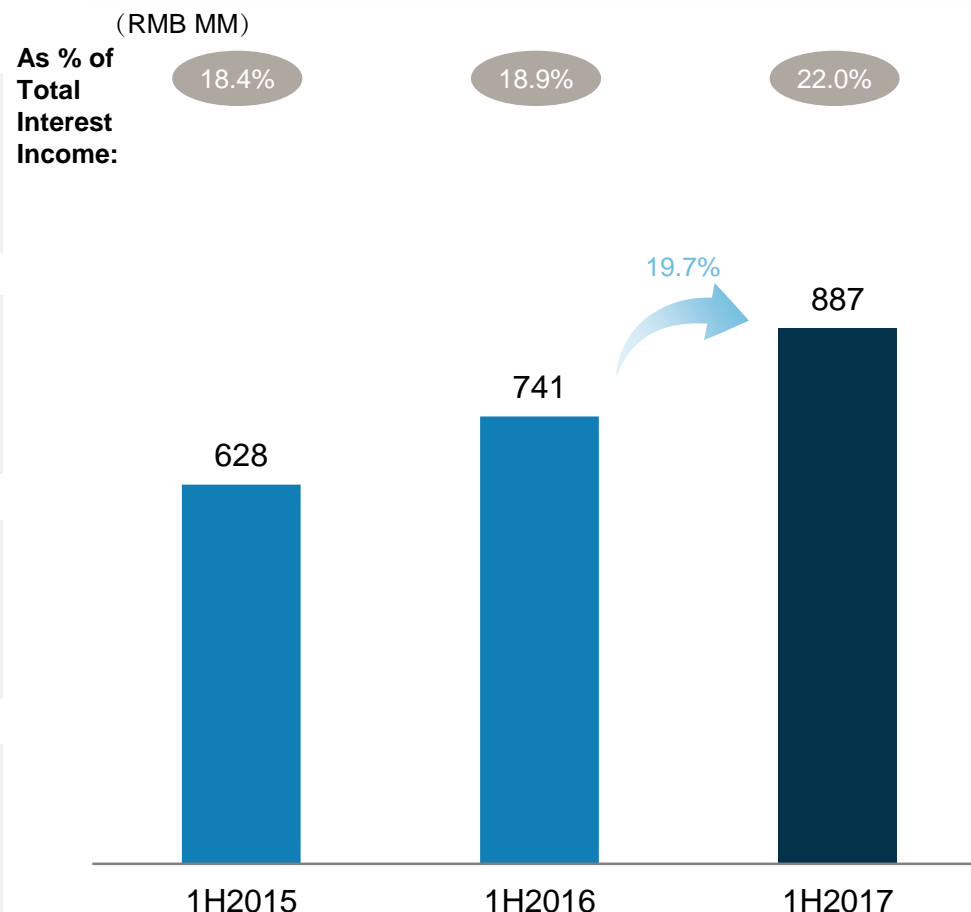
Securities Investment

- Fixed Income Products
- Principle-protected Wealth Management Products and Benefit Right of Trust Products

Wealth Management

- For both corporate and retail clients

Net Interest Income from Treasury Business



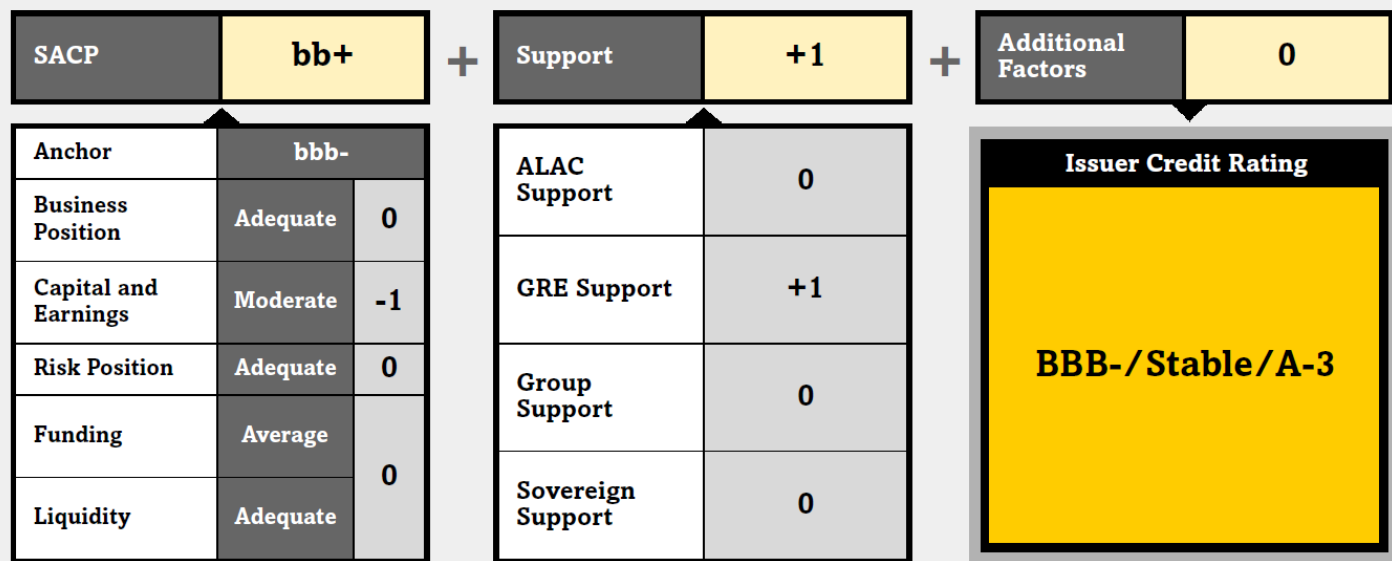


重庆银行
BANK OF CHONGQING

Section 4

1H2017 Operating Highlight

1 Investment Grade Rating by S&P

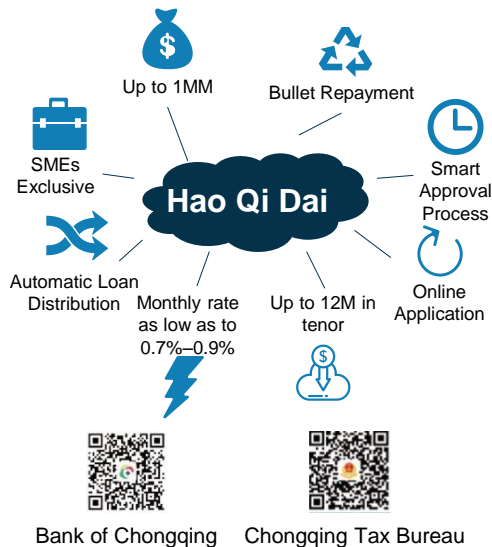


- On June 14, 2017, the international rating agency S&P Global Ratings assigned long-term and short-term issuer credit ratings of “BBB-” and “A-3”, respectively, to Bank of Chongqing, with a stable outlook
- The investment grade rating of “BBB-” is the highest among city commercial banks with international ratings
- The first financial institution in Western China which was assigned the investment grade rating
- According to S&P, stable outlook reflected that Bank of Chongqing could maintain current business development momentum in the following 12-24 months and has sufficient capital reserve to mitigate potential economic risks at macro level and within the industry. It also reflected S&P’s recognition of the Bank’s regional strength in Chongqing and strong government support received by the Bank
- In S&P’s view, driven by its underwriting preference and asset quality, risk level of Bank of Chongqing will be in line with industry average level. Bank of Chongqing strictly controls asset quality, achieving NPL ratio of 1.25% in 1H2017

2 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

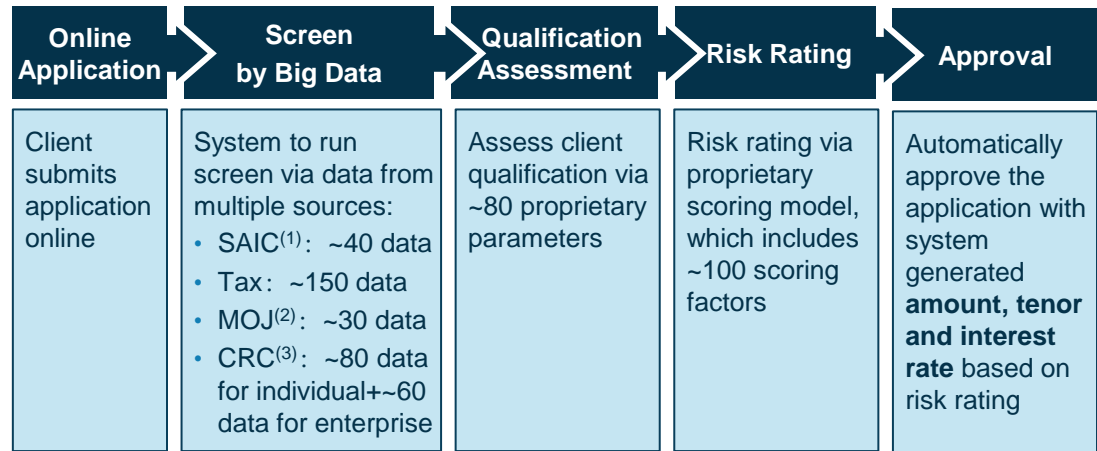


Client With Tax Record

Note:

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

Process



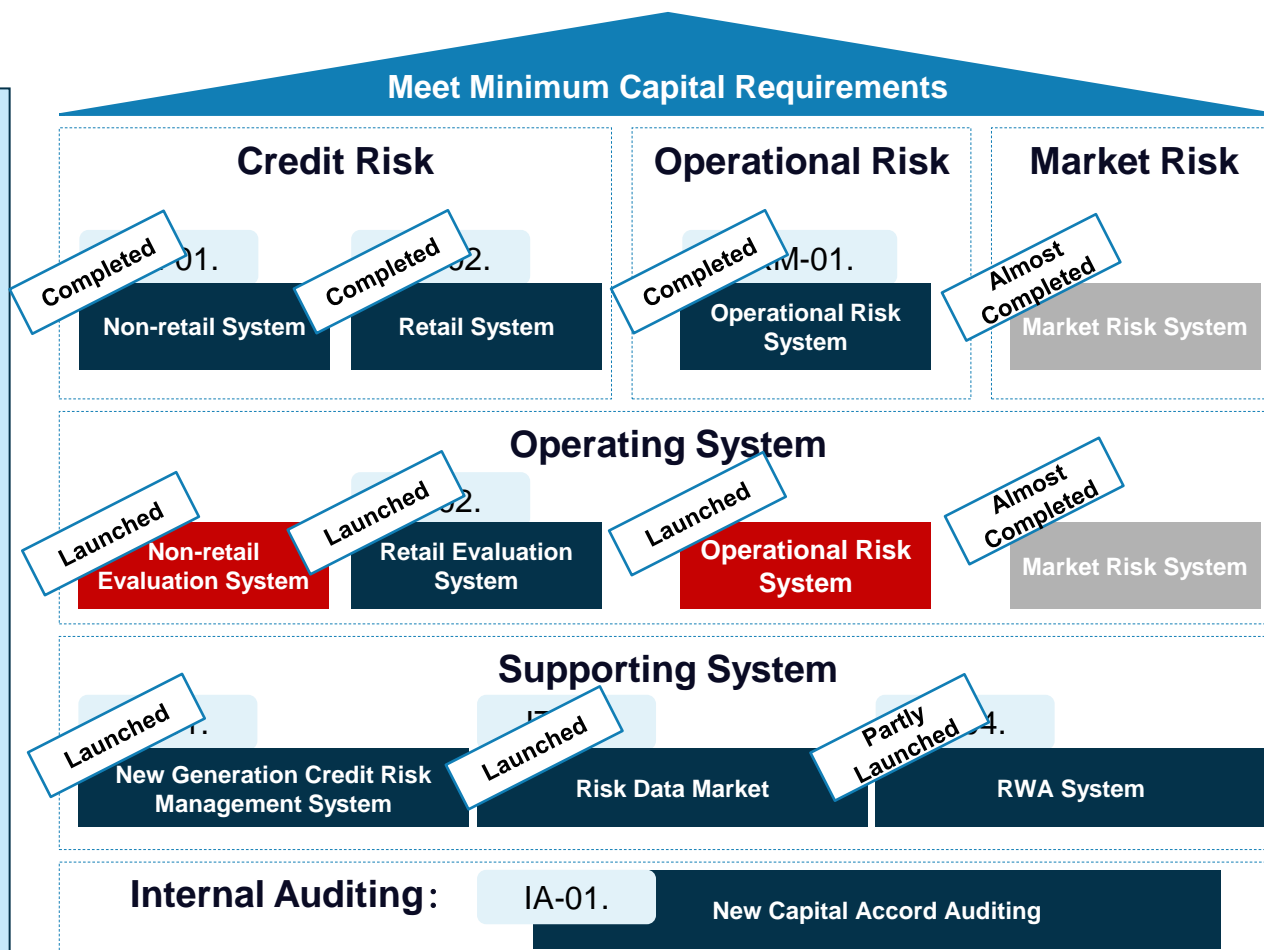
Prospect

- As of June 2017, total 6,223 applications received under “Hao Qi Dai” with 1,790 applications approved and RMB787MM loan drawn
- 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. In technique we are able to achieve instant loan distribution upon the launch of online credit system
- At the awarding ceremony of “2017 China Financial Innovation Awards”, “Hao Qi Dai” won the “Top 10 Internet Financial Innovation Award” for its innovative small and micro enterprise loan model that featured of instant, no collateral and lending up to RMB1MM

3

Fulfill Compliance Standard of Administrative Measures for the Capital of Commercial Banks

- In 2012, CBRC issued Administrative Measures for the Capital of Commercial Banks (for Trail Implementation). This is the China version of the New Basel Capital Accord
- In 2014, Bank of Chongqing started New Capital Accord project, conducting self-assessments according to regulatory guidelines. We also constitute, implement and optimize the execution plan. Up to now, the execution is almost completed





重庆银行
BANK OF CHONGQING

Section 5

Opportunities and Challenges

Outlook: Opportunities and Challenges

Opportunities

- China's stable macroeconomic environment and continuous progressing of economic restructuring and industrial structure upgrading will provide strong support for the sound development of banking industry
- Following the gradual implementation of “supply-side reform” policy, a looming series of new measures aiming to stabilize growth, promote structural adjustment, bring benefit to mass people and prevent risk, will be successively launched. Banking industry will see valuable development opportunities
- As China's largest municipality directly under the Central Government, the most developed urban center in Western China, the largest port city on the upper reaches of the Yangtze River and the pillar city of China-Singapore interconnection program, Chongqing leads GDP growth in 1H2017 nationally. In 2H2017, with the implementation of China's major development strategies and plans, as well as policies and measures for stable growth and structural adjustment, Chongqing is expected to maintain a favorable momentum of rapid economic growth

Challenges

- While the foundation underpinning China's economic recovery is yet to stabilize, structural contradiction caused by transition from old to new growth model is still prominent
- As the competition from interest rate marketization intensifies, net interest margin and net interest spread of banking industry continued to shrink
- The banking industry is facing rising NPL ratio and slipping asset quality
- With intensified financial disintermediation, challenges from Fintech and Internet Finance are growing. Traditional banks will encounter competitions from both peers and Internet Finance



Thank you!