



重庆银行
BANK OF CHONGQING

Bank of Chongqing, Co.,Ltd.

(1963.HK)

2014 Annual Results Presentation

Hong Kong (Mar.2015)



2014 Annual results presentation

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1 Key Business Highlights



Key Business Highlights

| RMB (million) | 2014 | 2013 | change (%) | 2012 | 3 year CAGR (%) |
|--|---------|---------|--|---------|-----------------|
| Net interest income | 6,232 | 5,179 |  20.3 | 4,150 | 23.3 |
| Net fee and commission income | 909 | 645 |  41.0 | 368 | 46.4 |
| Operating income | 7,483 | 5,875 |  27.4 | 4,657 | 28.0 |
| Profit before income tax | 3,788 | 3,057 |  24.0 | 2,517 | 25.1 |
| Net Profit for the year attributable to shareholders | 2,827 | 2,329 |  21.4 | 1,925 | 23.9 |
| change | | | | | |
| EPS (RMB) | 1.05 | 1.10 |  -0.05 | 0.95 | 12.4 |
| DPS (RMB) | 0.272 | 0.224 |  0.048 | 0.07 | 75.9 |
| change (%) | | | | | |
| Total assets | 274,531 | 206,787 |  32.8 | 156,163 | 29.2 |
| Net loans and advances to customers | 104,115 | 88,638 |  17.5 | 75,257 | 18.3 |
| Total liabilities | 258,628 | 193,308 |  33.8 | 147,905 | 28.9 |
| Customer deposits | 167,932 | 148,801 |  12.9 | 114,043 | 23.4 |
| Total equity | 15,903 | 13,479 |  18.0 | 8,258 | 35.1 |



Key Business Highlights

| Ratio (%) | 2014 | 2013 | Change | 2012 |
|------------------------------------|-------|-------|---------|-------|
| ROA | 1.17 | 1.28 | ↓ -0.11 | 1.36 |
| ROE | 19.2 | 21.4 | ↓ -2.2 | 26.2 |
| Net interest spread (NIS) | 2.56 | 2.61 | ↓ -0.05 | 2.66 |
| Net interest margin (NIM) | 2.81 | 2.81 | — 0.00 | 2.85 |
| Fee and commission income ratio | 12.15 | 10.97 | ↑ 1.18 | 7.90 |
| Non-performing loans ratio | 0.69 | 0.39 | ↑ 0.30 | 0.33 |
| Core capital adequacy ratio (CCAR) | 9.63 | 10.82 | ↓ -1.19 | 8.18 |
| Capital adequacy ratio (CAR) | 11.00 | 13.26 | ↓ -2.26 | 11.11 |
| Loan-to-Deposit ratio | 63.39 | 60.82 | ↑ 2.57 | 67.20 |

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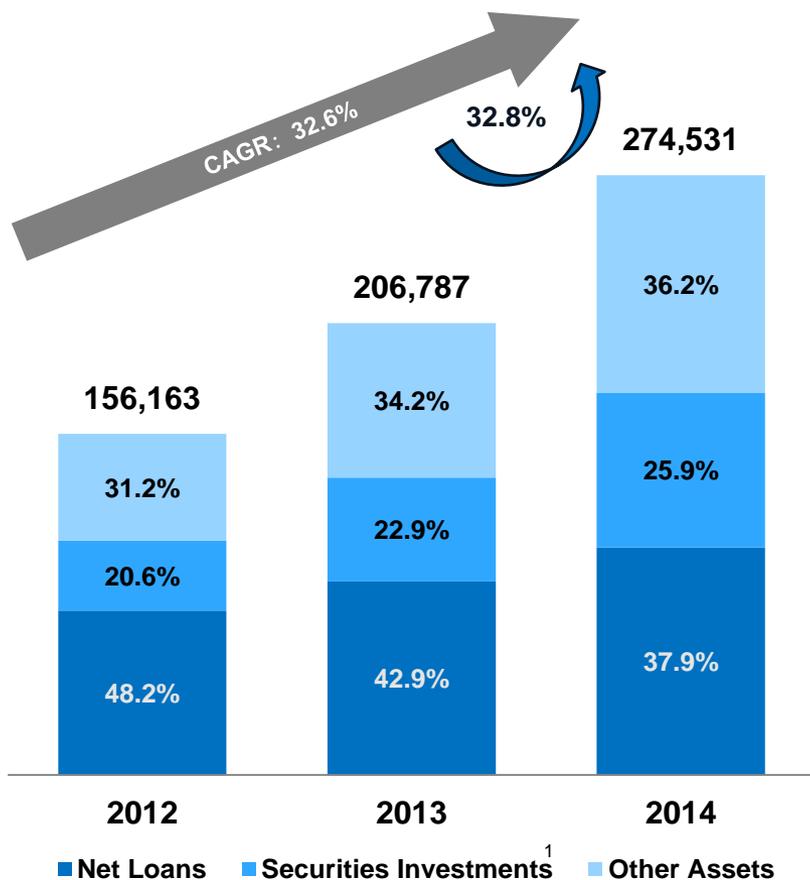
Financial Performance

Financial Performance

Solid and healthy growth of assets

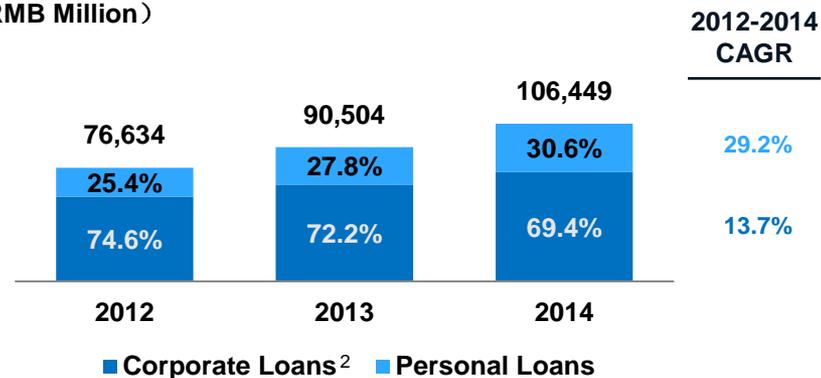
Total assets : 2012-2014

(RMB Million)



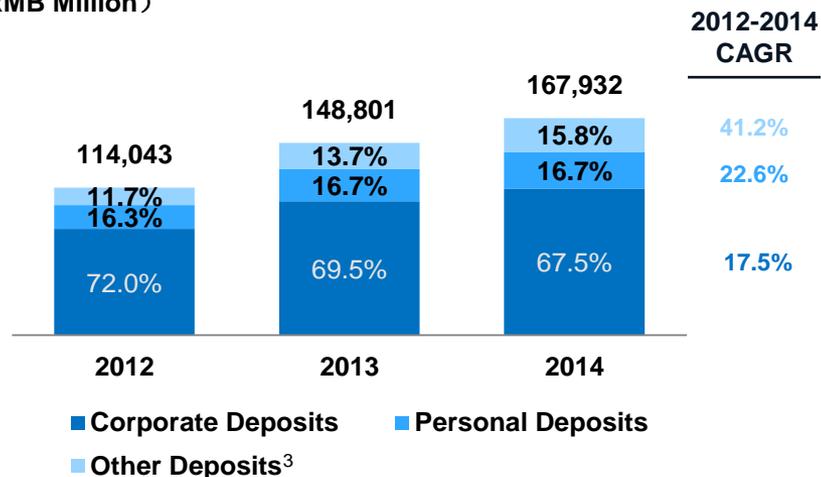
Total loans: 2012-2014

(RMB Million)



Total deposits: 2012-2014

(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.

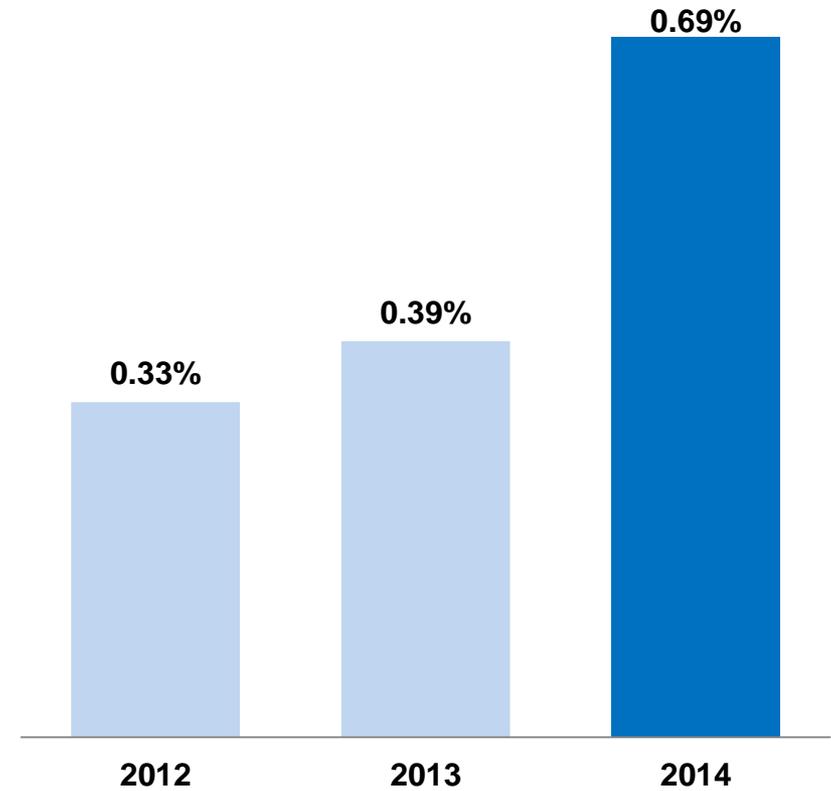
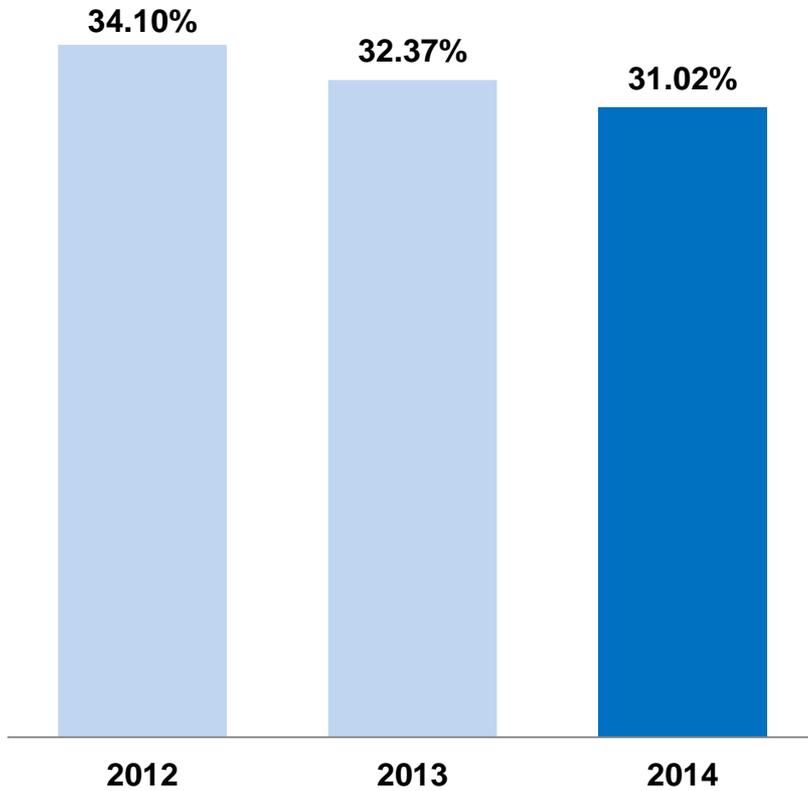


Financial Performance

Decreasing Cost/Income ratio, Below-average NPL ratio

Cost-to-income ratio¹ : 2012-2014

Non-performing loan ratio²: 2012-2014



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

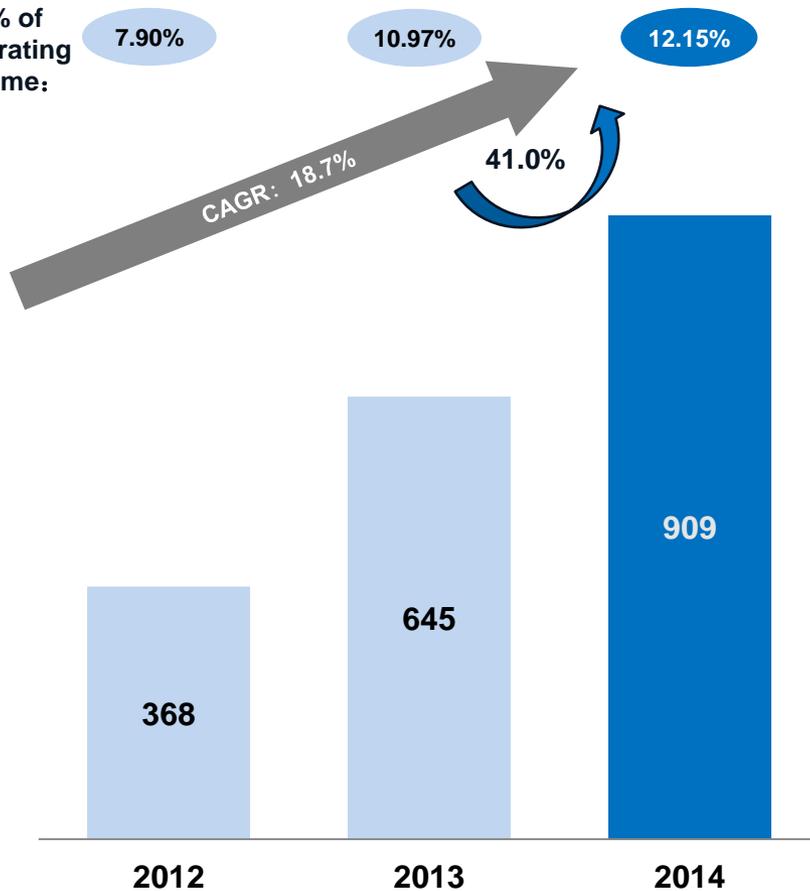


Strong and diversified growth in non-interests income

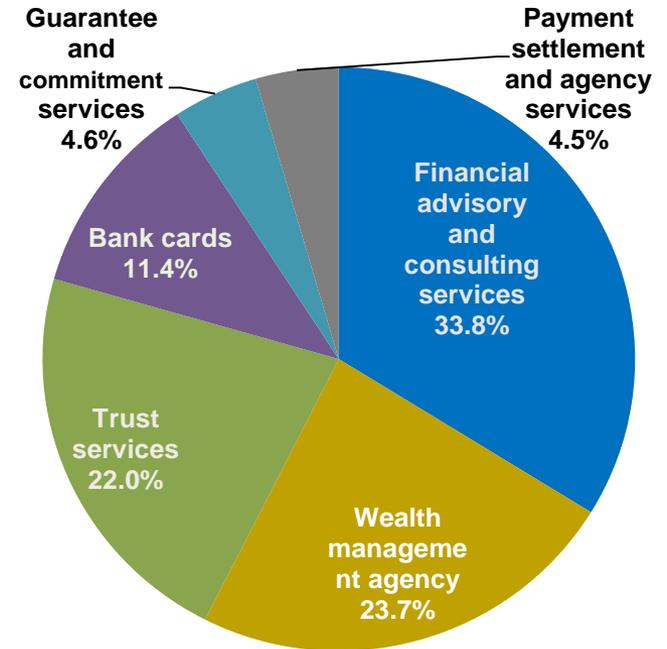
Net fee and commission income: 2012-2014

(RMB Million)

As % of
Operating
Income:



Net fee and commission income breakdown: 2014



**Total Fee and Commission Income:
RMB909 million**

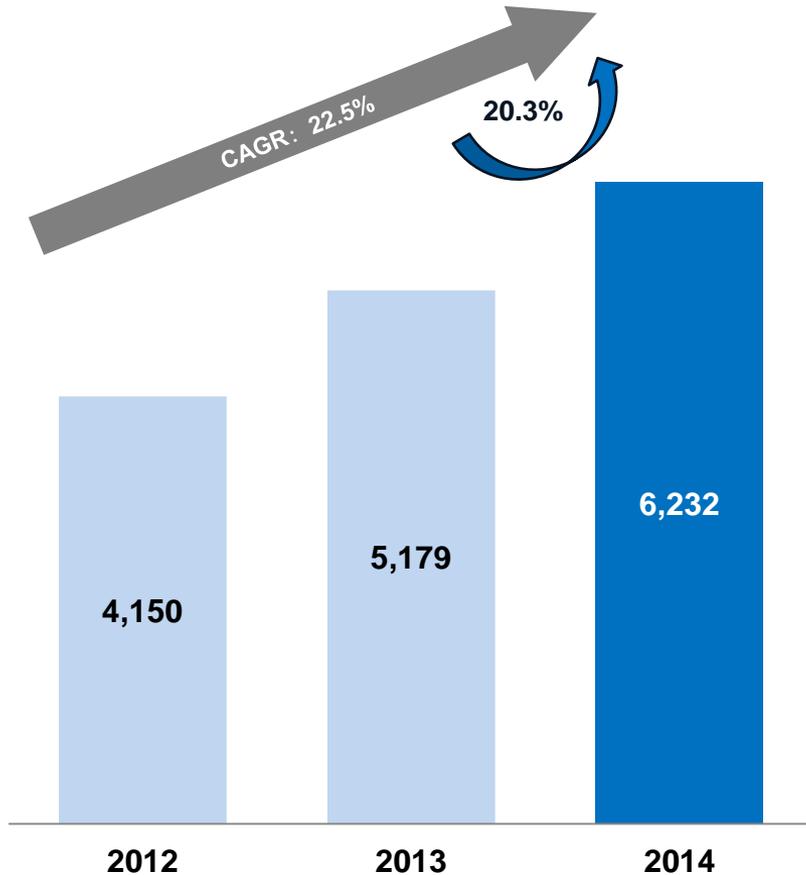


Financial Performance

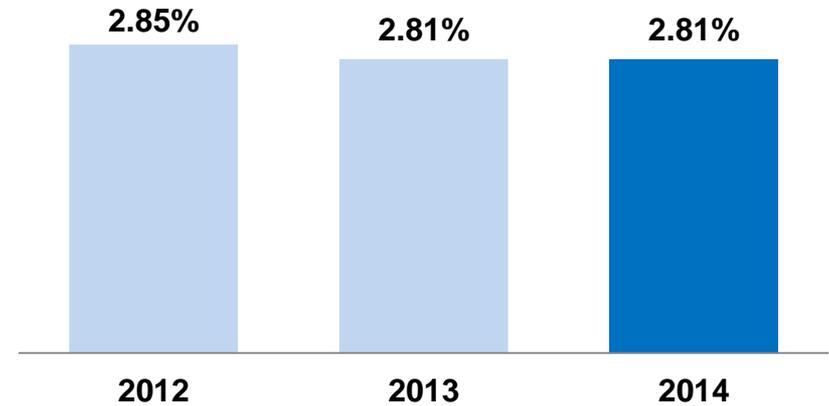
Solid growth of net interest income , stable NIM with NIS narrowing

Net interest income : 2012-2014

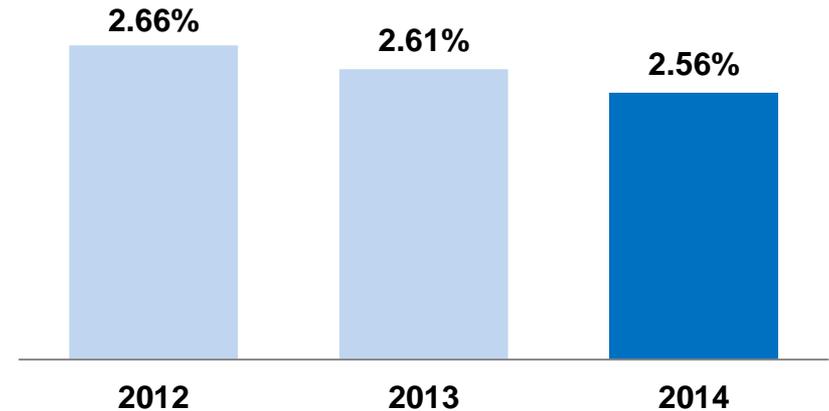
(RMB Million)



Net interest margin : 2012-2014



Net interest spread: 2012-2014



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Business Overview

- Corporate banking business
- SME business
- Personal banking business
- Treasury operations

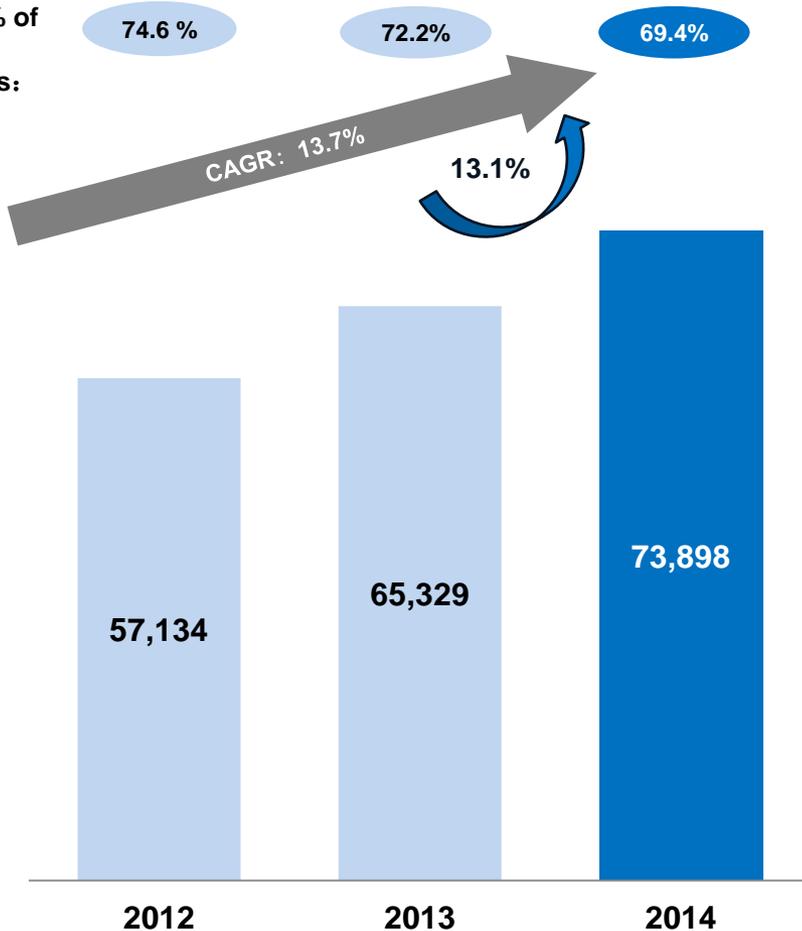
Business Overview: Corporate banking business

Corporate banking business — main driver of revenues and profits

Corporate loans¹: 2012-2014

(RMB Million)

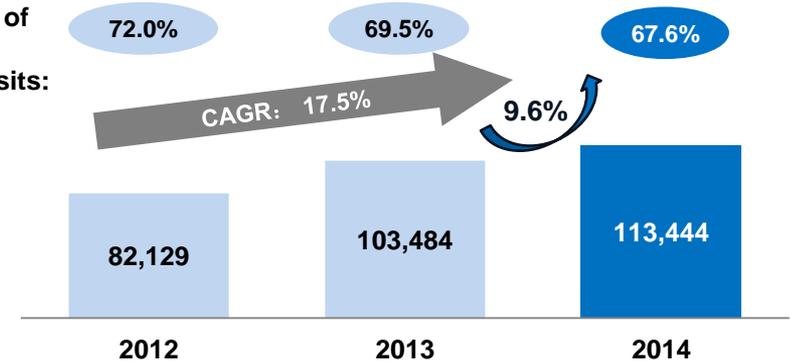
As % of total loans:



Corporate deposits: 2012-2014

(RMB Million)

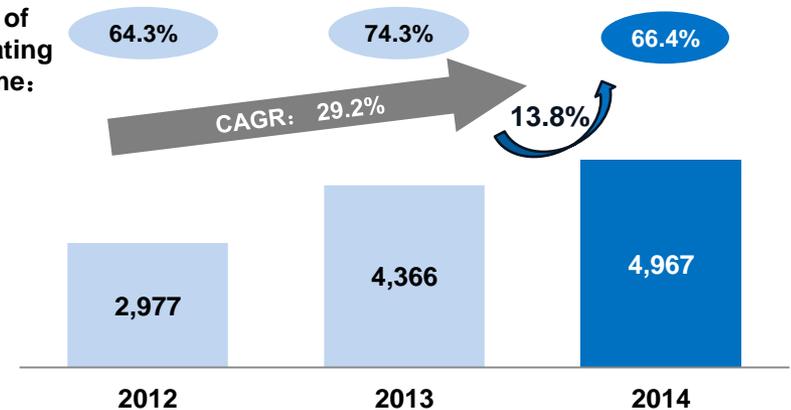
As % of total deposits:



Corporate banking operating income: 2012-2014

(RMB Million)

As % of operating income:



¹ Including SME loans.

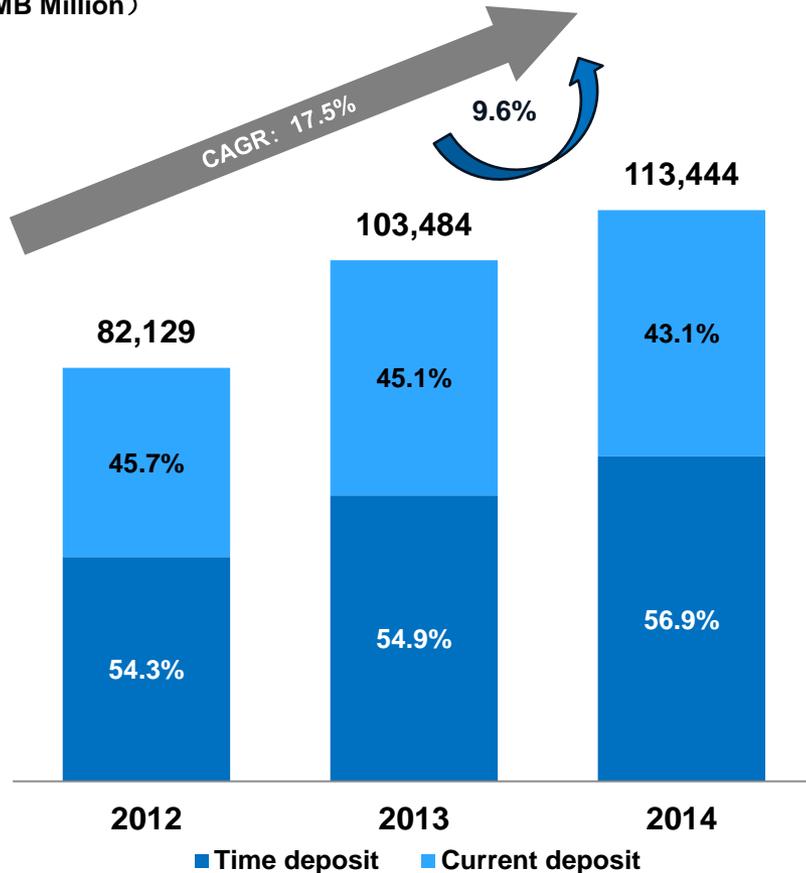
Business Overview: Corporate banking business



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

Structure of corporate deposits and growth rate: 2012-2014

(RMB Million)



Corporate deposits description:

- In order to minimize duration mismatch and stabilize deposits, we focused on attracting time deposits. As end of 2014, time deposits accounted for 56.9% of total corporate deposits.
- Fast growing corporate deposits:
 - Growing customer base and expanding new customer relations.
 - Full covering 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).

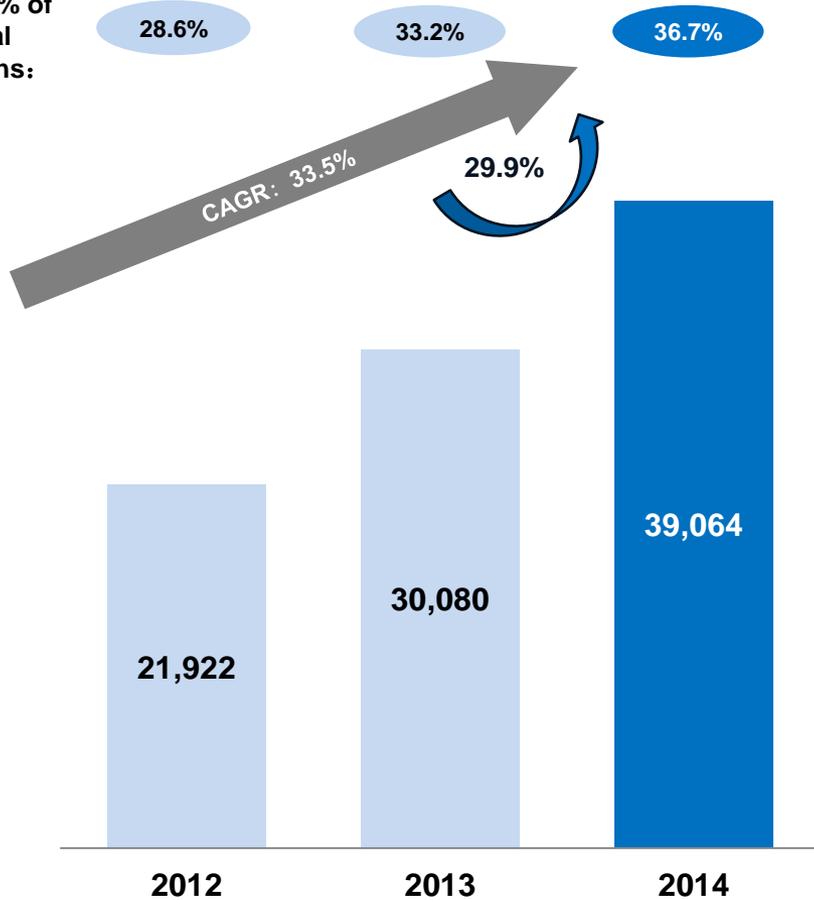
Business Overview: SME business

Fast-growing SME business¹ with relatively healthy asset quality

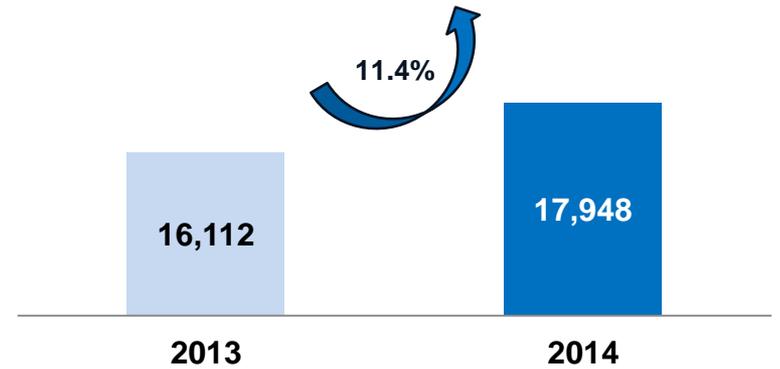
SME loans: 2012-2014

(RMB Million)

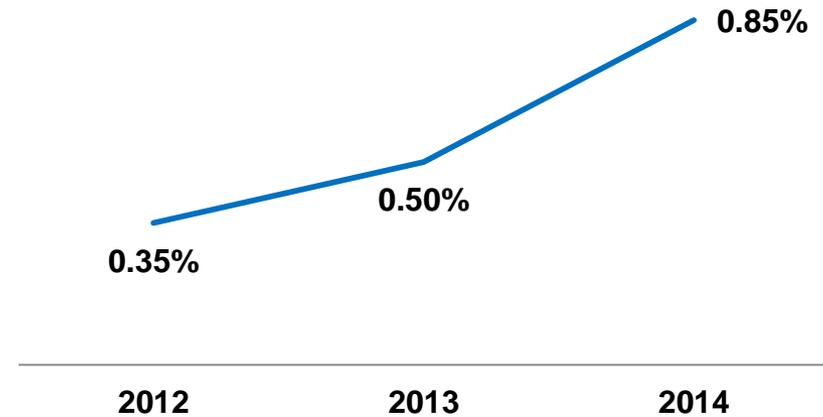
As % of
total
loans:



Number of SME clients:



Relatively low SME NPL ratio: 2012-2014

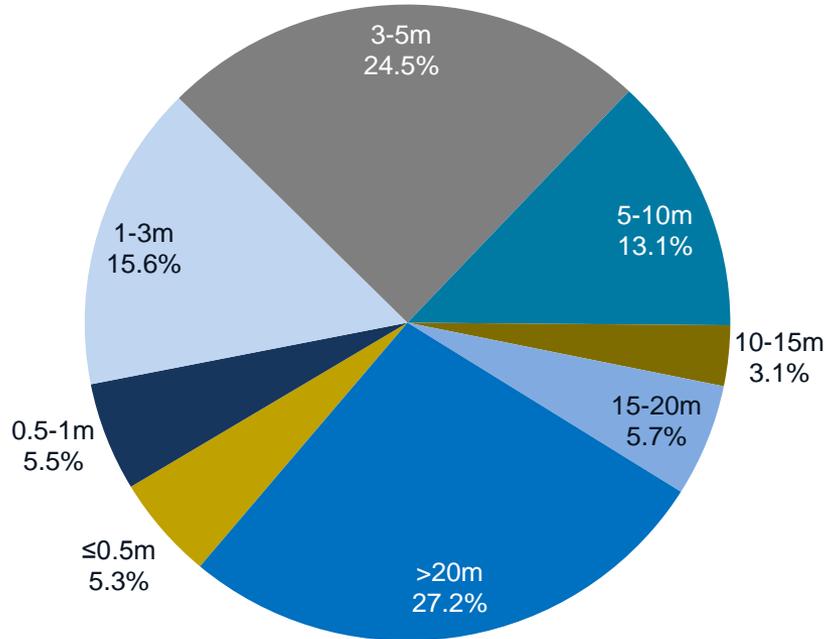


¹ The amount of SME loans is from our management data. The SME loan amount calculation is SME loans included in corporate loans plus personal business loans in individual business, then minus public institution loans.

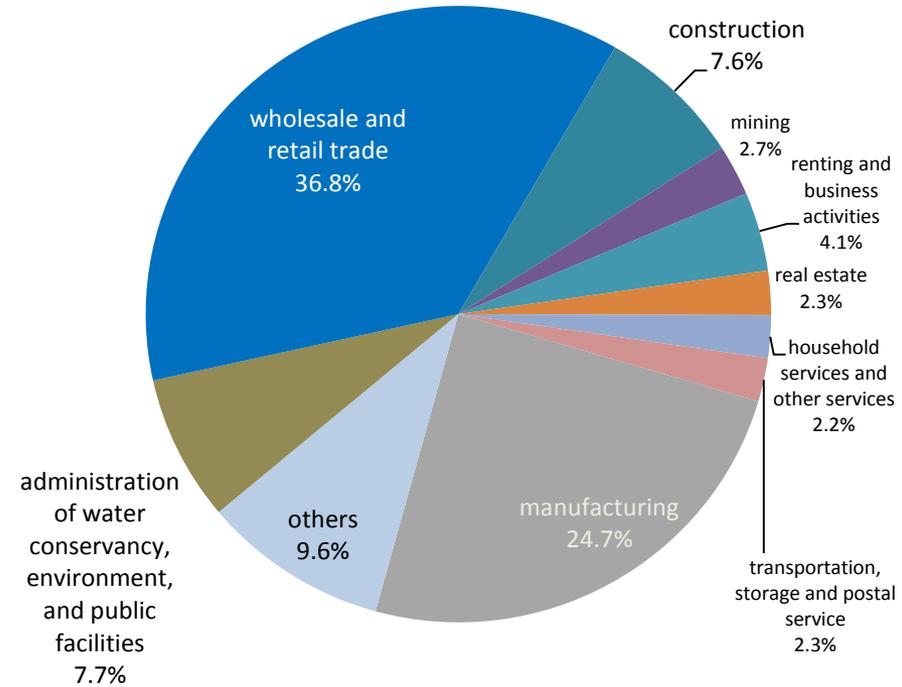
Business Overview: SME business

Well adapted to local economy with scale & industry diversification

Breakdown by scale (2014)



Breakdown by industries (2014)



Small and micro enterprise loans
2014: RMB39.06 billion

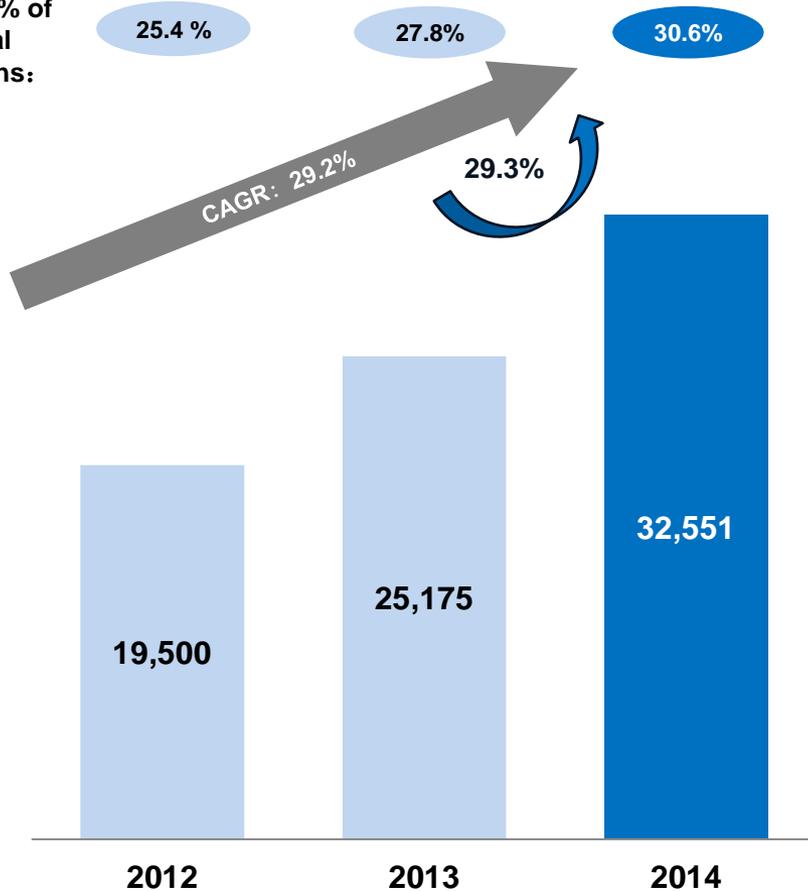
Business Overview: Personal banking business

Fast-growing personal banking business

Personal loans: 2012-2014

(RMB Million)

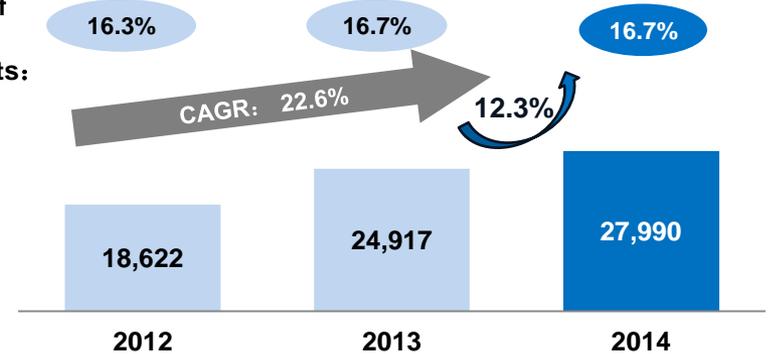
As % of total loans:



Personal deposits: 2012-2014

(RMB Million)

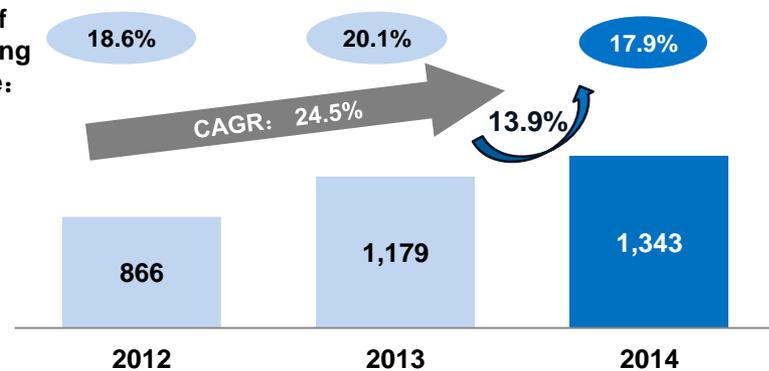
As % of total deposits:



Personal operating income: 2012-2014

(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, Shanxi, 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
- 85 on-site self-service bank
- 340 ATM
- 267 CRS
- 168 Multimedia self-service terminals

E-banking system



Self-Service Banking

- Self-service banking transactions 8.7m, total amount 14.5b RMB in 2014.



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, customer s 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 RMB261.4bn in 2014.



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 December 31, 2014.

Successful launch of “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 一元起投 T+0赎回 |  DIY贷 在线申请 自助定价 及时便捷 |
|---|--|--|

■ BoCQ, as one of the pioneers in industry, introduced “**Direct Banking**” to provide differentiated financial service to customers.

■ Launched on July 24, 2014, our first batch products are “Le Hui Cun”, “Ju Li Bao”, and “DIY Loan” application. Further products will cover online wealth management, utility bills direct debiting, micro-consumer lending, etc.

■ By the end of Dec 31, 2014, there were 81,000 customers from 31 provinces nationwide, of which nearly 40,000 were using other banks’ cards.

Business Overview: Treasury operations

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

Guiding principle and business types

Guiding Principle

- Look to maximize the financial returns of non-lending operations after satisfying our own liquidity requirement

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 bond)
- Guaranteed fixed income financial products and trust beneficiary right

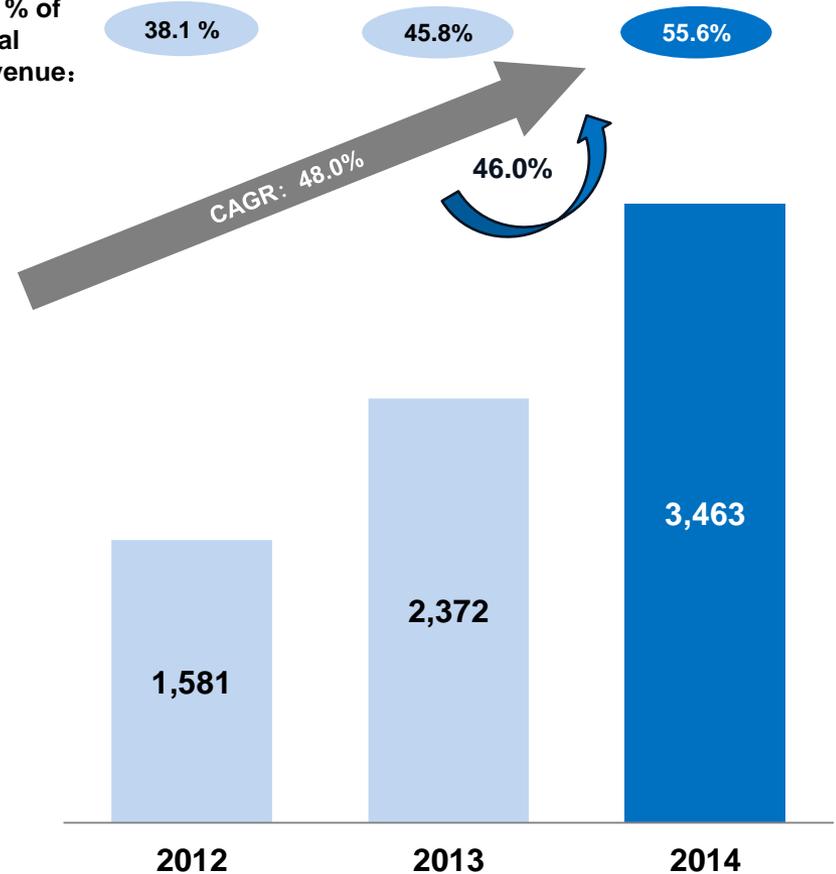
Wealth management

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

Revenue from treasury operations: 2012-2014

(RMB Million)

As % of total revenue:

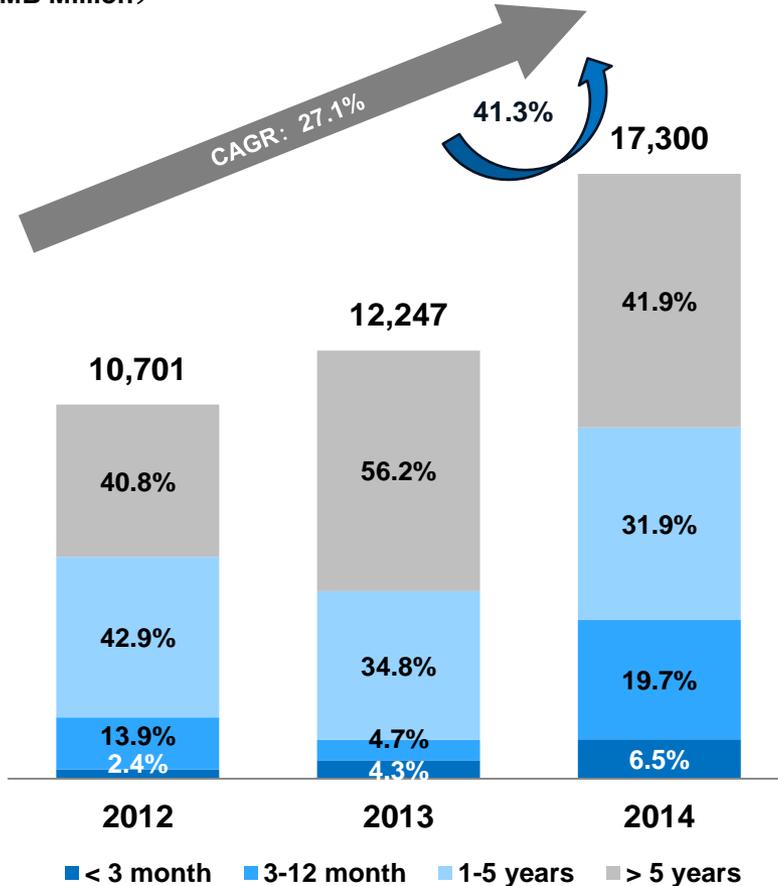


Business Overview: Treasury operations

Fix-income investment of high rating bond, stable returns and strong liquidity

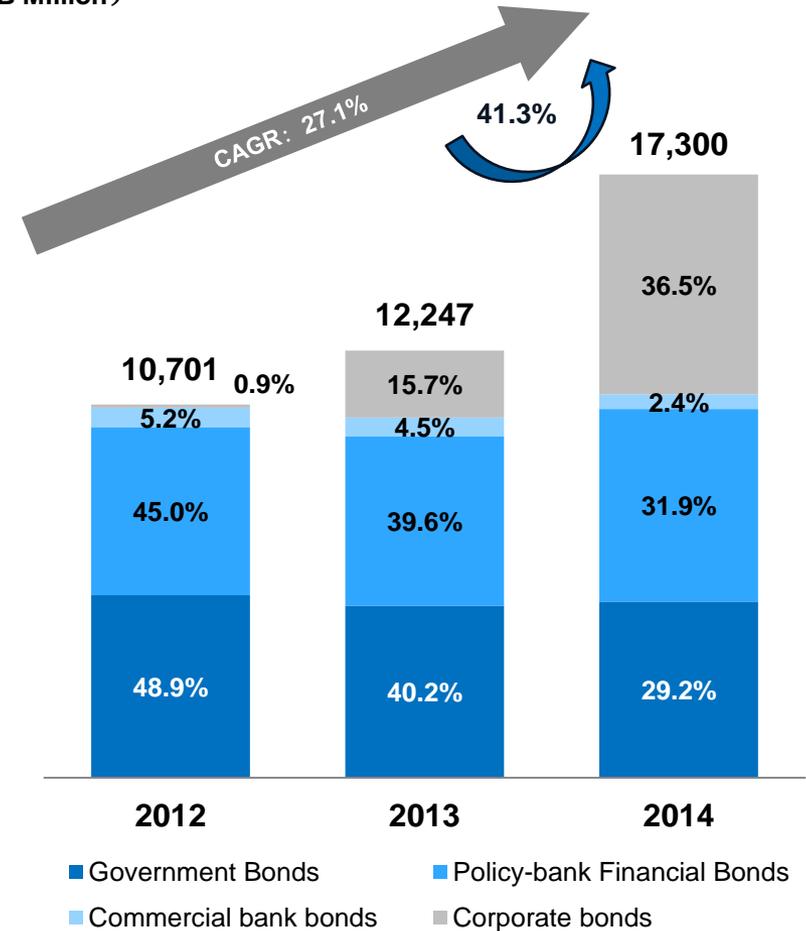
Bond investment portfolio by maturity:
2012-2014

(RMB Million)



Investment portfolio: 2012-2014

(RMB Million)





Establishment of a consumer finance joint venture

General Situation of Consumer Finance Joint Venture

■ The Board of Bank of Chongqing Co., Ltd. has approved the proposed establishment of a consumer finance joint venture by the Bank as a promoter and general contributor, together with other contributors (including Chongqing Department Store Co., Ltd). The Bank entered into the Investment Documents with the other Promoters on August 15, 2014, jointly promoting the establishment of the Consumer Finance Joint Venture. The registered capital of the Consumer Finance Joint Venture is RMB300 million, and the Bank intends to subscribe for 54 million shares of the Consumer Finance Joint Venture at a par value of RMB1 per share by way of cash, representing 18% of the registered capital of the Consumer Finance Joint Venture upon its establishment. The Consumer Finance Joint Venture has been approved by China Banking Regulatory Commission (the “CBRC”), and in the process to be officially launched.

Consumer Finance Joint Venture Business Goal

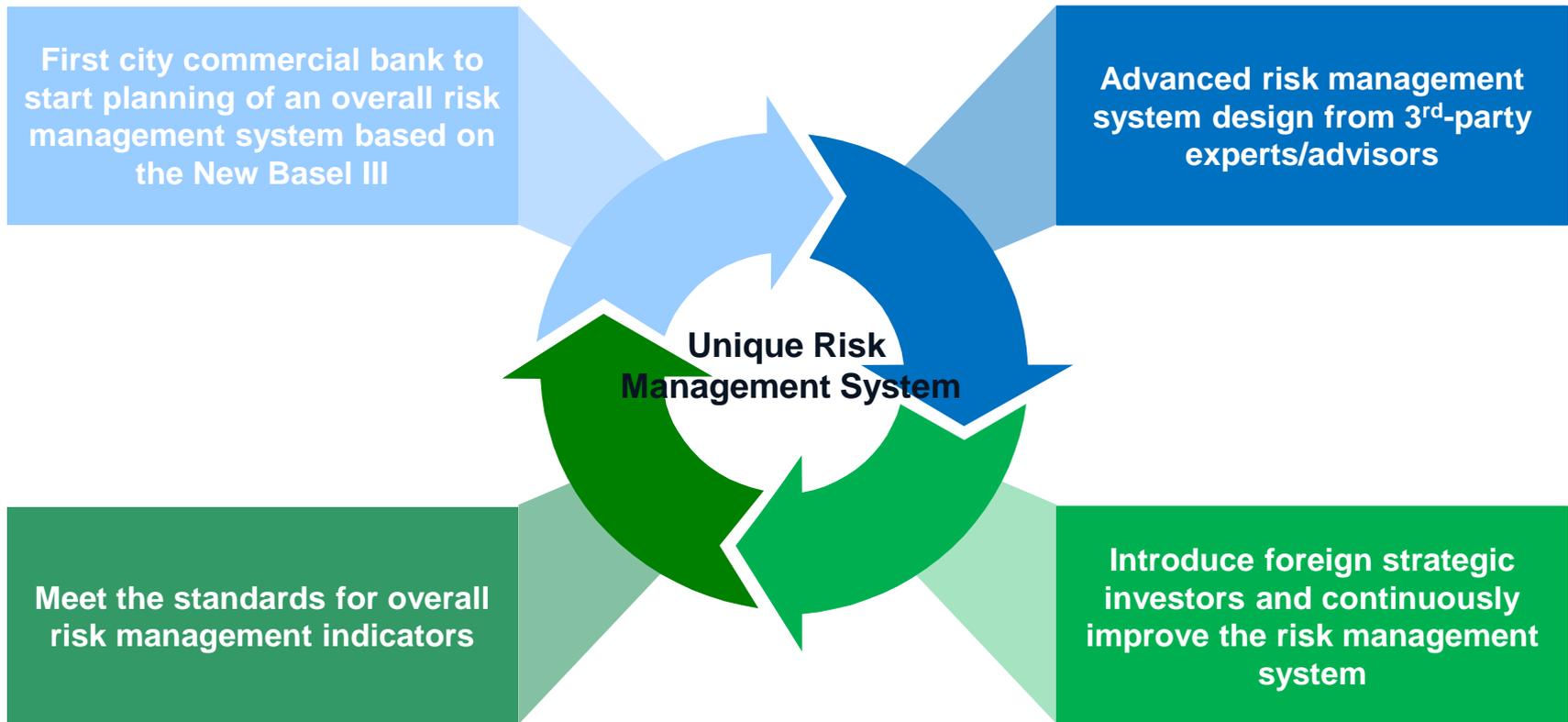
- Provide comprehensive consumer financial services based on internet platform, to facilitate the Bank’s integration of offline retail channels with online e-commerce channels;
- Mutual sharing of Big Data in client base, risk models, etc., to create Win-Win situation;
- Facilitate the Bank’s cultivation and development of the investment value of its online finance platform and achieve better returns to shareholders and investors.

4

Risk management

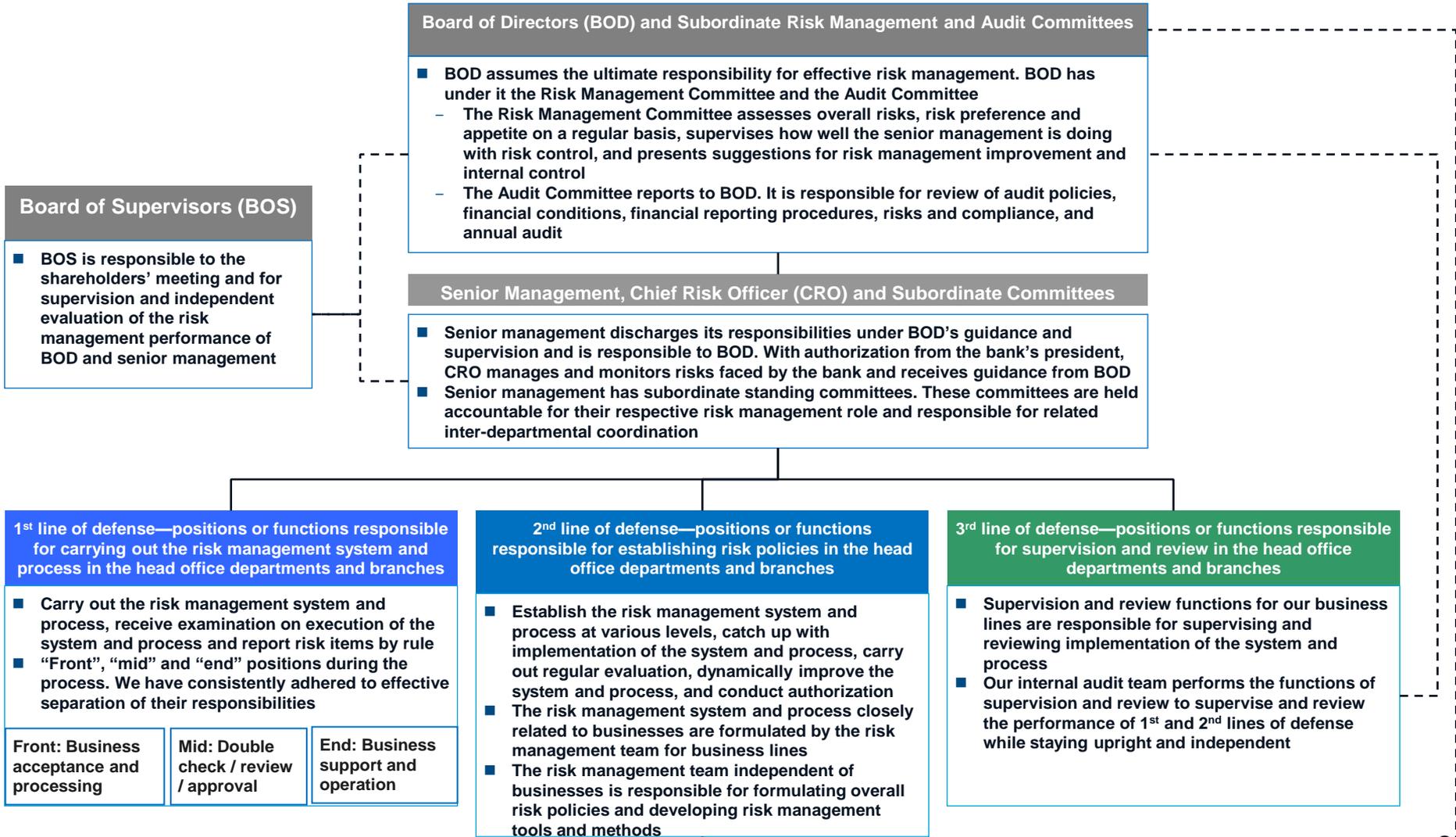
Risk Management

Leading risk management philosophy



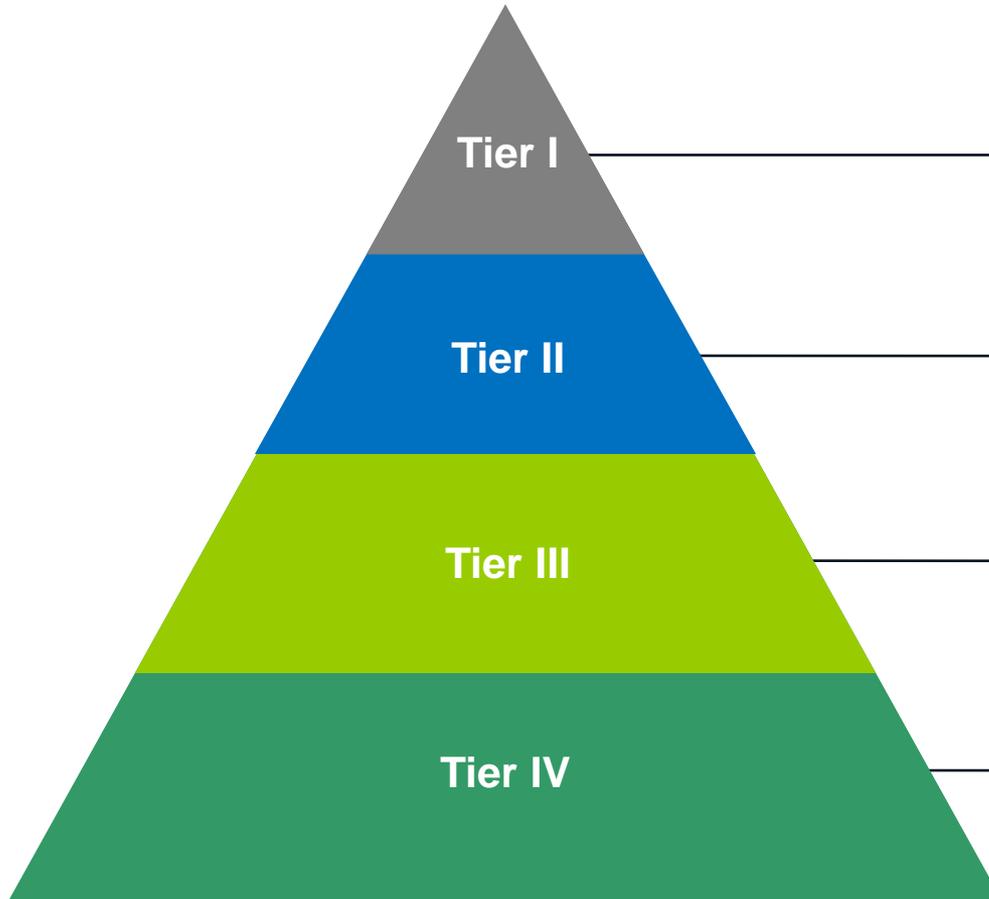
Risk Management

Organizational structure for risk management



Risk Management

Tiered risk management structure



Tier I: Risk management policy at BOD level

- Mainly include general risk management policy, risk appetite and credit line system of the entire bank, setting tone and principle for risk management activities of the entire bank

Tier II: Risk management policy applied to individual risk category

- Full coverage of all risk categories and risk management guidelines which all LOBs and branches should follow. Mainly include risk management organization structure, process, tools, measurement methods, data and information system by individual risk category

Tier III: Risk management policy applied to individual risk and lines of business

- Full coverage of all types of risk management within individual LOB to reflect risk management feature of individual LOB. It includes risk management guideline which individual LOB must follow and refines tier II risk management policy to LOB level

Tier IV: Risk management policy applied to branches and customer segment

- Refined risk management policy applied to branches or products, business management measures or operating procedures targeting at specific customer segment



5 Outlook



Outlook: Opportunities and Challenges

Opportunities

- Under “**The New Normal**”, the reformation of economy and promotion of industrial structure of China will provide a strong support of the banking sector;
- The Chinese government and regulators issued a series of fiscal, monetary and regulatory policies , which are conducive to China's economy development, also reducing the systematic risk for financial and banking sectors; Especially, policies on lower financing costs, tax-cut and other preferential policies for SME business, are valuable opportunity for commercial banking sector in healthy development;
- As the largest municipality located in Western China, directly under the central government, Chongqing had achieved the highest GDP growth rate in 2014, and is still expected to demonstrate a strong growth, much higher than the national average. In 2015, under China’s “**The One Belt and One Road**” initiatives and the implementation of the strategy of the Yangtze River Economic Belt, Chongqing’s economic growth would still be strong and healthy under “**The New Normal**”.

Challenges

- The world economy is under unbalanced recovery ,while comparing to high speed growth in last 3 decades , the Chinese economy will experience a normal growth;
- While interest rate de-regulation in China, the NIS and NIM of the banking sector expected to be narrowed down in future;
- More strict macro policies and banking industry regulations, increasing competition from new privately-run banks, and deposit-insurance-reform would bring more operation pressures against the existing banking sector;
- Reinforced financial dis-intermediation as evidenced by the profound impacts from emerging e-financial business models on the traditional deposit/lending business, intensified competitions from banking industry peers and internet finance players.



Q & A



Thank you!