



Bank of Chongqing, Co.,Ltd.

(1963.HK)

2016 Interim Results Presentation

Hong Kong (Aug. 2016)



2016 Interim results presentation

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1 Key Business Highlights

Key Business Highlights

RMB (million)	1H2016	1H2015	Change (%)
Net interest income	3,927	3,412	 15.1
Net fee and commission income	949	766	 23.9
Operating income	4,889	4,263	 14.7
PPOP	3,743	2,972	 25.9
Net profit for the year/period attributable to shareholders	2,030	1,838	 10.5
			变动
EPS (RMB)	0.65	0.68	 -0.03
	Jun 30, 2016	Dec 31, 2015	变动率 (%)
Total assets	343,316	319,808	 7.4
Net loans and advances to customers	139,206	121,816	 14.3
Total liabilities	320,814	298,515	 7.5
Customer deposits	223,716	199,299	 12.3
Total equity	22,502	21,293	 5.7

Key Business Highlights

Ratio (%)	1H2016	1H2015	Change
Annualized ROA	1.23	1.33	↓ -0.10
Annualized ROE	18.64	22.40	↓ -3.76
Net interest spread (NIS)	2.26	2.33	↓ -0.07
Net interest margin (NIM)	2.47	2.58	↓ -0.11
Fee and commission income ratio	19.41	17.97	↑ 1.44
	Jun 30, 2016	Dec 31, 2015	Change
Non-performing Loans ratio	0.96	0.97	↓ -0.01
Core capital adequacy ratio (CCAR)	10.31	10.49	↓ -0.18
Capital adequacy ratio (CAR)	12.33	11.63	↑ 0.70
Loan-to-Deposit ratio	63.92	62.60	↑ 1.32

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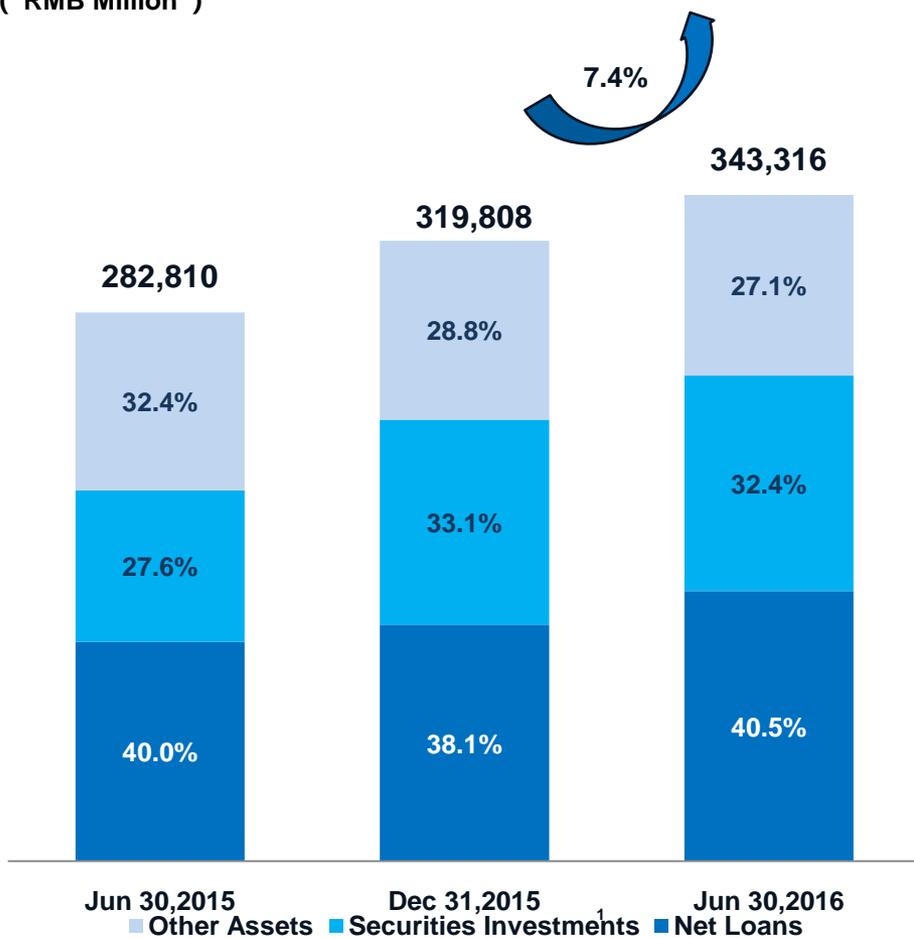
Financial Performance

Financial Performance

Solid and healthy growth of assets

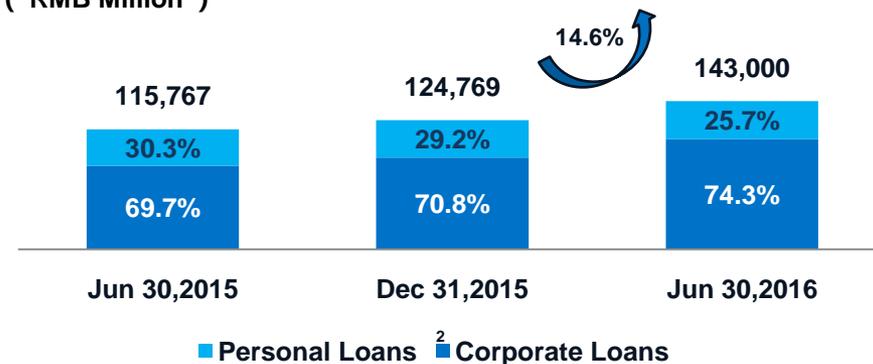
Total assets :

(RMB Million)



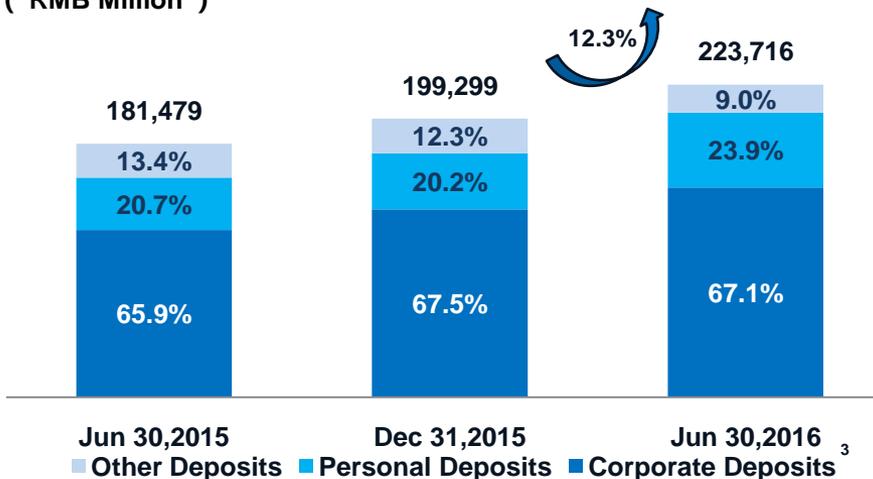
Total loans :

(RMB Million)



Total deposits :

(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.

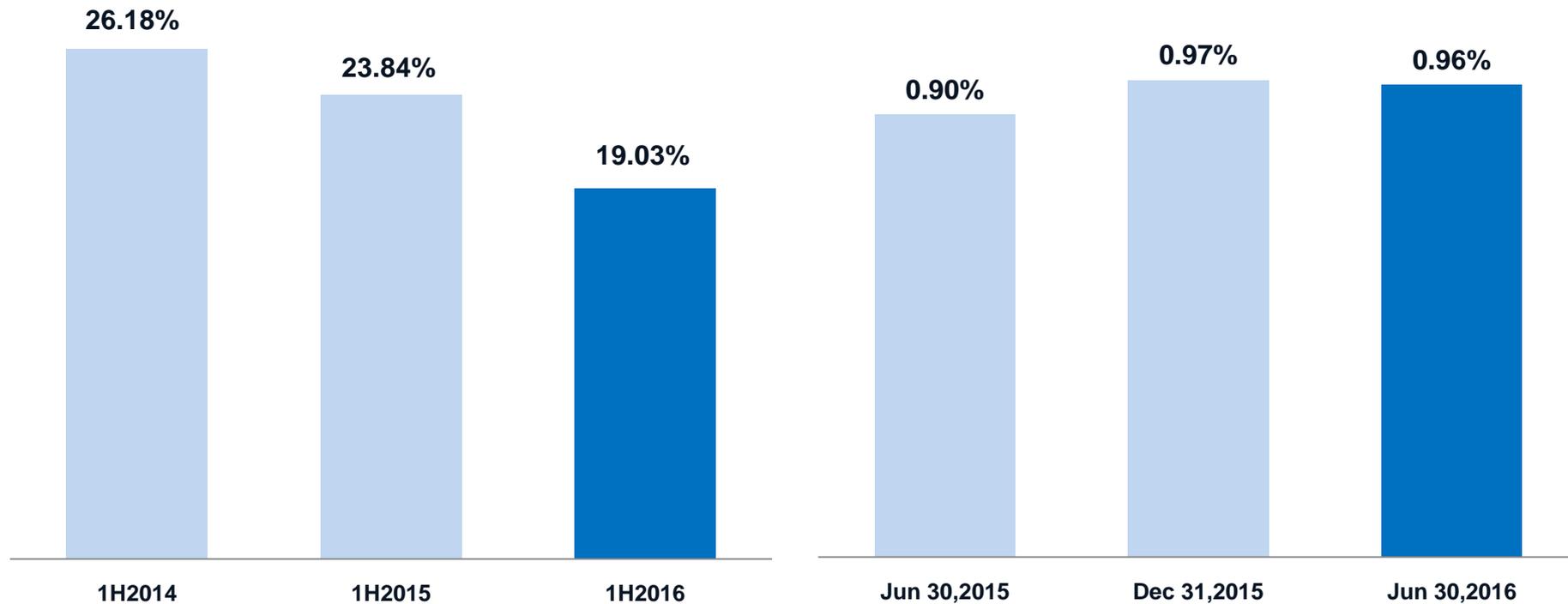


Financial Performance

Decreasing Cost/Income ration, Below-average NPL ratio

Cost-to-income ratio¹ :

Non-performing loan ratio² :



¹ Excluding business tax and surcharges.

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

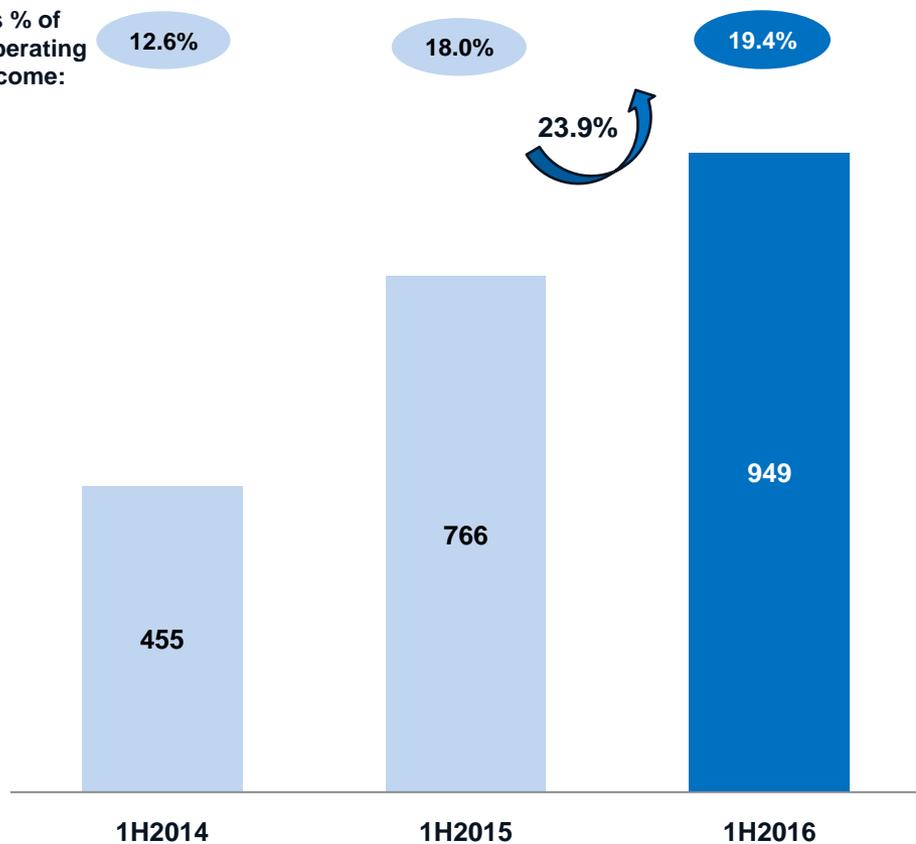
Financial Performance

Strong growth in non-interest income

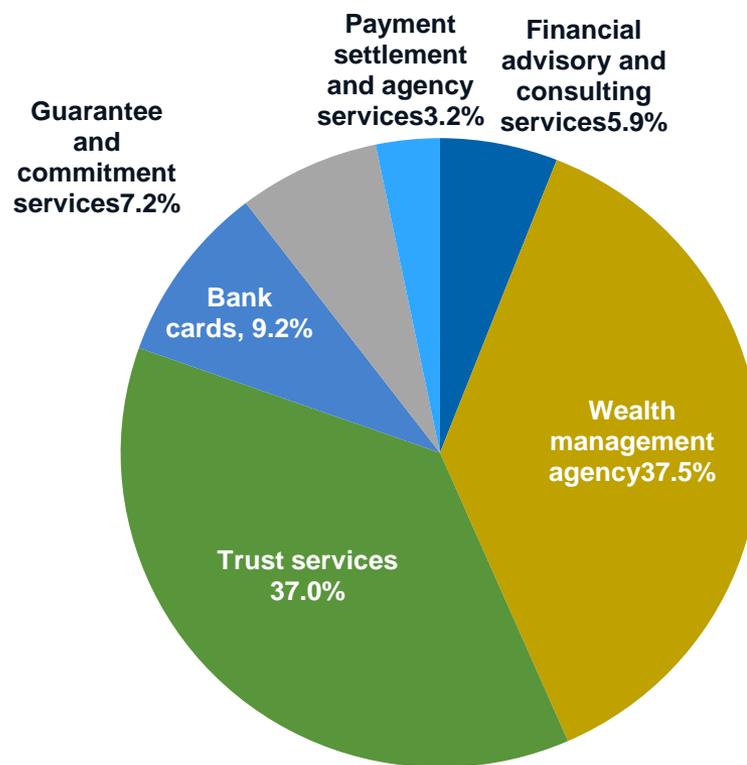
Net fee and commission income : 1H2016

(RMB Million)

As % of
Operating
Income:



Net fee and commission income breakdown : 1H2016



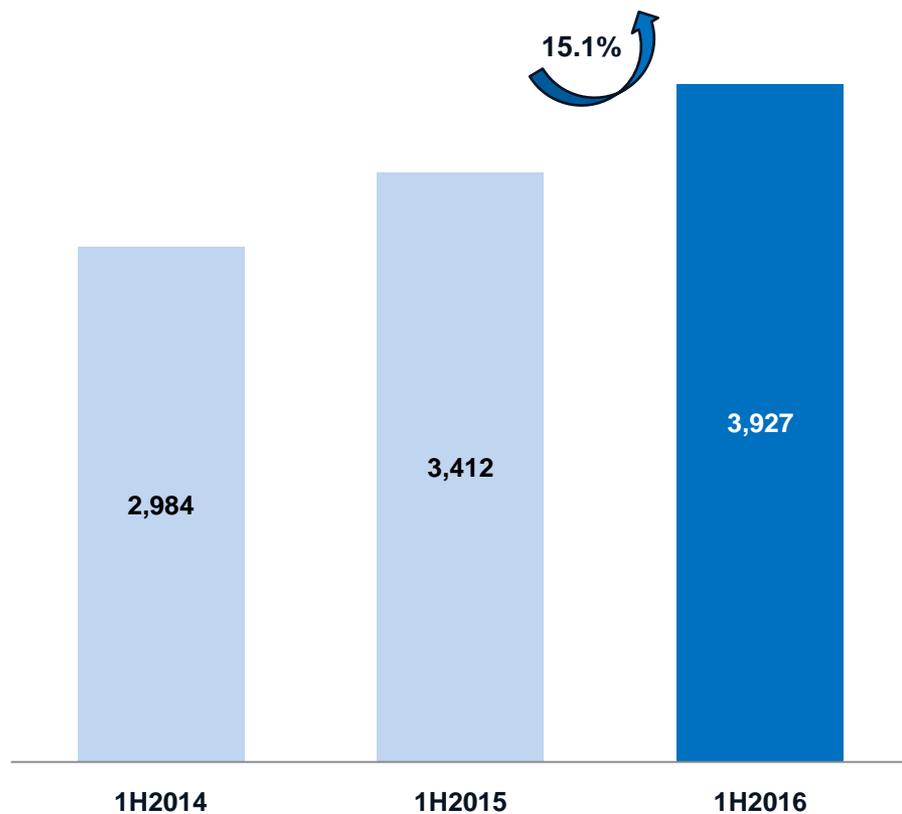
Net Fee and Commission Income
in 1H2016 : RMB 949m

Financial Performance

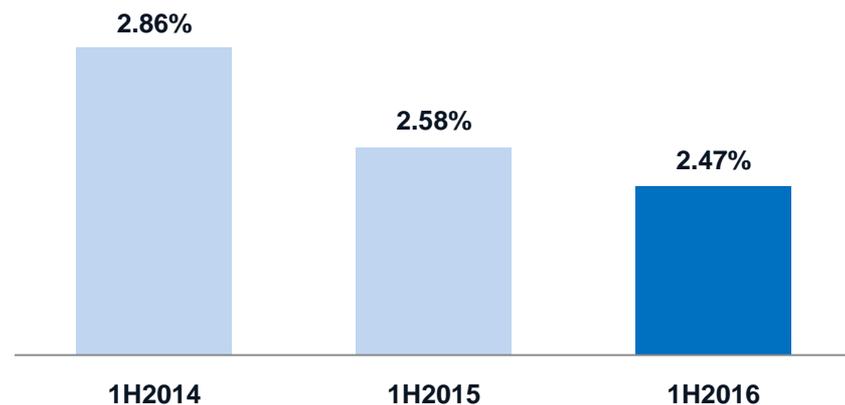
Solid growth of net interest income, narrowing NIM and NIS

Net interest income:

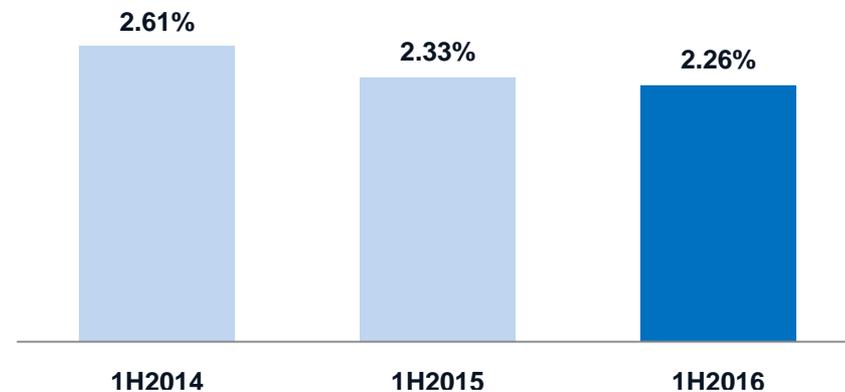
(RMB Million)



NIM:



NIS :





3 Business Overview

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



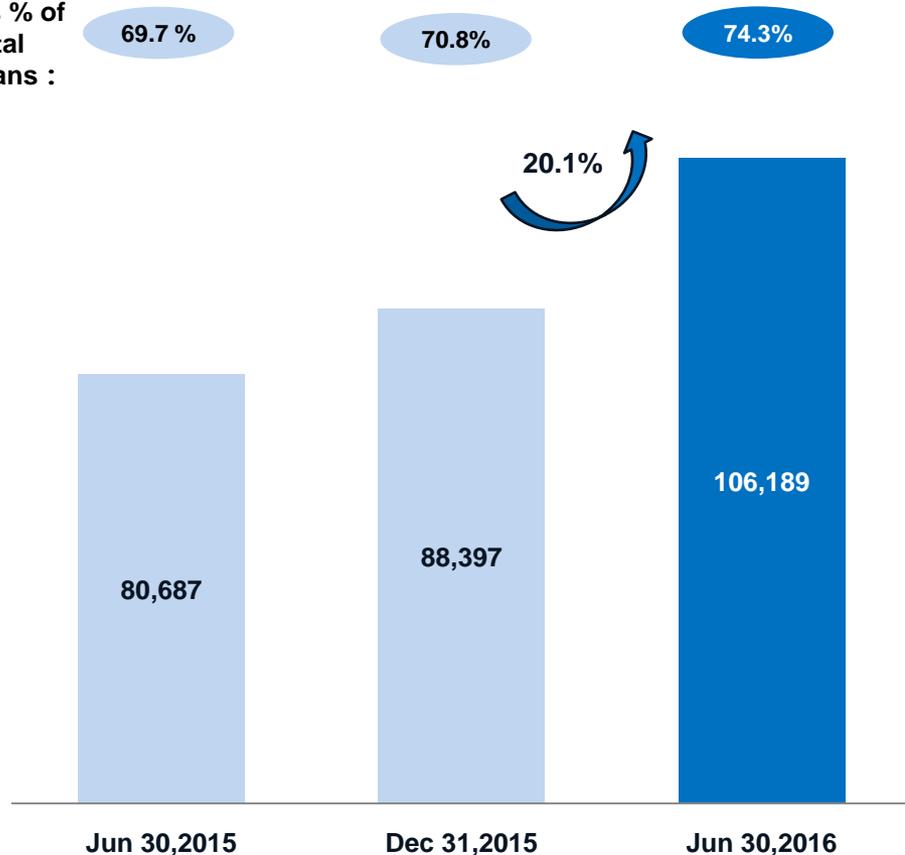
Business Overview: Corporate banking business

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

Corporate banking loans ¹ :

(RMB Million)

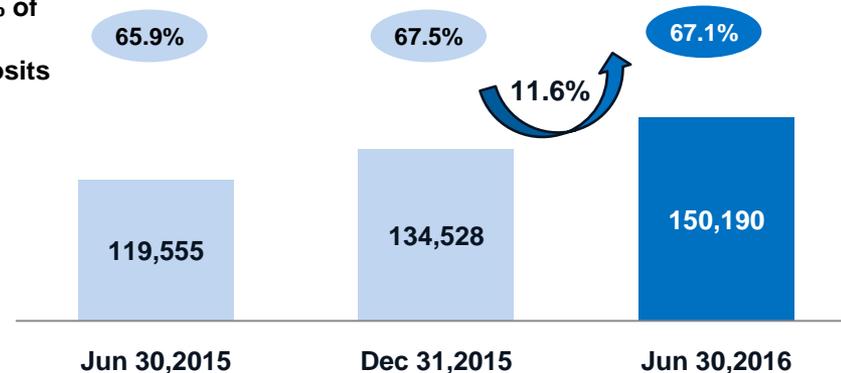
As % of
total
loans :



Corporate banking deposits:

(RMB Million)

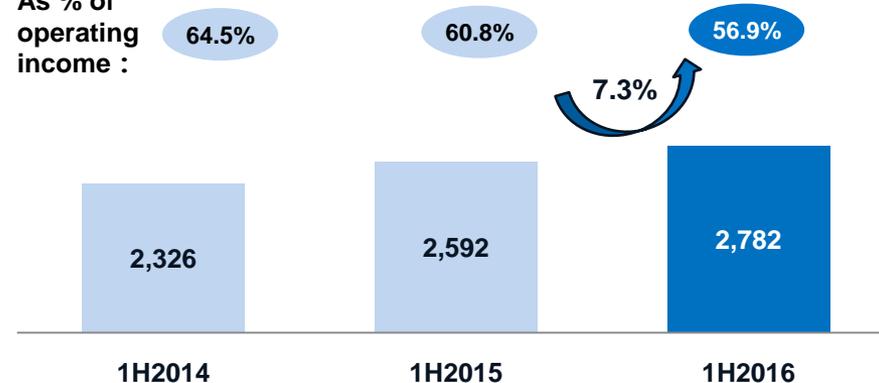
As % of
total
deposits
:



Corporate banking operating income:

(RMB Million)

As % of
operating
income :



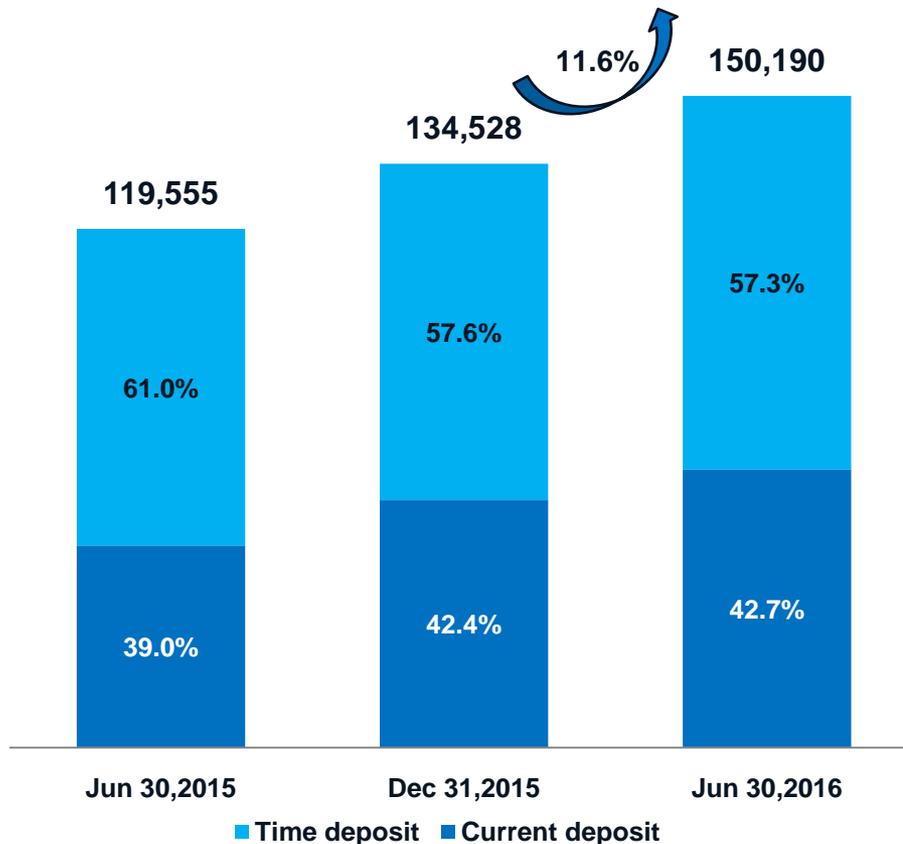
¹ Including SME loans.

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 2016, time deposits accounted for 57.3% 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).

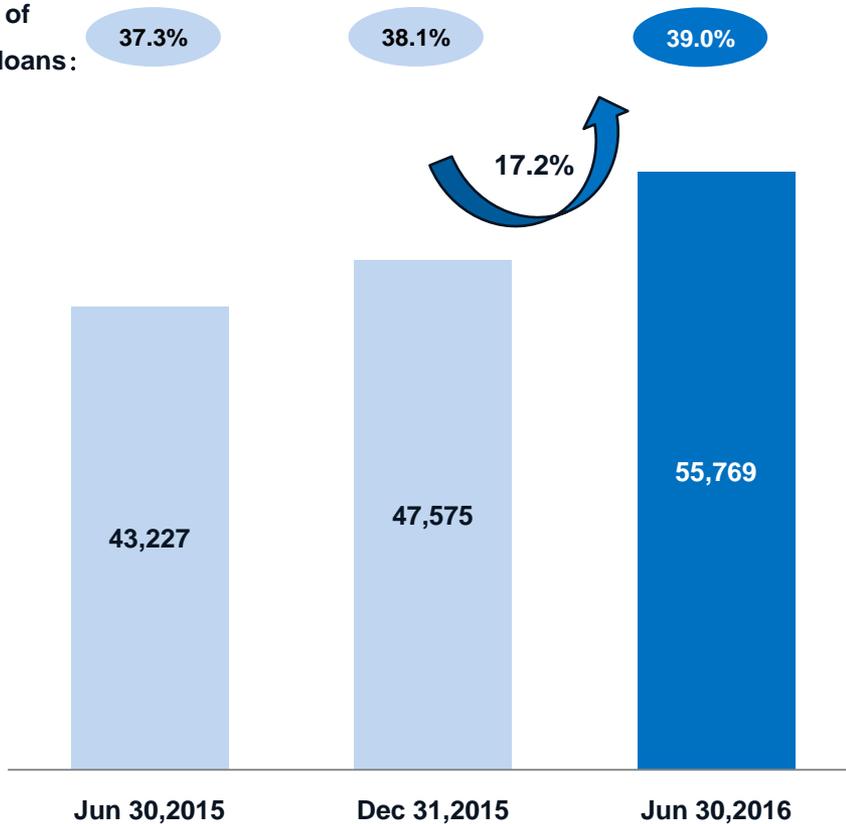
Business Overview: SME business

Fast-growing SME business ¹

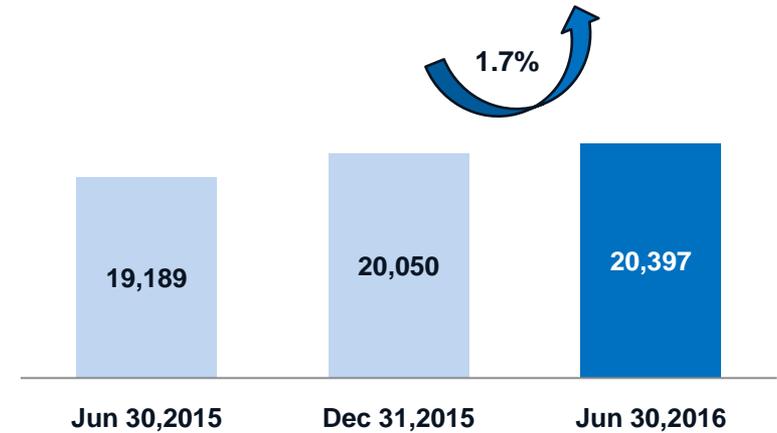
SME Loans:

(RMB Million)

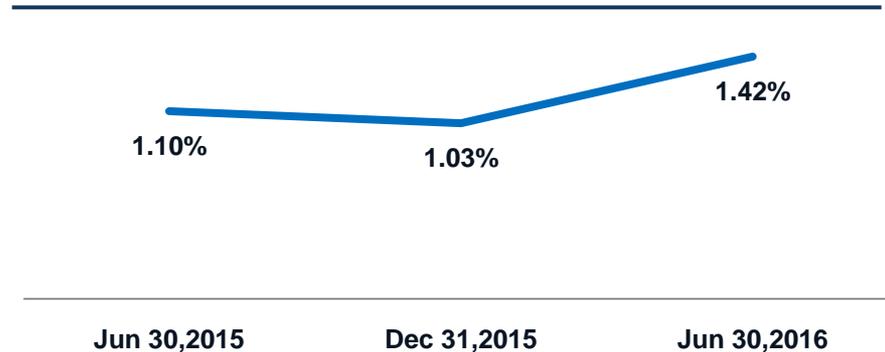
As % of
total loans:



Number of SME clients:



SME NPL ratio:

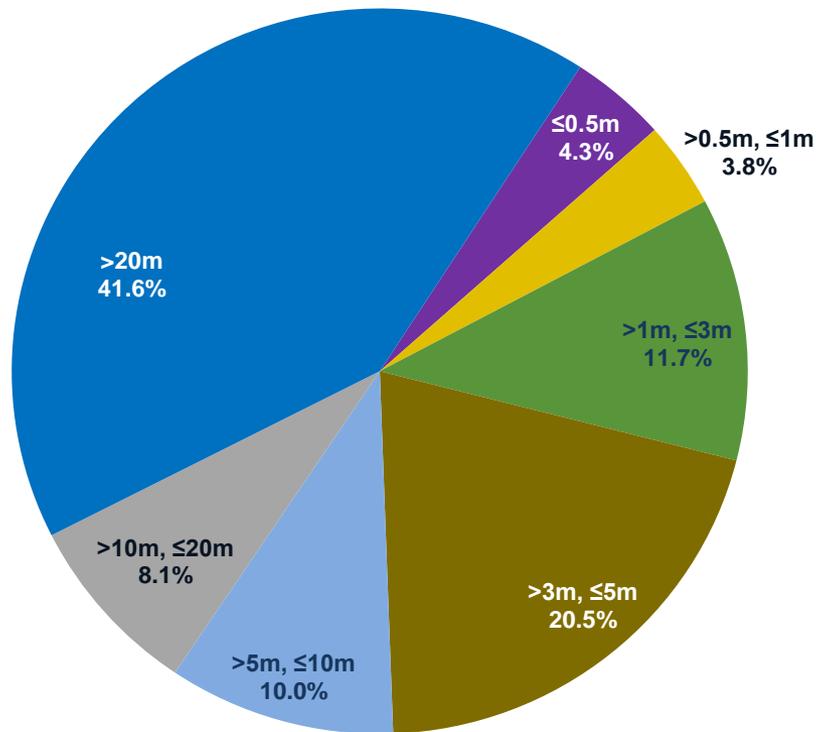


¹ The amount of SME loans is from our management data. The SME loan amount calculation is SME loans included in corporate loans plus personal business loans in individual business, then minus public institution loans.

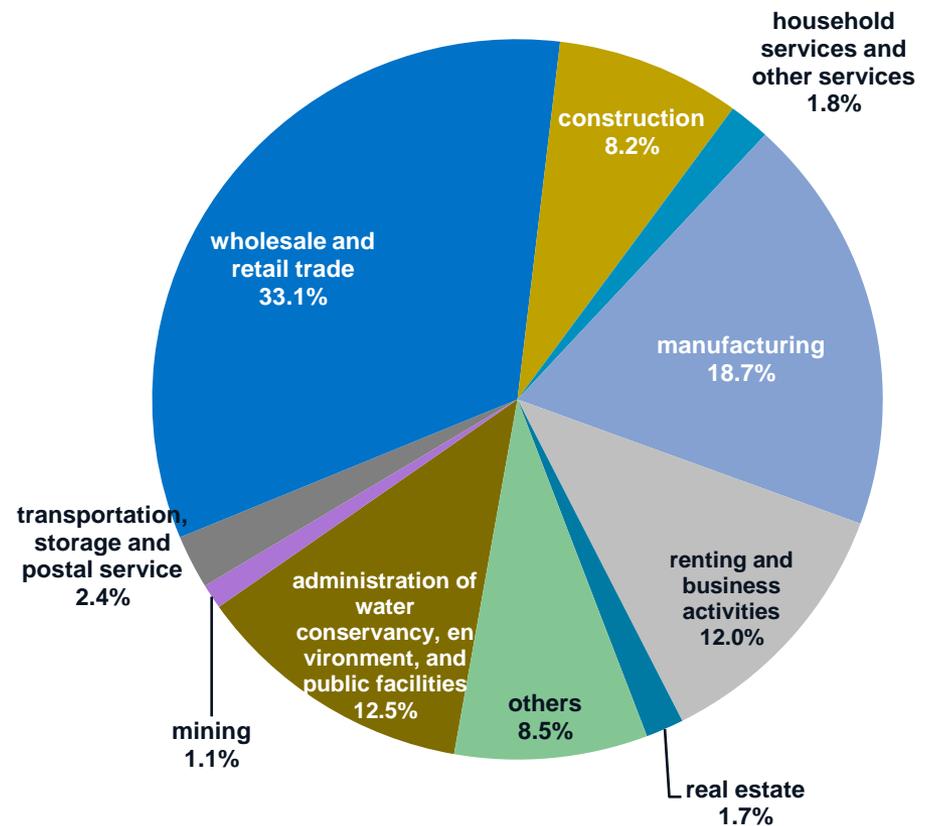
Business Overview: SME business

Well adapted to local economy with scale & industry diversification

Breakdown by scale (Jun 30,2016)



Breakdown by industries (Jun 30,2016)



SME Loans :RMB 55.77bn

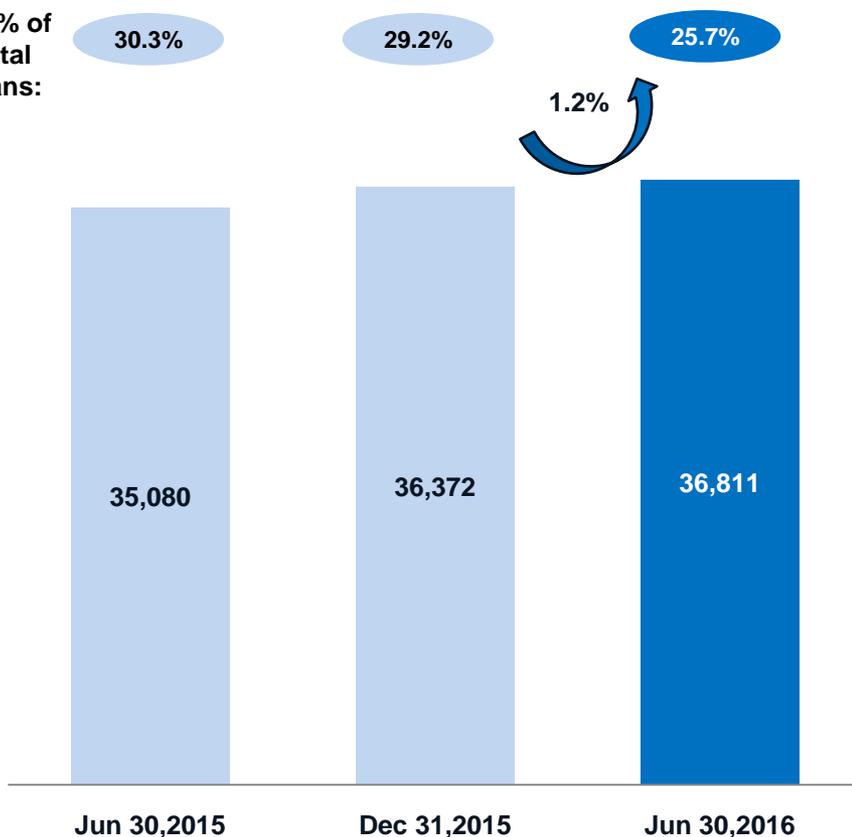
Business Overview : Personal banking business

Strong growth of personal deposits and operating income

Personal banking loans:

(RMB Million)

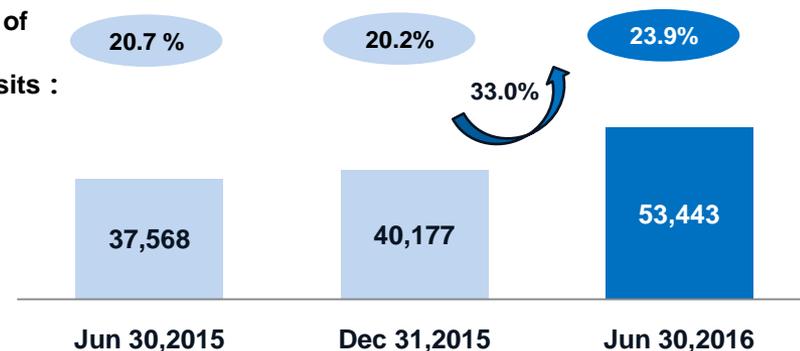
As % of total loans:



Personal banking deposits:

(RMB Million)

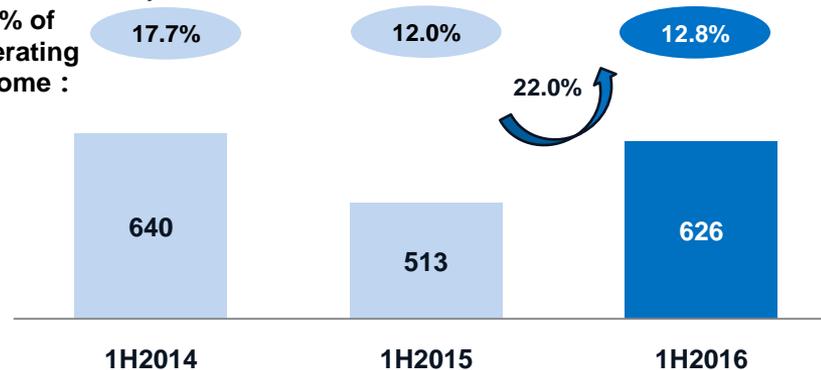
As % of total deposits :



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
- 130 branches and sub-branches
- 88 off-site self-service bank
- 119 on-site self-service bank
- 341 ATM
- 318CRS
- 181 Multimedia self-service terminals

E-banking system



Self-Service Banking

- Self-service banking transactions 3.57m, total amount RMB 7.01bn in 1H2016.



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 RMB266.0bn in 1H2016.



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 30,2016.

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

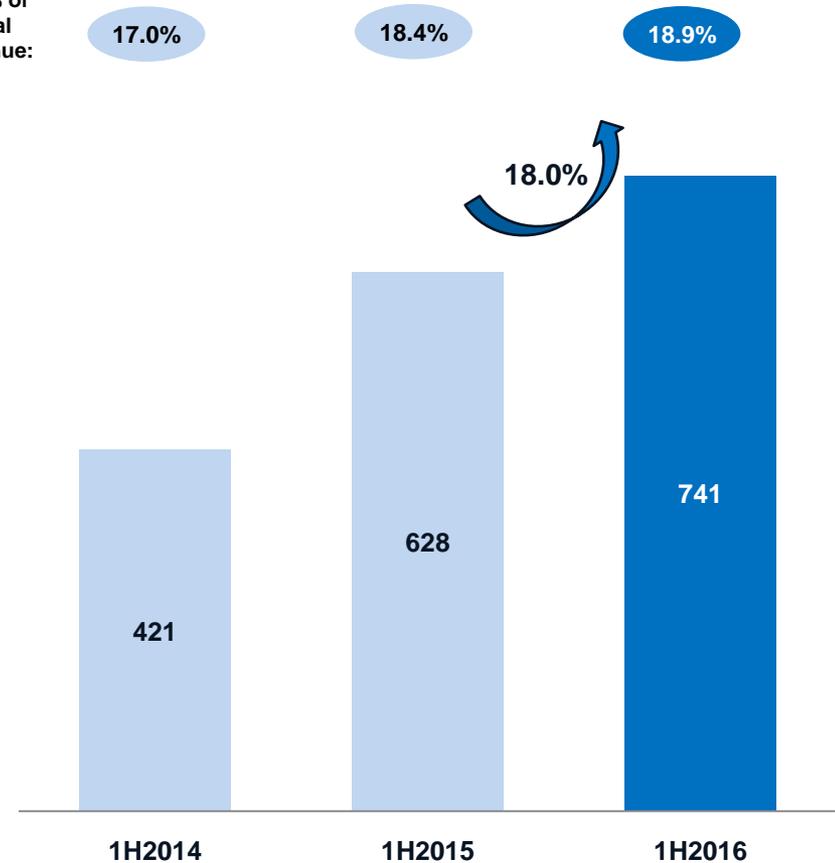
Wealth management

- 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:



Launching credit-risk control platform “Holo Credit”



- Holo Credit, a big-data platform for financial risk control, created by BCQ & BBD (数联铭品), has been successfully published. The product shows the coming of SME Loan's era of big-data.
- The “Holo Credit” platform evaluates the risk of each SME based on big-data and achieves automation through entire SME Loans' procedures. It simplifies procedures, improves management efficiency and cuts operating costs.

4

Risk Management

Risk Management

Comprehensive risk management system to meet the Basel III

Comprehensive Risk Management

Three Major Risks

Credit Risk

- To achieve primary IRB approach
- Set up 8 industries scorecards for corporate credit rating
- The corporate credit rating results are used for core management dimensions
- The retail credit rating scorecards include application scoring, behavior scoring and assets pooling assignments

Market Risk

- Standard approach to calculate capital & trading account
- Separate risk management system for interest and foreign exchange
- Calculate the market value, perform sensitivity analysis, and measure VaR to manage risk from interest rate and exchange rate

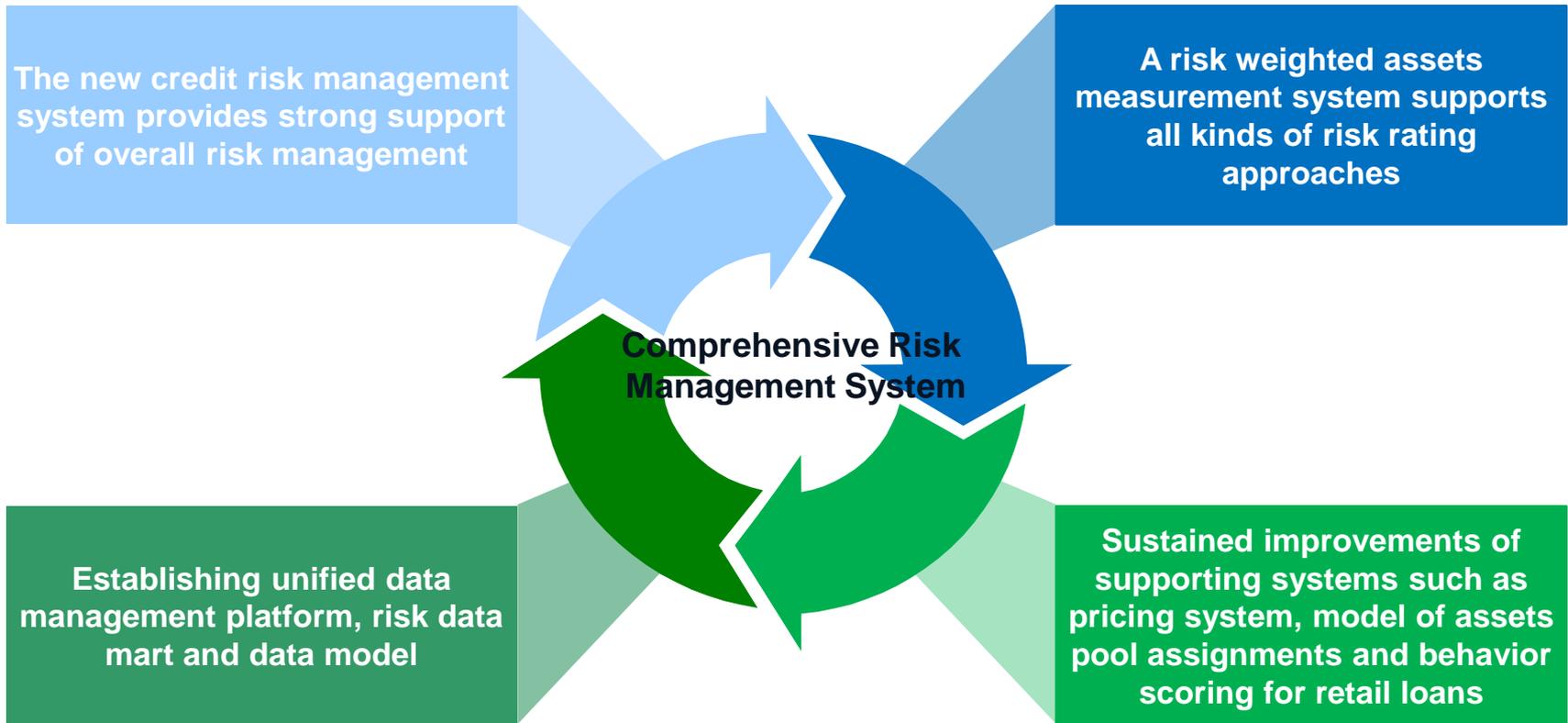
Operational Risk

- To achieve standard approach
- Operational risk management system
- Implement of three risk management tools
 - Self assessment of risk and internal control
 - Key indicators of risk monitoring
 - Loss data collecting
- Business Continuity Management

Construct our comprehensive risk management system to meet the Basel III

Risk Management

Construction of Comprehensive Risk Management System



5

Outlook

Outlook: Opportunities and Challenges

Opportunities

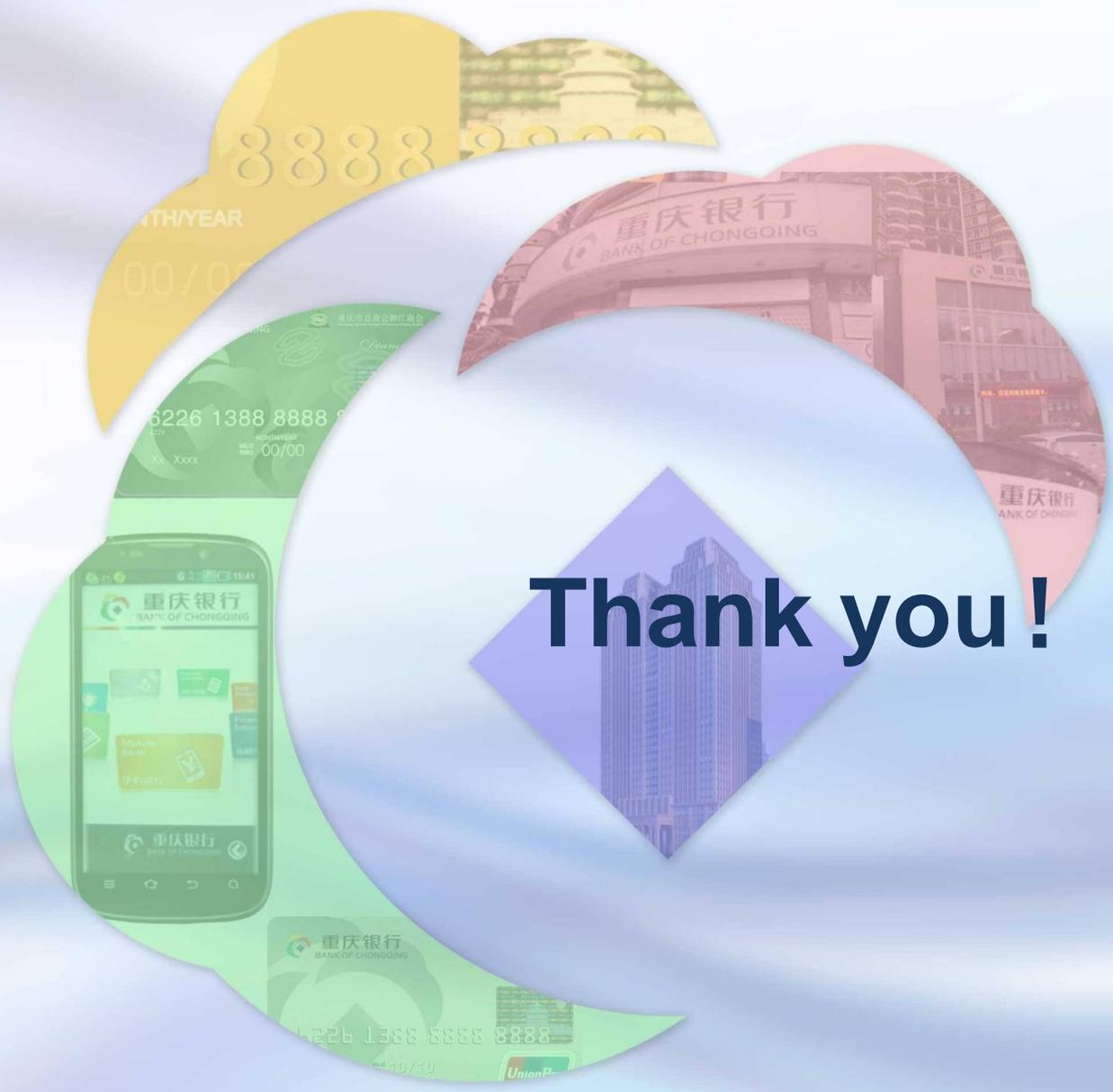
- China's macro economy has shown stabilized growth. Under such circumstances, the sustaining improvement of economic structural adjustment and industrial structural upgrading provide solid supports for banking industry;
- Banking industry embraces valuable opportunities from Supply-side Reform policy ;
- As the largest municipality and economic centre of Western China, Chongqing ranked No.1 in regional economic growth of China in 1H2016 . With the continuous promotion of development strategy, Chongqing is expected to demonstrate a better growth momentum.

Challenges

- The fundamental recovery of economic strength is still in progress;
- The interest liberation progress make the competition fierce, narrowing NIS & NIM trend continues;
- NPL ratio is still climbing, the pressure on bad assets from banking industry is not yet well relieved;
- Some new biz models, such as Finance dis-intermediation and Internet Finance, have brought huge impact on traditional business modules.



Q & A



Thank you!