



# China Merchants Bank Co., Ltd. 3Q09 Results Announcement

November 2009



# Forward-Looking Statement Disclaimer

This presentation and subsequent discussions may contain forward-looking statements that involve risks and uncertainties. These statements are generally indicated by the use of forward-looking terminology such as believe, expect, anticipate, estimate, plan, project, target, may, will or may be expressed to be results of actions that may or are expected to occur in the future. You should not place undue reliance on these forward-looking statements, which reflect our belief only as of the date of this presentation. These forward-looking statements are based on our own information and on information from other sources we believe to be reliable. They relate to future events or our future financial, business or other performance and are subject to a number of uncertainties that may cause our actual results to differ materially.

# Agenda

1

**Performance Overview**

2

**Financial Highlights**



# Summary balance sheet

(RMB mn)

Select balance sheet items	Group <sup>1</sup>			Bank <sup>1</sup>		
	3Q09	2008	Growth	3Q09	2008	Growth
Gross loans	1,169,765	874,362	↑ 33.8%	1,116,965	833,548	↑ 34.0%
Investment securities	373,008	309,819	↑ 20.4%	348,823	299,937	↑ 16.3%
Total Assets	2,016,901	1,571,797	↑ 28.3%	1,924,882	1,499,442	↑ 28.4%
Customer deposits	1,583,494	1,250,648	↑ 26.6%	1,501,805	1,178,240	↑ 27.5%
Shareholders' equity	87,505	79,515	↑ 10.0%	95,366	87,507	↑ 9.0%

(RMB mn)

Select balance sheet items	Group <sup>1</sup>			Bank <sup>1</sup>		
	3Q09	1H09	3Qvs2Q Growth	3Q09	1H09	3Qvs2Q Growth
Gross loans	1,169,765	1,152,167	↑ 1.5%	1,116,965	1,106,181	↑ 1.0%
Investment securities	373,008	345,851	↑ 7.9%	348,823	325,076	↑ 7.3%
Total Assets	2,016,901	1,972,768	↑ 2.2%	1,924,882	1,888,958	↑ 1.9%
Customer deposits	1,583,494	1,540,682	↑ 2.8%	1,501,805	1,460,690	↑ 2.8%
Shareholders' equity	87,505	84,185	↑ 3.9%	95,366	92,289	↑ 3.3%

Note:

- 1 Unless otherwise noted, all figures are based on PRC GAAP. 3Q09 figures are from unaudited accounts, 1H09 figures are from reviewed accounts, and 2008 figures are from audited accounts

# Summary income statement

(RMB mn)

Select I/S items	Group <sup>2</sup>			Bank <sup>2</sup>		
	1-3Q09	1-3Q08	Growth	1-3Q09	1-3Q08	Growth
Net interest income	29,007	35,800	↓ (19.0%)	28,066	35,762	↓ (21.5%)
Non-interest income(adjusted <sup>1</sup> )	8,987	6,853	↑ 31.1%	8,006	6,824	↑ 17.3%
Operating income(adjusted <sup>1</sup> )	37,994	42,653	↓ (10.9%)	36,072	42,586	↓ (15.3%)
Pre-provision operating profit	19,192	26,807	↓ (28.4%)	18,523	26,790	↓ (30.9%)
Profit before tax	16,457	24,659	↓ (33.3%)	15,866	24,657	↓ (35.7%)
Net profit attributable to shareholders	13,078	18,999	↓ (31.2%)	12,611	19,000	↓ (33.6%)

(RMB mn)

Select I/S items	Group <sup>2</sup>			Bank <sup>2</sup>		
	3Q09	2Q09	Growth	3Q09	2Q09	Growth
Net interest income	10,384	9,142	↑ 13.6%	10,041	8,824	↑ 13.8%
Non-interest income(adjusted <sup>1</sup> )	2,789	3,697	↓ (24.6%)	2,464	3,344	↓ (26.3%)
Operating income(adjusted <sup>1</sup> )	13,173	12,839	↑ 2.6%	12,505	12,168	↑ 2.8%
Pre-provision operating profit	6,411	6,566	↓ (2.4%)	6,153	6,361	↓ (3.3%)
Profit before tax	6,279	4,753	↑ 32.1%	6,045	4,574	↑ 32.2%
Net profit attributable to shareholders	4,816	4,054	↑ 18.8%	4,647	3,897	↑ 19.2%

Note:

1 Adjusted to include net non-operating income

2 Unless otherwise noted, all figures are based on PRC GAAP. 2Q & 3Q09 figures are from unaudited account, 1H09 figures are from reviewed account, and 2008 figures are from audited accounts



# Financial highlights

Key ratios	Group <sup>3</sup>			Bank <sup>3</sup>		
	1-3Q09 <sup>2</sup>	1H09 <sup>2</sup>	Change (percentage)	1-3Q09 <sup>2</sup>	1H09 <sup>2</sup>	Change (percentage)
Return on average equity	20.9%	20.2%	0.68	18.4%	17.7%	0.67
Return on average asset	0.97%	0.93%	0.04	0.98%	0.94%	0.04
Net fee income ratio (adjusted <sup>1</sup> )	16.2%	16.3%	(0.07)	16.4%	16.4%	(0.04)
Non-interest income as % of operating income (adjusted <sup>1</sup> )	23.7%	25.0%	(1.35)	22.2%	23.5%	(1.31)
Cost income ratio (excl. business tax)	42.8%	42.0%	0.84	42.4%	41.4%	1.01
Non-performing loan ratio	0.83%	0.86%	(0.03)	0.84%	0.87%	(0.03)
Coverage ratio	245.1%	241.4%	3.71	251.2%	246.3%	4.86
Loan-to-deposits ratio	73.9%	74.8%	(0.91)	74.4%	75.7%	(1.36)
Core capital adequacy ratio	6.61%	6.50%	0.11	7.29%	7.12%	0.17
Capital adequacy ratio	10.54%	10.63%	(0.09)	10.04%	10.01%	0.03
Effective tax rate	20.5%	18.8%	1.73	20.5%	18.9%	1.62

Note:

- 1 Adjusted to include net non-operating income
- 2 Balance sheet ratios are 3Q or 1H figures, return on average equity and return on average asset are annualized figures
- 3 Unless otherwise noted, all figures are based on PRC GAAP. 3Q09 figures are from unaudited account, 1H09 figures are from reviewed account, and 2008 figures are from audited accounts



# Agenda

1

Performance Overview

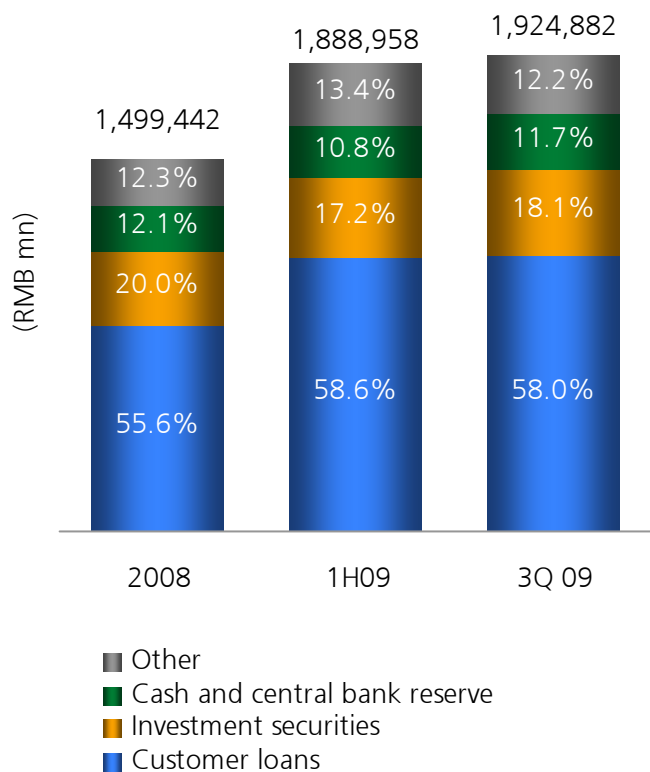
2

**Financial Highlights**

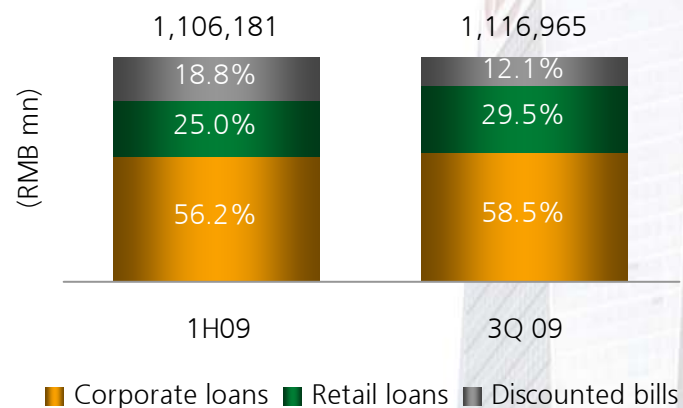


# Continued improvement of asset portfolio

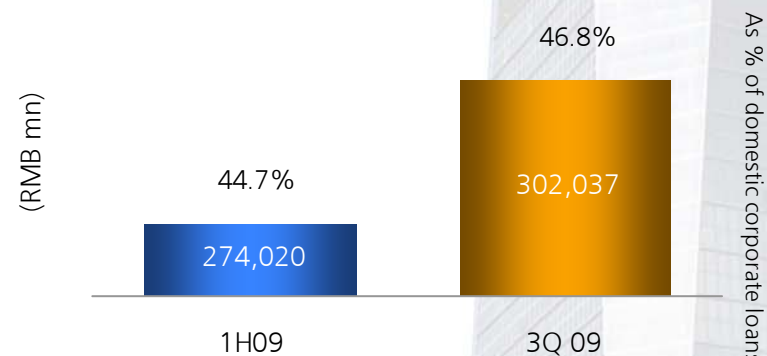
## Asset composition



## Composition of loans



## SME loans



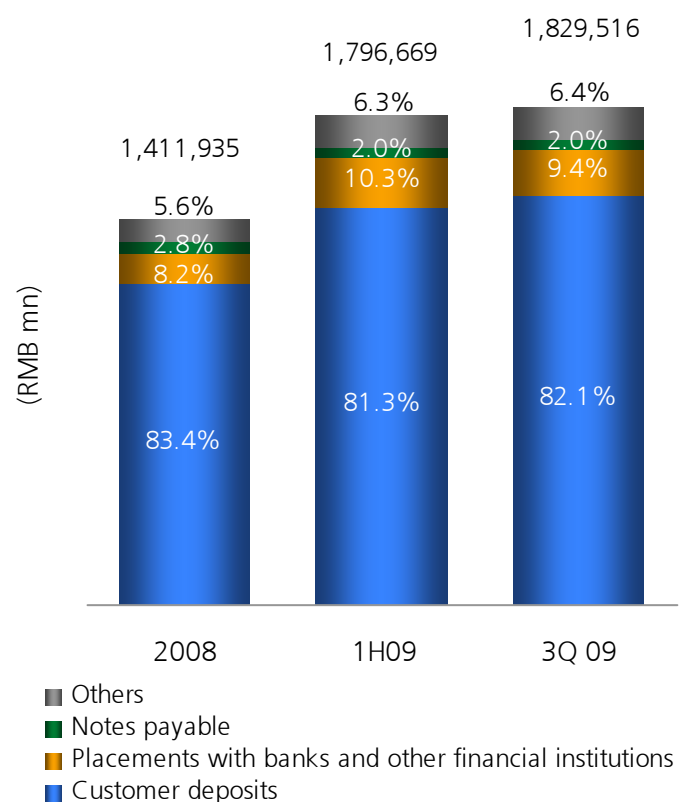
Note:

- 1 Unless otherwise noted, all figures are Bank Level numbers
- 2 Unless otherwise noted, all figures are based on PRC GAAP. 3Q09 figures are from unaudited accounts, 1H09 figures are from reviewed accounts, and 2008 figures are from audited accounts
- 3 Percentages may not sum up to 100% due to rounding

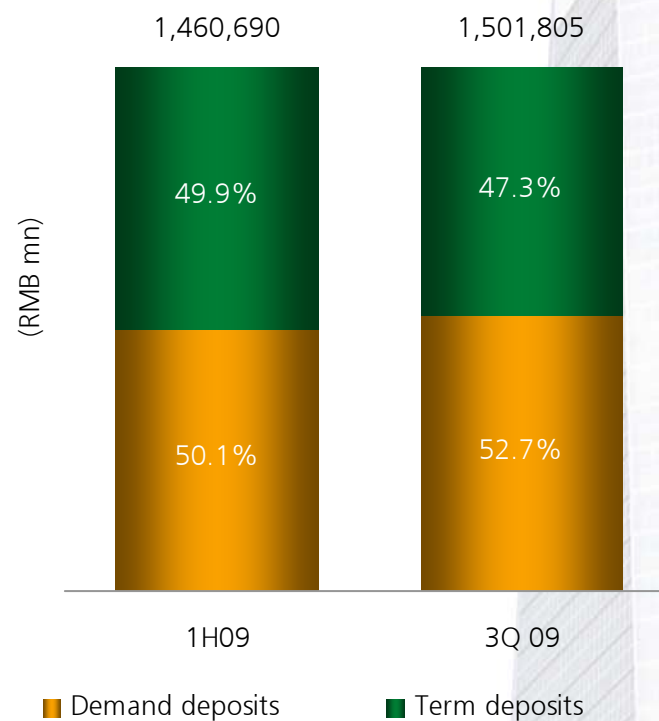


# Strengthening of the low cost advantage of liability

## Liability composition

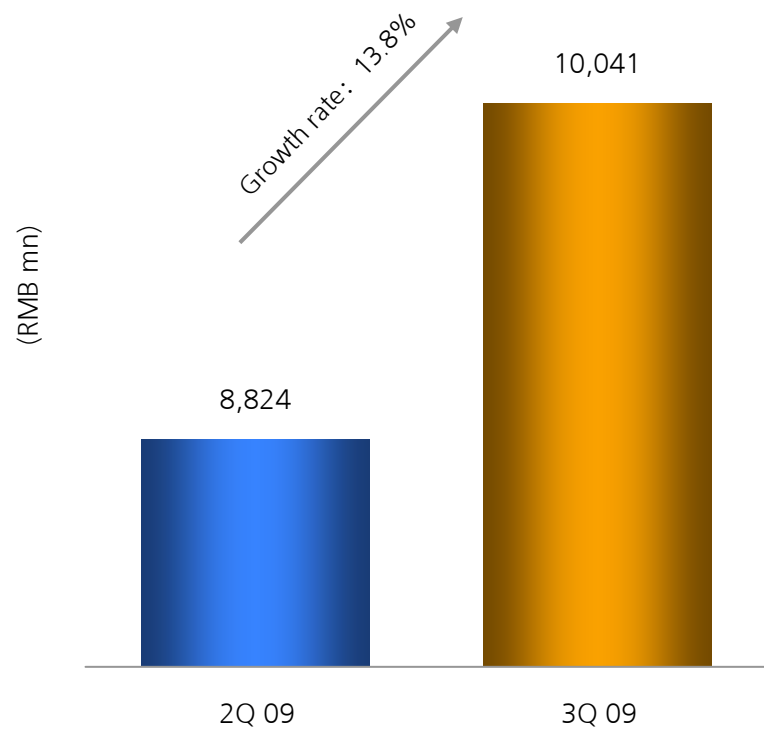


## Deposit composition

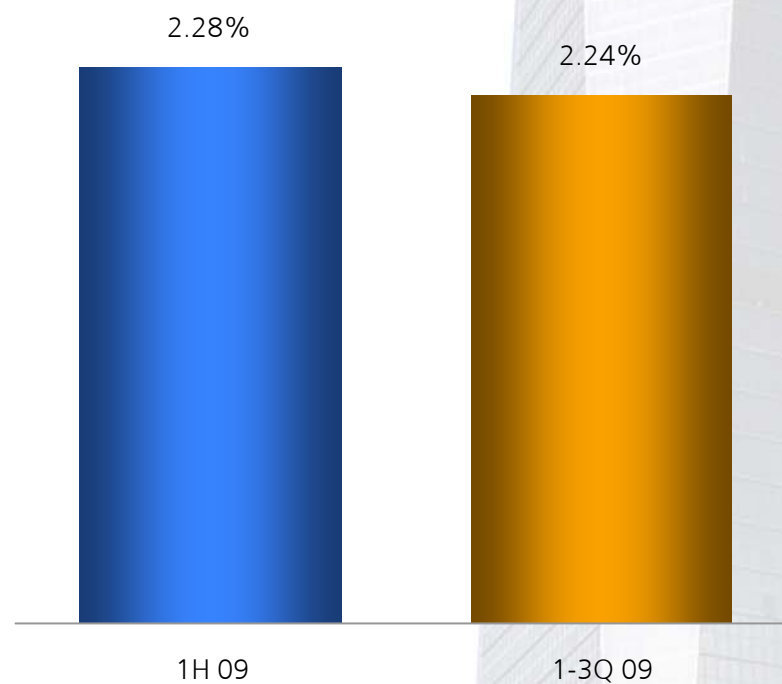


# Net interest income bottomed with the improvement of NIM

## Net interest income

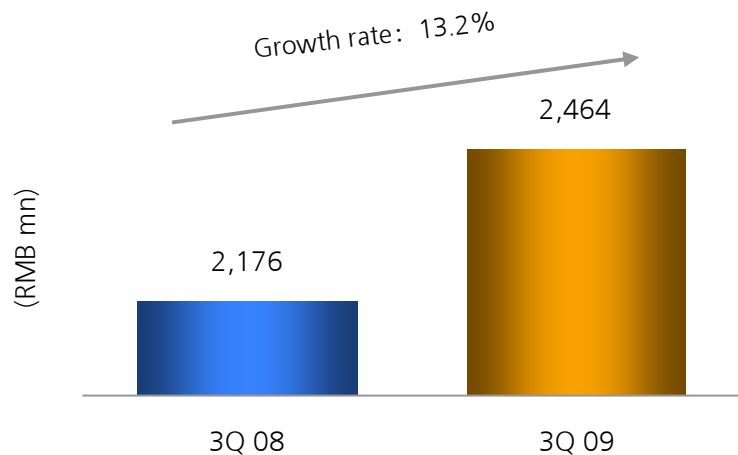


## Net interest margin



# Stable growth of non-interest income

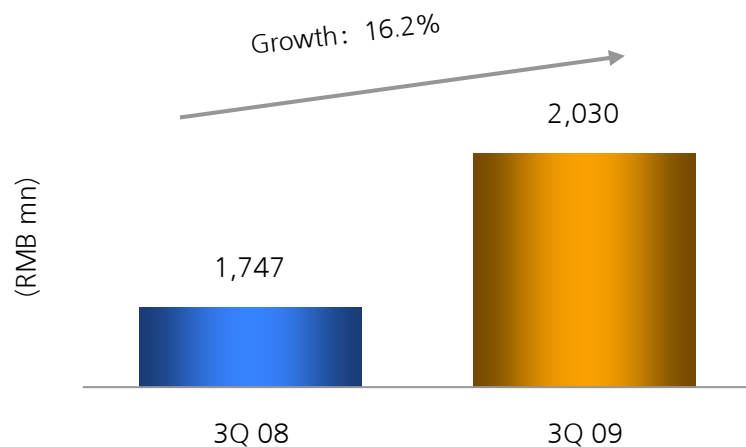
## Non-interest income (adjusted)<sup>1</sup>



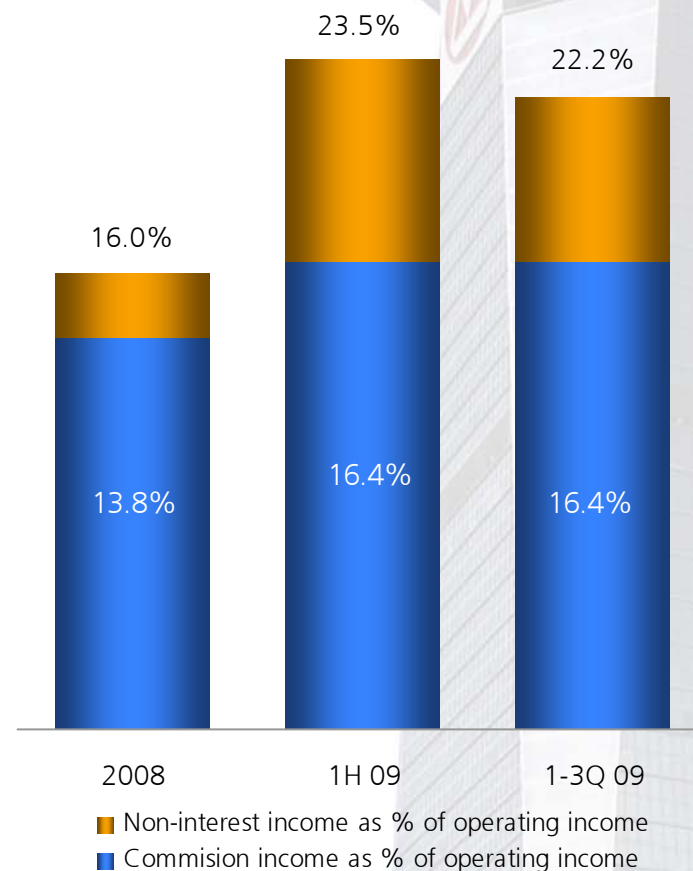
Note:

1 Adjusted to include net non-operating income

## Fee and commission income

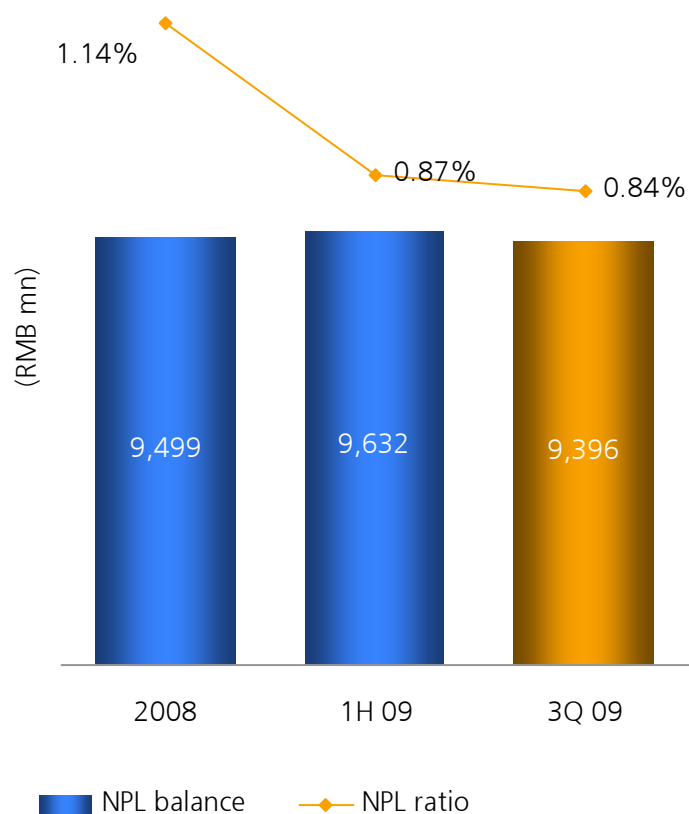


## Non-interest income as % of operating income

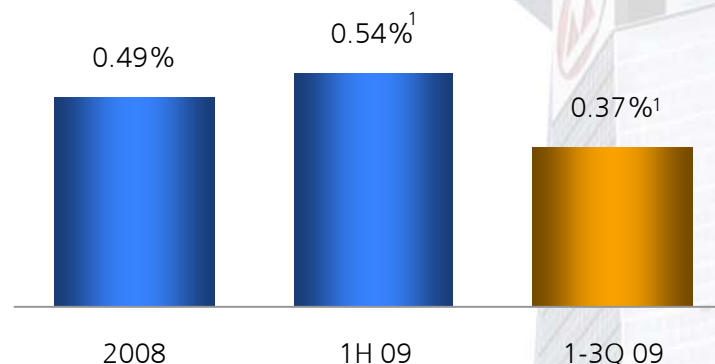


# Continued improvement of asset quality and coverage ratio

## NPL as % of gross loans

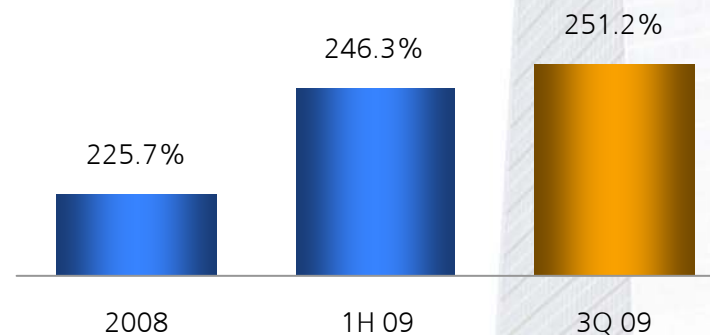


## Credit Cost



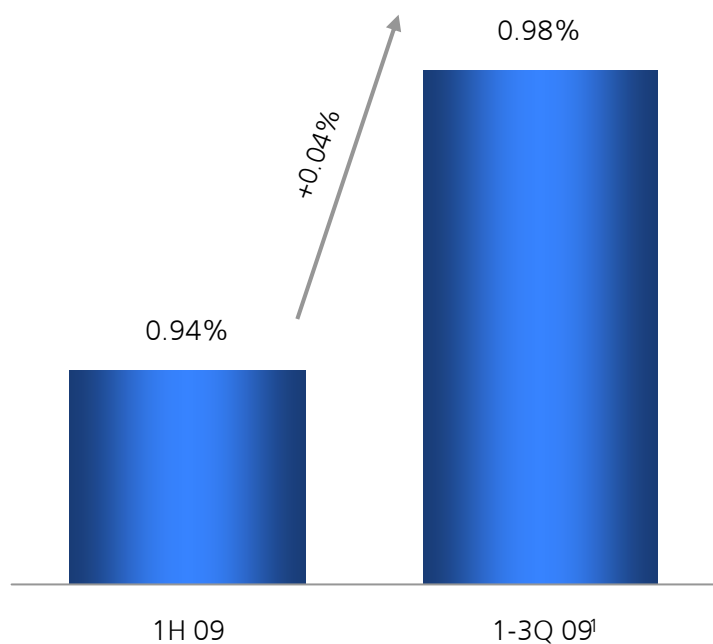
Note:  
1 Annualized

## Coverage ratio

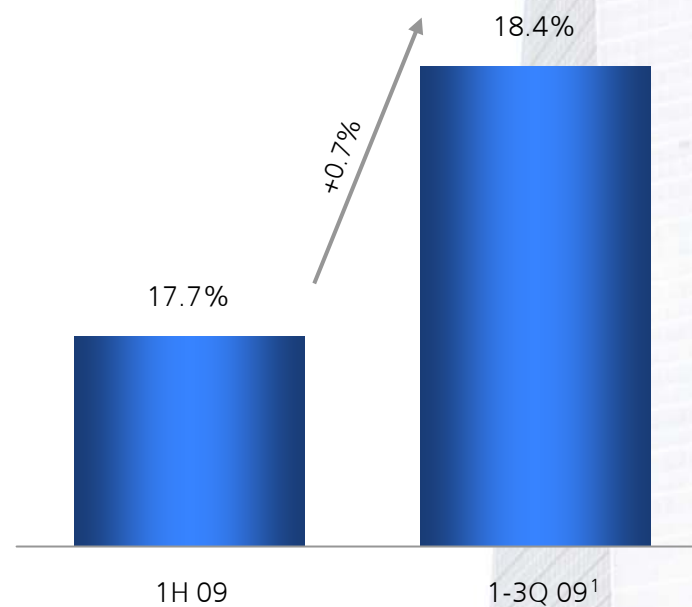


# Stable recovery of profitability

## ROAA



## ROAE



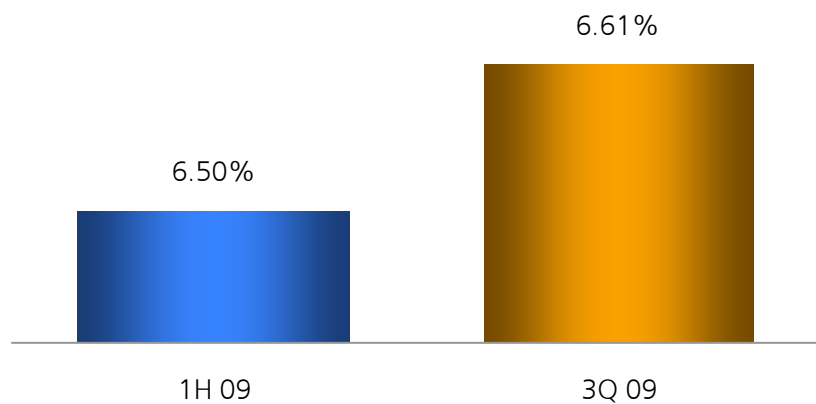
Note:

1 Annualized based on 1-3Q data

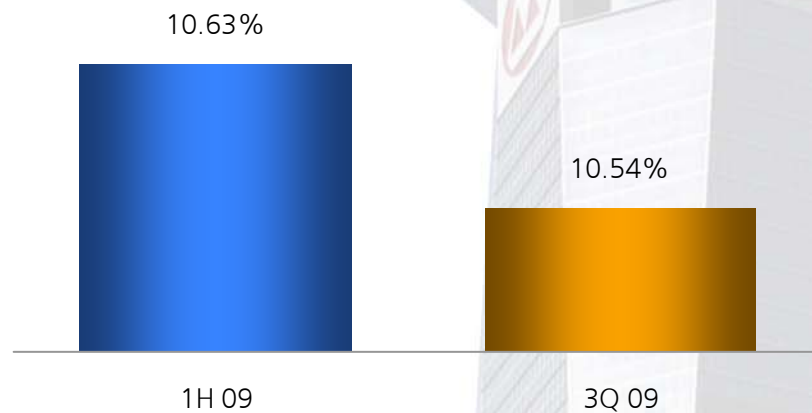


# Stable improvement of core CAR

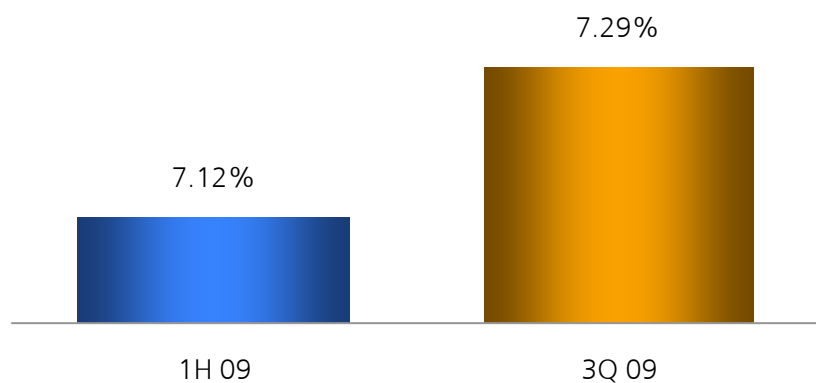
Group core CAR



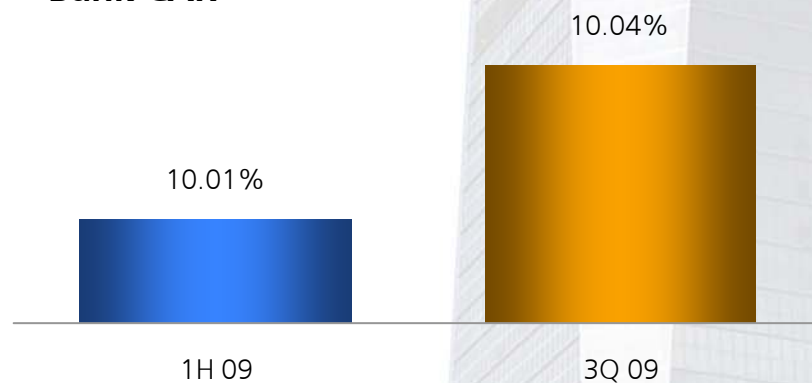
Group CAR



Bank core CAR



Bank CAR





Q&A

