



招商銀行
CHINA MERCHANTS BANK



2008 Interim Results Announcement

August 19, 2008

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Selected financial information

(RMB million)






Selected balance sheet data	12/31/2007	6/30/2008	Change
Total assets	1,310,552	1,395,791	6.5%
Total loans	673,167	742,660	10.3%
Investment securities	244,123	258,235	5.8%
Total liabilities	1,242,568	1,318,295	6.1%
Customer deposits	943,534	1,046,626	10.9%
Shareholders' equity	67,984	77,496	14.0%

Selected P&L data	2007年1-6月	2008年1-6月	Change
Net interest income	14,696	24,125	64.2%
Non-interest income	2,858	4,662	63.1%
Operating income	17,554	28,787	64.0%
Pre-provision operating profit	10,586	18,481	74.6%
Pre-tax profit	9,007	17,122	90.1%
Net profit	6,120	13,245	116.4%

Key Ratios

Income statement ratios	1H 2007	1H 2008	% Change
Net interest margin*	2.96%	3.66%	 0.70
Non-interest income ratio	16.3%	16.2%	 -0.1
Cost to income ratio	33.7%	30.1%	 -3.6
Credit cost*	0.51%	0.44%	 -0.07
Effective tax rate	32.1%	22.6%	 -9.5
Return on average equity*	21.4%	36.4%	 15.0
Return on average assets*	1.20%	1.96%	 0.76

Note*: Annualized.

Balance sheet ratios	12/31/2007	6/30/2008	% Change
Loans to deposits ratio	71.4%	71.0%	 -0.4
Nonperforming loan ratio	1.54%	1.25%	 -0.29
NPL Coverage ratio	180.4%	216.1%	 35.7
Core capital adequacy ratio**	8.71%	8.83%	 0.12
Capital adequacy ratio**	10.29%	10.41%	 0.12

Note**: 2007 ratios have been restated in accordance with regulatory requirements.

Preeminent Achievements



1H 2008 Challenges & Countermeasures

Challenges

- Tightened monetary policies:
- RMB appreciation
- New risks surfacing as a result of subprime
- Natural disaster – the 5.12 Sichuan Earthquake

Countermeasures

- Harnessed lending to keep loan growth stable and strengthened the risk management
- Implemented prudent liquidity policies and effective operational strategies
- Exploited consumer business and grew non-interest-based business
- Took more rigorous approaches to exchange rate risks quantification and analysis so as to improve the term and currency structures of funds
- Accelerating the process of exchanging foreign currencies into RMB
- Improved management of exchange rate risk exposure by reducing loan-to-value ratios of loans collateralized with foreign currency-denominated assets
- Held a small amount of securities issued by Fannie Mae and Freddie Mac, still making an unrealized gain at market value
- Captured profit-taking opportunities amid global bond market fluctuations through swing trading
- Lived up to our values of servicing and giving back to the community through 6 service commitments to the quake-hit region
- Examined and collected data about loans affected by the disaster; made appropriate provisioning and write-offs to reflect and cover our risks

2H 2008 Outlook

Profitability

Quality

Scale

Customer-oriented and market-led

Continuous Strategic Transformation

**Strengthen the retail banking
and credit card business**

**Improve the contribution
of fee business**

**Further develop the
SME business**

**Proactively refine our
asset and liability mix**



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Continued Business Innovation

Innovation: Our Core Value and Ultimate Driving Force

Innovation in retail banking

- Developed Automatic Notice Deposit
- Developed the ATM acquiring project
- Improved the wealth management trust system
- Launched “Easy Consumption”

Innovation in corporate banking

- Promoted the CBS solution
- Completed development of the receivables/payables management system and the online factoring system
- Developed the nation’s leading notional cash pool product

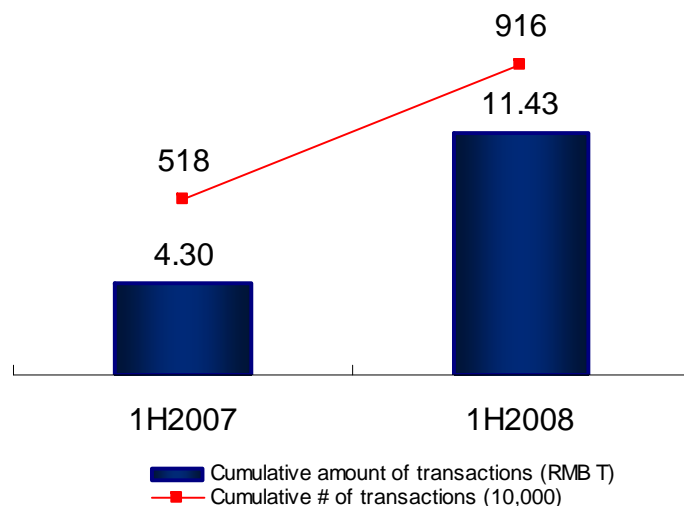
“Just for You”

Innovation in treasury business

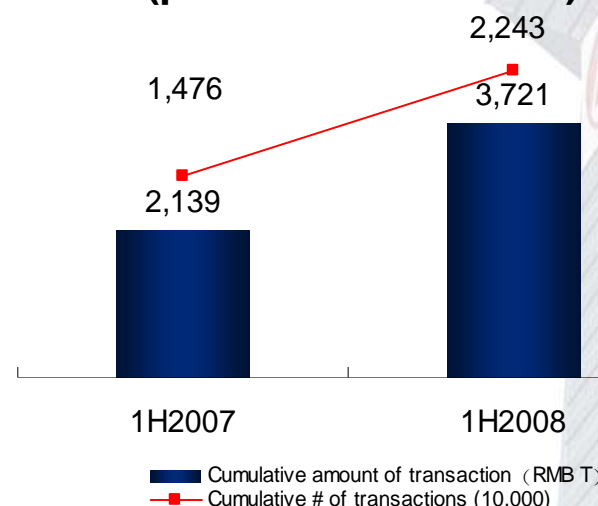
- Launched higher-yield products with guaranteed returns in the context of continued expectation for RMB appreciation
- Expanded the coverage of traditional service offerings to a few more currencies to meet clients’ liquidity management needs
- Leveraged bank-wide resources to develop fixed-income products

Improved Channel-Building & Customer Service

Online corporate banking system:
U-bank



Online personal banking system
(professional edition)



Corporate Banking

- 307.9 thousand deposit accounts
- 23 thousand borrowers

Private Banking

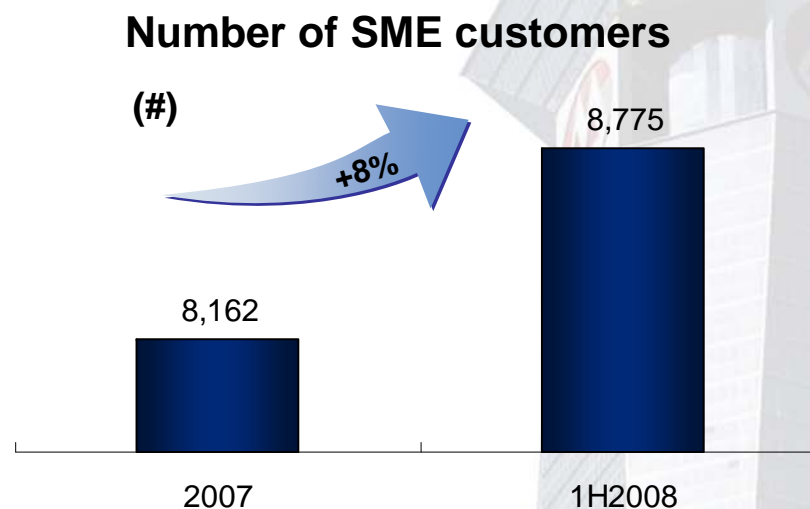
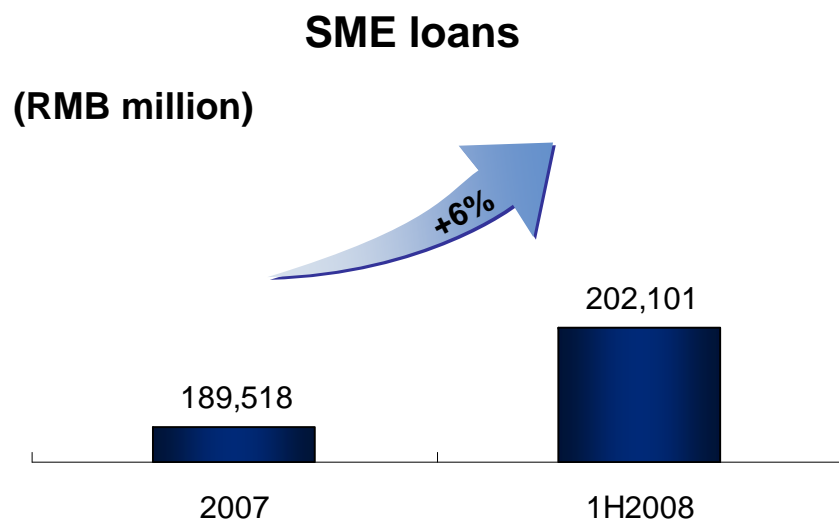
- Established 3 private banking centers in Beijing, Shanghai and Shenzhen
- Currently working on organizational structure, staffing and CRM

Golden Sunflower

- Number of Golden Sunflower accounts up to 364 thousand;
- deposits representing 36.21% of total deposits
- 386 VIP rooms for Golden Sunflower customers

A balanced mix of large, mid-sized and small customers

Fast-Growing SME Business



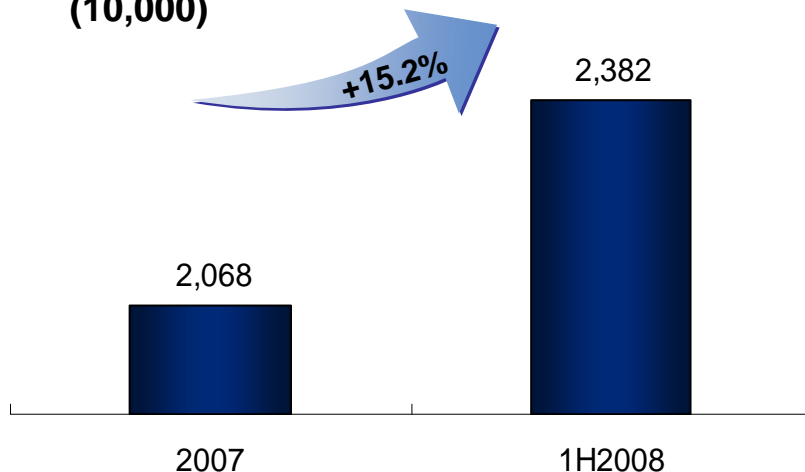
Measures taken to grow the SME business

- Region-centered strategy: Established a small enterprise lending center reporting directly to the headquarters in Suzhou on June 18 2008.
- Base SME business on risk quantification and pricing techniques
- Continue with organizational developments for SME business
- Build a SME service brand
- Continue to improve and innovate with SME products
- Enhance staff training

Ever-Maturing Credit Card Business

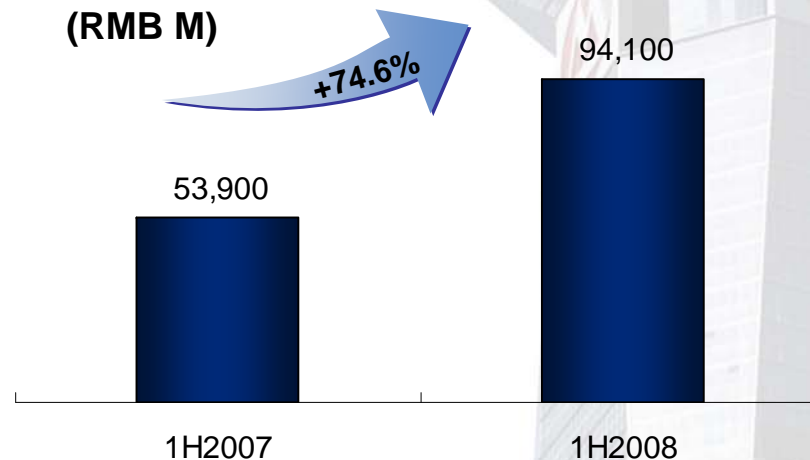
Number of credit cards issued

(10,000)

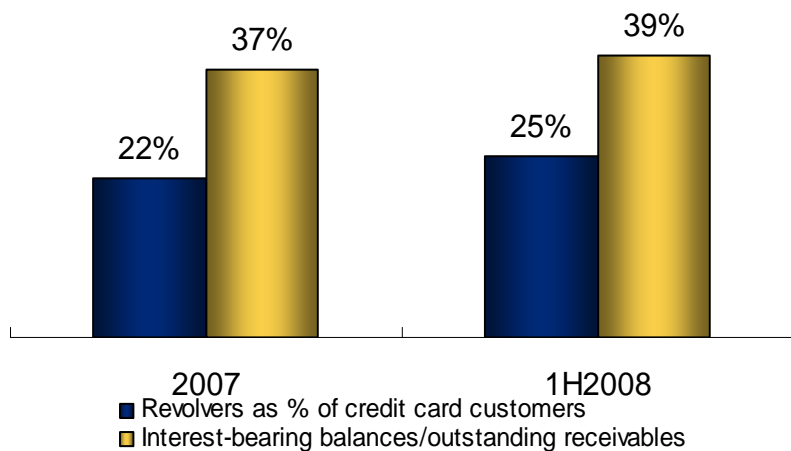


Credit card transaction volume

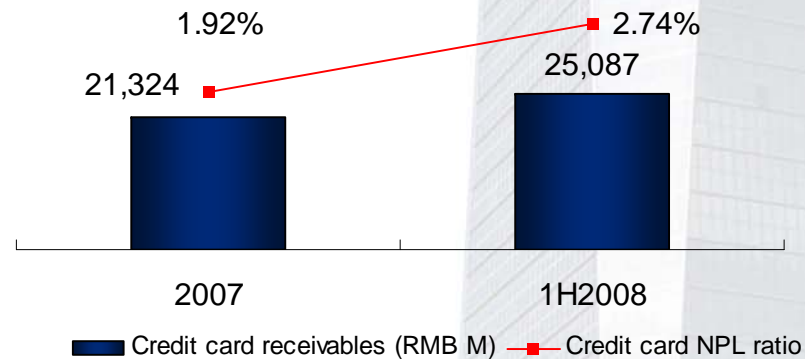
(RMB M)



Credit card revolvers

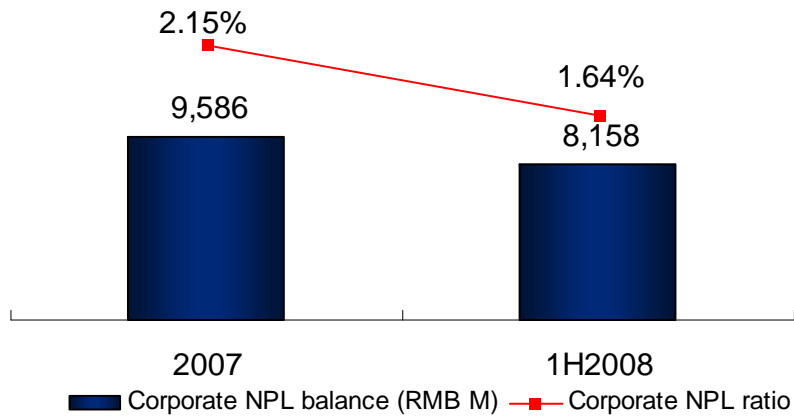


Credit card receivables & NPL ratio

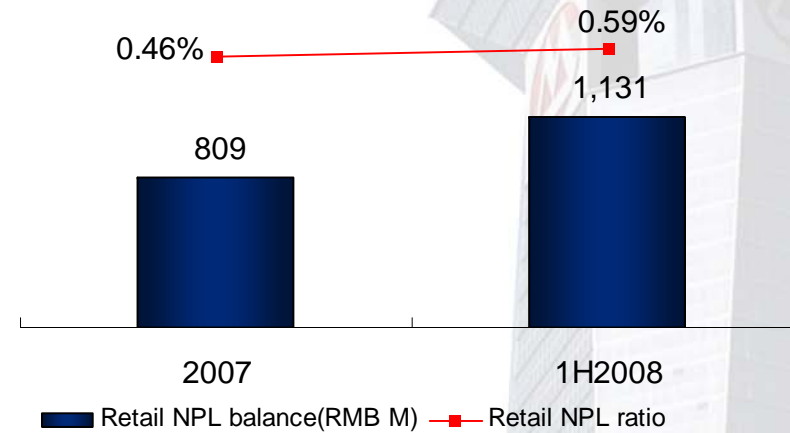


Close Monitoring of Loan Quality

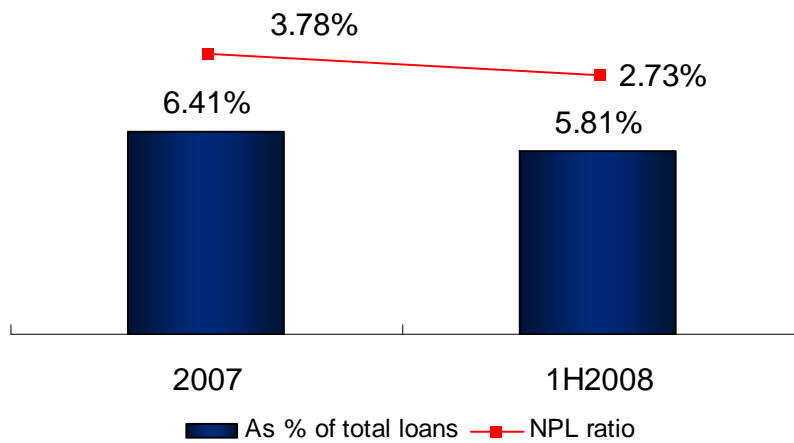
Corporate NPL ratio



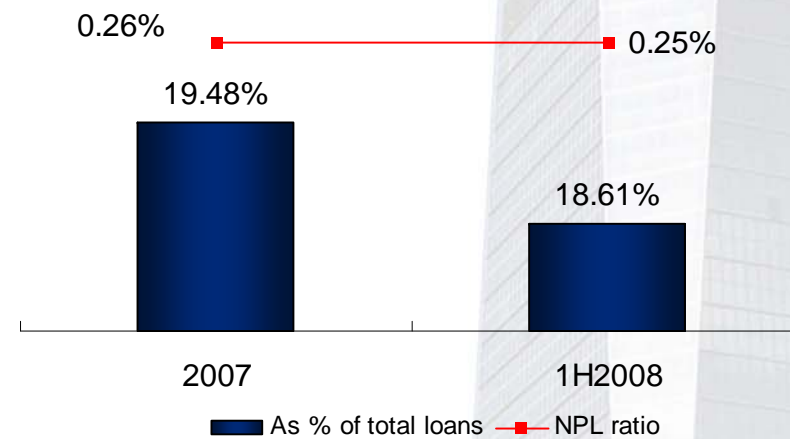
Retail NPL ratio



Property development loans



Mortgages



Farsighted & Prudent Moves in Global Expansion & Diversification

Global expansion

- Licensed by New York State Banking Department on July 14, 2008
- Entered agreement to buy 53.12% of Wing Lung Bank; deal currently under scrutiny by regulators

Diversification

- Established CMB Financial Leasing Co., Ltd. with an RMB 2 billion registered capital contribution in Shanghai in April
- Have obtained shareholders' approval for the acquisition of 50% in CIGNA CMC Life Insurance; deal currently under scrutiny by regulators



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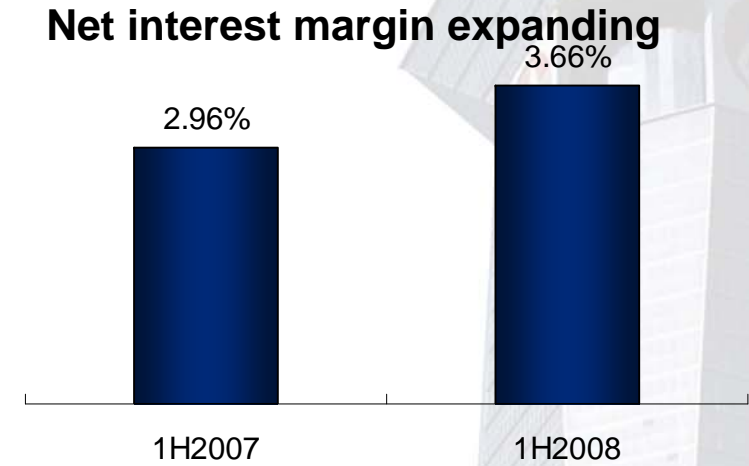
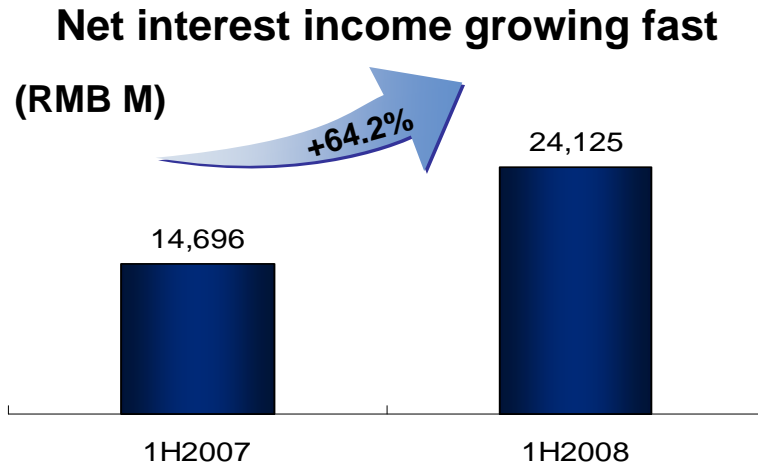
Business

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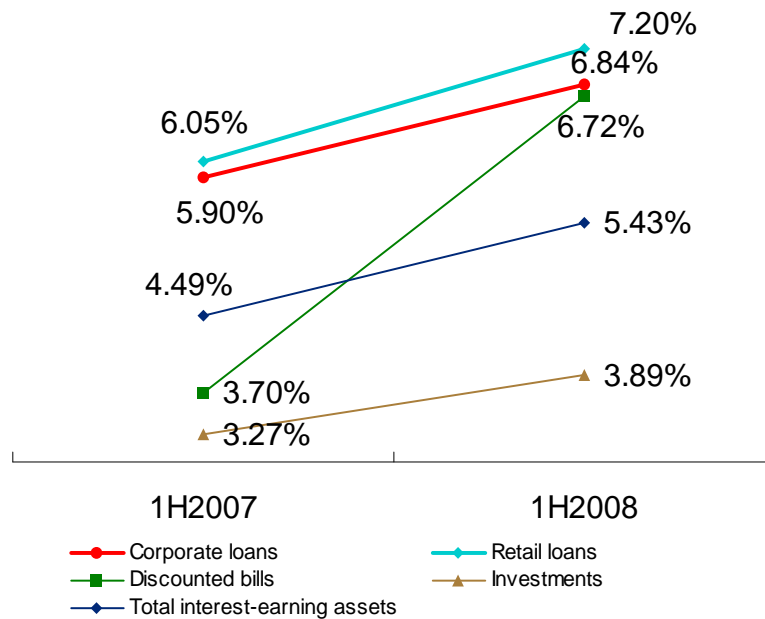
Financials



Net Interest Margin at Historic High

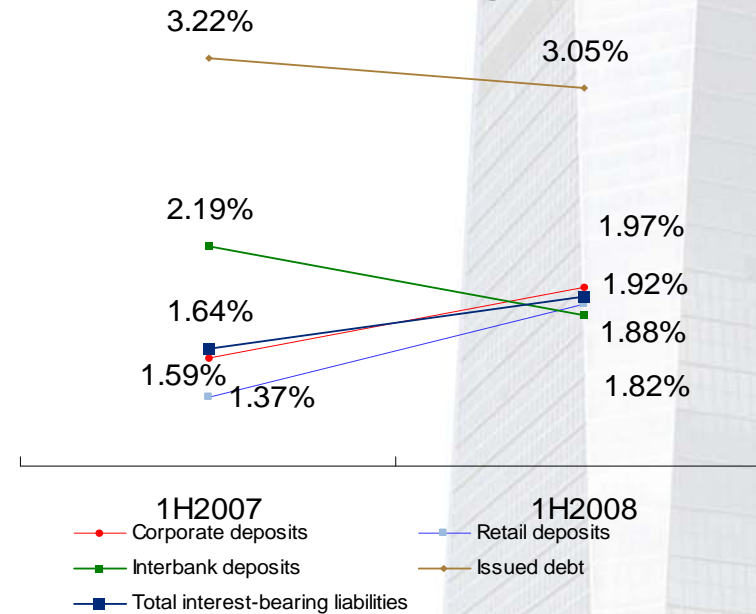


Yield on interest-earning assets



Note: Annualized

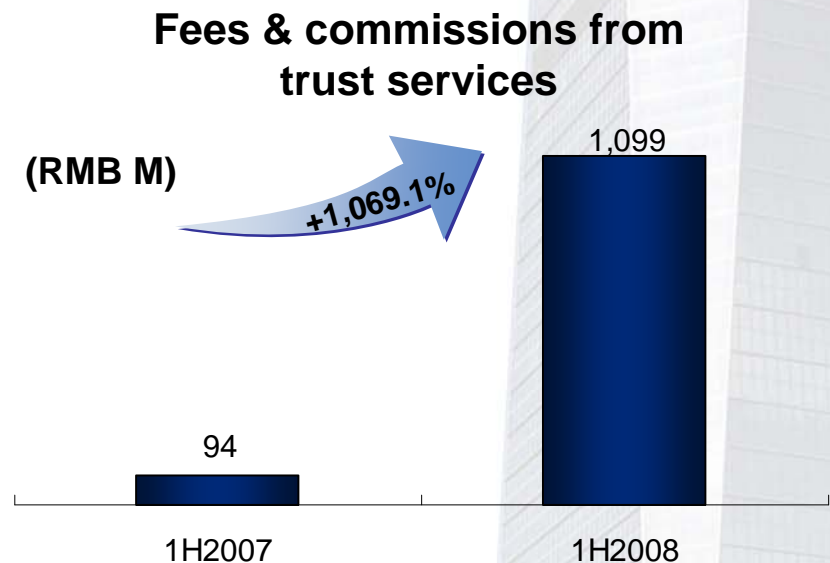
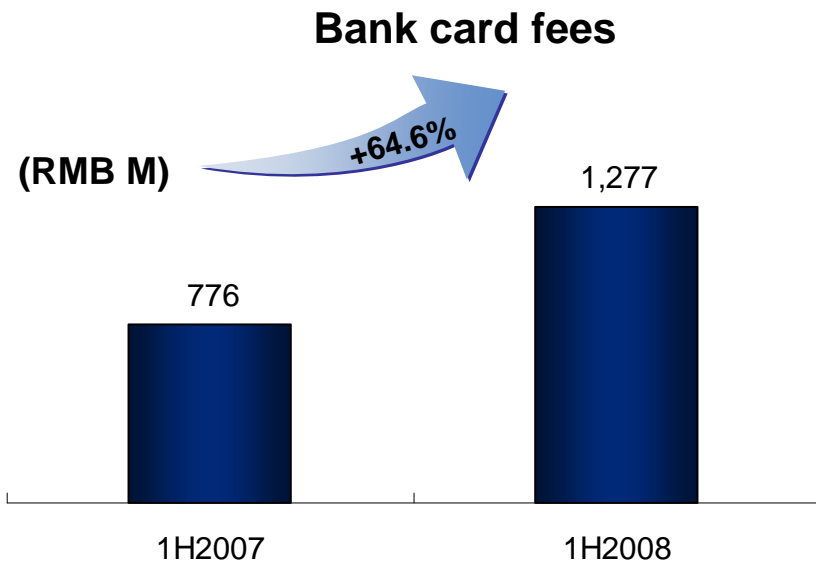
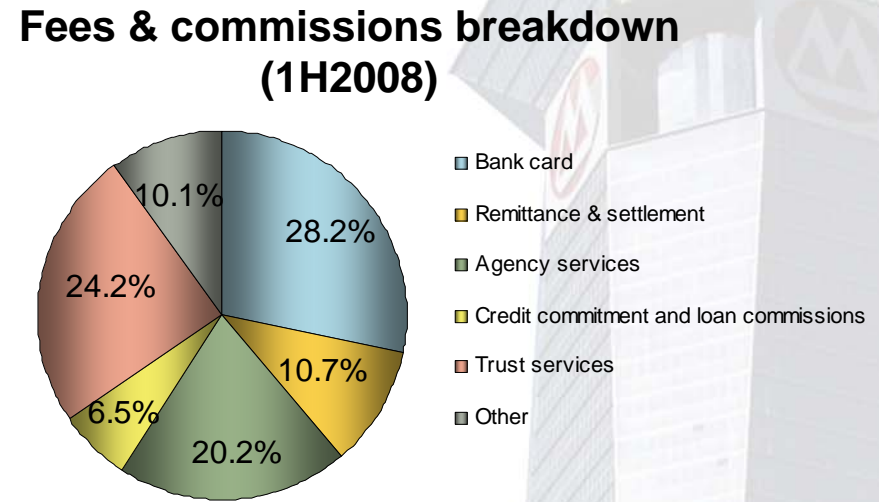
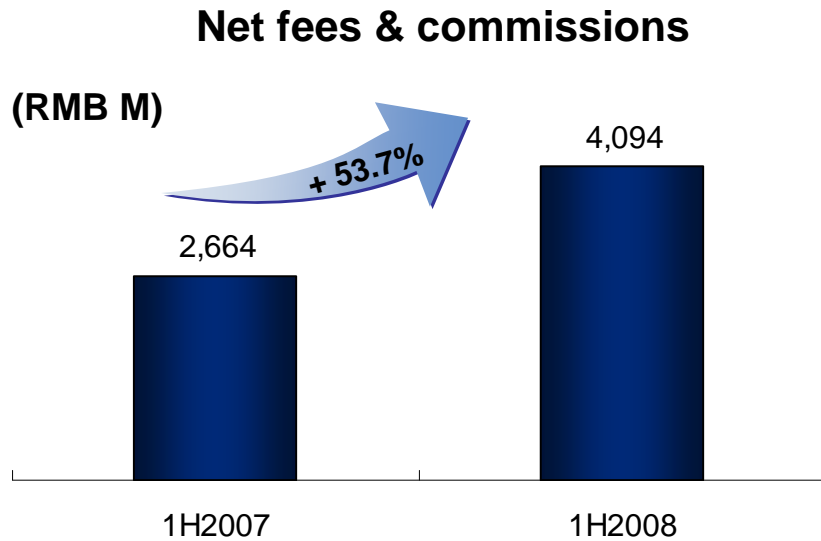
Cost of interest-bearing liabilities



Note: Annualized

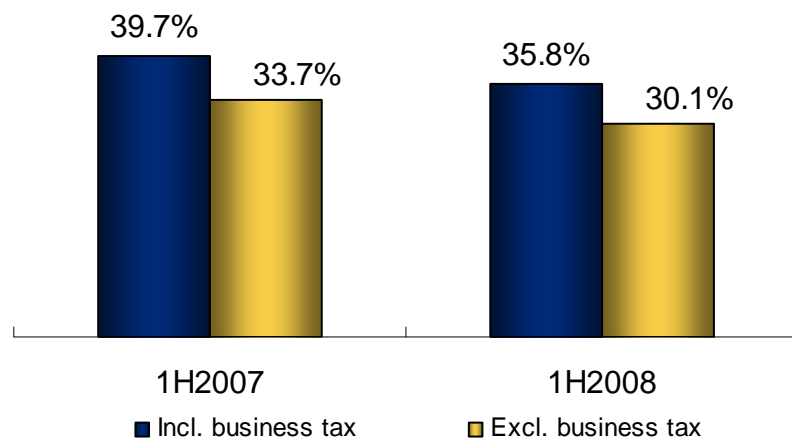
Note: Annualized

Non-Interest Income Growth in Line with Market Changes

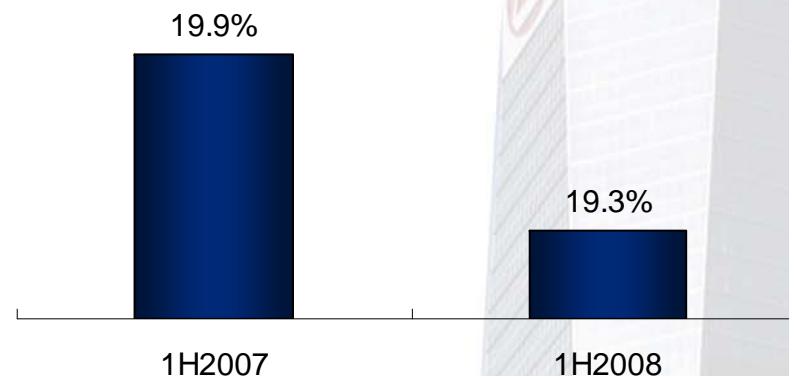


Improved Operating Efficiency

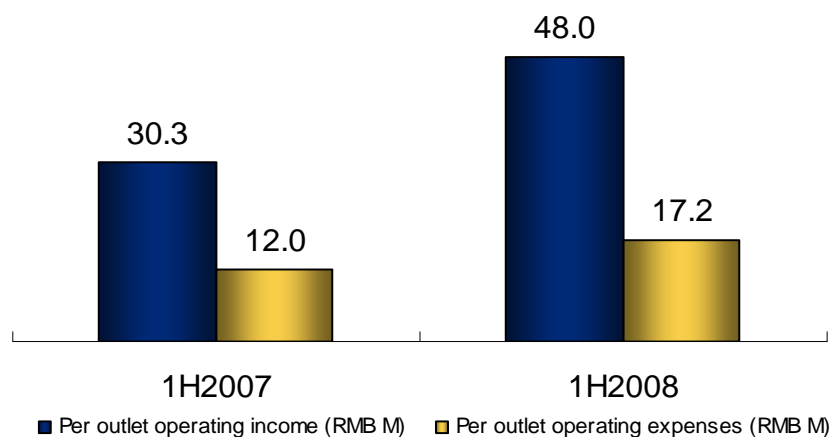
Cost to income ratio



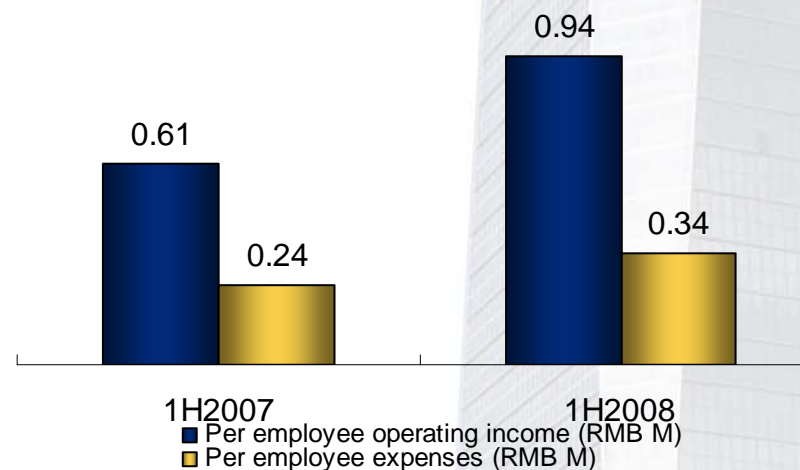
Staff costs as % of operating expenses



Per outlet revenue & expenses

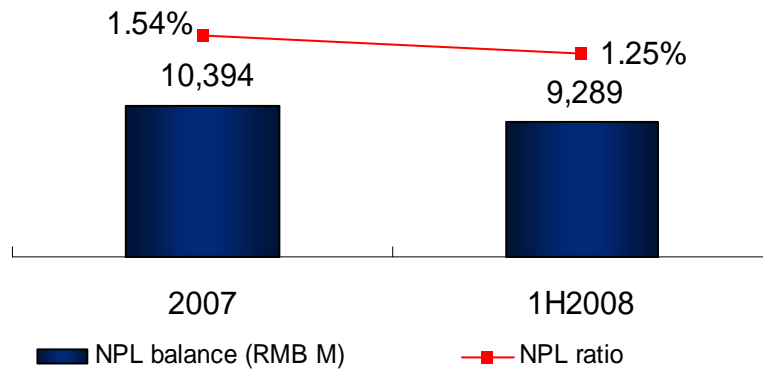


Per employee revenue & expenses

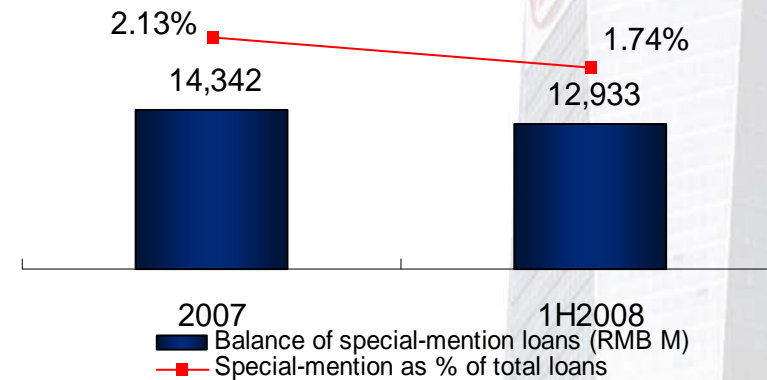


Improved Asset Quality

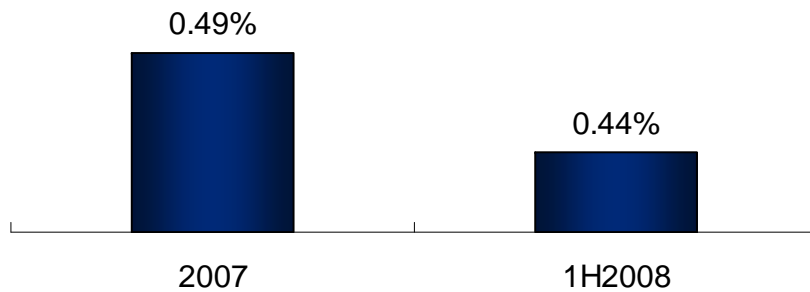
Decline in NPL balance & ratio



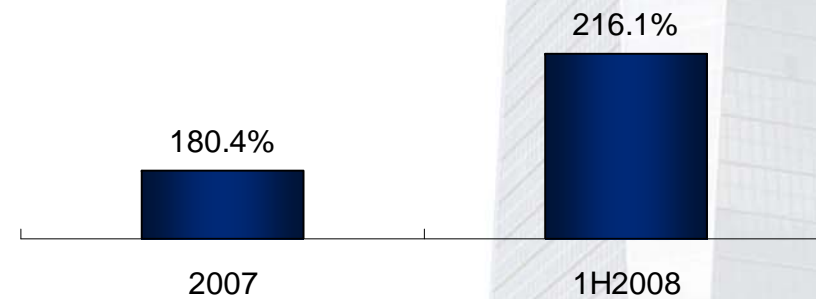
Decline in balance & ratio of special-mention loans



Decline in credit cost

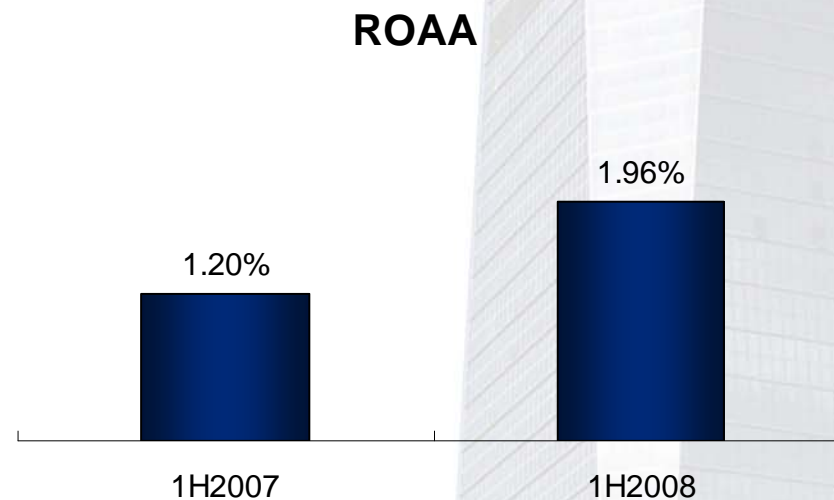
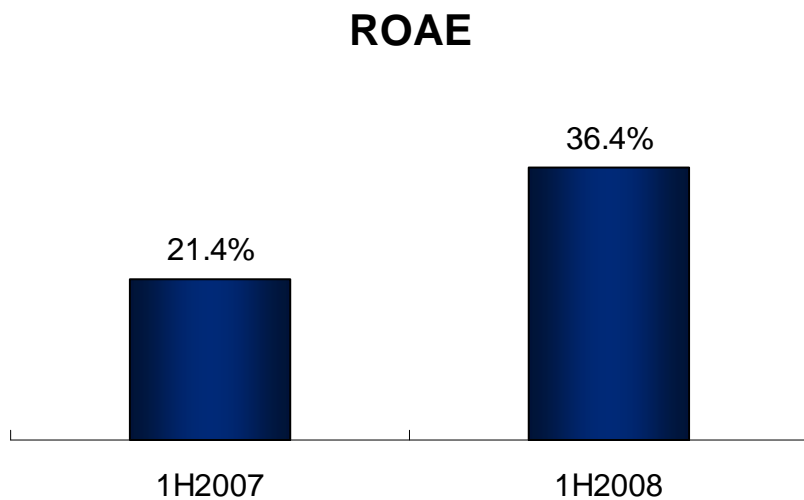
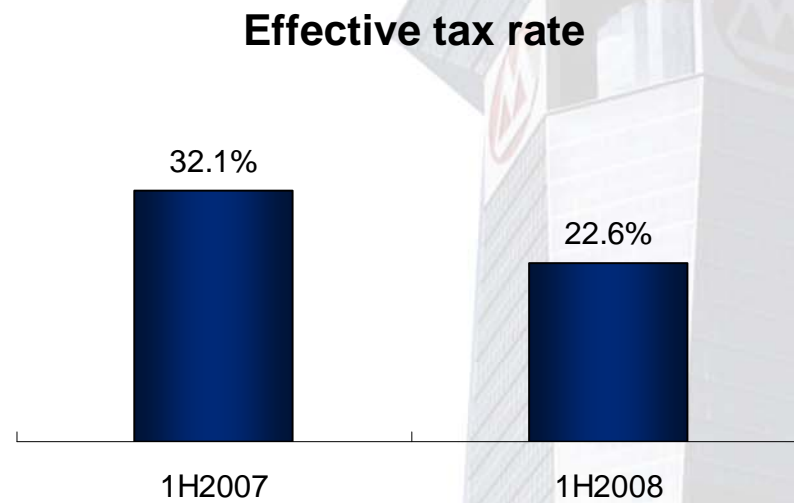
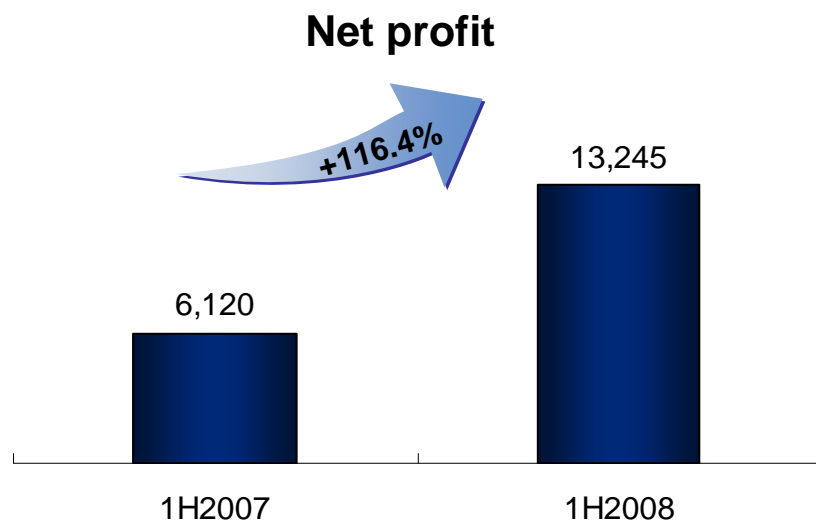


Coverage ratio



Note: Annualized

Ever-Improving Profitability

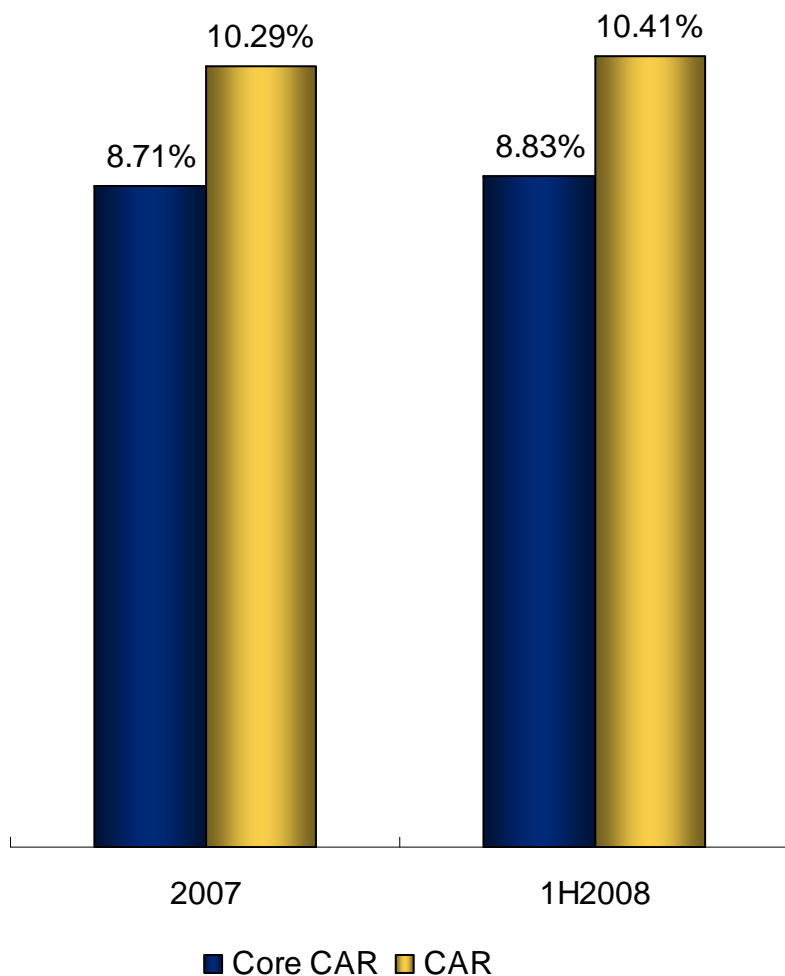


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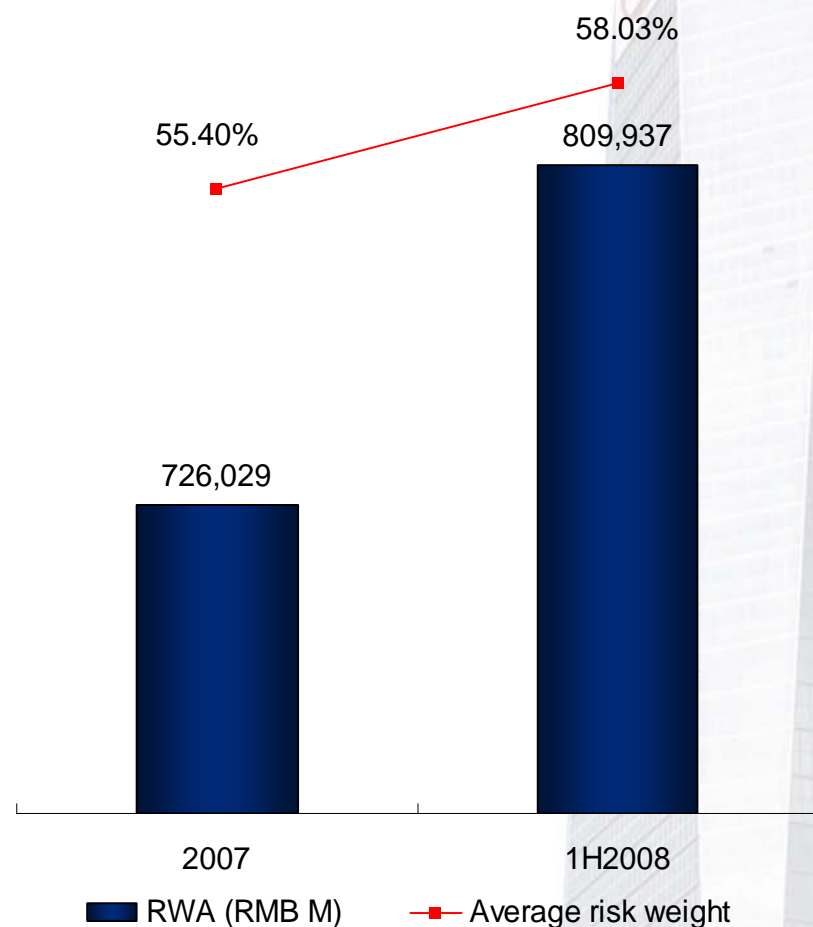
Note: Annualized.

Stable Capital Adequacy Ratio

Capital adequacy ratio



Risk-weighted assets



Note: 2007 ratios have been restated in accordance with regulatory requirements.



Q&A