

China Merchants Bank Reports Results for the First Three Quarters of 2011

Second strategic transformation optimizes business structure

Net profit increases by 37.91 % year on year to RMB 28.388 billion

Results Highlights for the period of January to September 2011

- Operating income was RMB70.290 billion
- Net profit attributable to the Bank's shareholders rose 37.91% year on year to RMB28.388 billion
- Basic earnings per share attributable to the Bank's shareholders for the third quarter increased by 32.35% year on year to RMB0.45
- Net interest margin was 3.03%
- Total assets grew by 9.61% to RMB 2,633.278 billion from the beginning of the year
- Capital adequacy ratio decreased by 0.08 percentage points to 11.39% from the beginning of the year
- Core capital adequacy ratio rose by 0.06 percentage points to 8.10% from the beginning of the year
- Non-performing loans decreased by RMB266 million to RMB9.420 billion compared with the beginning of the year. Non-performing loan ratio decreased by 0.09 percentage points to 0.59% compared with the beginning of the year
- Allowances for impairment losses to non-performing loans ratio rose by 64.12 percentage points to 366.53% from the beginning of the year

(Notice: China Merchants Bank Co., Ltd.'s results for the first three quarters of 2011 as an H share were prepared in accordance with the PRC Accounting Standards. Unless stated otherwise, all of the above data belong to the Group)

October 28, 2011 — China Merchants Bank Co., Ltd. (SSE: 600036; HKEx: 3968; "China Merchants Bank" or "the Company" or "the Bank" and its subsidiaries together "the Group") today announced unaudited results for the first three quarters ended September 30, 2011.

1) Development momentum maintained in the first three quarters

For the first three quarters of 2011, China Merchants Bank pressed ahead with its second strategic transformation to cope with the volatile and complicated economy. As a result, the Group maintained a development momentum. It achieved growth in total assets while maintaining

the high quality of them. It also effectively controlled costs. All these contributed to a rapid growth in profit.

As at the end of September 2011, total assets of the Group increased by 9.61% from the beginning of the year to RMB2,633.278 billion. Total liabilities increased by 9.30% from the beginning of the year to RMB2,479.430 billion. Deposits from customers totaled RMB2,090.004 billion, up by 10.16% from the beginning of the year. Total loans and advances were RMB1,598.087 billion, up by 11.64% from the beginning of the year.

For the period from January to September 2011, the Group realized a net profit attributable to shareholders of the Bank of RMB28.388 billion, up by 37.91% year on year. Interest-earning assets increased in size. Both net interest spread and net interest margin improved. Net interest spread was 2.90% and net interest margin was 3.03% for the period from January to September 2011. For the third quarter ended 30 September 2011, net interest spread increased by 0.05 percentage points quarter on quarter to 2.93%, while net interest margin increased by 0.12 percentage points quarter on quarter to 3.12%. Net interest income was RMB55.624 billion, accounting for 79.14% of the operating income. Net fee and commission income increased by 45.71% year on year to RMB11.865 billion. Other net income was RMB2.801 billion, up by 22.53% year on year. The cost-to-income ratio (excluding business tax and surcharges) of the Group decreased by 3.43 percentage points year on year to 33.25%.

2) Steady progress in second strategic transformation optimized business structure

During the period under review, the Company adopted a series of measures in its second strategic transformation leading to good operating results. The highlights of such measures and the results are:

Asset quality remained good. The Company improved its comprehensive credit risk management system by continuously optimizing its whole procedure, proactively improving basic credit risk management, exploring portfolio risk management and adjusting the credit structure. It also put more effort in developing its small and medium-sized enterprise lending business, while exercising stringent control on lending to local governments, property development sector and other industries which were classified as those with “high pollution, high energy consumption and excess capacity”. As at the end of September 2011, the Company’s non-performing loans decreased by RMB180 million from the beginning of the year to RMB9.150 billion. The non-performing loan ratio decreased by 0.08 percentage points from the beginning of the year to 0.61%.

Effective costs control. The Company continued to effectively manage its costs by standardizing expenses management. During the period from January to September 2011,

operating and administrative expenses of the Company was RMB22.296 billion. Cost-to-income ratio decreased by 3.33 percentage points year on year to 33.09%.

Enhanced capability for risk control. The Group continued to take a prudent approach when making provisions. As at the end of September 2011, the Company's allowances for impairment losses on loans increased by RMB5.143 billion from the end of the previous year to RMB33.944 billion, which included RMB28.501 billion made on a collective basis (accounting for 83.96% of the total allowances), and RMB5.443 billion made on an individual basis (accounting for 16.04% of the total allowances). As at the end of September 2011, the non-performing loan allowance coverage ratio of the Company increased by 62.28 percentage points from the beginning of the year to 370.97%. Allowance-to-loan ratio increased by 0.13 percentage points from the beginning of the year to 2.27%.

Improved capability for generating capital endogenously. As at the end of September 2011, the Company had a capital adequacy ratio of 11.14% and a core capital adequacy ratio of 8.63%. The Company's capital adequacy ratio and core capital adequacy ratio as at the end of September 2011 both slightly decreased by 0.07 percentage points as compared with the beginning of the year, but increased by 0.34 percentage points and 0.26 percentage points respectively as compared with those as at the end of June this year. The decreases were due to the changes in policies such as the new requirements of China Banking Regulatory Commission ("CBRC") on loans extended through the government's financing platforms and the regulations on the unused credit card commitment. The Company put the speed of capital depletion under control and gradually improved its capability for growing capital endogenously.

SME lending business continued to develop. During the reporting period, the Company put more efforts to develop its small and medium-sized enterprises (SME) lending business while taking a stringent control on credit risks. As a result, the Company SME loans grew fast but their non-performing loan ratio continued to decrease. As at the end of September 2011, the Company's domestic SME loans increased by RMB67.085 billion from the beginning of the year to RMB455.503 billion. The SME loans accounted for 52.88% of the Company's total domestic corporate loans, representing an increase of 3.16 percentage points from the beginning of the year. The non-performing loan ratio decreased by 0.19 percentage points from the beginning of the year to 1.27%.

Risk-based loan pricing power continued to grow. The Company significantly raised its risk-based loan pricing levels through various effective measures, such as clearly defining loan pricing policies, strengthening evaluation of loan pricing, enhancing its product innovation as well as enhancing capability for providing comprehensive services. From January to September 2011, the weighted average floating band of interest rates (weighted average of loans already granted, same below) of our newly granted general corporate loans in RMB rose by 10.55 percentage points as compared with the previous year, the weighted average floating band of interest rates of

our newly granted retail loans in RMB rose by 14.98 percentage points as compared with the previous year.

Proportion of high-net-worth customers steadily increased. The Company has been consistently increasing the proportion of its high-net-worth customers and their aggregate contribution to income by enhancing resources integration and doing a finer segmentation of the customers, vigorously promoting the coordination of the bank's different businesses and cross-selling. As at the end of September 2011, the number of our retail customers with daily average total assets per month of RMB500,000 or above was 756,700. The proportion of high-net-worth retail customers increased from 1.48% to 1.54% as compared with the beginning of the year. The number of corporate customers contributing an annualized total revenue of RMB100,000 or above was 51,008. The proportion of high-net-worth corporate customers increased from 8.70% to 13.98%.

Steady progress in establishing branches. The Company continued to develop its network of branches during the reporting period. In the third quarter of 2011, one branch was approved to be set up and one branch was approved to commence business: On 9 September 2011, the Xining Branch of the Company was approved by China Banking Regulatory Commission (CBRC) to be established, and on 15 August 2011, the Longyan Branch of the Company was approved by the provincial branch of CBRC in Fujian to commence business.

3) Further integration with Wing Lung Bank continued to yield synergy

During the period under review, the Company continued to make steady progress in coordinating its businesses with those of Wing Lung Bank, yielding synergies. For the Period from January to September 2011, Wing Lung Group (Wing Lung Bank Limited and its subsidiaries) saw its unaudited consolidated profit after tax increase by 40.79% year on year to HK\$1,348 million. Wing Lung Group had total assets of HK\$167.637 billion, representing an increase of 22.30% as compared with the end of 2010 and net assets of HK\$13.910 billion, representing an increase of 9.10% as compared with the end of 2010.

Prospects

Dr. Ma Weihua, President and CEO of China Merchants Bank said, "To cope with the volatile global economy and the uncertainties in the domestic economic development, China Merchants Bank will continue to press ahead with its second strategic transformation to optimize its assets-liabilities structure and financial management as well as to enhance its leading positions in retail banking and SMEs lending. The shareholders approved the rights issue for A shares and H shares at a general meeting. The rights issue will enable China Merchants Bank to enhance its financial strength to support its future development. With the second strategic transformation,



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Press Release about Results for the First Three Quarters of 2011

CMB will be able to enhance its capability for risk control and generating capital as well as its pricing power over its products. It will continue to make progress in its development.”

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