



China Merchants Bank Co., Ltd. 2011 Results Announcement

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

Overview

2

Business development

3

Financial performance

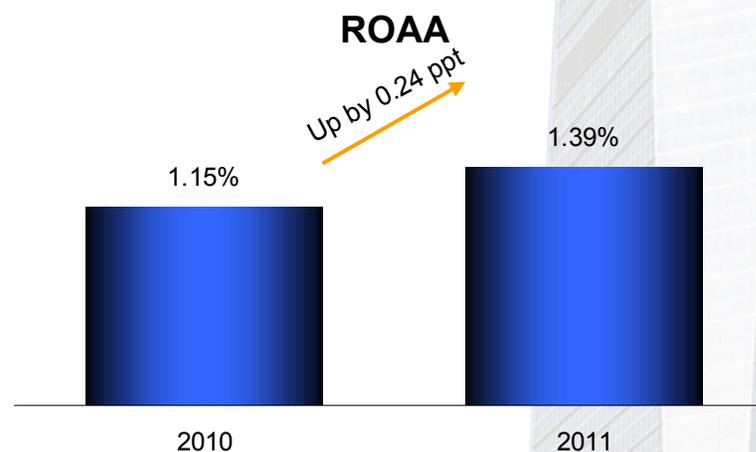
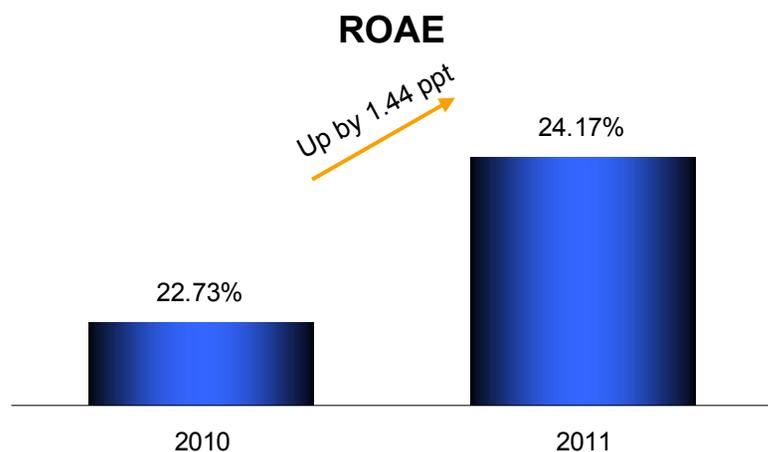
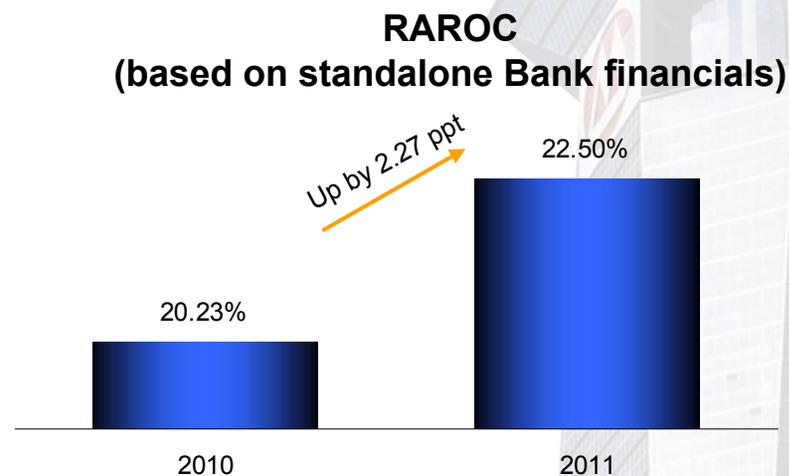
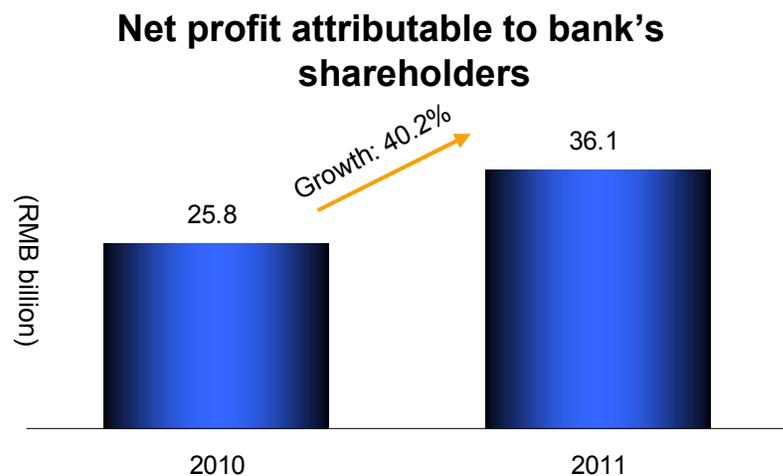
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Outlook



Profitability, Asset Quality and Scale Maintained Balanced Development

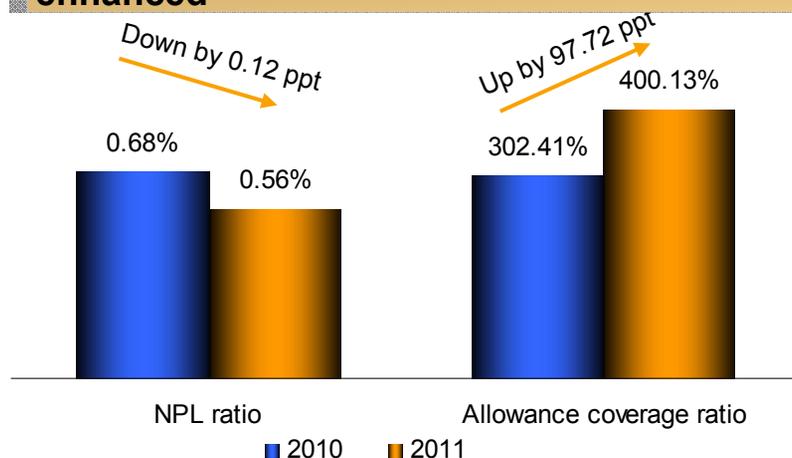
Profitability continued to improve and return on capital further enhanced



Profitability, Asset Quality and Scale Maintained Balanced Development (Cont'd)

Asset quality remained sound and comprehensive risk management proved effective

Overall process of credit risk management was optimized and management fundamentals were fully enhanced



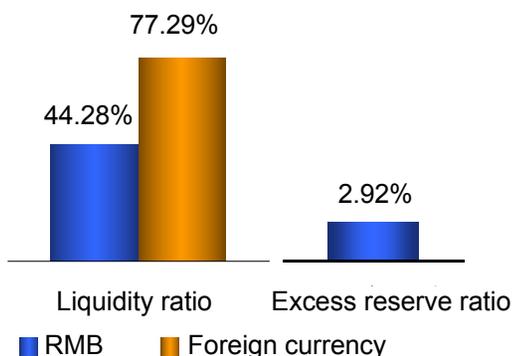
| Unit: RMB million | 2010 | 2011 | Change |
|--|---------|---------|-----------------------------|
| Loans to LGFV | 135,145 | 114,183 | Decreased RMB20,962 million |
| % of the Bank's total loans | 10.04% | 7.46% | Down 2.58 ppt |
| NPL ratio of LGFV loans | 0.25% | 0.15% | Down 0.10 ppt |
| Loans to the real estate industry | 412,179 | 436,458 | Increased RMB24,279 million |
| % of the Group's total loans | 28.79% | 26.60% | Down 2.20 ppt |
| NPL ratio of corporate real estate loans | 0.79% | 0.73% | Down 0.06 ppt |
| NPL ratio of retail real estate loans | 0.14% | 0.12% | Down 0.02 ppt |

Management capabilities of interest rate risk, liquidity risk and operational risk continued to be enhanced

Interest rate risk management was further optimized

| | 2010 | | 2011 | |
|--|------|-----|------|-----|
| Interest rate change (bps) | 25 | -25 | 25 | -25 |
| Change in annualized net interest income | -372 | 372 | -224 | 224 |

Liquidity risk at the medium to low level

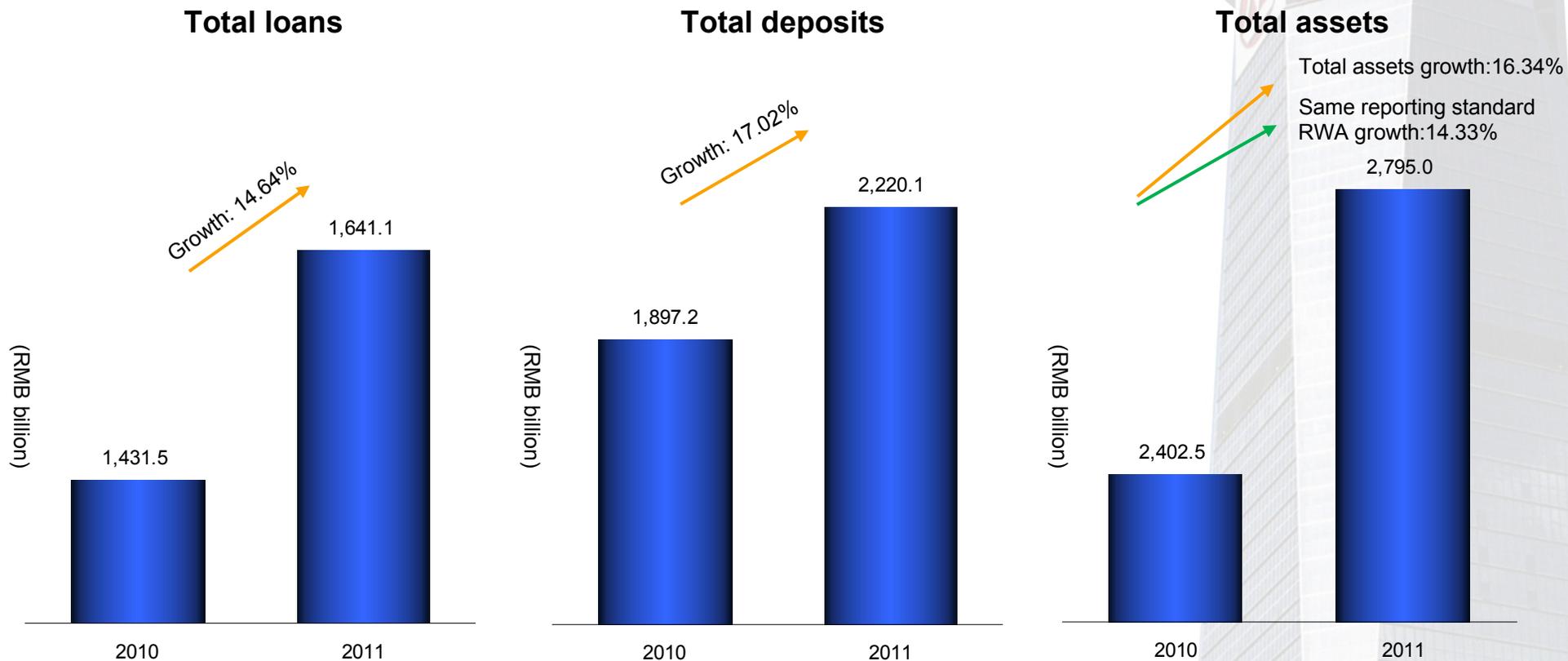


Operational risk management capability improved steadily

- Ⓜ Operational risk remained at a relatively low and manageable level in general
- Ⓜ There was no material loss or serious incident arising from failure in controlling operational risk
- Ⓜ The Bank's IT system operated smoothly in general

Profitability, Asset Quality and Scale Maintained Balanced Development (Cont'd)

Balance sheet grew moderately; growth of risk weighted assets was slower than that of total assets; organic capital accumulation ability further advanced



Strategic Transformation Achieved Interim Success

1 The proportion of profit from retail banking business increased substantially

- Pre-tax profit of retail banking business was RMB14,088 million, representing 29.90% of total pre-tax profit of the Bank, up 10.71 ppt YoY
- Cost-to-income ratio (excluding business tax and surcharges) of retail banking business dropped to 53.81% from 63.05% in 2010
- Net non-interest income of retail banking business was RMB9,241 million, accounting for 50.14% of total net non-interest income of the Bank

2 Non-interest income maintained relatively rapid growth

- Net non-interest income in 2011 was RMB20,359 million, an increase of RMB5,679 million or 38.69% over prior year, among which:
 - Fee income from bank cards: up 17.49% to RMB4,359 million in 2011 compared with RMB3,710 million in 2010
 - Fee income from settlement and clearing services: up 47.33% to RMB2,042 million in 2011 from RMB1,386 million in 2010
 - Commission income from custody and other trustee business: up 69.10% to RMB3,032 million in 2011 from RMB1,793 million in 2010
 - Other net income: up 46.40% to 4,294 million in 2011 from RMB2,933 million in 2010, including the increase of bills spread income from RMB593 million in 2010 to RMB1,791 million in 2011, up 202.02%

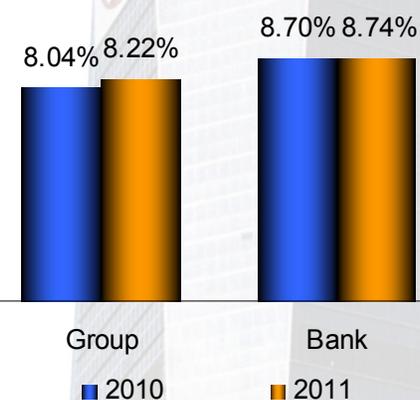
3 SME business achieved healthy and stable development

- As at 31 December 2011, the total balance of SME corporate loans amounted to RMB468,282 million, an increase of RMB79,864 million over previous year, and SME corporate loans accounted for 53.22% of the total corporate loans, an increase of 3.50 ppt over previous year. The increase of SME loans accounted for 80.94% of total increase of domestic corporate loans for the year (RMB98.671 billion). At the same time, SME loan quality has further improved, with NPL ratio of 1.17%, down by 0.29 ppt from end of previous year
- As at the end of 2011, loans to small and micro enterprises under the new national standards (including discounted bills and personal business loans) amounted to RMB325.1 billion, representing an increase of 25.52% as compared to the RMB259.0 billion in 2010

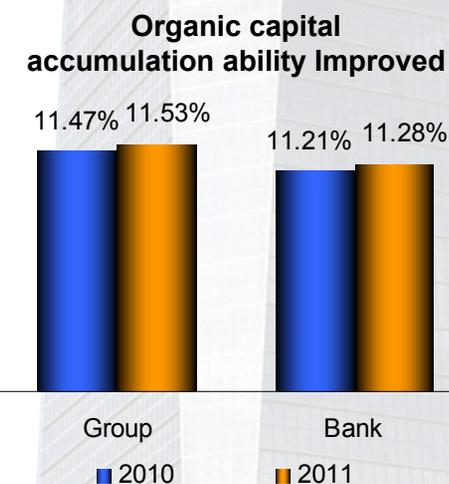
Note: 1) Profit from retail banking business, cost-to-income ratio are based on Group consolidated financials; net non-interest income from retail banking business is based on standalone Bank financials; 2) Non-interest income data are based on Group consolidated financials; 3) SME business data is based on standalone bank financials, among which, data of SME loans are calculated according to the old national standards as stipulated in the *Interim Provisions on the Standards for Small and Medium Enterprises* jointly issued by the four ministries in 2003; small and micro enterprise loan data is based on the Notice on Issuing the Provisions on the Classification Standards for Small and Medium-sized Enterprises jointly issued by the four ministries in 2011 as well as the regulatory and statistical standards of the CBRC

4 Intensive capital management has shown preliminary success

Core capital adequacy ratio



Capital adequacy ratio



The Bank Continued to Receive Widespread Recognition from Business Community and Society

The Banker

GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

The Banker

**No. 60 in World
Comprehensive Ranking**

**Up significantly from No. 81
in 2010**

亚洲银行家
THE ASIAN BANKER®

The Asian Banker

**Best Retail Bank in China
Best Joint Stock Retail Bank in China
Best Wealth Management Product in China
Best Credit Card Product in China**

IR GLOBAL
RANKINGS

IR Global Rankings

**Best Investor Relations
Company**

THE Asset
TheAsset.Com

The Asset

**Best Professional Custody
Bank in China for 3 times
consecutively**

FT

FINANCIAL
TIMES

Financial Times

Best Private Bank in China

ASIAMONEY
亚洲货币 PLUS

AsiaMoney

**Best Domestic Cash
Management Bank in
China for the 6th time**

acmi
acce
conference & expo

2011 ACCE Conference
World's Best Call Center

THE CHINESE BANKER
银行家
The Chinese Banker

The Chinese Banker
**Best Corporate Image
Best Corporate Social
Responsibility**



Brand Competitiveness of
Chinese Financial Institutions
**Brand Development
Potential/Customer Support
No. 1**

CASME 中国中小企业协会
China Association of Small and Medium Enterprises

CASME
**2011 SME Services &
Products Award**



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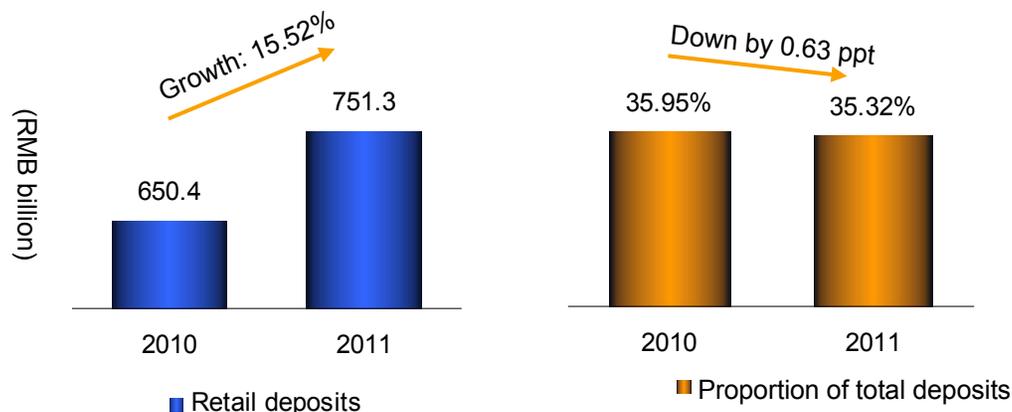
Outlook



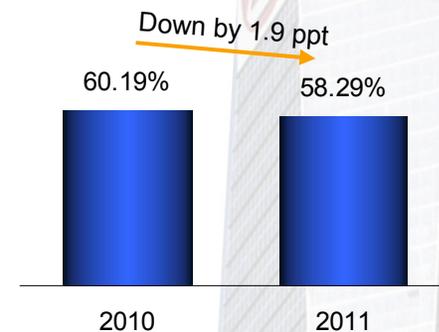
Retail Banking Business Maintained Positive Development Momentum

High proportion of demand deposits ensured low funding cost; proportion of retail loans remained to be above industry average

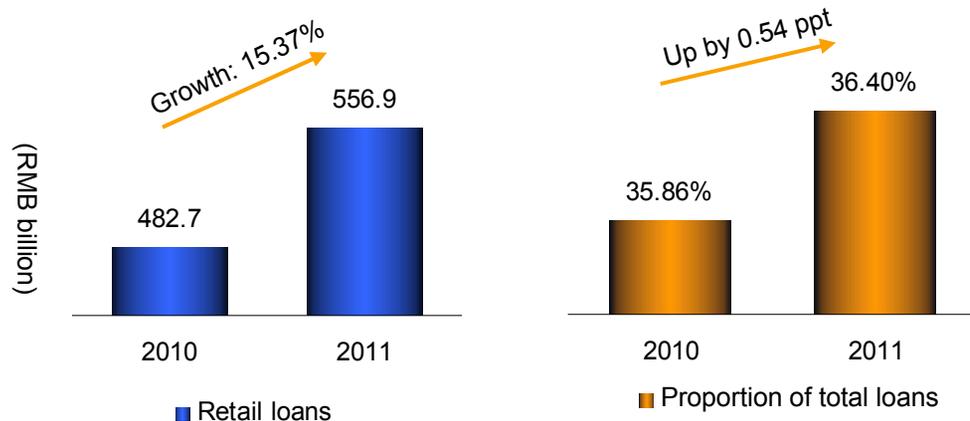
Proportion of retail deposits fell slightly due to inflation and diversion to WM products



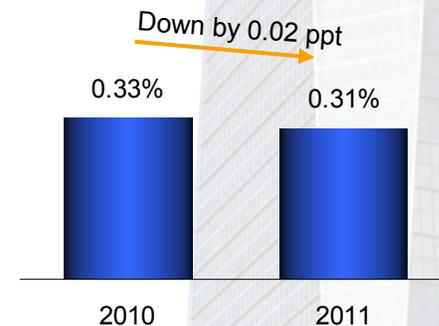
Despite of diversion to WM products, proportion of demand deposits from retail customers still remains at a relatively high level



Proportion of retail loans remained to be above industry average



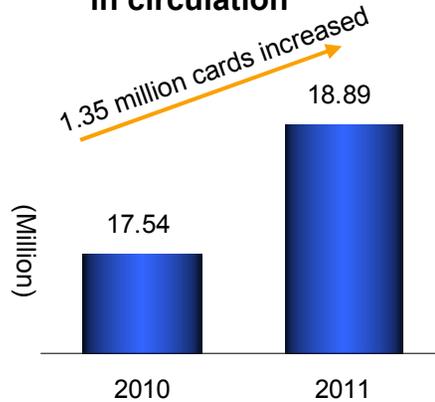
NPL ratio of retail loans was similar to the beginning of the year



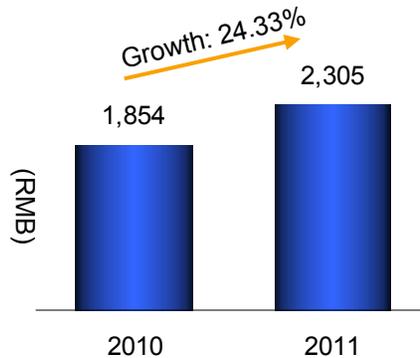
Bank Card Business Maintained Competitive Advantage

Refined operation management of credit card business intensified and All-in-one card business achieved positive development

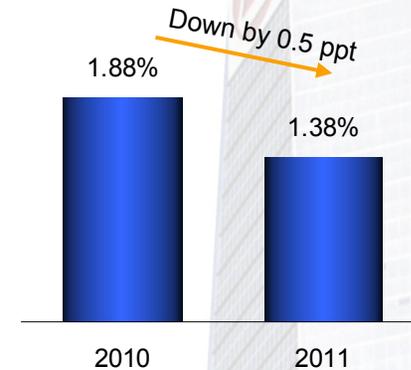
Accumulated No. of credit cards in circulation



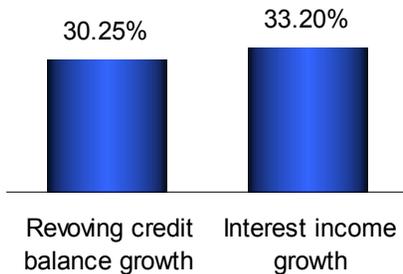
Average transaction volume per credit card



NPL ratio of credit cards

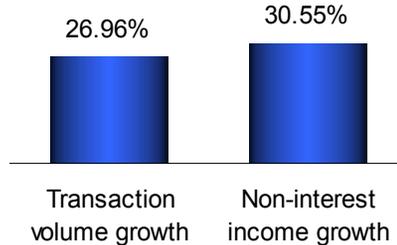


Growth of revolving credit balances and interest income from credit card business



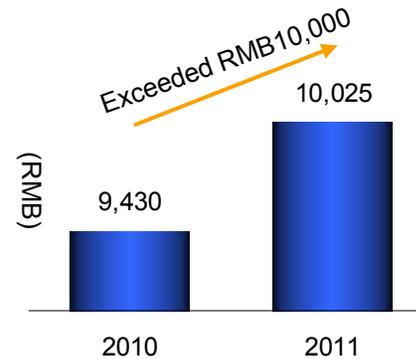
■ YoY growth in 2011

Growth of transaction volume and non-interest income from credit card business

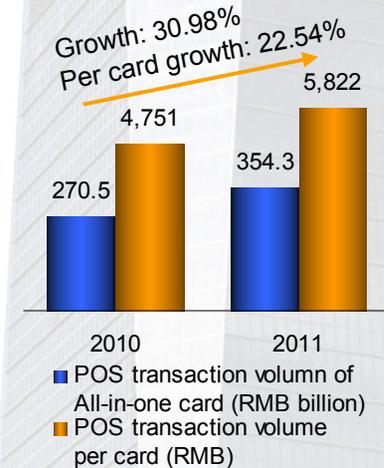


■ YoY growth in 2011

Average deposits per All-in-one card

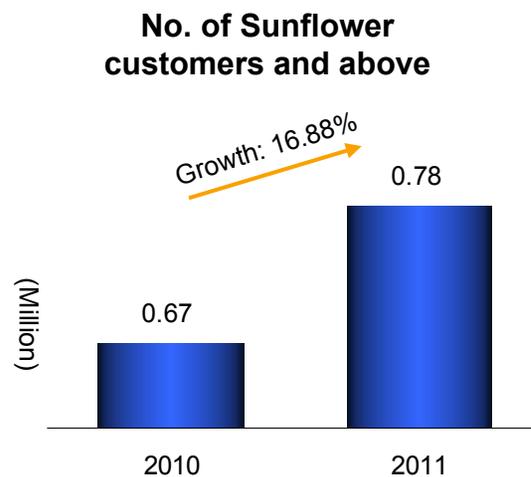
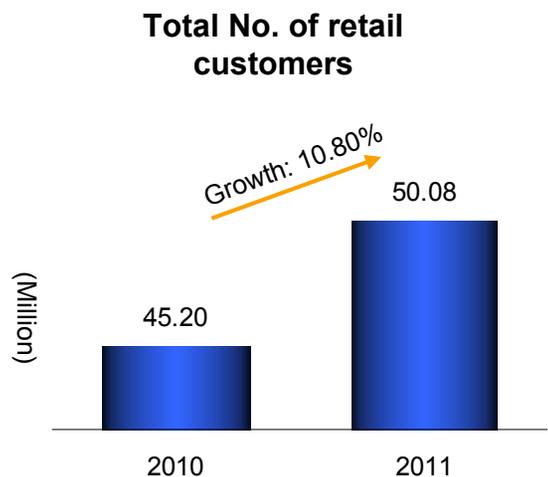
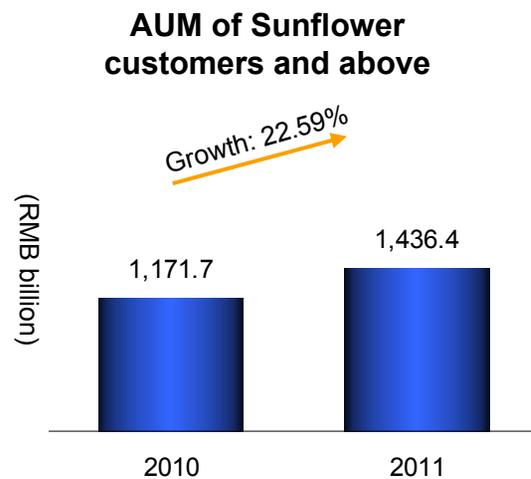
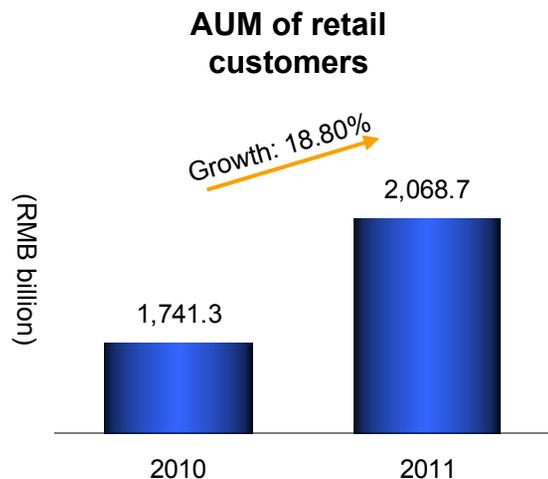


Total spending through All-in-one cards



AUM Continued to Grow Rapidly

Retail banking adhered to the customer-centered principle, and AUM has become a new indicator for retail banking transformation

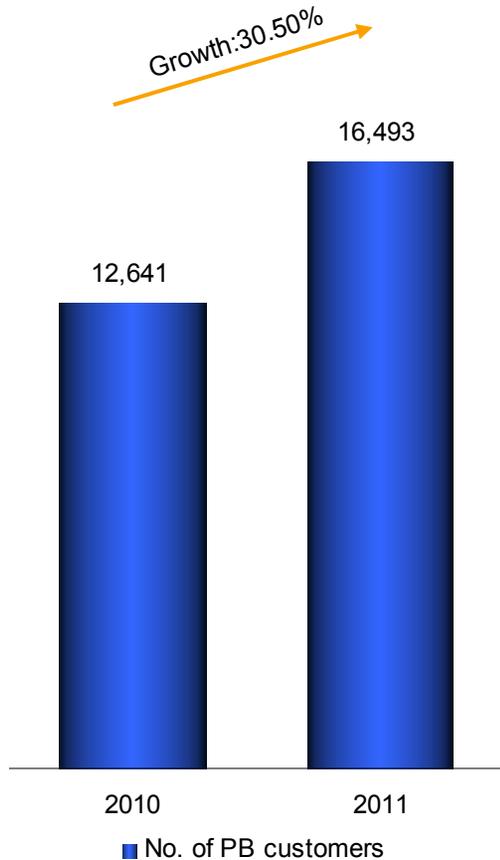


- ① The Bank achieved RMB2,063.571 billion of sales of personal WM products
- ② The Bank achieved open-ended fund sales from fund agency services of RMB143.421 billion
- ③ The Bank achieved standard premiums from insurance agency services of RMB39.718 billion

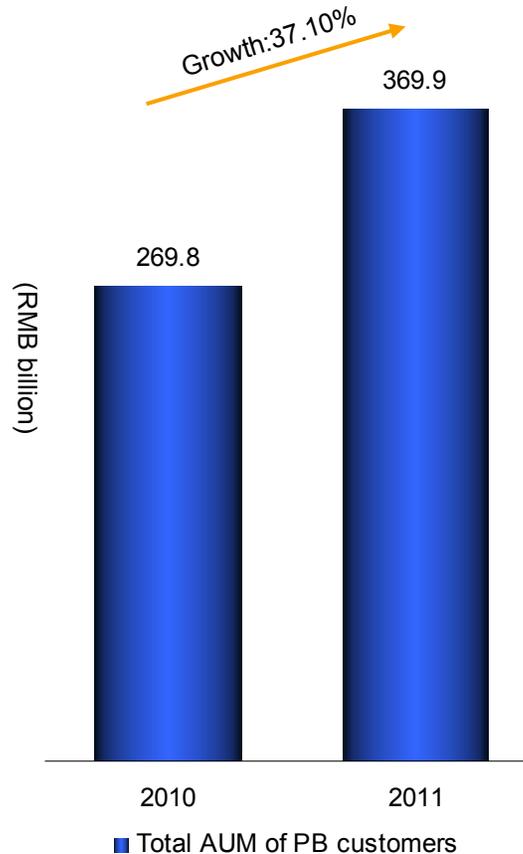
Private Banking Business Grew Rapidly and Maintained Leading Position in the Industry

Provide high-net-worth customers with all-encompassing, personalized, private and comprehensive wealth management services

No. of PB customers had maintained a growth rate of above 30% for four consecutive years



AUM of PB customers grew steadily



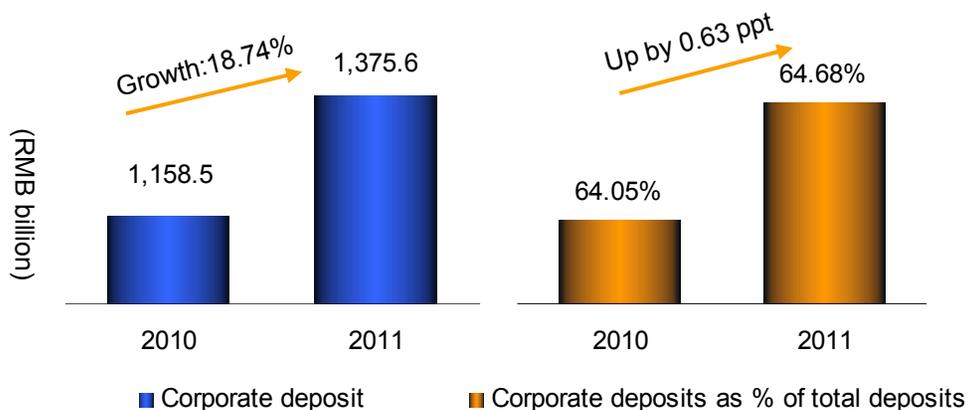
private banking business developed steadily

- ☛ The Bank adhered to the motto of “it’s our job to build your everlasting family fortune”
- ☛ In 2011, the Bank had established 23 private banking centers in 21 major cities across the country, which further extended the coverage of customer service of private banking
- ☛ In 2011, the Bank established and opened 53 branch-level wealth management centers based on the existing Sunflower Wealth Management Centers and Sunflower VIP rooms, thereby further enhancing professional service level and continuously improving its mid and high-end customer service system
- ☛ In 2011, the Bank took the lead to introduce the localized global asset allocation model for high-end customers
- ☛ In 2011, the Bank issued “The Report on Chinese Private Wealth for 2011” jointly with Bain & Company. The report, following its first authoritative study on the high-end private wealth market of Mainland China issued in 2009, is an in-depth and refined review of investment themes in various markets in the past two years, on a basis of our continued attention of the Chinese private wealth market

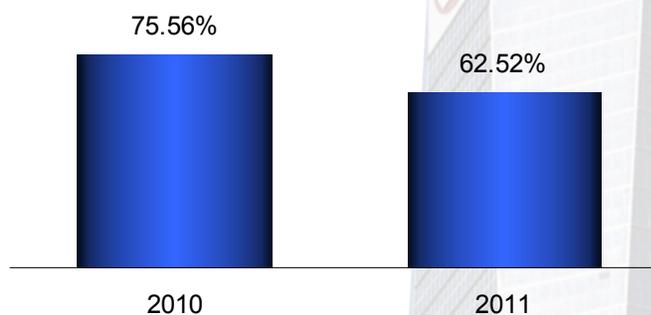
Wholesale Banking Business Continued to Grow Steadily

Strong corporate deposits provided a key funding source

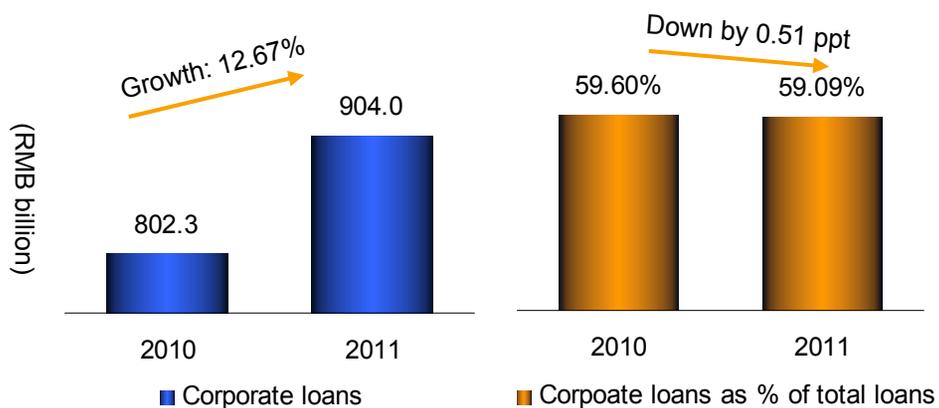
Corporate deposits continued to grow and proportion of total deposits remained stable



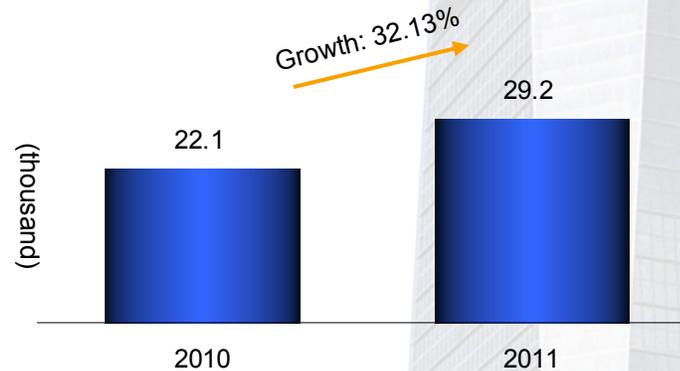
Incremental corporate deposits as proportion of incremental total deposits



Corporate loans grew steadily

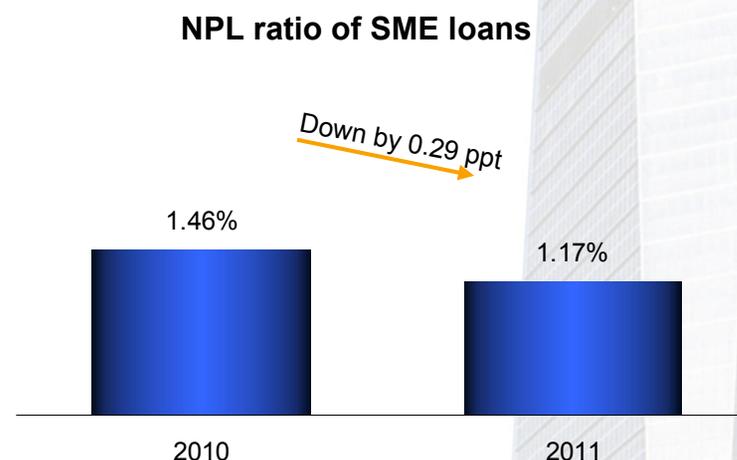
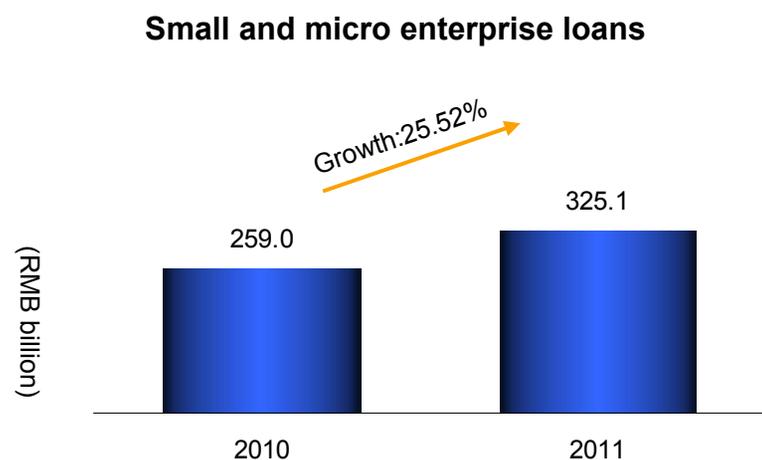
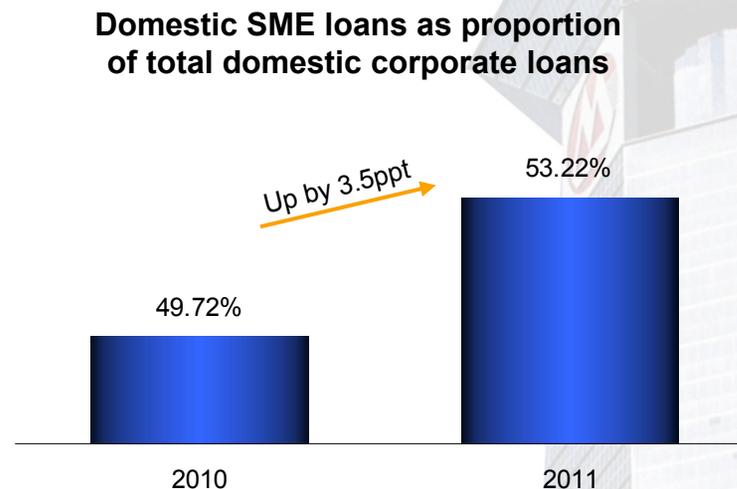
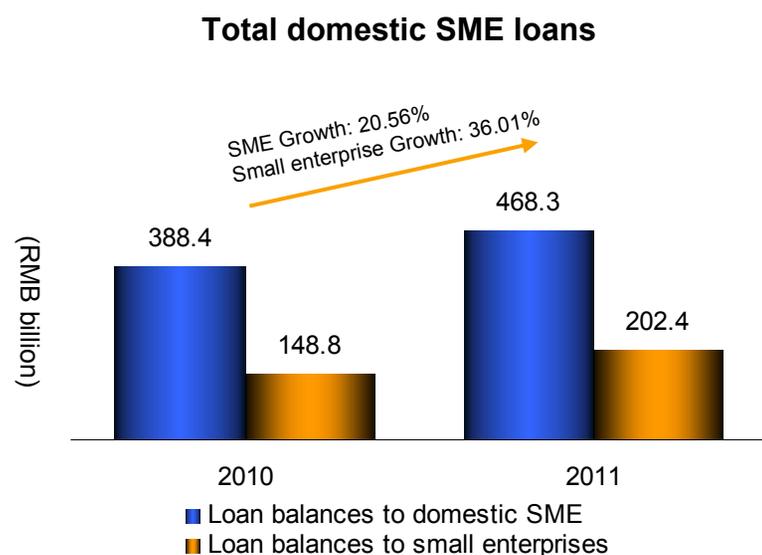


No. of corporate loan customers



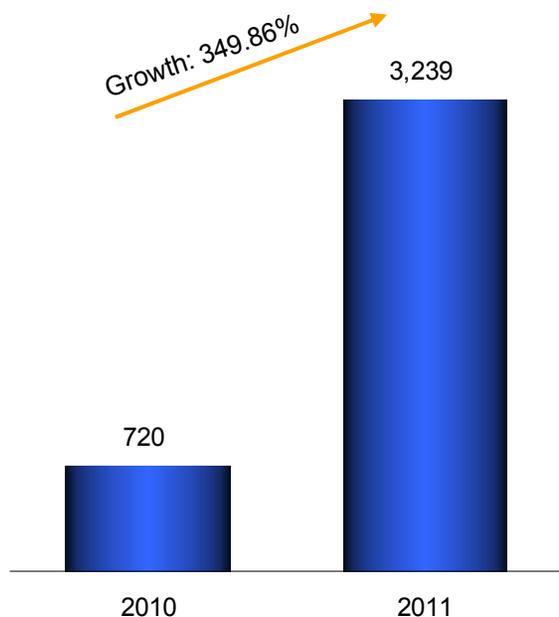
Note: 1. All data on this page is based on standalone Bank financials; 2. Incremental proportion of corporate deposits excludes impact of active liabilities such as negotiated deposits

SME Business Achieved Rapid and Innovative Development



“Qian Ying Zhan Yi” Business Achieved Rapid Development

No. of “Qian Ying Zhan Yi” innovative growth enterprise customers



Loan coverage ratio of “Qian Ying Zhan Yi” innovative growth enterprise customers

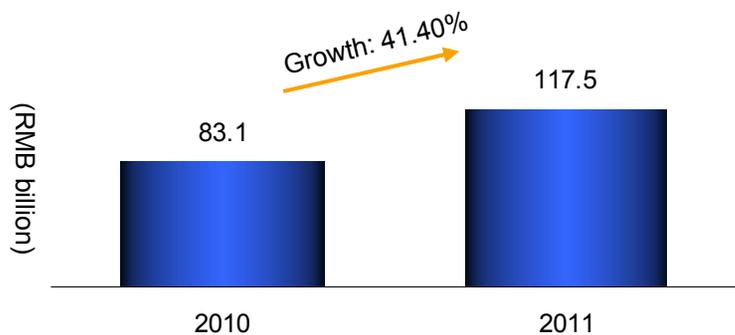
As of 31 December 2011, CMB has provided credit loan support to 1,228 “Qian Ying Zhan Yi” innovative growth enterprises, covering 37.91% of the total “Qian Ying Zhan Yi” customers

Cooperation with companies listed on the SME board and ChiNext

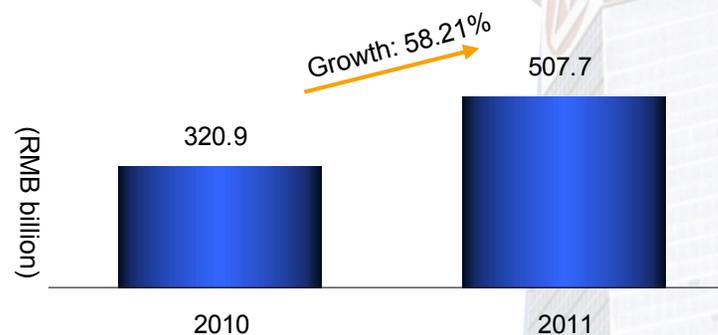
As of 31 December 2011, 62 SME board and Chinext listed companies had opened supervisory accounts for IPO funds at our bank, representing nearly 30% of all listed companies on these two boards and attracting funds of RMB10.3 billion of IPO issuers

Emerging Wholesale Banking Intermediary Business Achieved Relatively Fast Growth

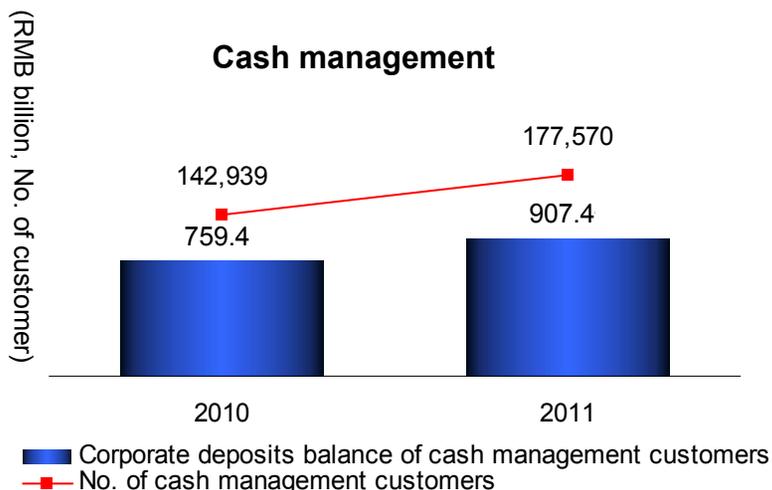
Underwriting volume of debt financing instruments



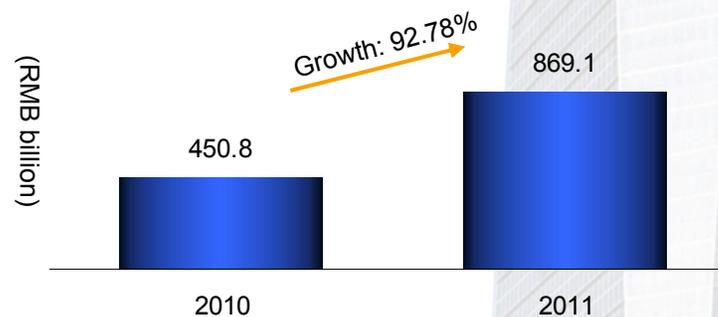
Assets under custody



Cash management



Total sales of corporate WM products

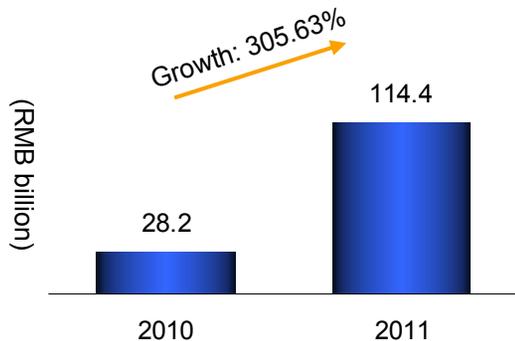


Cross-border Business Achieved Steady Growth and Business Coordination Continued to Improve

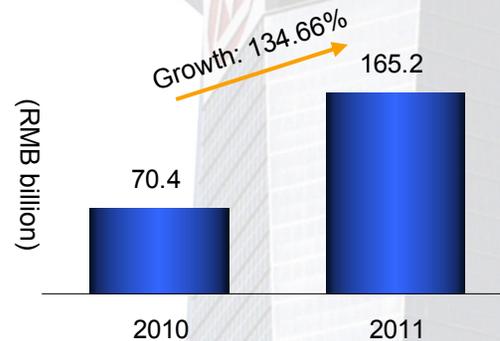
International businesses have relatively strong comprehensive capability

- According to the research report by ACNielsen, with respect to the process of services and products, the Bank has achieved the highest satisfaction for our international business over our domestic peers
- The Bank has completed 9 off-shore RMB coordinated bond offerings together with Wing Lung Bank and other investment banks, with other 3 signed offerings; worked together with CMBI to complete 3 overseas IPO deals. Aggregate financing volume exceeded RMB10 billion.

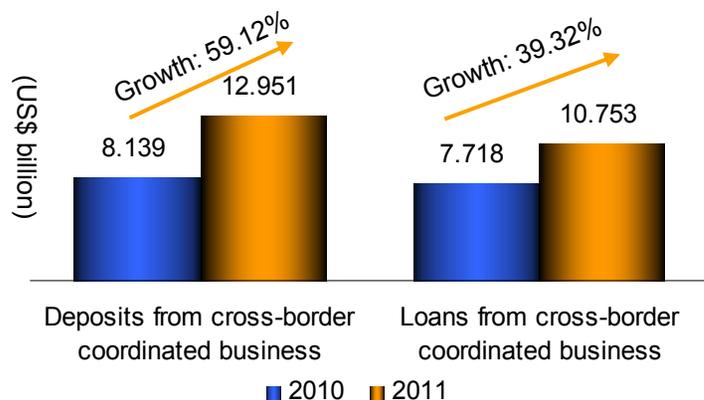
Cross-border RMB settlement amount



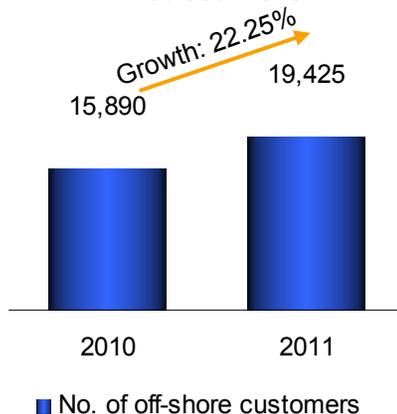
Cross-border RMB interbank clearing amount



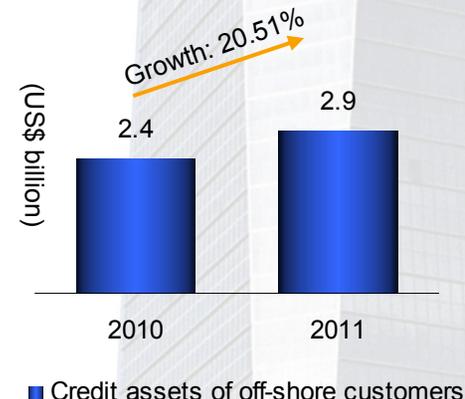
Loans and deposits from cross-border coordinated business achieved steady growth



No. of off-shore customers

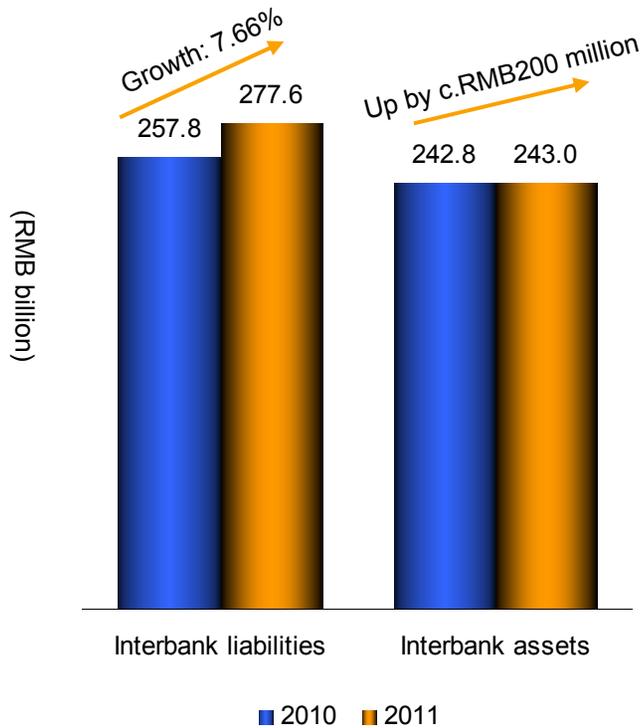


Credit assets of off-shore customers

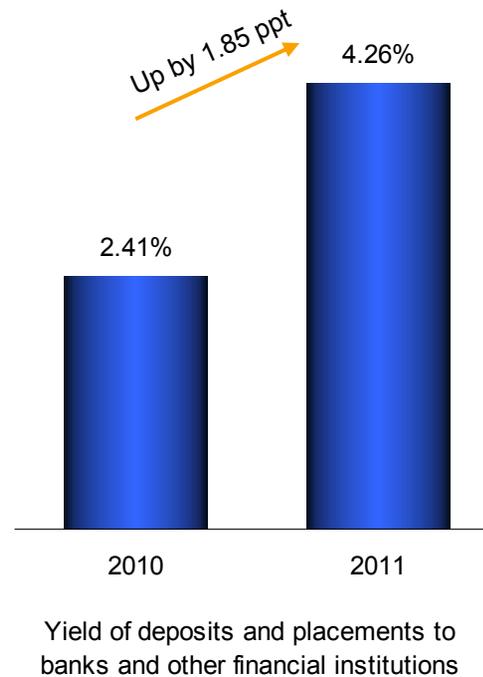


Financial Institutions Business Achieved Steady Growth and Profitability Significantly Improved

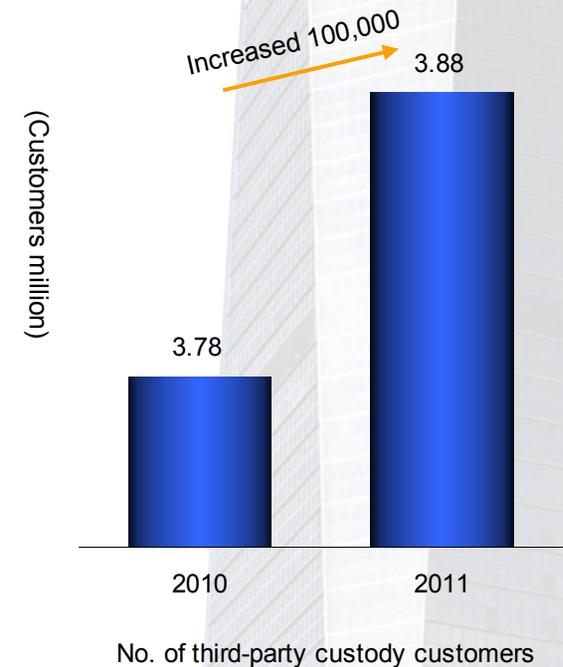
Interbank liabilities and interbank assets achieved steady growth



Yield of interbank assets business improved significantly



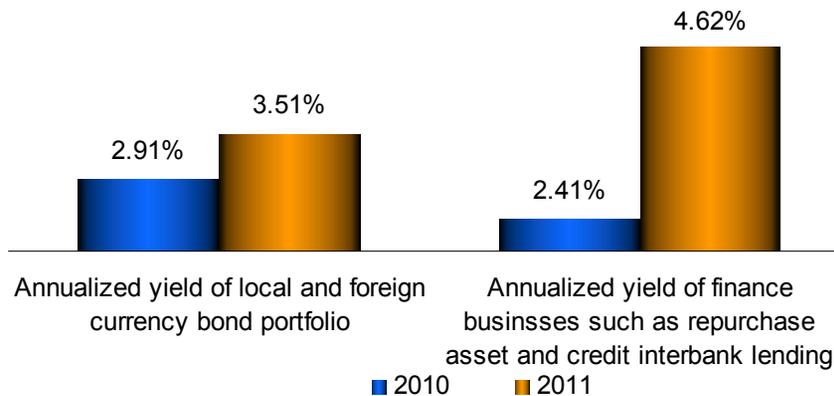
Third-party custody customers increased 100,000 from prior year



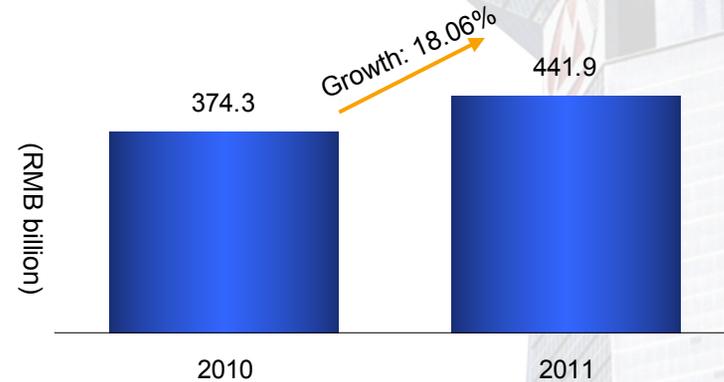
Note: All data on this page is based on standalone Bank financials

Financial Market Business Achieved Steady Growth

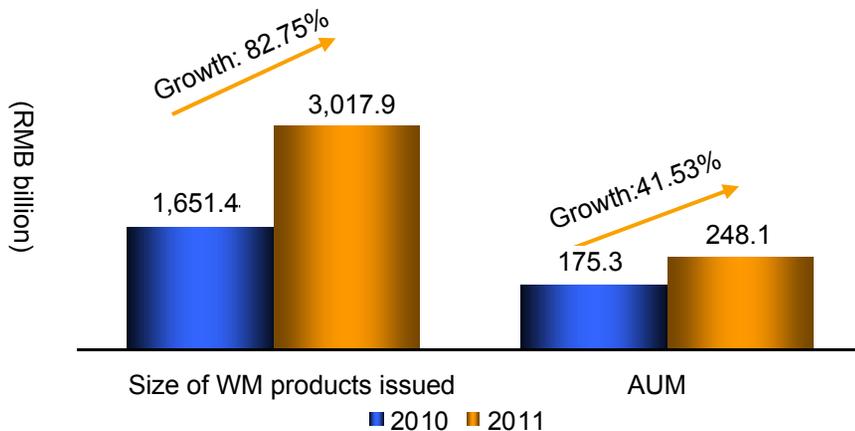
Investment yield



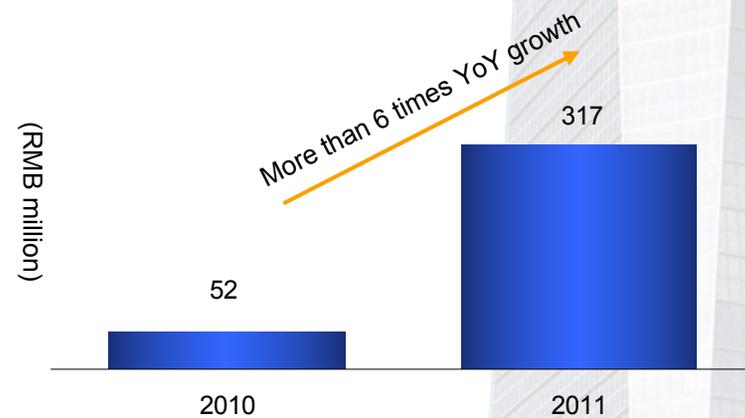
Size of proprietary investment



No.1 joint stock commercial bank in terms of size of WM products issued and AUM



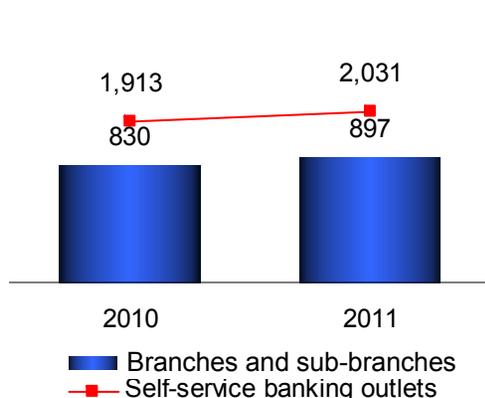
Income from precious metal business



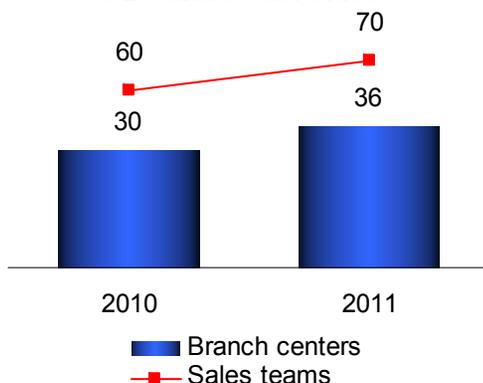
Distribution Channel Became Well-rounded and Comprehensive Service Capability Improved Continuously

Multi-layer distribution channels: including highly efficient branch network, unique small enterprise credit centers and more established private banking centers

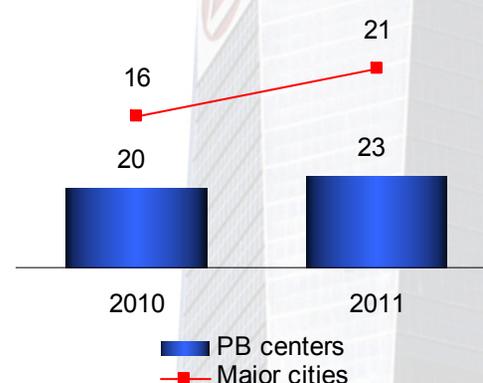
Branch network: covering economically developed regions



Small enterprise credit centers: Covering Yangtze River Delta region and expanding to 2nd and 3rd tier cities

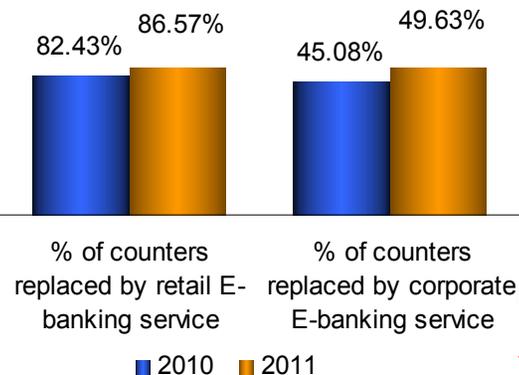


Private banking centers: continue to expand customer coverage

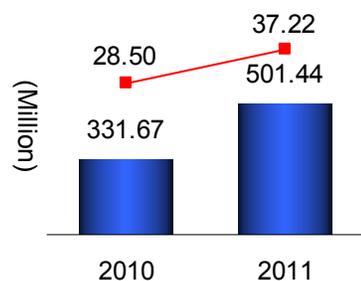


Industry leading e-banking channels: effectively relieved the pressure on the branch outlets and reduced operating cost

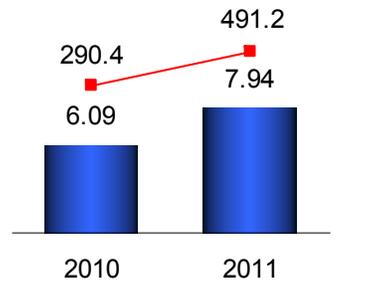
Continuously improving overall counter-replacement ratio in respect of e-banking channels



Continued rapid growth of on-line banking transactions



Fast growing value and No. of direct banking transactions

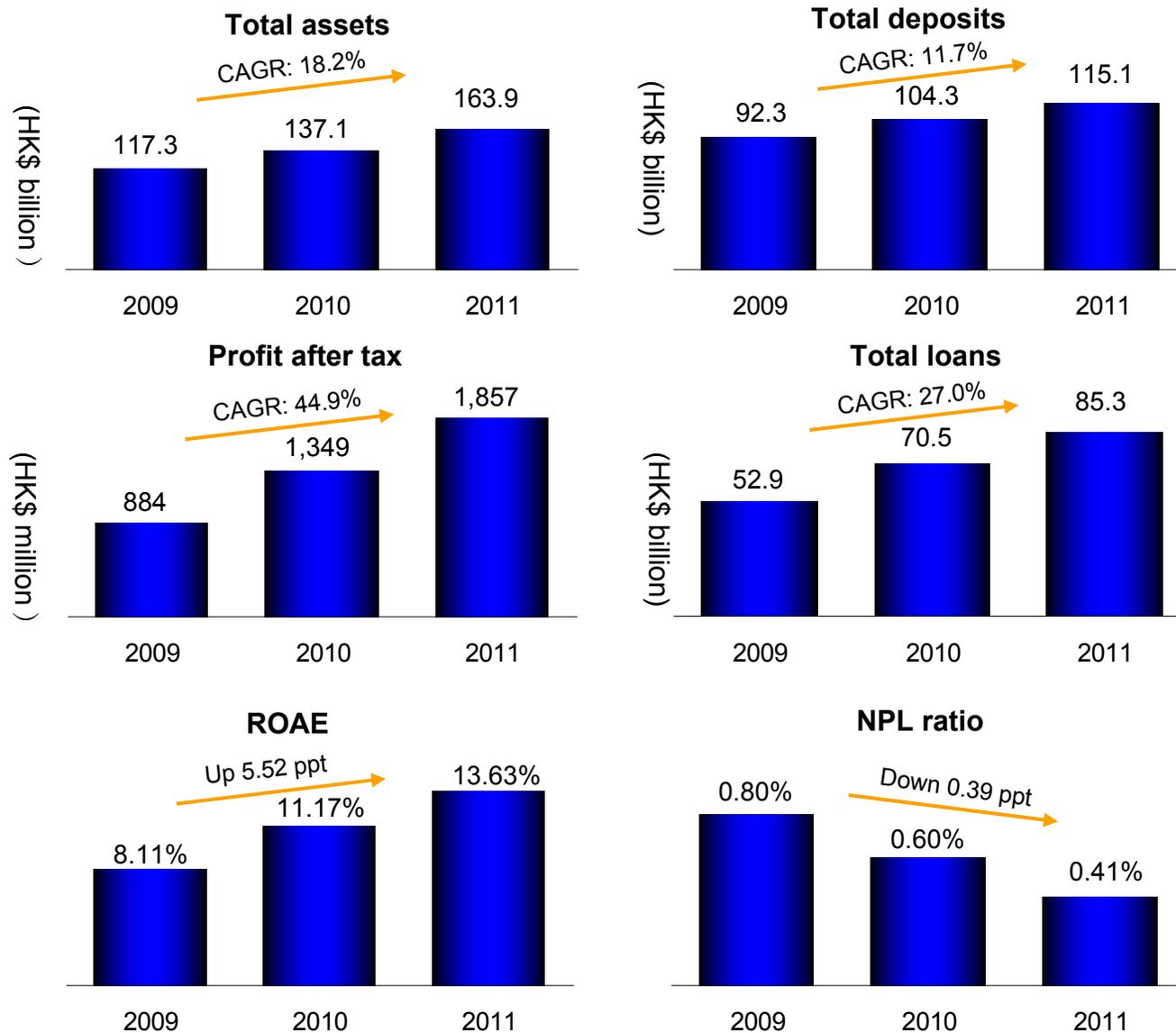


Fast growing mobile banking, creating new advantages in the mobile internet era

As at the end of 2011, the number of downloads by mobile banking users via iPhone and Android exceeded 2.5 million and the total number of mobile banking contracts signed reached 4.4947 million

The cumulative number of transactions (excluding mobile payment) was 2.149 million, up by 343.09% YoY; and the accumulated transaction amount was RMB118.742 billion, up by 373.06% YoY

Operating Performance of Wing Lung Bank Steadily Improved with Accelerated Synergy Effects



Successful integration of Wing Lung Bank with improved synergies

- Focused on the needs of cross-border customers, CMB and WLB worked together in areas such as accepting guarantees from domestic enterprises as security for loans granted to overseas entities, acting as receiving banker for IPOs, dividend distribution for listed companies, RMB bonds, quick remittance, cross-border RMB settlement, Account Opening Witnessed by CMB Manager, sharing merchant offers for credit card businesses, small and micro enterprise services, Professional Investor Program, Sunflower Wealth Management, Capital Investment Entrant Scheme and red wine financing
- As of year end 2011, coordinated deposits at both banks were HK\$8.248 billion, coordinated loans were HK\$31.818 billion
- The culture from both banks further integrated with key capabilities of WLB continued to improve. WLB, which used to be perceived as a conservative family business, is increasingly becoming a modernized bank



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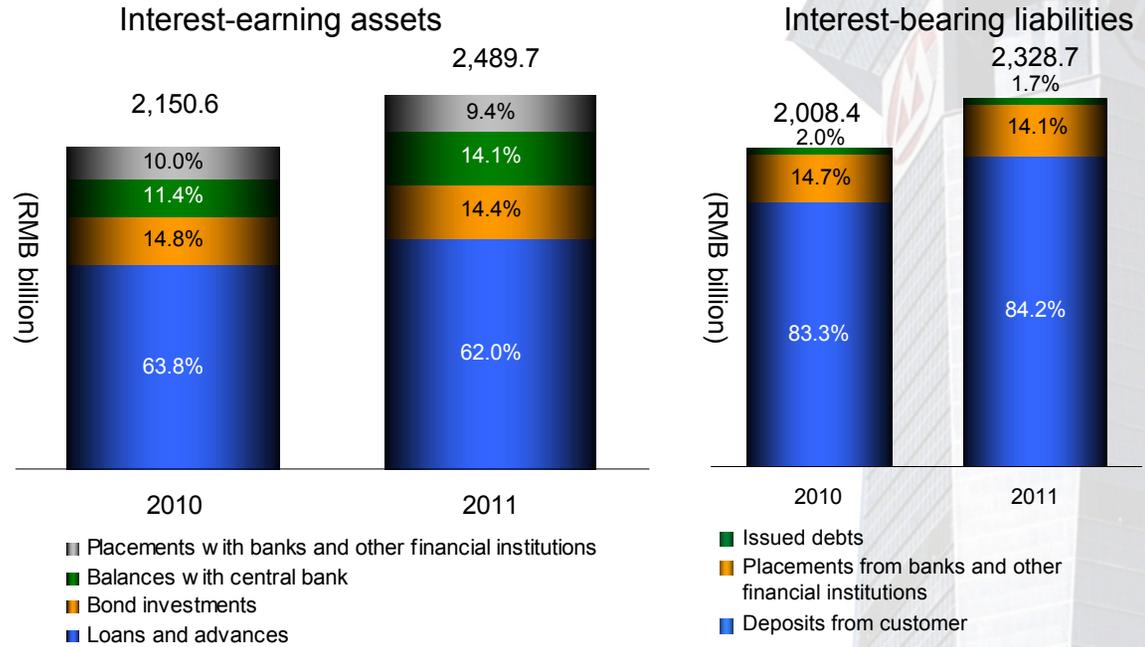
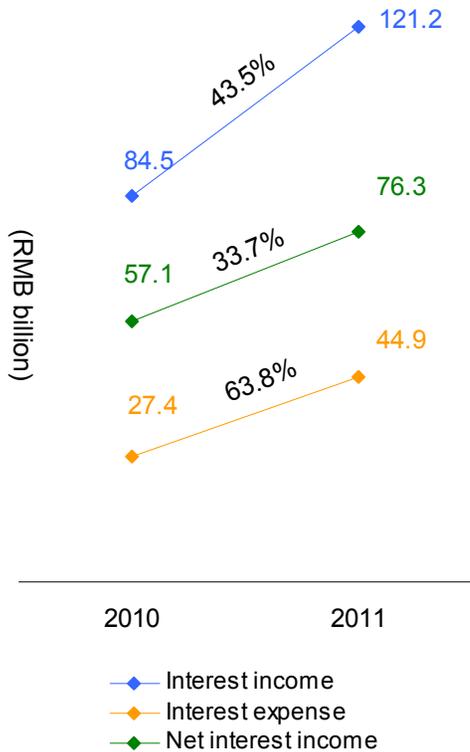
Outlook



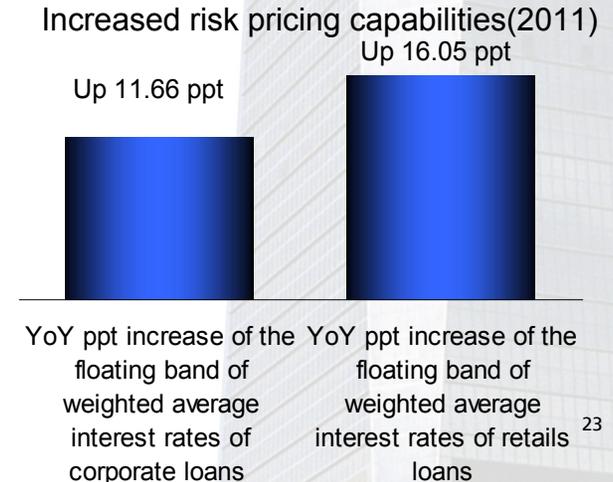
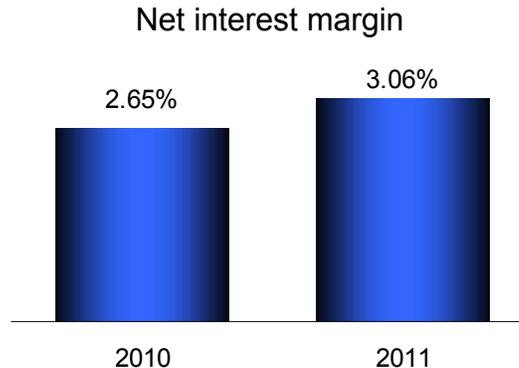
Interest Income Achieved Steady and Rapid Growth

Size of interest-earning assets continued to grow steadily

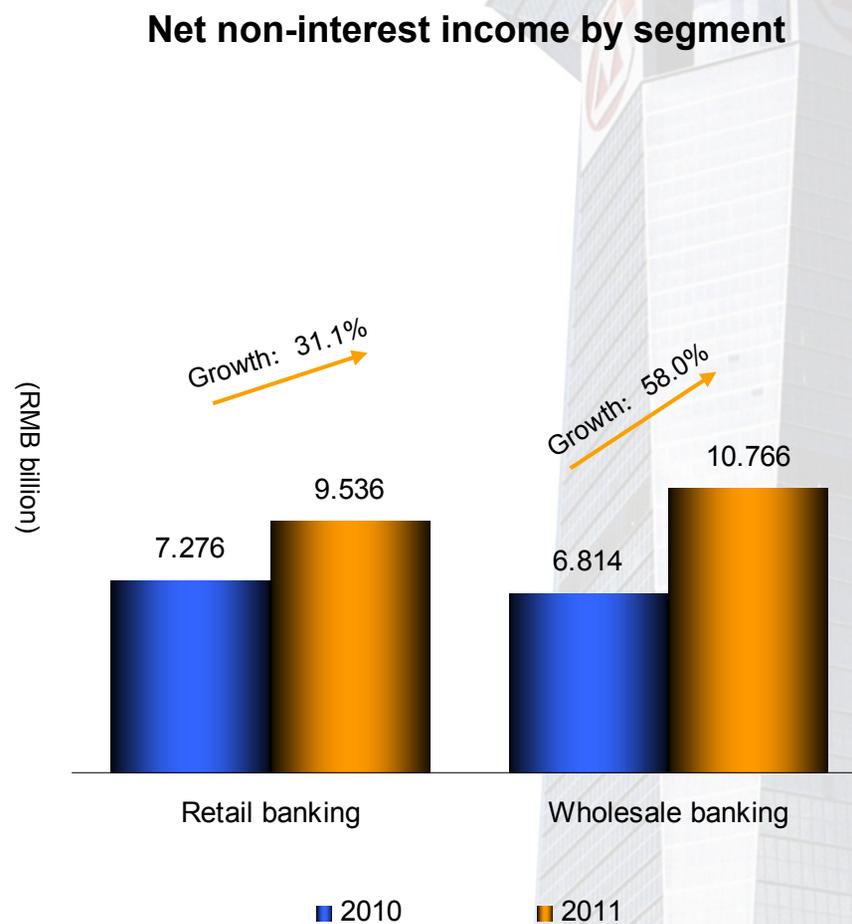
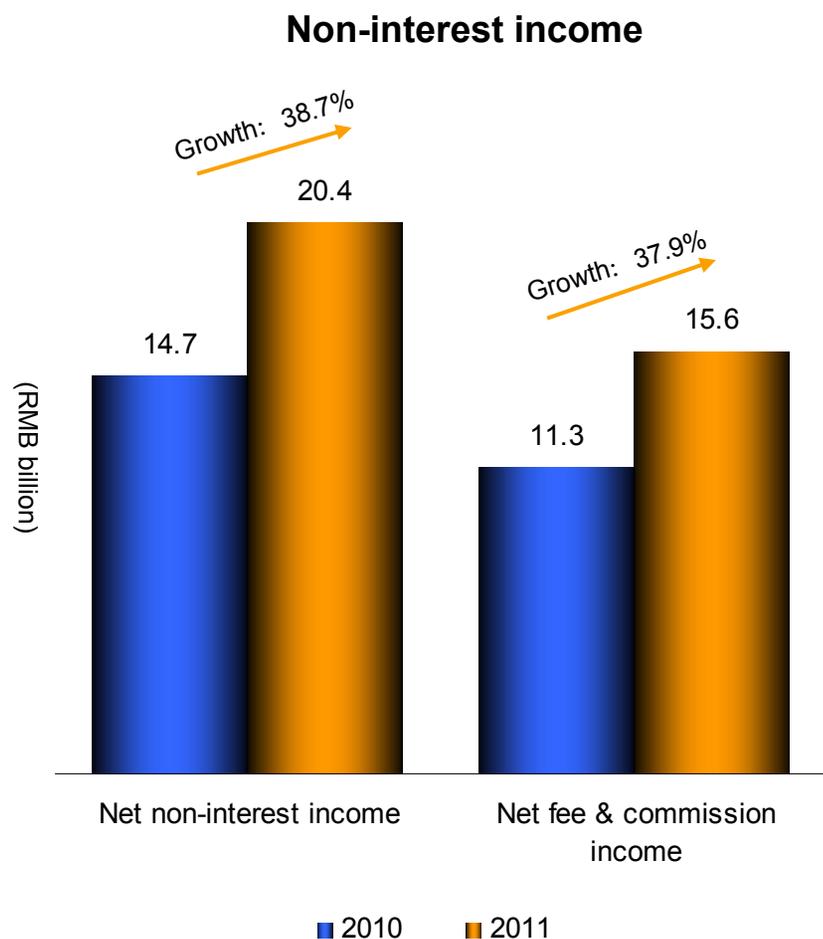
Net interest income



Benefited from rising interest rate, improved risk pricing capabilities and unique customer base of high proportion of demand deposits, NIM increased significantly

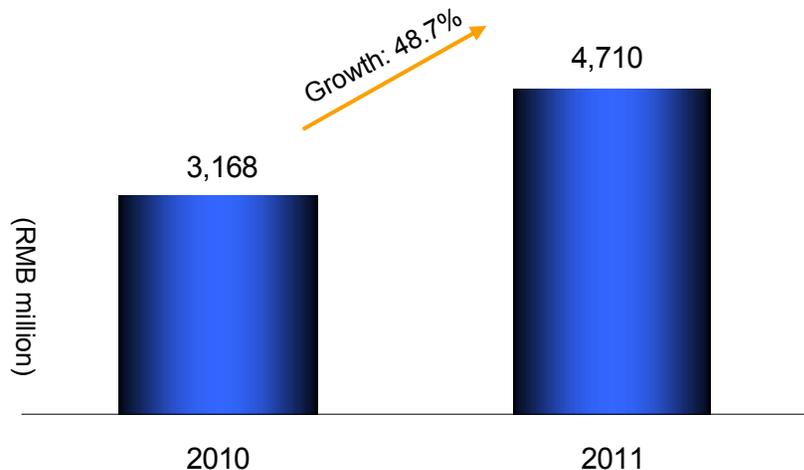


Non-interest Income Continued to Grow Rapidly

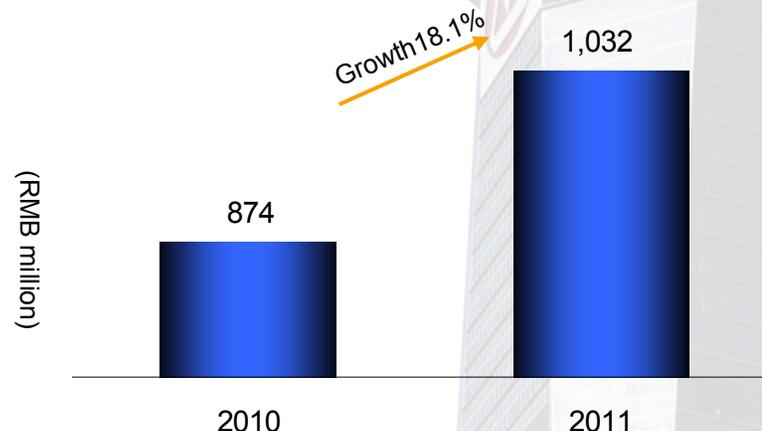


Wealth Management Income Maintained Steady Growth

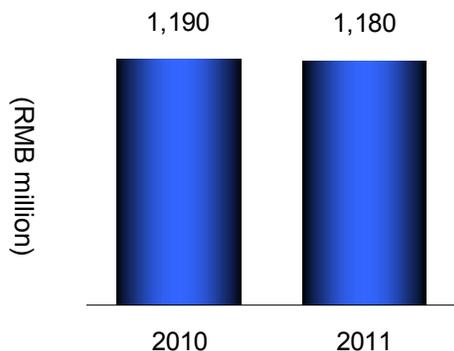
Net fee & commission income from wealth management services



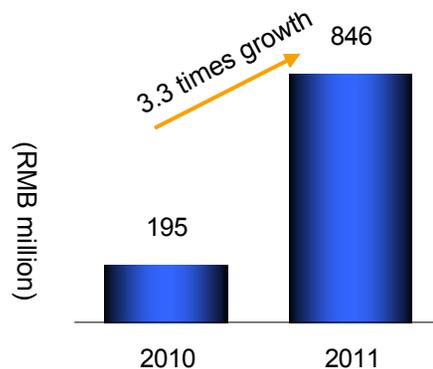
Income from insurance agency services



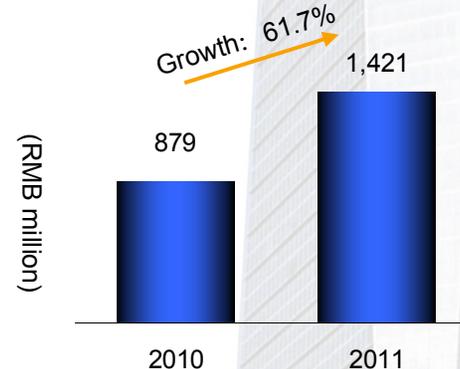
Income from fund agency services



Income from trust plan agency services

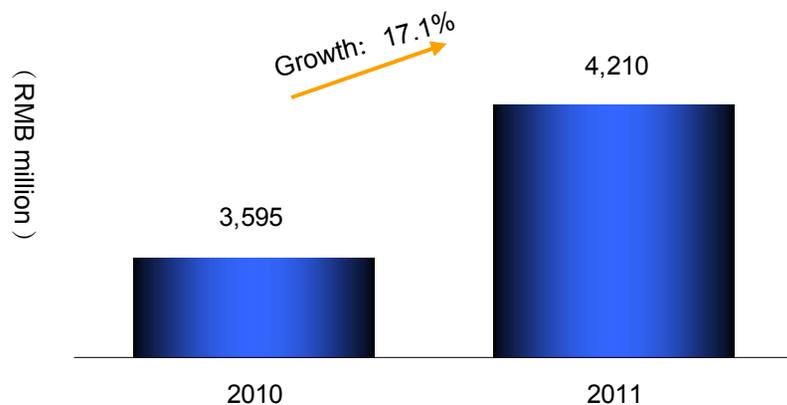


Income from entrusted wealth management

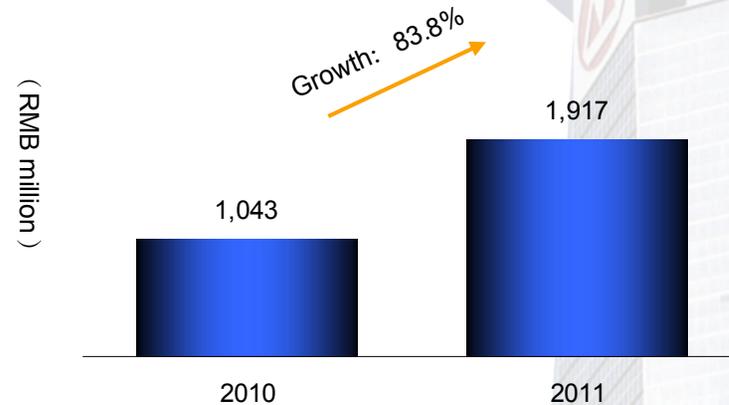


Other Non-interest Income Further Increased

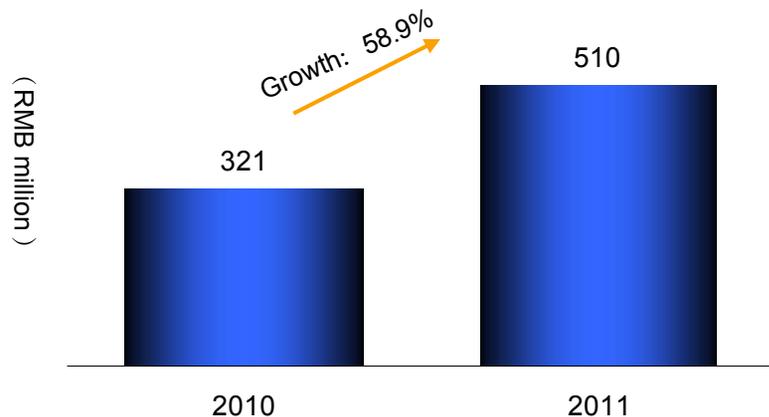
Retail bank card fee income



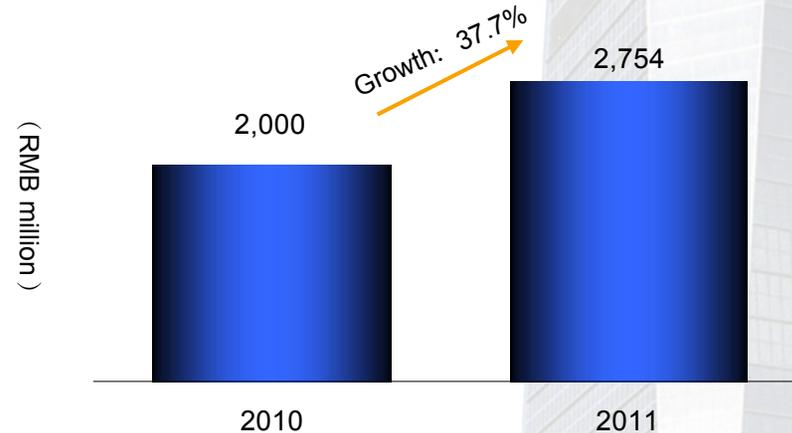
Income from investment banking business



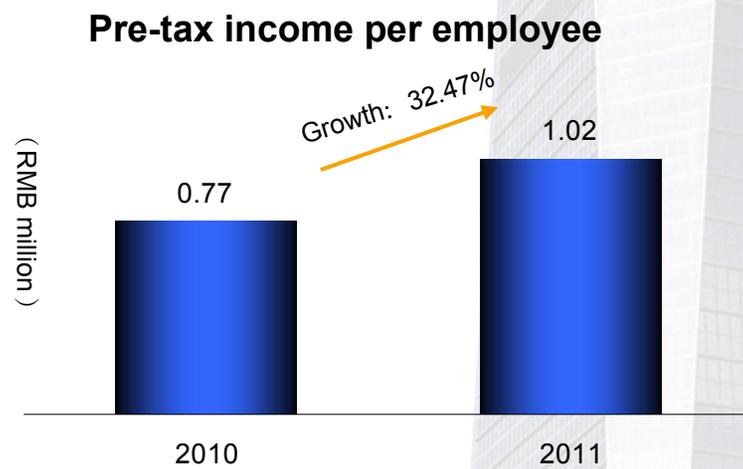
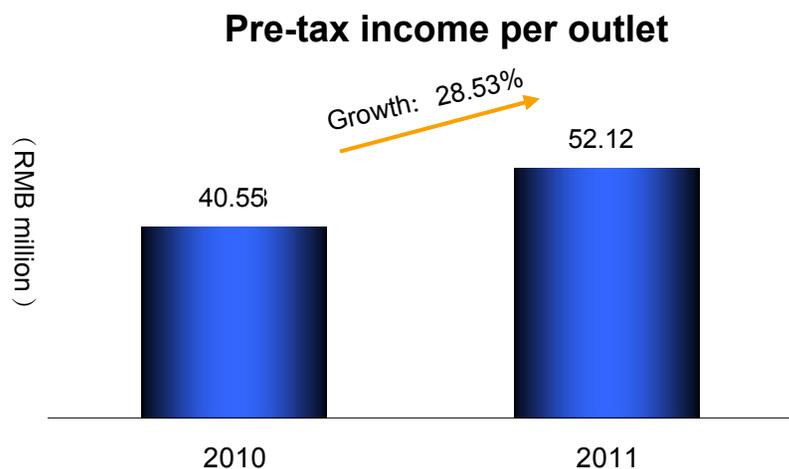
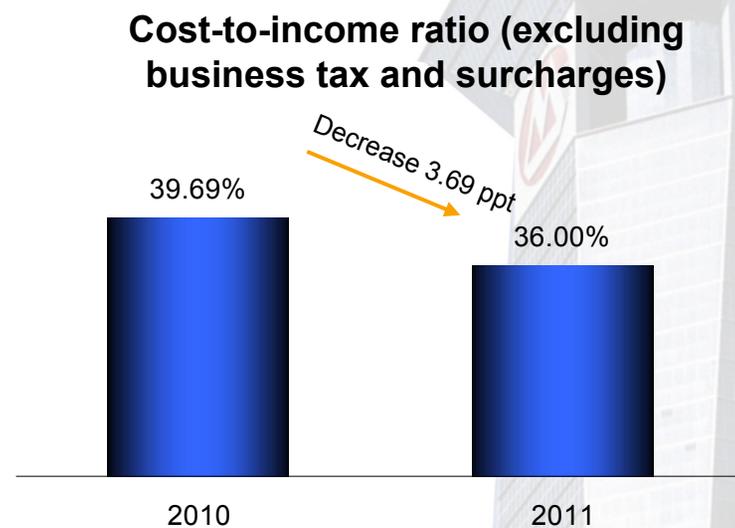
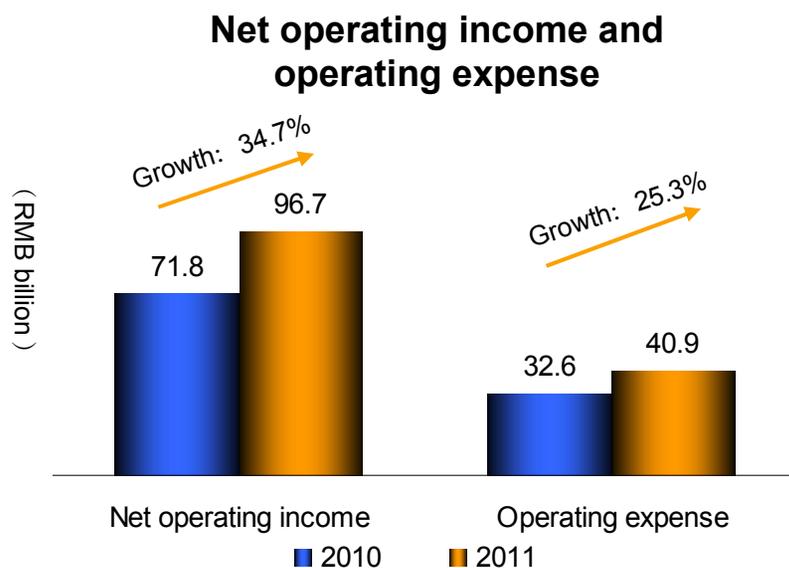
Income from asset custody



International business non-interest income

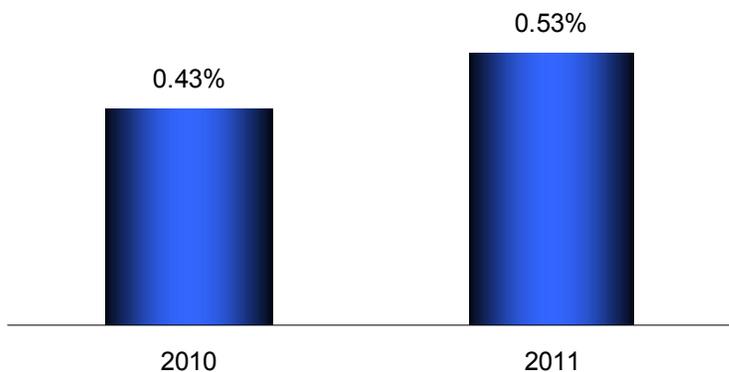


Workflow Streamlining Continued to Progress and Operating Efficiency Enhanced

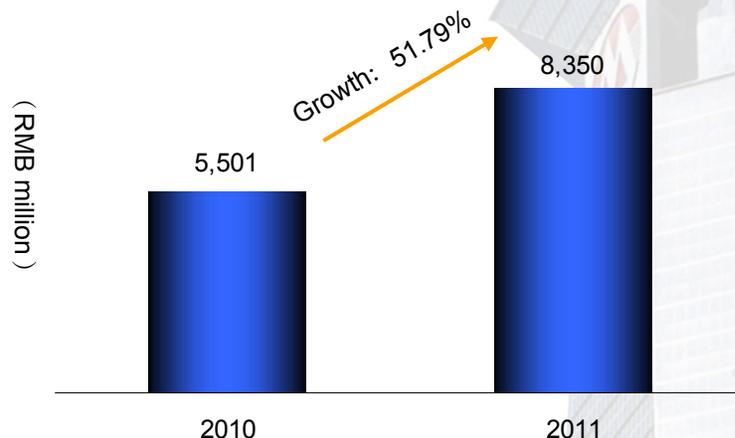


Credit Cost Remained at an Appropriate Level

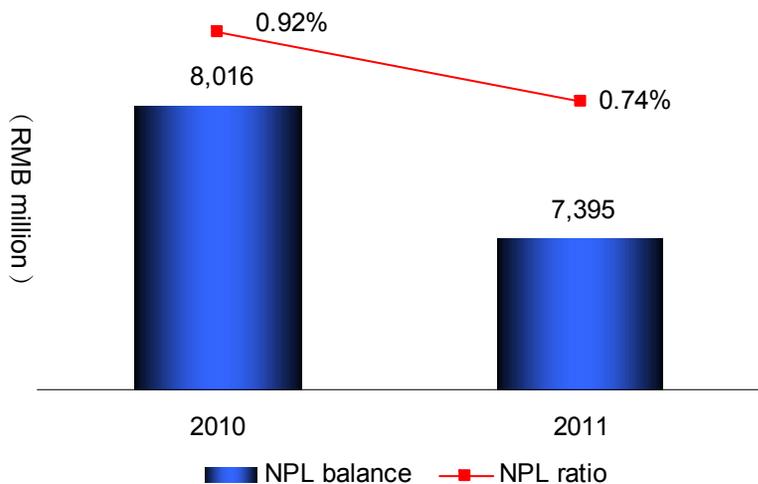
Credit cost



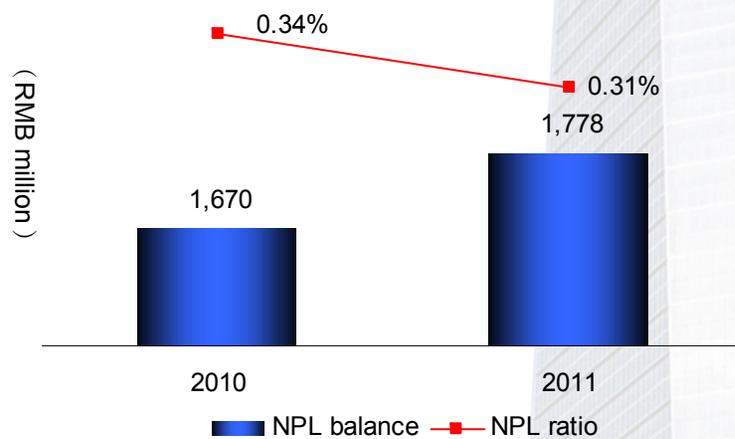
Impairment loss on assets



Asset quality of corporate loans



Asset quality of retail loans





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Challenges and Opportunities

Challenges

Internationally

- ◆ The European debt crisis continues to spread and the global financial market will be in turmoil
- ◆ Commodity prices fluctuate substantially
- ◆ Some major economies may experience a decline in economic growth
- ◆ Emerging markets and countries are still subject to relatively heavy inflation pressures
- ◆ The instability and uncertainty in the global economic recovery is on the rise

Domestically

- ◆ Both downward pressure on economic growth and upward pressure on prices will occur
- ◆ SMEs will confront harsher production and business difficulties
- ◆ Cross-border capital flow will be subject to various uncertainties
- ◆ The risk of local government financing platforms and real estate credit risk will increase
- ◆ The task of optimizing the structure of economy is arduous

Opportunities

- ◆ The transformation of the economy and society has accelerated, and consumer attitudes have changed
- ◆ Social wealth has accumulated rapidly and the demand for wealth management is stronger
- ◆ The financial market is constantly reforming, and RMB internationalization is steadily progressing
- ◆ Industrial restructuring and upgrading create tremendous financial demand
- ◆ The development of capital markets provides new business opportunity for commercial banks

Outlook for 2012

◆ Continue to optimize the customer-oriented service system

- Adhere to the customer-oriented business philosophy, constantly optimize classified service system, continue to strengthen product innovation, strive to improve professional service capability, enhance customer service experience

◆ Continue to promote business restructure

- Increase the profit contribution from retail banking; increase the proportion of non-interest income; increase the proportion of SME business; increase the proportion of customers of high value

◆ Improve capital, operating and management efficiency

- Continue to enhance organic capital accumulation ability; deepen workflow transformation, improve operating efficiency; standardize expense control, improve refined management

◆ Comprehensive and effective risk management

- Enhance comprehensive management level of credit risk, liquidity risk, interest rate risk, operational risk, reputation risk; aiming to be qualified for the first batch of banks approved by the CBRC to adopt Basel II; further deepen asset liability management; continue to maintain stable asset quality and adequate allowance coverage ratio



Q&A

