



China Merchants Bank Co., Ltd. 2010 Results Announcement

1 April 2011

Forward-Looking Statement Disclaimer

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Agenda

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Overview

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Financial Performance

3

Business Development

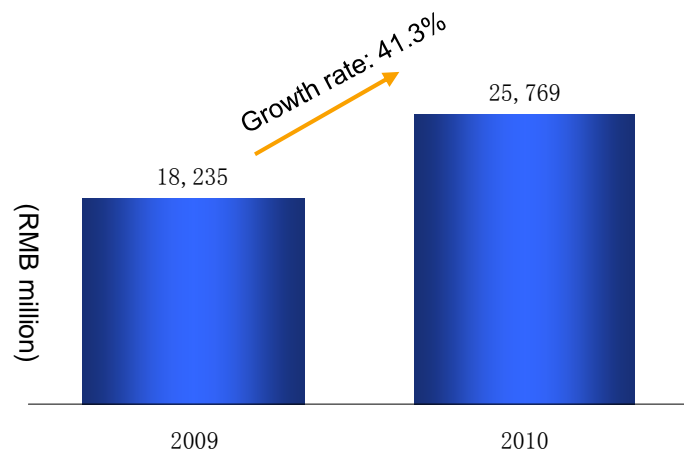
4

Outlook

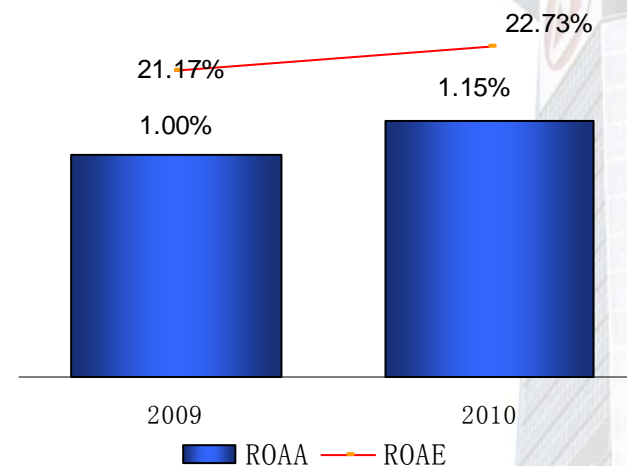


Maintaining balanced development among profitability, asset quality and scale in 2010

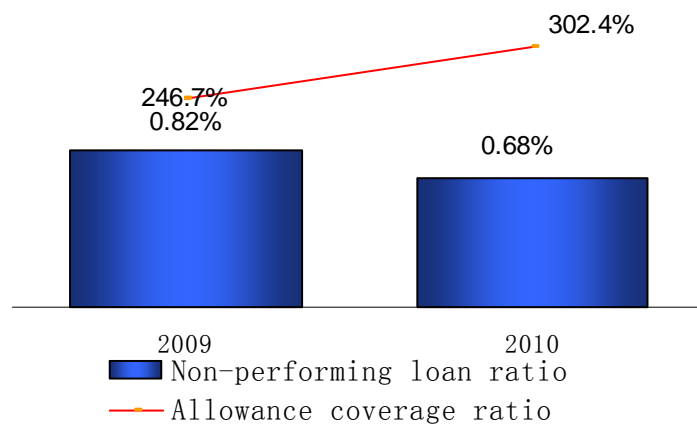
Rapid growth in net profit



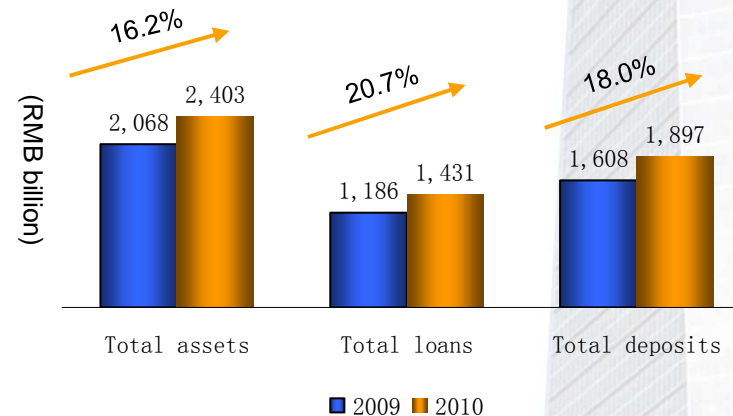
Continuous growth in ROAA & ROAE



Asset quality remained sound



Steady growth in deposits and loans



Good beginning for “Second Transformation”

Capital efficiency improved

- ◆ As at the end of 2010, the risk-adjusted return on capital (RAROC, profit after tax) was 20.23%, representing an increase of 2.2 percentage points over the previous year
- ◆ The capital adequacy ratio increased from 10.05% as in 2009 to 11.21%, while core capital adequacy ratio increased from 7.36% as in 2009 to 8.70%
- ◆ ROAE further increased as compared with the previous year;

Risk pricing of loans improved notably

- ◆ As at the end of 2010, the floating band of weighted average interest rates of our new general loans in RMB (weighted at actual amounts, the same hereinafter) increased by 7.9 percentage points as compared with 2009
- ◆ The floating band of weighted average interest rates of our new general wholesale loans increased by 3.8 percentage points as compared with 2009
- ◆ The floating band of weighted average interest rates of our new general retail loans increased by 20.1 percentage points as compared with 2009.

Cost efficiency and manpower capacity increased

- ◆ As at the end of 2010, the operating expense of the Company was RMB27.14 billion, increasing by 25.2%, which was 14 percentage points lower than the growth rate of net operating income
- ◆ Cost-to-income ratio was 39.6% (excluding business tax), decreasing 4.4 percentage points as compared with 2009; net profit per capita was RMB590,000, increasing by 28.3% as compared with the previous year
- ◆ Average branch profit was RMB31.29 million, an increase of 26.1% from the previous year.

Good beginning for “Second Transformation” (continued)

The proportion of high-value customer increased steadily

- ◆ As at the end of 2010, the number of our retail customers with daily average total AuM per month of RMB500,000 or above reached 670,100, the proportion of high-net-worth customer increased from 1.3% as at the beginning of the year to 1.5%, and their proportion in the total AuM of the retail customers reached 67.3%
- ◆ The number of corporate customers contributing total revenue of RMB100,000 or above was 37,018. The proportion of high-net-worth corporate customer increased from 6.8% as at the beginning of the year to 8.7%, and their proportion of revenue contribution increased from 93.0% to 93.8% yoy.

Ensure the risk within the tolerance level

- ◆ The Company has been constantly improving its risk management capability through actively optimizing the whole process of credit risk management
- ◆ In 2010, the proportion of the Special Mention loans decreased from 1.21% to 1.01%, and the migration ratio of the normal loans decreased from 2.86% to 1.25%. NPL formation ratio decreased to 0.16% from 0.26% in 09 and the allowance-to-loan ratio increased from 2.10% to 2.14% yoy.

Note: Based on the Company range

High-value retail customer refers to retail customer with daily average AuM per month

High-value corporate customers refers to corporate customers contributing revenue of RMB100,000 or above.

Continued to be highly acknowledged



FINANCIAL TIMES

**The Best Commercial Bank and
Best Retail Bank in China**



Economic Observer

**No.1 in Bank Wealth
Management Products
Ranking**



THE ASSET

**Best Domestic Custody
Specialist - China**



EUROMONEY

**Best Private Banking Services
overall, China**



GLOBAL FINANCE

**Best SME Lending (Domestic) Bank
in China & Best Consumer Bank**



Asiamoney

**The Best Cash Management
Bank in China**



2010 ACCE Conference & Expo

**2010 Global Call Center of the
Year Award**



SHANGHAI STOCK EXCHANGE

**2010 Information Disclosure
Award**



Forbes

**No.7 in Chinese Brand Value
Ranking**



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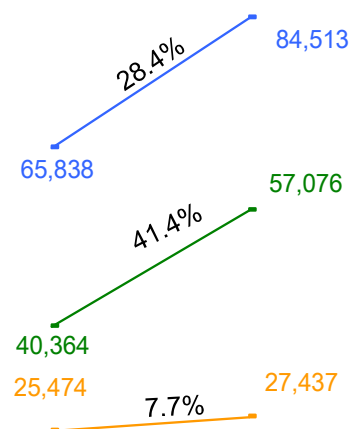
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Outlook



Rapid growth in interest income

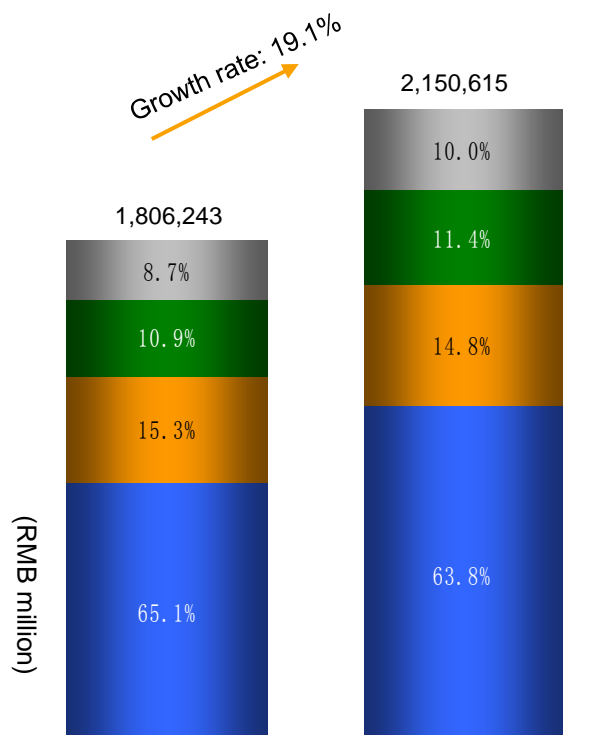
Interest income



2009 2010

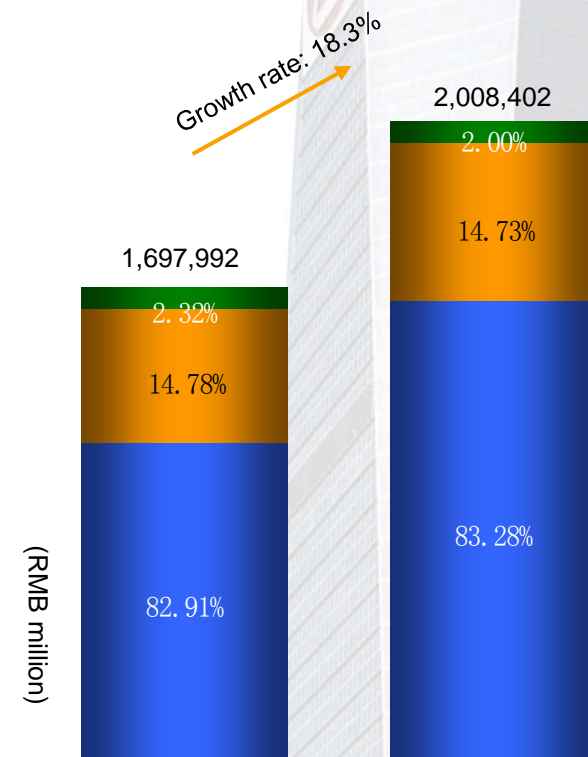
— Interest income
— Interest expense
— Net interest income

Average interest-earning assets



■ Placement with banks and financial institutions
■ Deposits to central bank
■ Bond investment
■ Loans and advances

Average interest-bearing liabilities¹

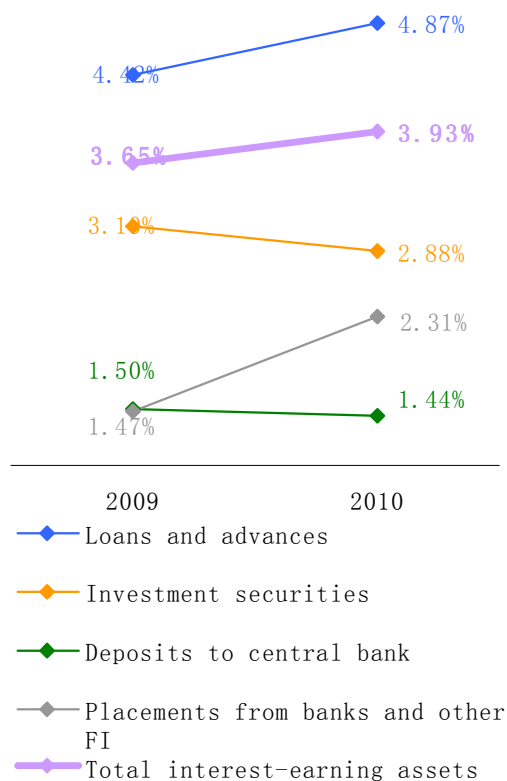


2009 2010

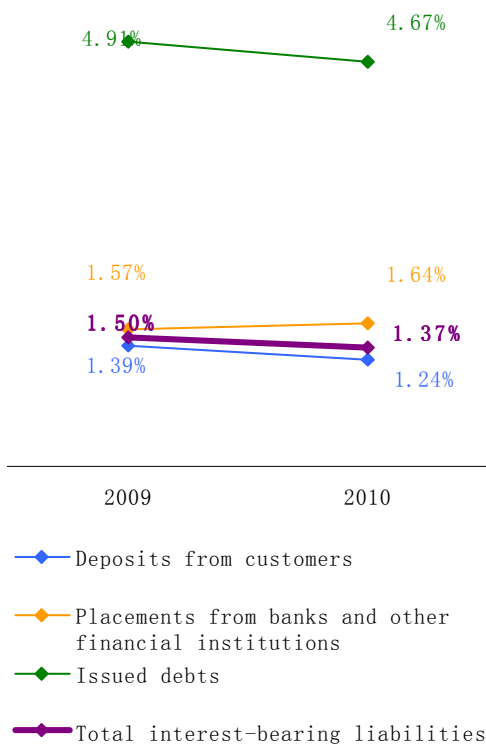
■ Issued debts
■ Placements from banks and other financial institutions
■ Deposits from customers

Net interest margin noticeably expanded

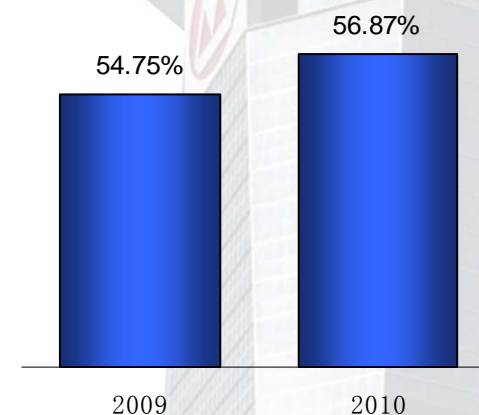
Average yield of interest-earning assets



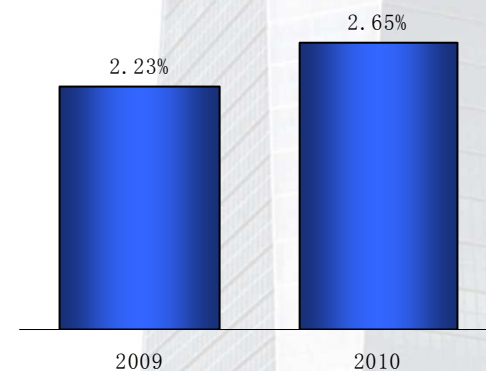
Average cost rate of interest-bearing liabilities



Proportion of demand deposits

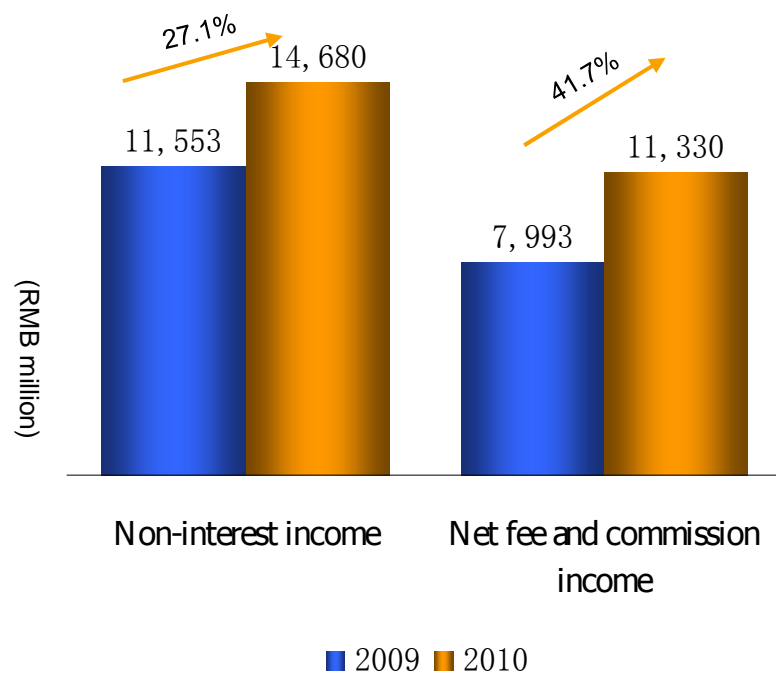


Net interest margin

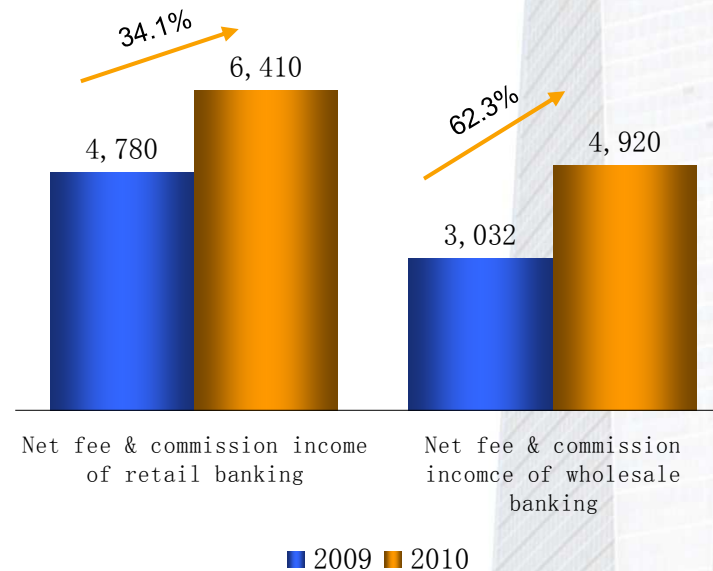


Non-interest income continually grew

Non-interest income

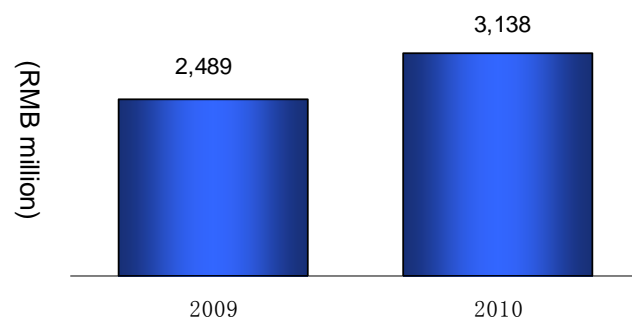


Net fee & commission income of retail and wholesale banking

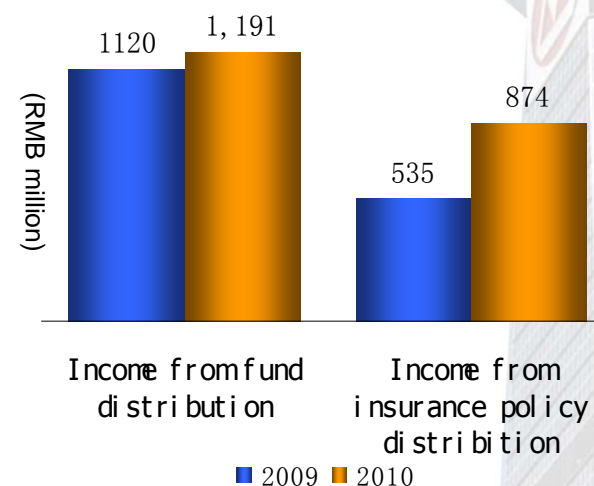


Booming of wealth management business

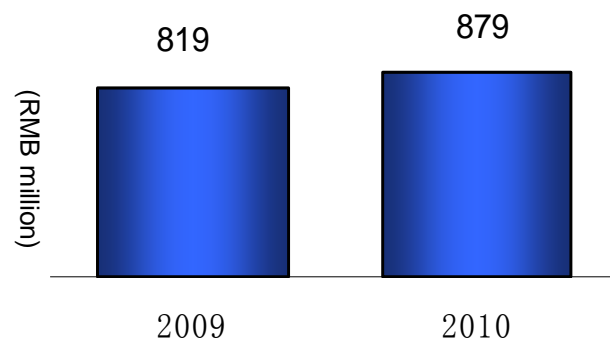
Income from wealth management



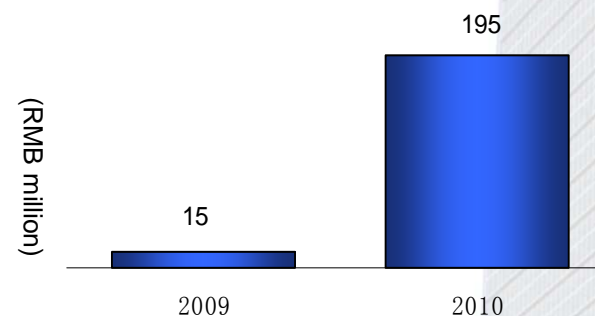
Income from fund and insurance distribution



Income from wealth management on behalf of customers

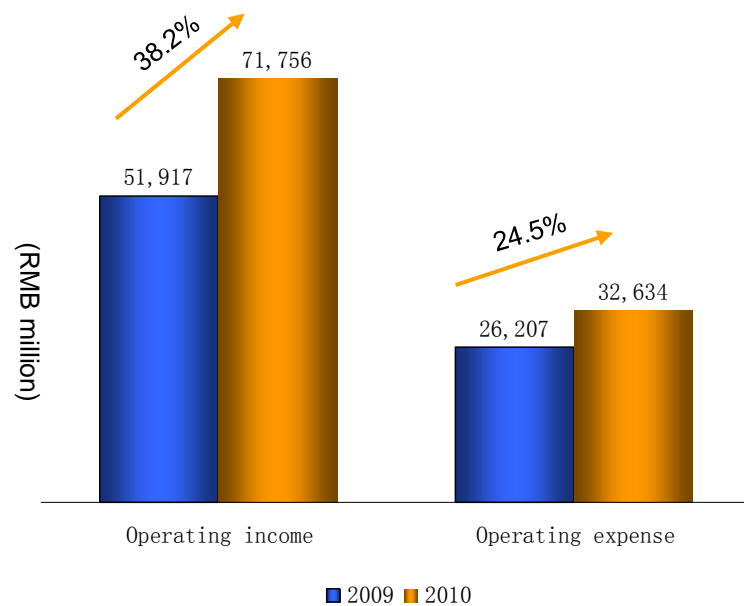


Income from trustee agency services

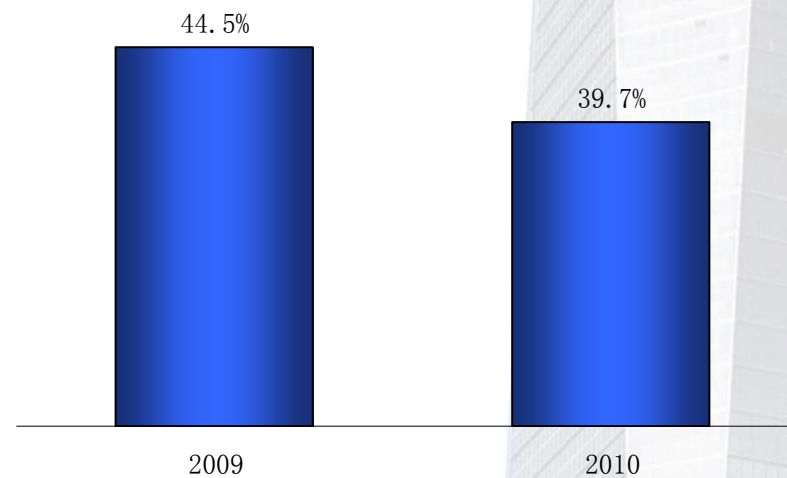


Notably effective cost management

Operating income and expense

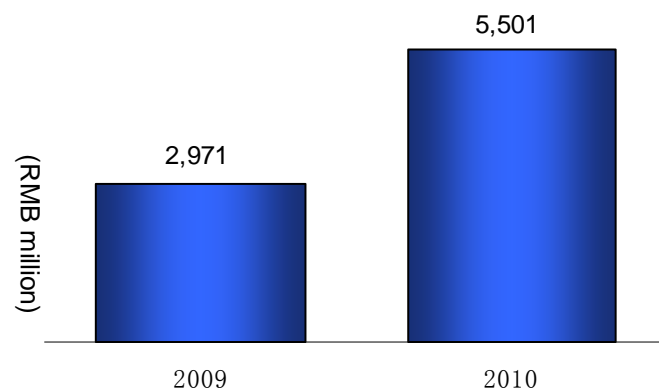


Cost-to-income ratio¹

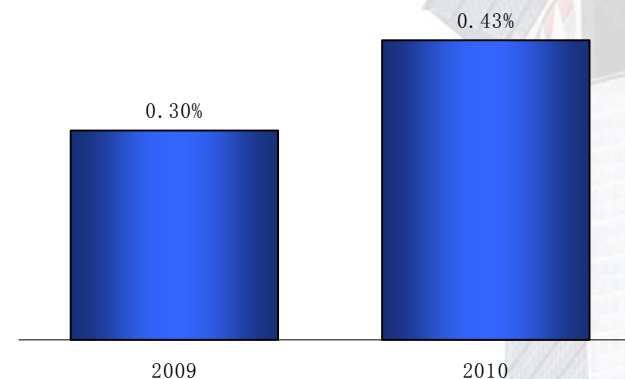


Credit cost kept at low level

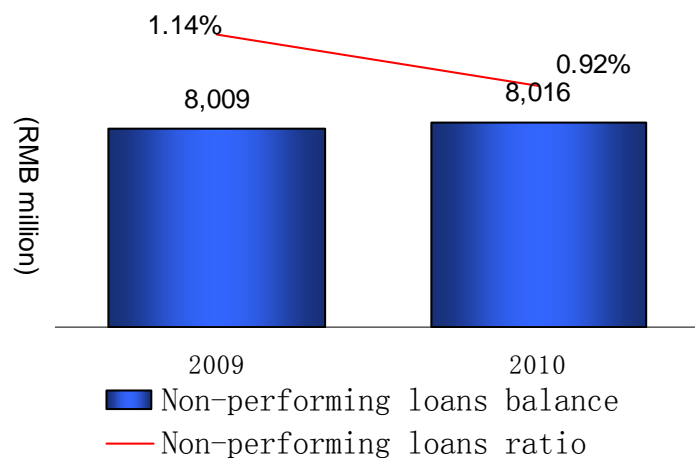
Impairment losses on assets



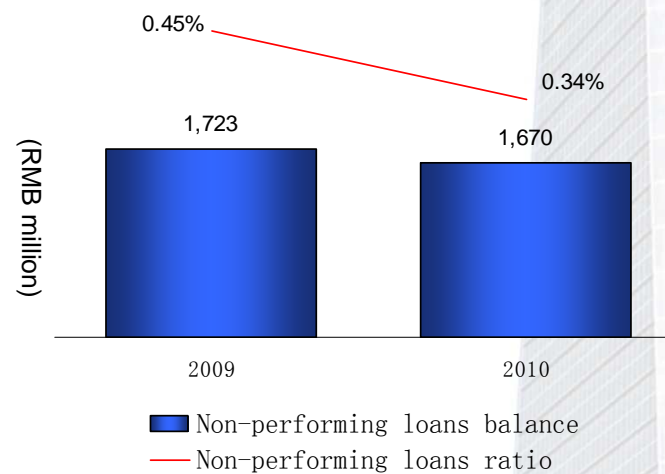
Credit cost



Asset quality of corporate loans



Asset quality of retail loans





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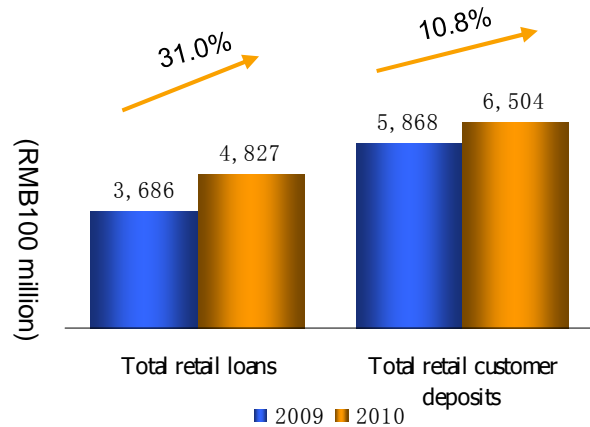
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Outlook

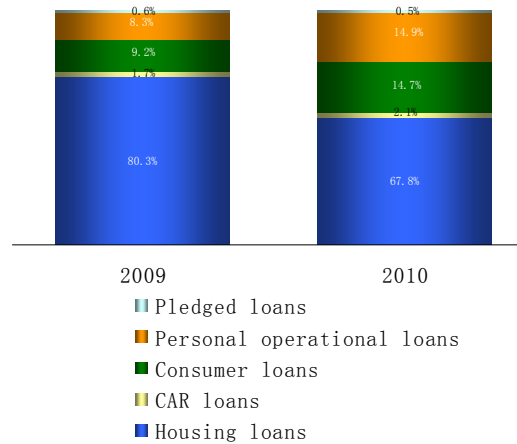


Steady growth in retail banking business helped broaden high-value customer base

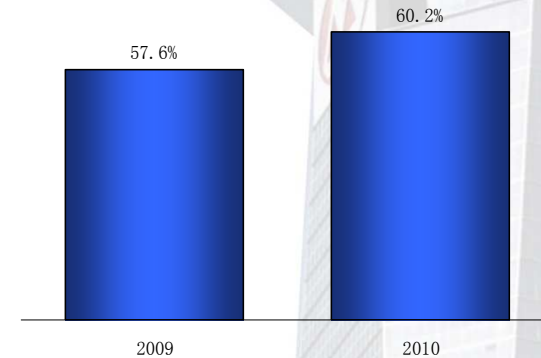
Scale of deposits and loans of retail banking steadily grew



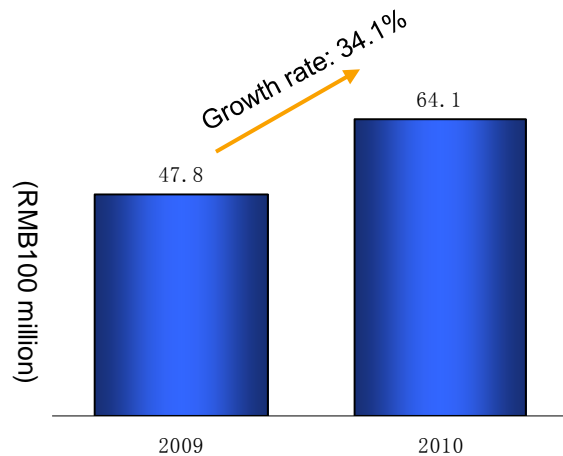
Structure of retail banking loans continued to optimize¹



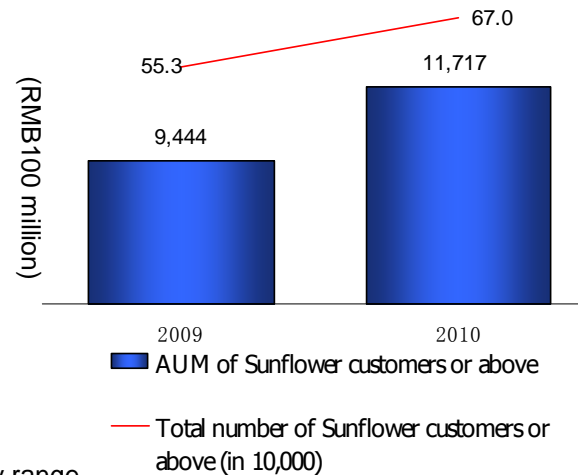
Percentage of demand deposits of retail banking continually rose



Net fee and commission income of retail banking



AuM of Sunflower customers or above increased steadily

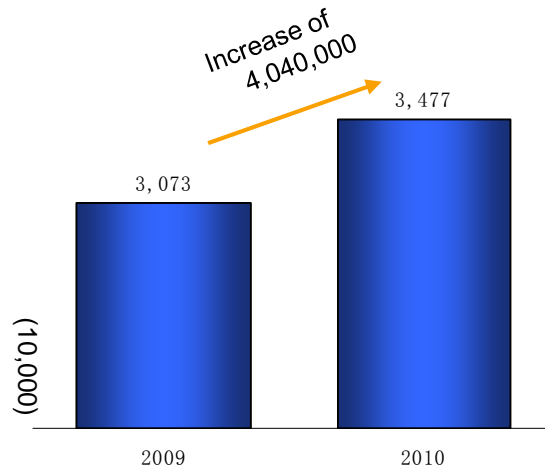


Total assets of Diamond and private banking customers jumped quickly

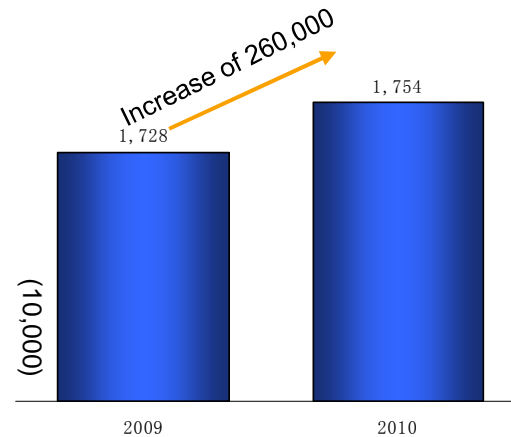
- Number of private banking customers increased by 42%
- AuM of private banking customers increased by 49%

Fruitful progress on sophisticated business development strategy of credit card business

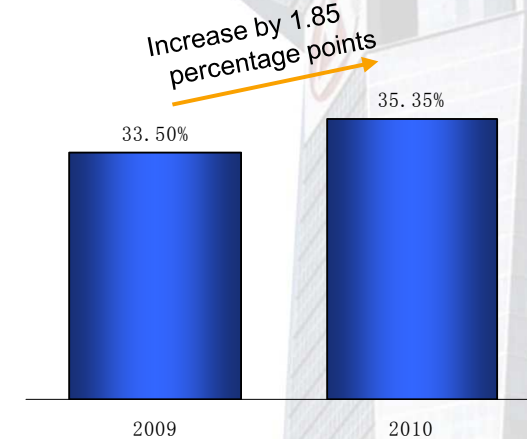
No. of credit cards issued



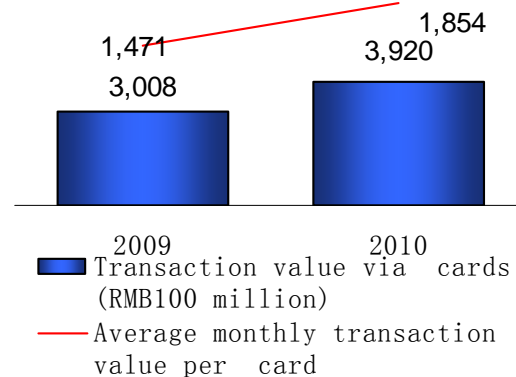
Cards in circulation



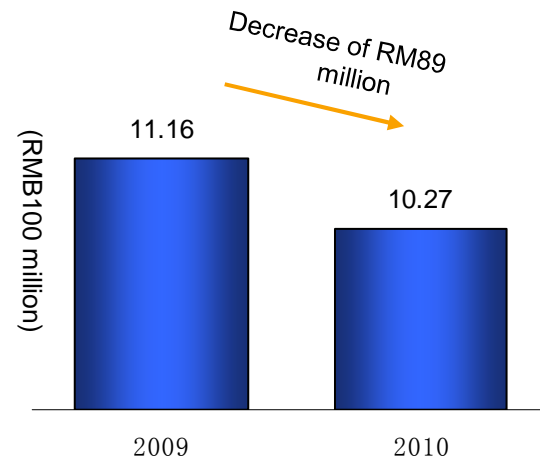
Proportion of revolving balances



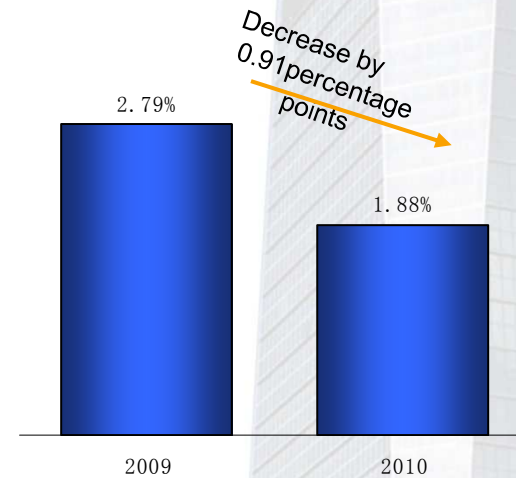
Transaction value and average transaction value per card



NPL balance

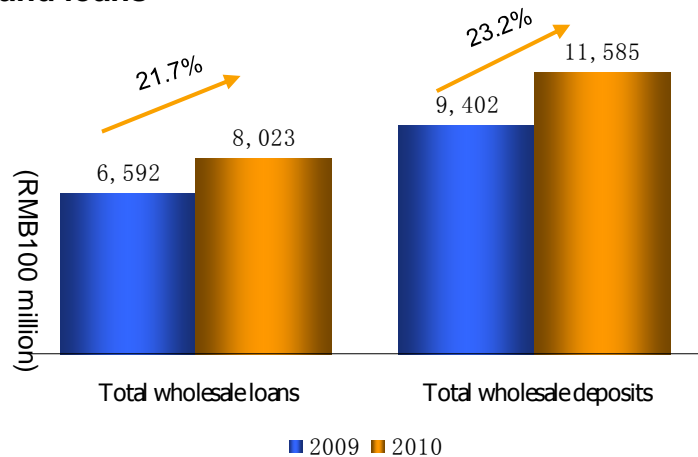


NPL ratio

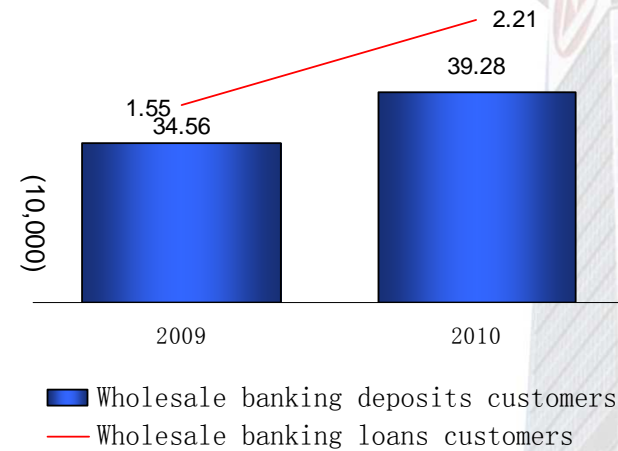


Wholesale banking business growing steadily with transformation speeding up

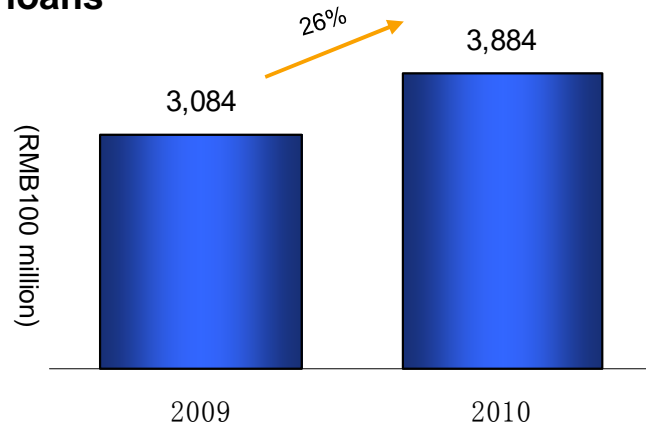
Steady growth in corporate deposits and loans



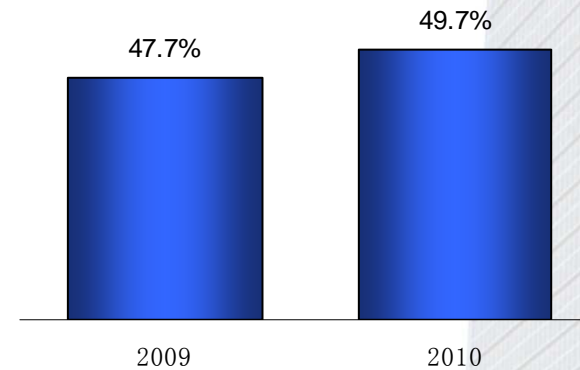
Expansion of customer base of corporate deposits and loans



Rapid growth in SME corporate loans¹

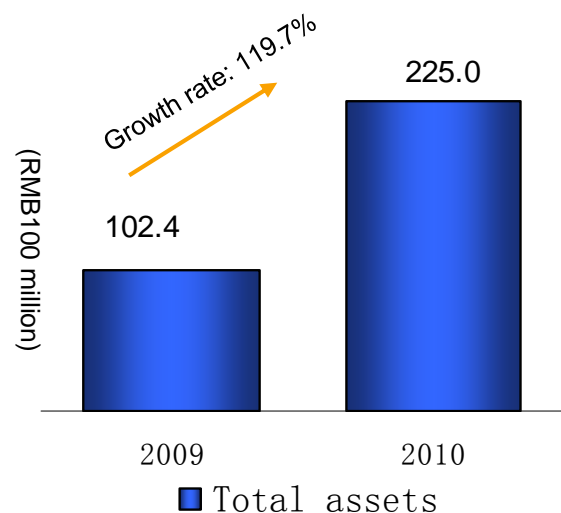


Increase in proportion of SME corporate loans

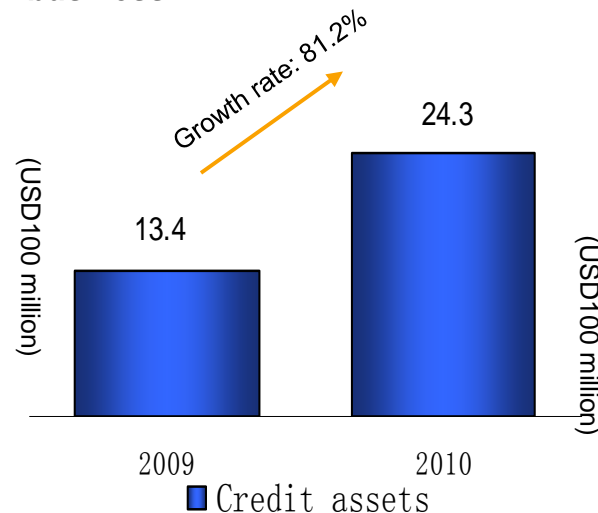


Steady progress of diversified wholesale banking business

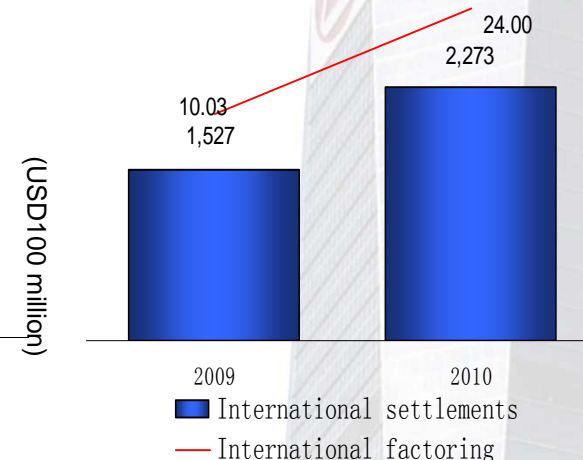
Financial leasing business



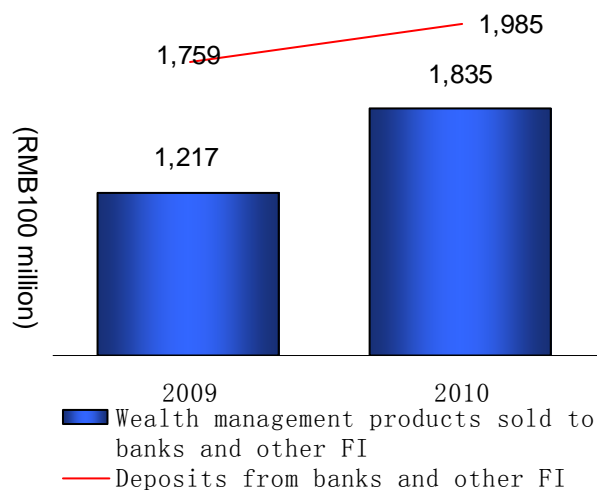
Off-shore financial business



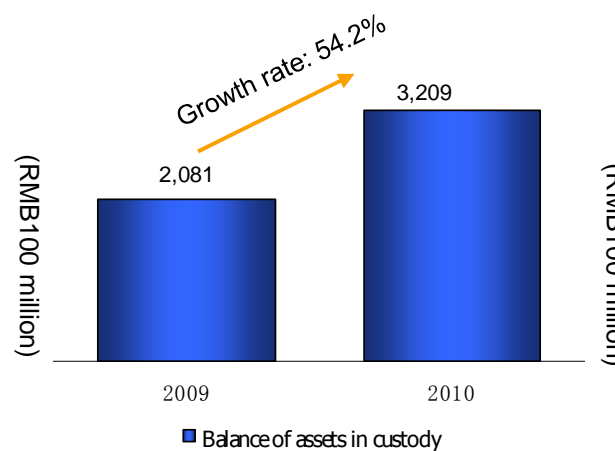
International business



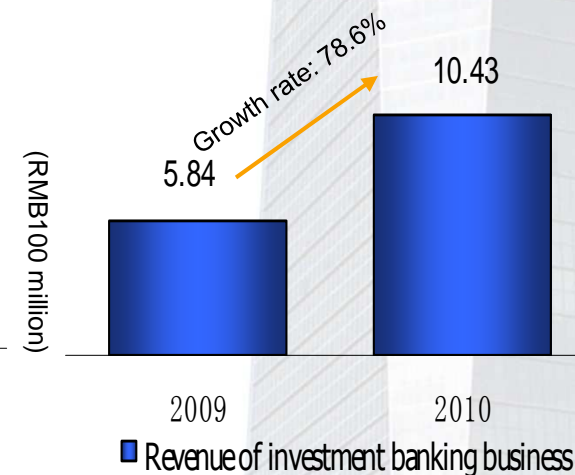
Inter-bank business



Assets custody business

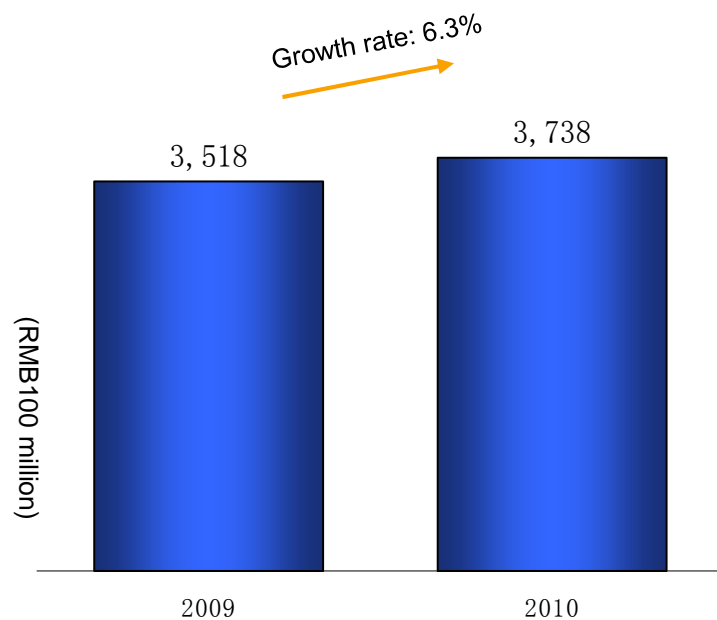


Investment banking business

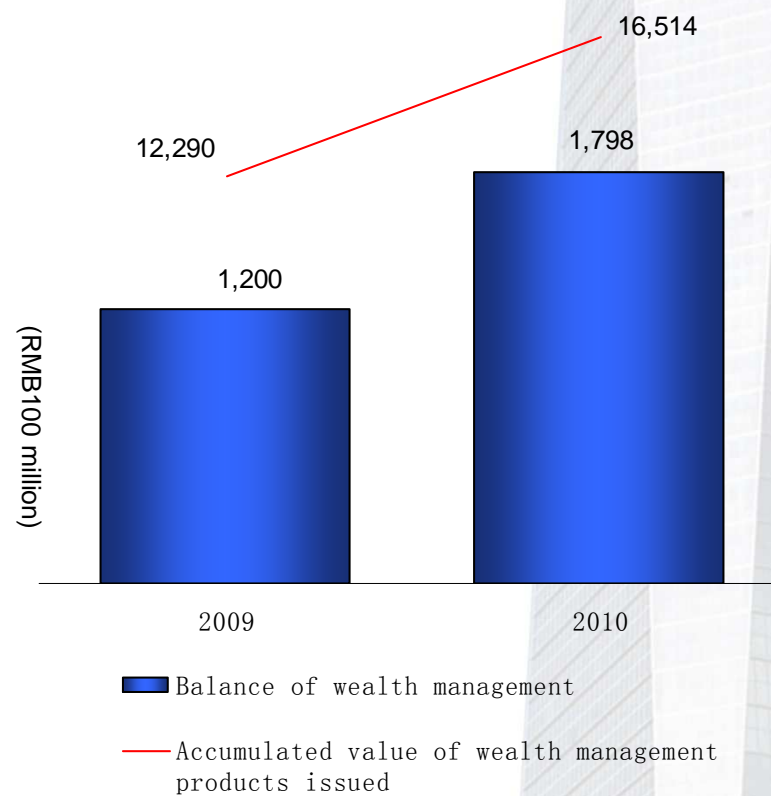


Stable progress of financial market business

Proprietary investment portfolio

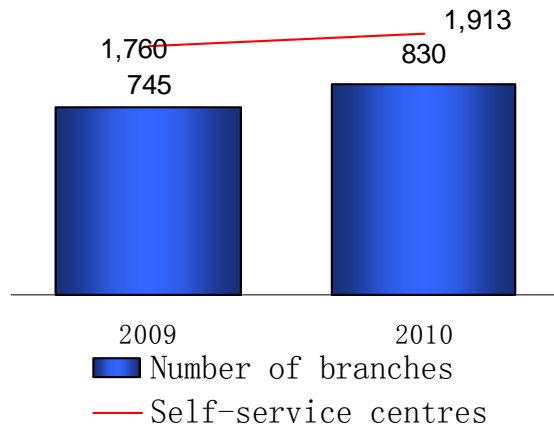


Scale of wealth management products

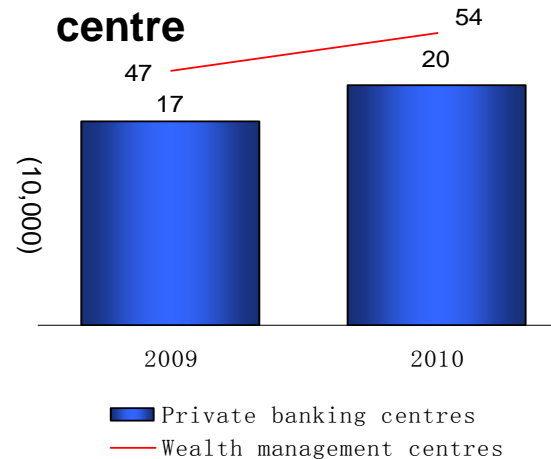


Channel layout further rationalized and operating efficiency further improved.

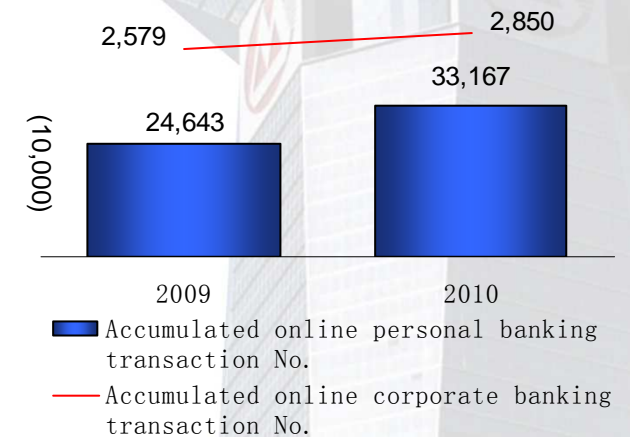
Institutional networks



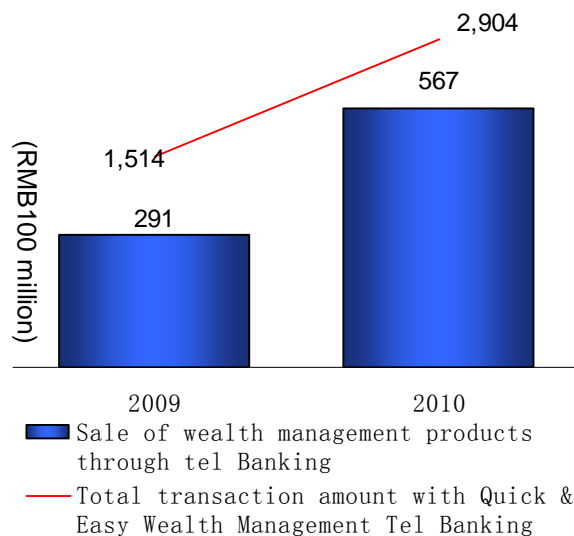
Private banking and wealth management centre



Online banking transactions

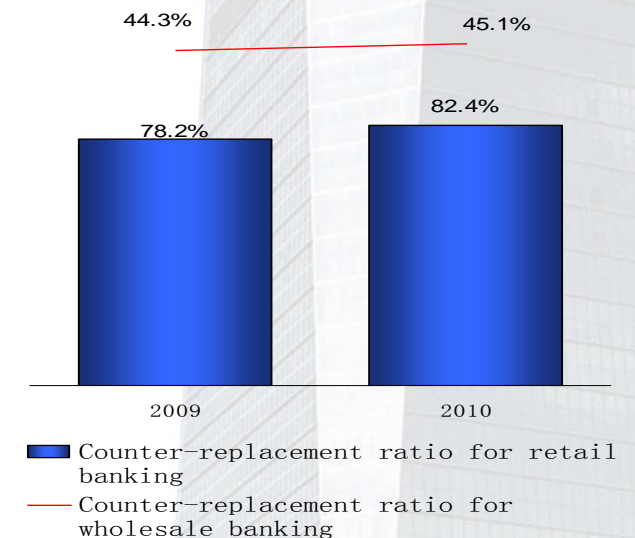


Direct banking transactions



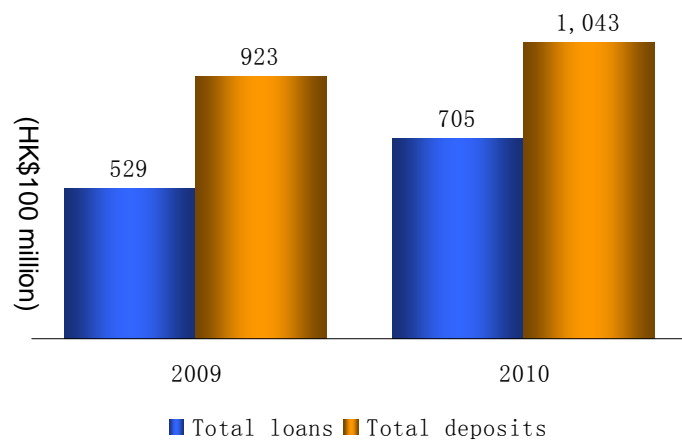
In November 2010, the Company launched the innovative mobile banking for iPhone, which was well received by users. As at the end of February 2011, the downloads broke 350,000 and received top user rating and ranking among Apple's financial software in App Store.

Counter-replacement ratio¹

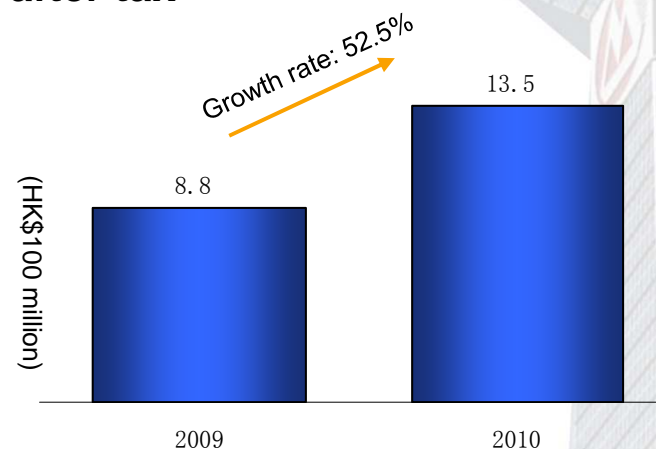


Sustained improvement in WLB operating results

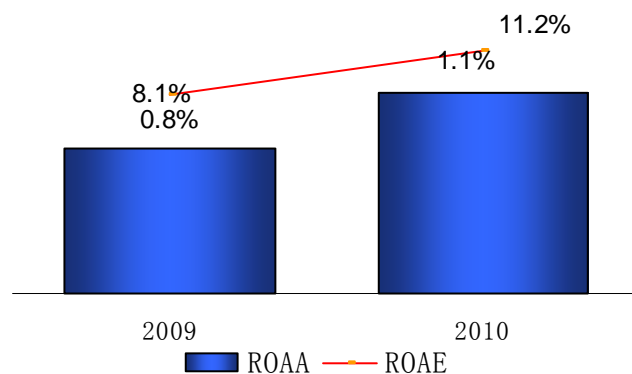
Actively developing deposits and lending business



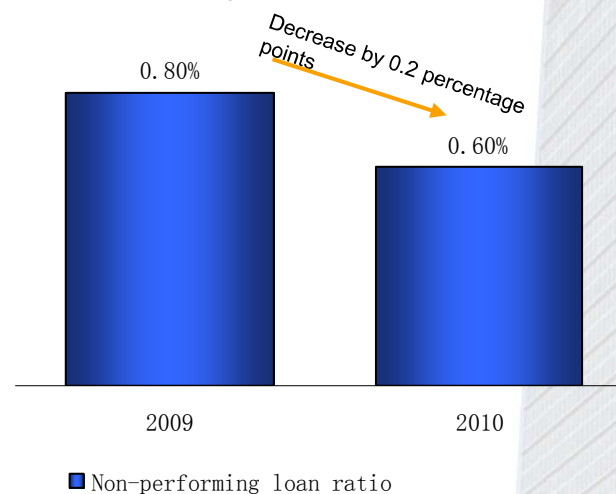
Significant increase in profit after tax



Further improvement in return on assets and equity



Asset quality remained optimal





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Challenges and Opportunities

Challenges

- ◆ The pressure of inflation remained huge
- ◆ Monetary policies posed accumulated constraints
- ◆ Increasingly harsh regulatory requirements on commercial banks
- ◆ Interest rate liberation might speed up

Opportunities

- ◆ Need for wealth management keeps growing
- ◆ The demand of SME for finance support has huge potential
- ◆ Strategic emerging sectors possess great demands for loans
- ◆ Growing capital market brought about new opportunities for business expansion of commercial banks

Outlook for 2011

◆ Further strengthening capital management

Reasonably controlling the growth rate of risk assets; striving for higher capital allocation and return level; maintaining reasonable capital adequacy ratio in accordance with the regulatory requirements and business development needs

◆ Continuing to drive on business transition

Striving for higher percentage of fee-based business, esp. emerging fee-based business; reasonably increasing percentage of retail business, and aggressively promoting wealth management business; striving for higher percentage of high-value customer; accelerating SME business

◆ Striving for higher operating and management efficiency

Actively enhancing risk pricing ability; unfailingly optimizing procedures; reasonably controlling cost-to-income ratio; striving for higher staff efficiency and channel efficiency

◆ Managing risks generally, reasonably and effectively

Further reinforcing overall risk management; intensifying asset & liabilities management; maintaining optimal asset quality and adequate coverage



Q&A