



招商銀行
CHINA MERCHANTS BANK



China Merchants Bank Co., Ltd. 2012 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

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Overview

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Business Development

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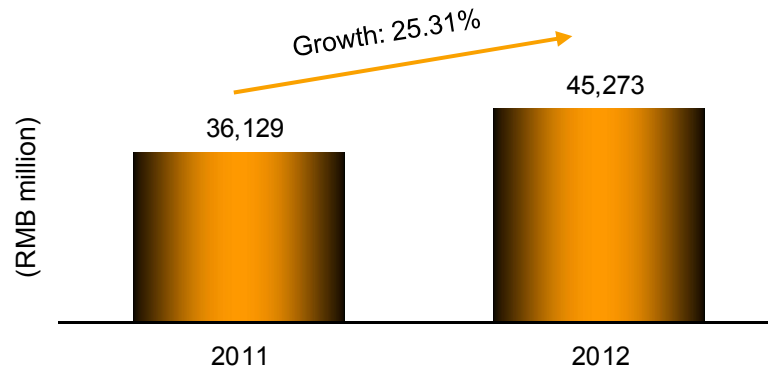
Financial Performance

4

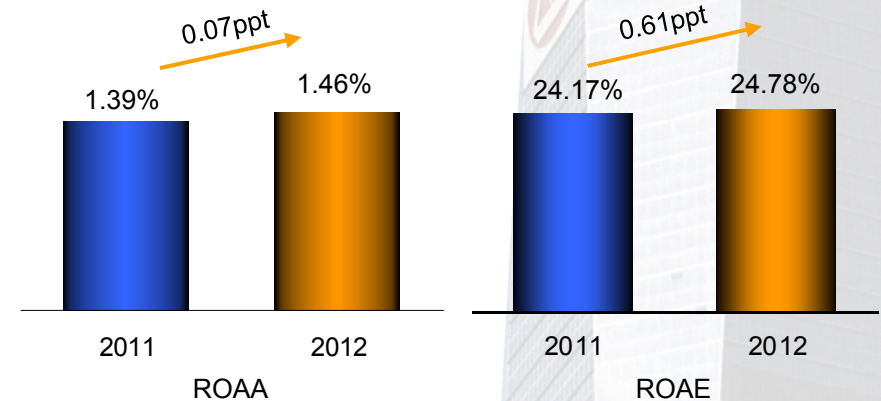
Outlook

Profitability, Asset Quality and Scale Maintained Balanced Development

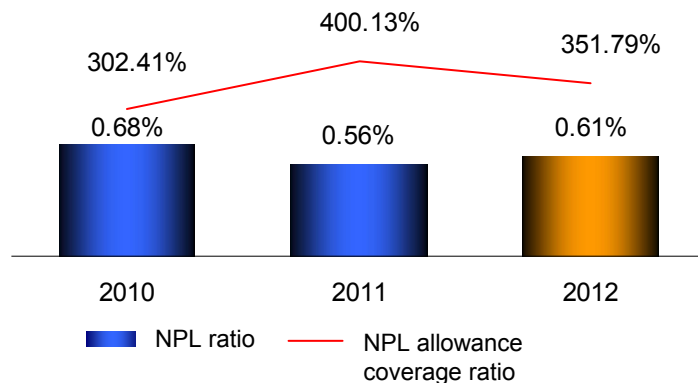
Net profit maintained steady growth



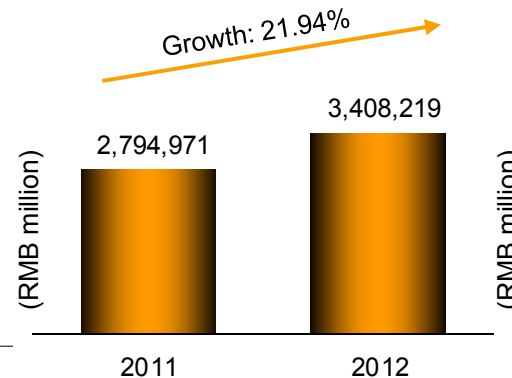
ROAA and ROAE continued to improve



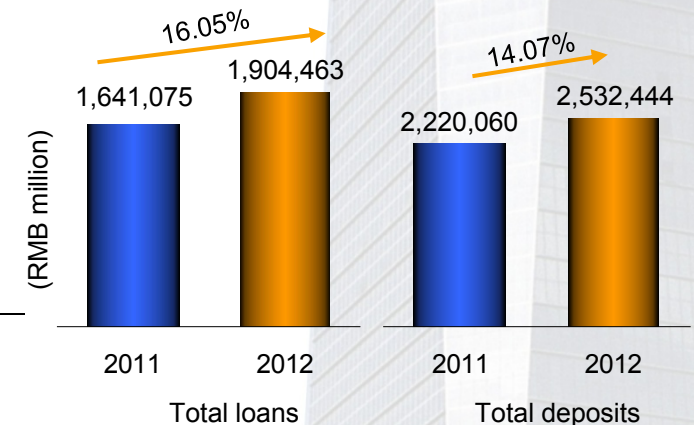
Assets quality remained stable



Total assets grew steadily

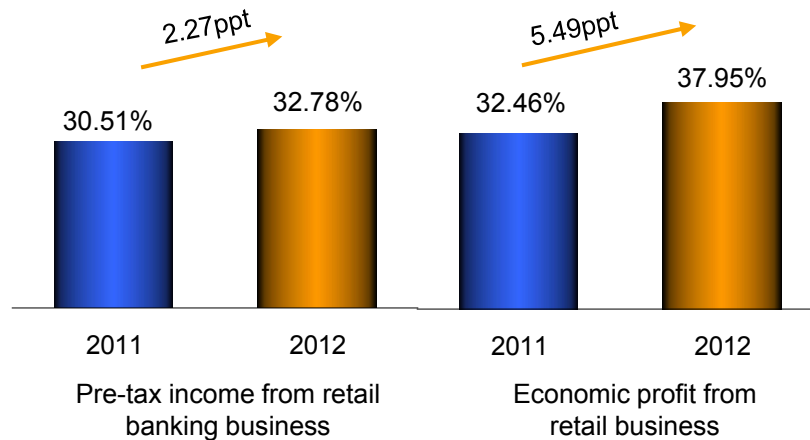


Total loans and total deposits continued to grow

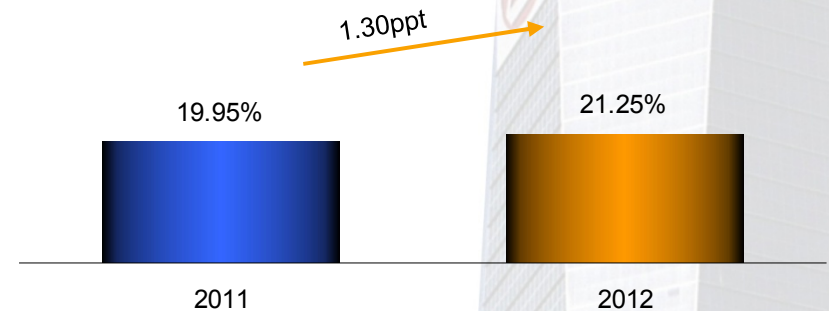


“Second Transformation” Made Steady Progress: Business Structure Further Improved

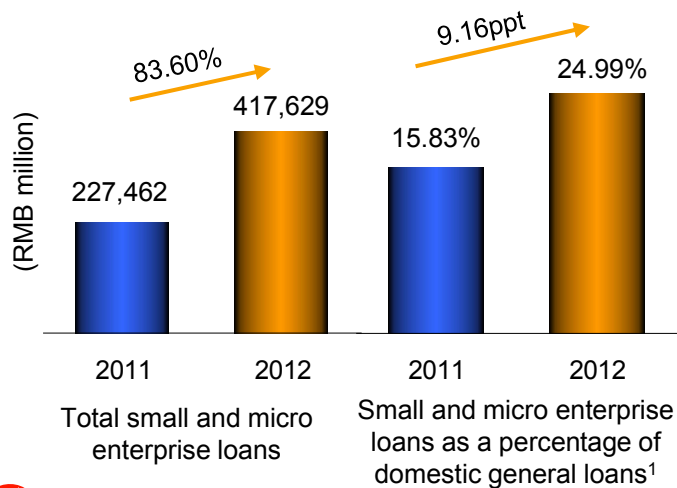
**Contribution from retail banking
business continued to increase**



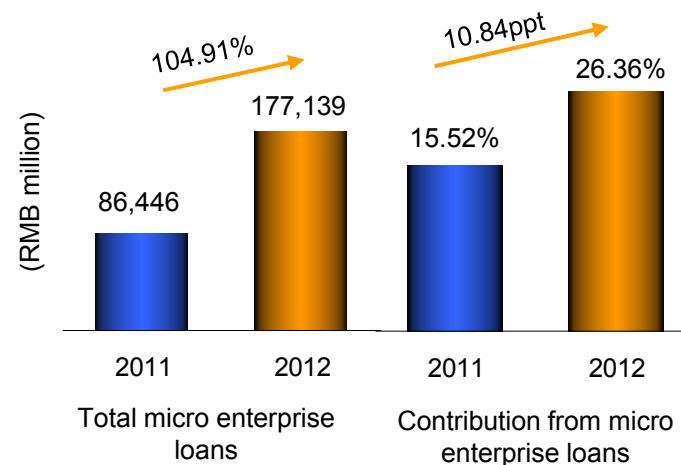
**Contribution from net non-interest income
continued to grow**



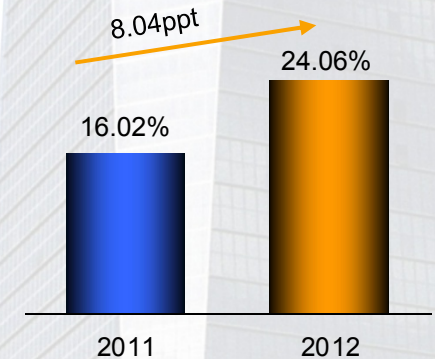
**Small and micro enterprises
loans increased rapidly**



**Micro enterprises loans grew
significantly**



**The proportion of small
enterprises loans to
domestic corporate loans**



“Second Transformation” Made Steady Progress: Transformation Indicators Further Improved (1)

Capital utilization
efficiency
continued to rise

- Ⓜ Risk Adjusted Return On Capital (RAROC) was at 22.65%, increased 0.15ppt compared with the previous year; the proportion of risk-weighted assets was 60.27%, decreased 2.35ppt compared with the end of the previous year
- Ⓜ In 2012, the Company maintained a strong organic capital generation capability, and the CAR and core CAR was at 11.73% and 8.86%, respectively, up 0.45ppt and 0.12ppt respectively, compared with the end of the previous year

Risk pricing
of loans
remained stable

- Ⓜ In 2012, the floating band of weighted average interest rates of new corporate loans in RMB (weighted at actual amounts, same as below) was 11.80%. The floating band of weighted average interest rates of new retail loans in RMB was 22.95%
- Ⓜ The Company maintained a relatively steady net interest margin under the adverse circumstance of lower interest rate and interest rate liberalization. The net interest margin was 3.10%, one of the highest among our peers

“Second Transformation” Made Steady Progress: Transformation Indicators were Further Improved (2)

The Proportion of
high-net-worth
customers
increased
continuously

- At the end of December 2012, the number of Sunflower-level and above customers of the Company totaled 911,100, up 16.33% from the end of last year. Sunflower-level and above customers accounted for 1.69% of the total retail customers, up 0.13ppt from the end of last year. Private banking customers totaled 19,518, up 18.34% from the end of last year

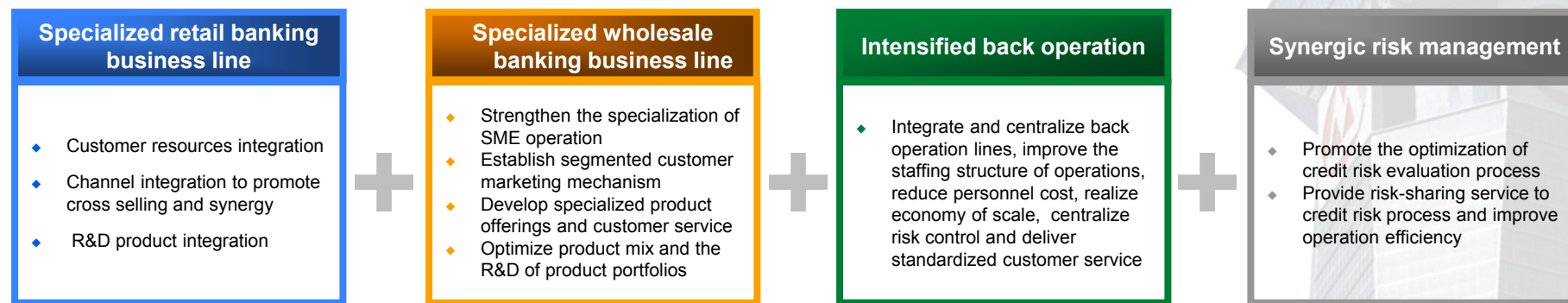
Operational
efficiency
continued
to improve

- At the end of December 2012, the Company's cost-to-income ratio was 36.15%, largely unchanged from the end of previous year
- Profit before tax per person was RMB1.21 million, up 18.63% YoY; profit before tax per outlet was RMB60.89 million, up 16.83% YoY

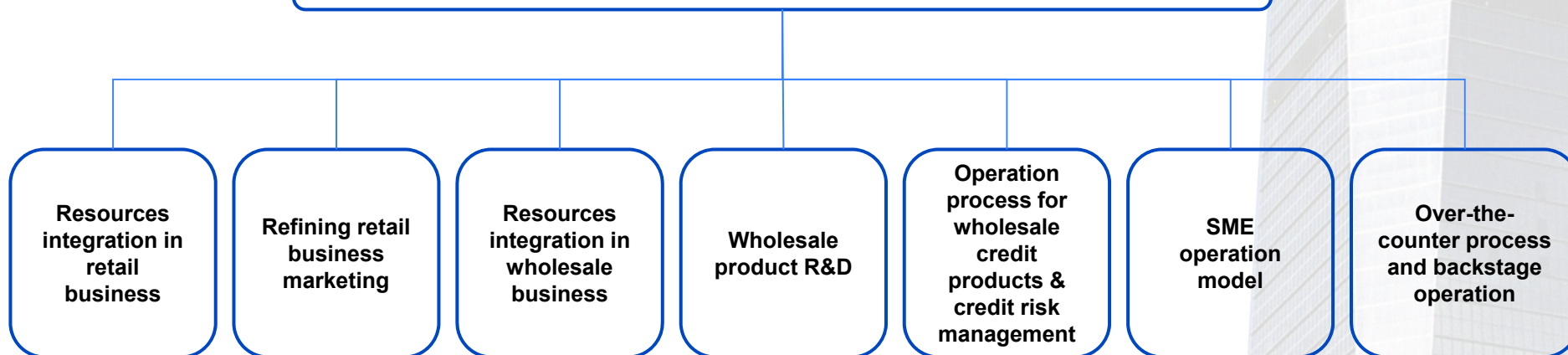
Overall asset quality
remained stable

- At the end of December 2012, the Company's non-performing loan ratio was 0.65%, slightly up 0.07ppt from the end of previous year and stayed at a stable level; the proportion of special mention loan to the total loan ratio was 1.04%, which is on par with that at the end of previous year
- The Company's NPL allowance coverage ratio stayed at a relatively high level of 352.47%; the credit cost was at 0.31%, decreased 0.24ppt from the end of previous year

Process optimization and resources integration



Optimization and transformation in seven key areas



Brand Recognition Continued to Improve



UK's *Banker* magazine

Ranked 56th among the WORLD'S TOP
1,000 BANKS

up by 4 places from 2011



Fortune magazine

Listed on the Global 500 Company for
the first time in 2012



Establishment of Brand Beyond Marketing – Best China Brands
Chart 2012

the Company ranked 10th, with a
brand value of RMB34.589 billion, an increase of 25% from
2011



Finance Asia

Best Bank



The Asian Banker

Awarded the Best Retail Bank in China for the fourth time

The first Chinese bank among the top ten in the Pan-Asia
Pacific region in terms of comprehensive strength



Asia Money

Best Domestic Private Bank in China

Selected as the Best Domestic Cash Management Bank in
China for seven consecutive times

China's Best Foreign Exchange Service Provider



FINANCIAL
TIMES

Financial Times

Won the title of the Best Private
Bank in China for three
consecutive times



Global Entrepreneurs

Best Bank for Personal Wealth Management

Best Bank for Corporate Pension

Best Brand for Credit Card Products



The Asset

Platinum Award of Best Corporate Governance

Best Specialized Custodian Bank in China

Best Cash Management Bank in China



2012 Award for Board of
Directors of Listed Companies



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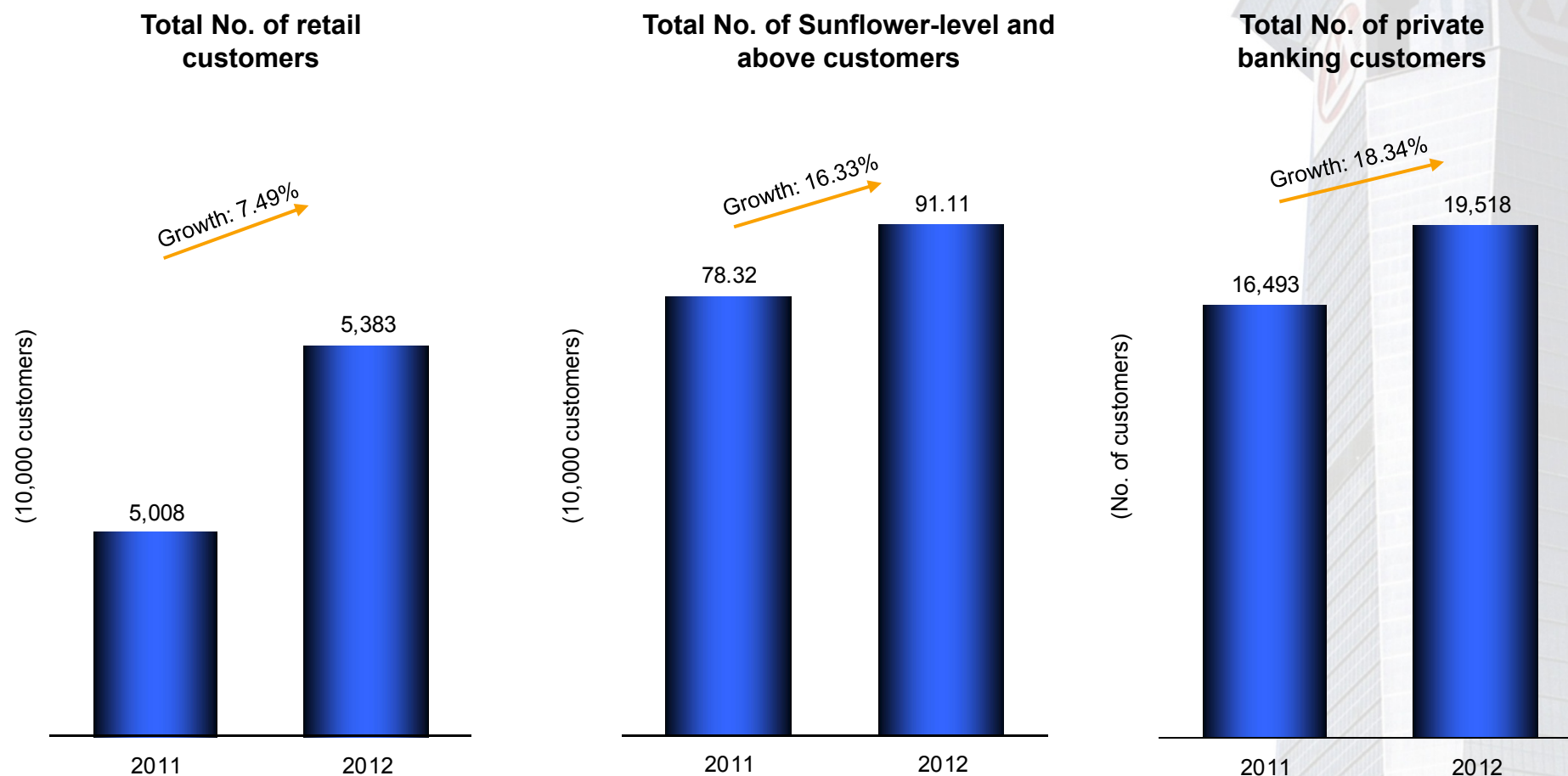
Financial Performance

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Outlook

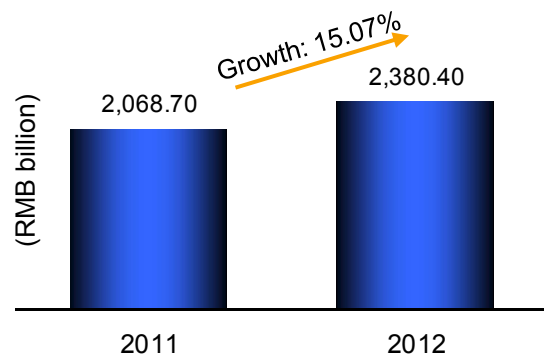


Retail Customer Base Continued to Expand

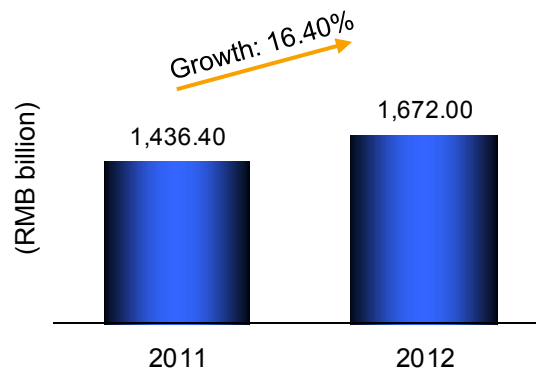


Retail Banking Business Maintained Positive Growth Momentum

AUM of retail customers



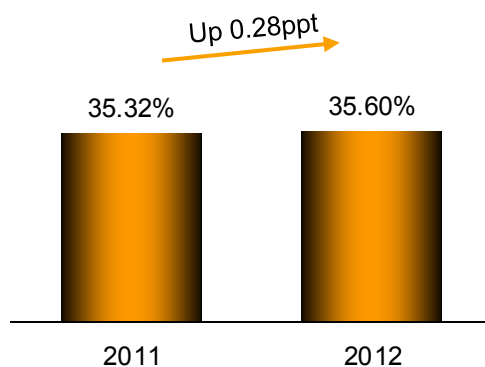
AUM of Sunflower-level and above customers



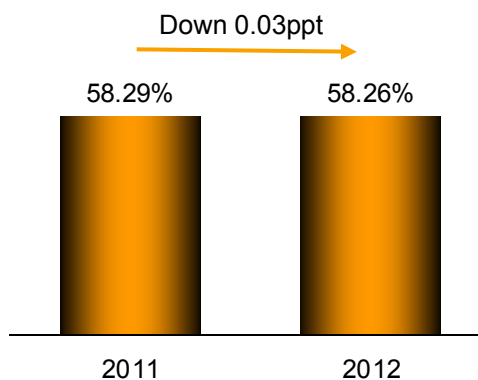
AUM of private banking customers



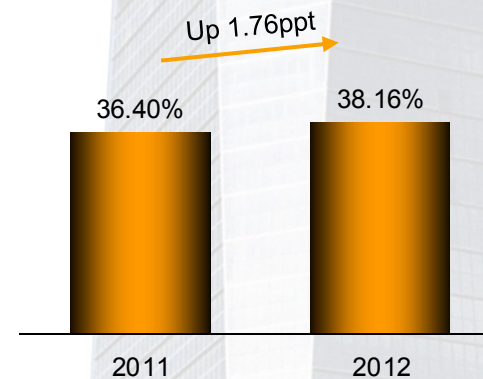
Proportion of retail deposits increased steadily



Proportion of demand deposits from retail customers remained at a relatively high level

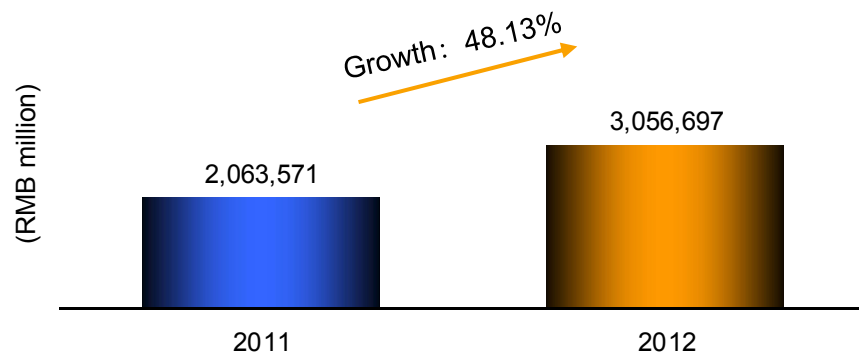


Proportion of retail loans further increased

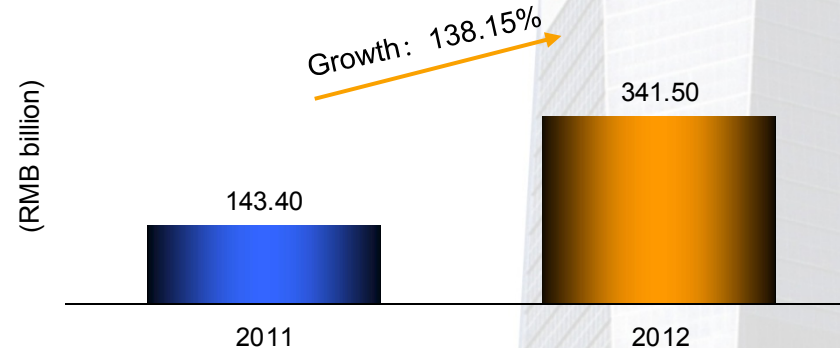


Retail Wealth Management Business Achieved Prosperous Development

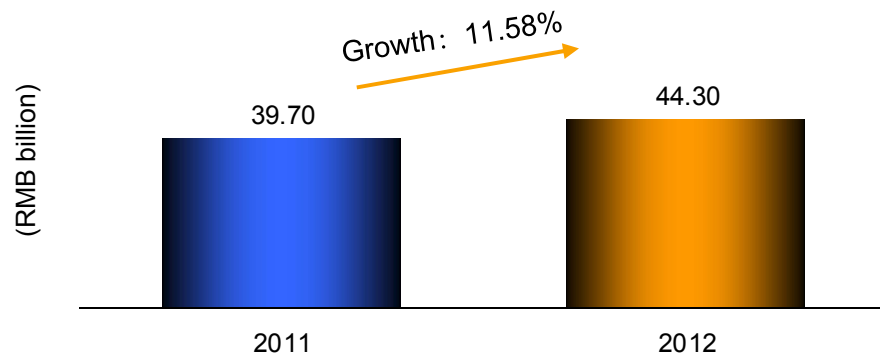
Sales of personal wealth management products



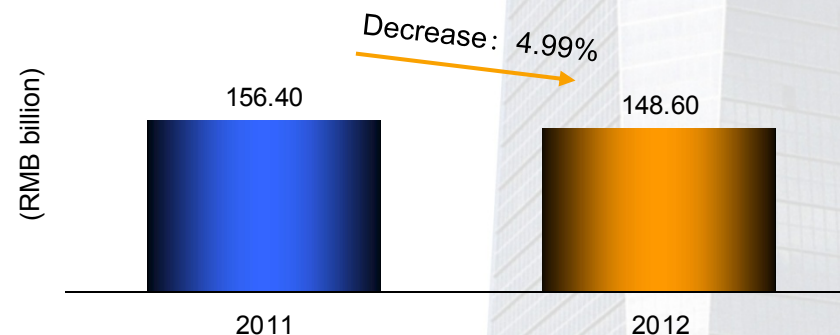
Agency sales of open-ended mutual funds



Standard premium from distribution of third-party insurance policies

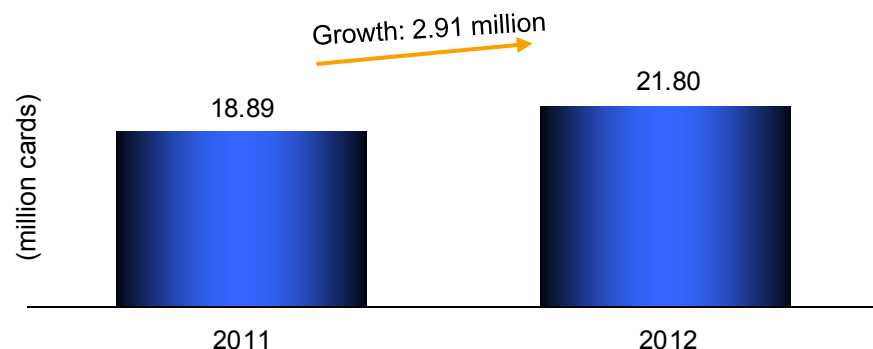


Fees from distribution of third-party trust plans

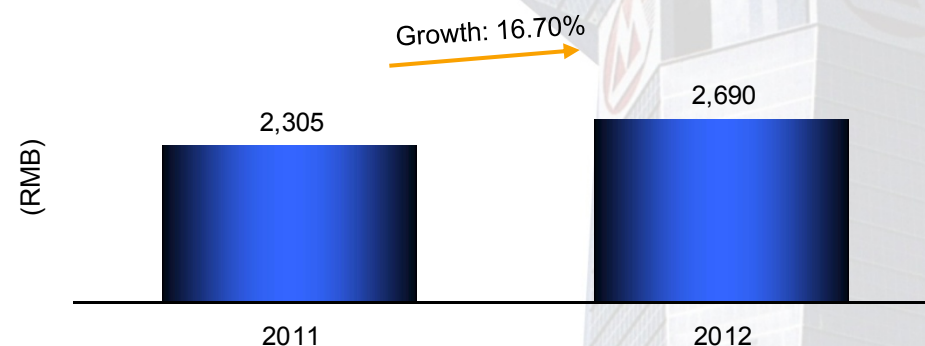


Bank Card Business Maintained Competitive Advantage

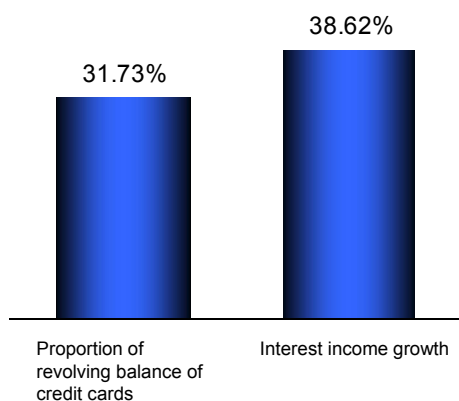
No. of credit cards in circulation



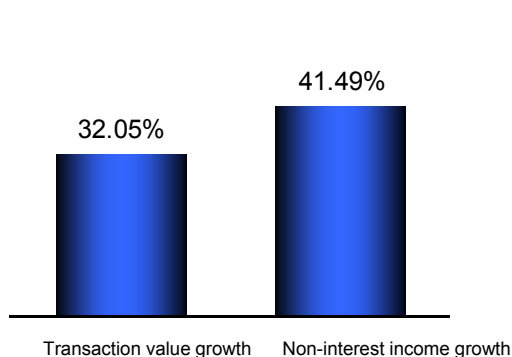
Average transaction value per month of each active credit card



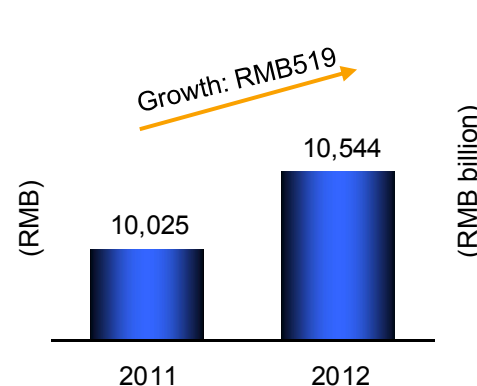
Percentage of revolving balances of credit cards and growth of interest income from credit card business



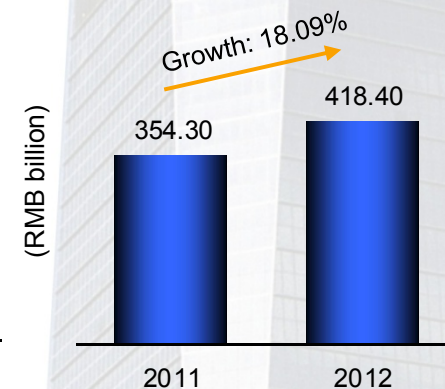
Growth of transaction value and non-interest income from credit card business



Average deposits per All-in-one card

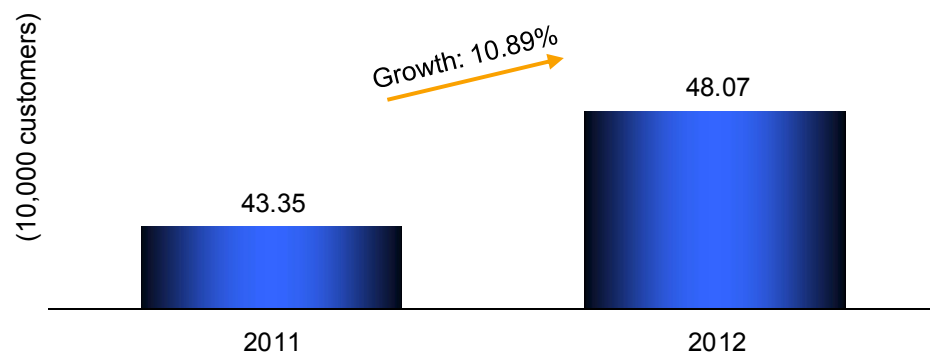


POS transaction value of All-in-one cards

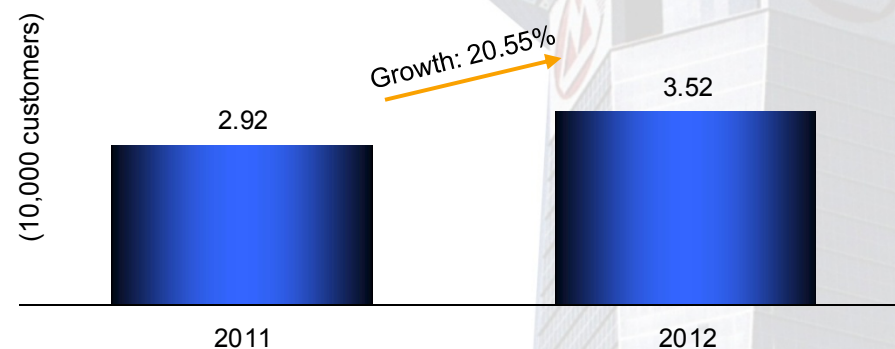


Wholesale Banking Business Maintained Stable Growth

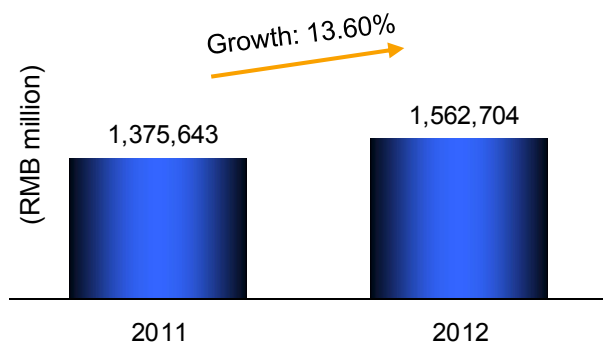
No. of corporate deposit customers



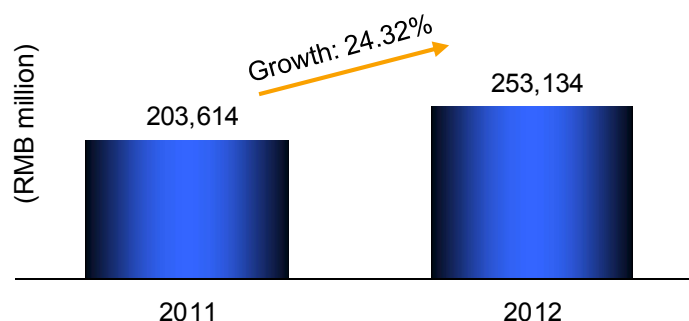
No. of corporate loan customers



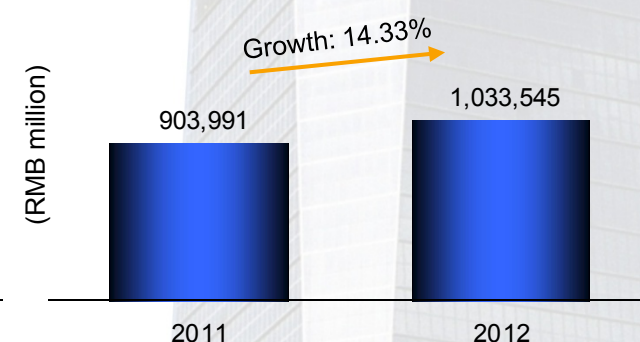
Balance of corporate deposits



Balance of inter-bank deposits

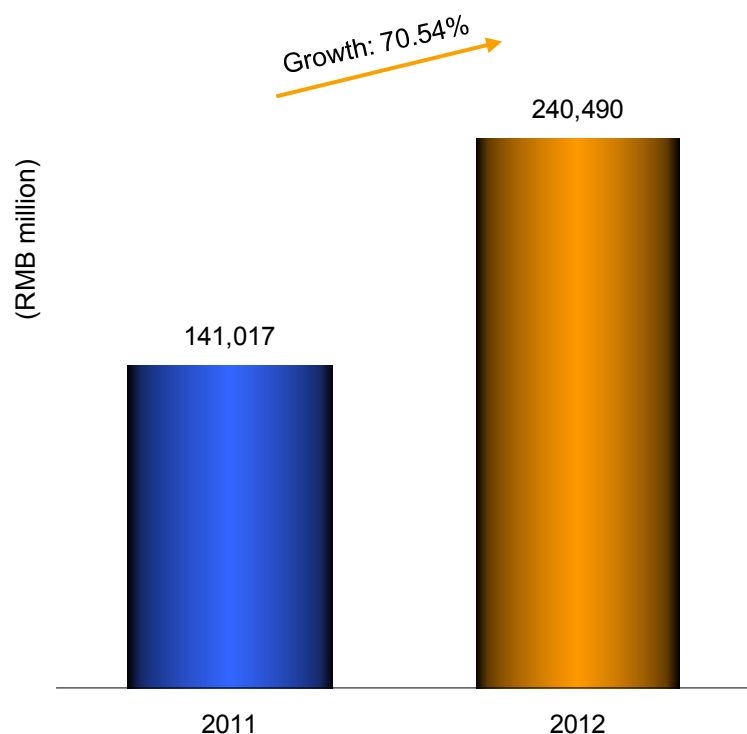


Balance of corporate loans

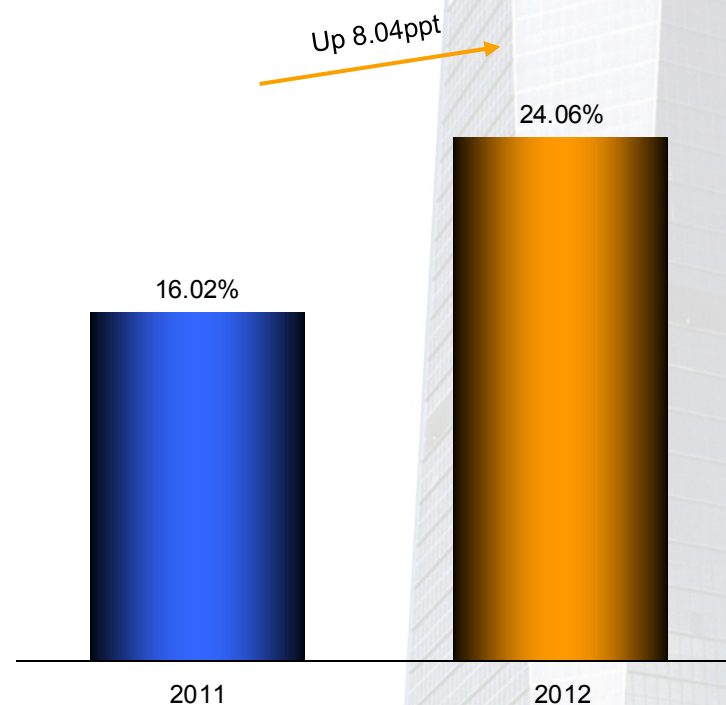


Small Enterprises Business Achieved Remarkable Results

Balance of small enterprises loans

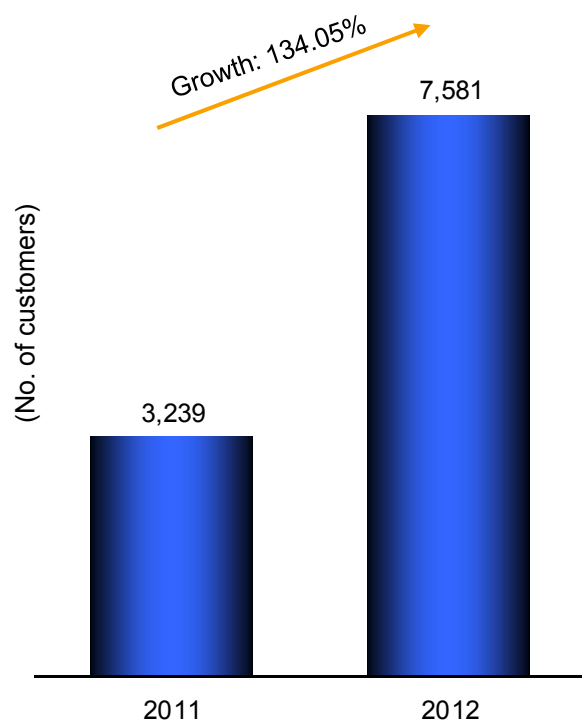


The proportion of small enterprises loans to domestic corporate loans

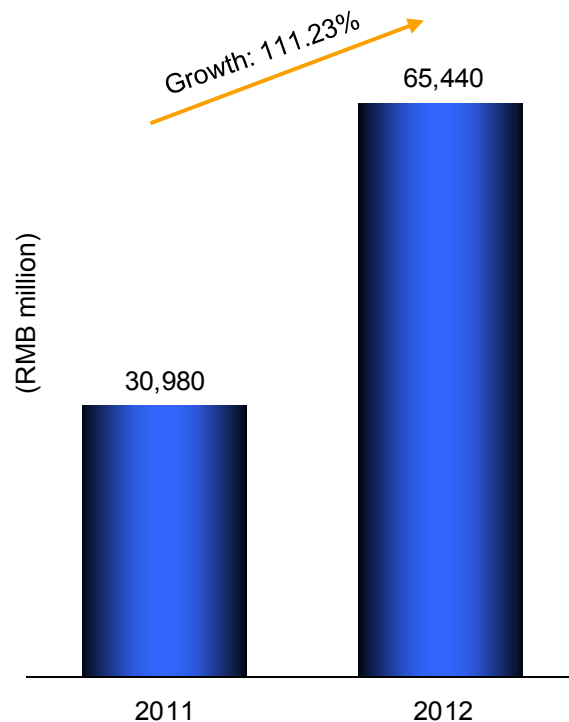


Increasing impact of “Qian Ying Zhan Yi” Business

Total No. of innovative and emerging enterprises customers under the “Qian Ying Zhan Yi” program



Balance of loans to enterprises under “Qian Ying Zhan Yi” program

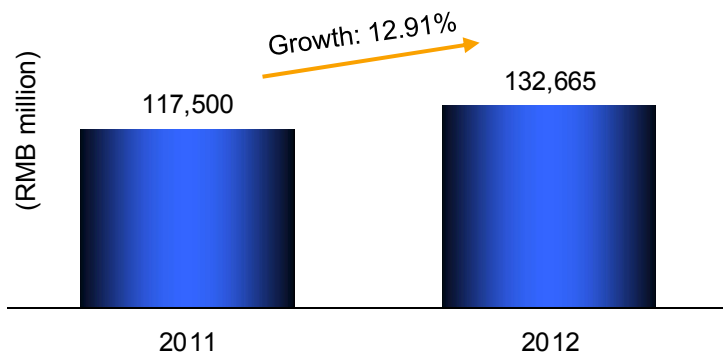


Corporation with companies listed on SME Board and ChiNext

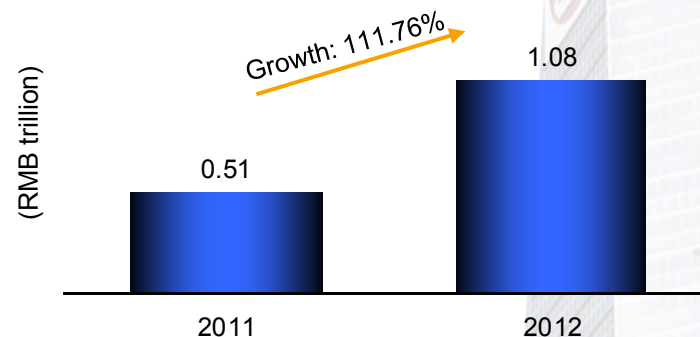
- Since 2011, a total of 147 enterprises supported by the “Qian Ying Zhan Yi” program were successfully listed on domestic or overseas stock markets, with total proceeds from IPOs of nearly RMB30 billion under the Company’s custody, among which, 109 enterprises were successfully listed on the SME Board or ChiNext
- In 2012, a total of 45 enterprises listed on the SME Board or ChiNext opened custody accounts with the Company for management of IPO proceeds, representing 35% of the total number of enterprises listed on the SME Board or ChiNext during the period and placing the Company at No. 1 among domestic peers
- In 2012, “Qian Ying Zhan Yi” program won the First Prize of the 8th Session of Financial Innovation Award in Shenzhen

Wholesale Banking Intermediary Business Maintained Stable Growth

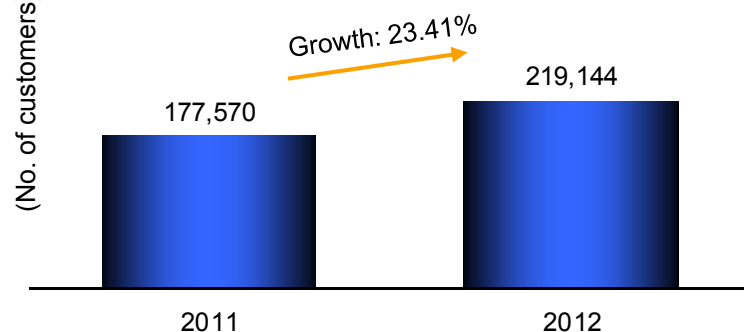
Underwriting amount of debt financing instruments in investment banking business



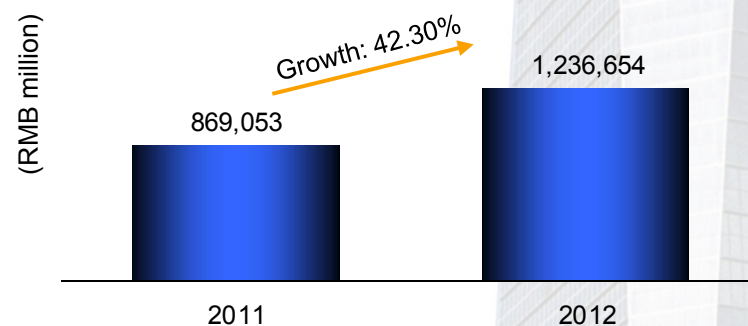
Balance of assets under custody



Total No. of customers using cash management services

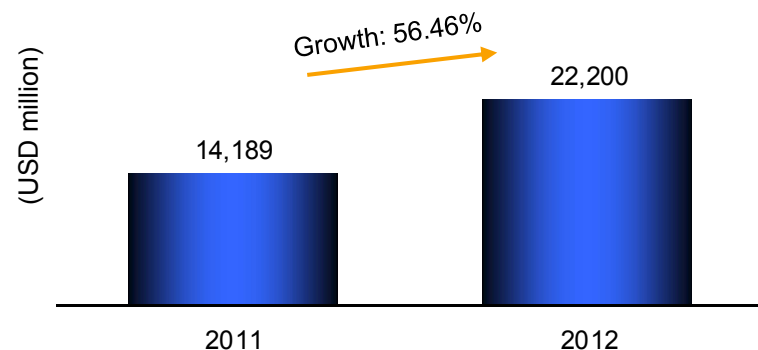


Sales of corporate wealth management products

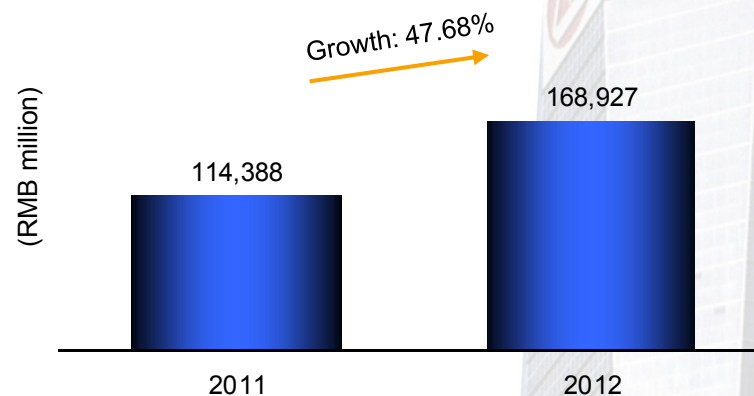


Cross-Border Business Realized Steady Growth

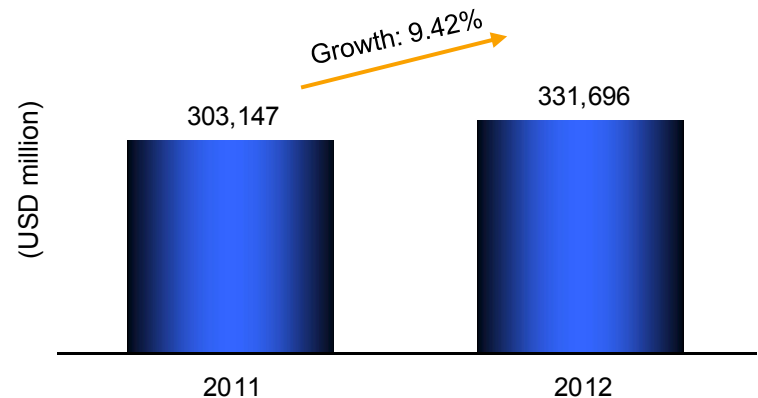
Cross-border foreign currency deposits



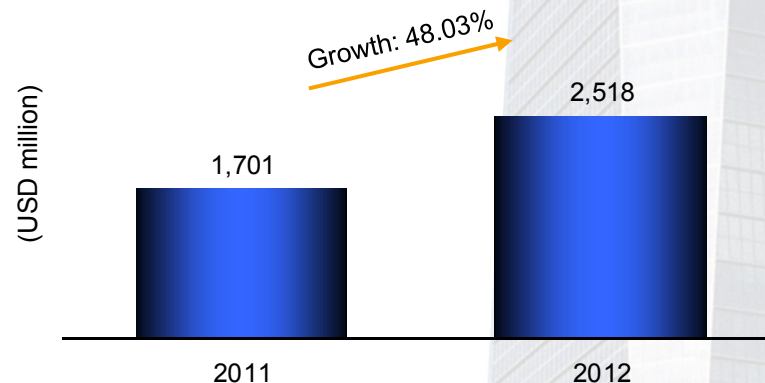
Cross-board RMB settlements



International settlements

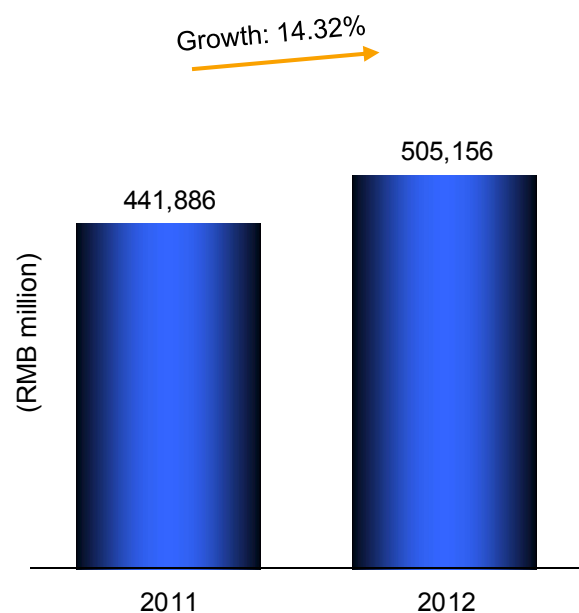


Offshore trade financing balance

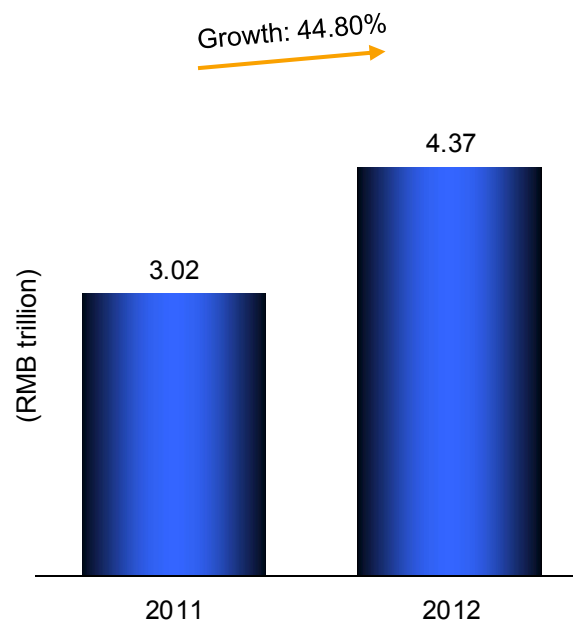


Financial Market Business Achieved Rapid Growth

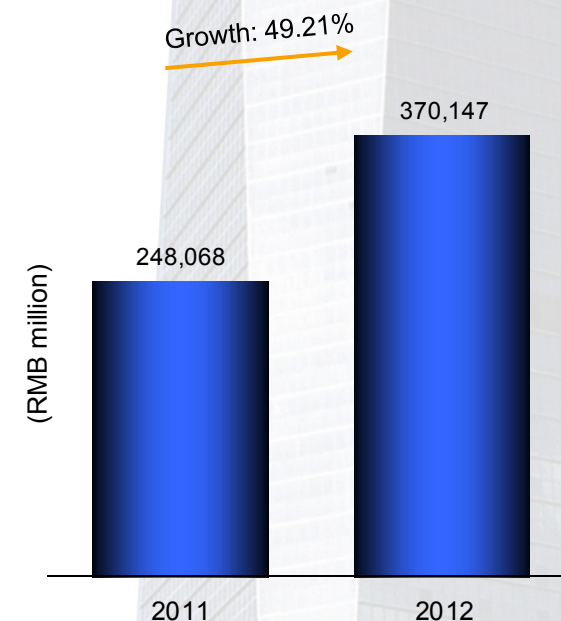
Proprietary investments



Sales of wealth management products

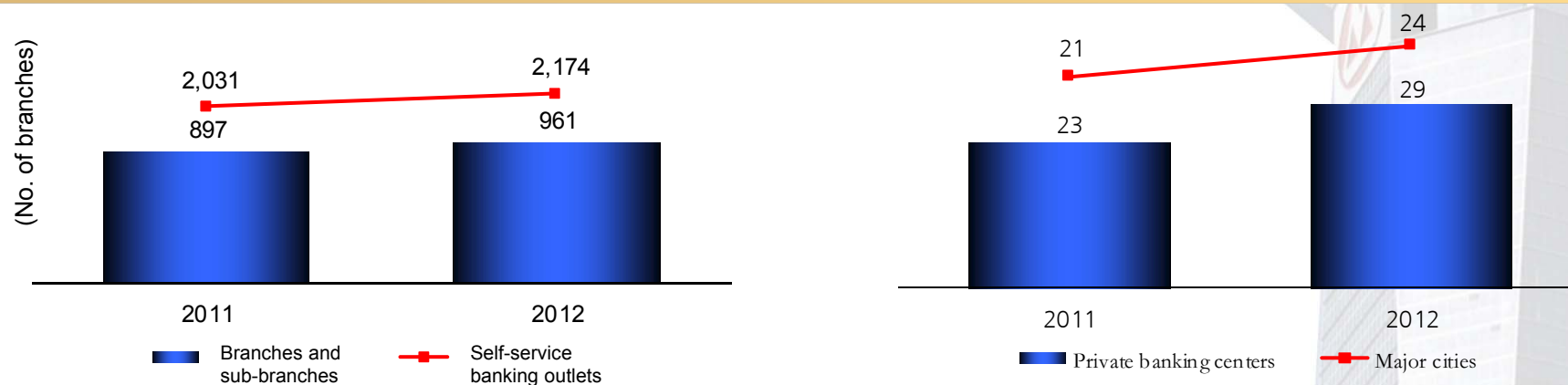


Balance of wealth management products



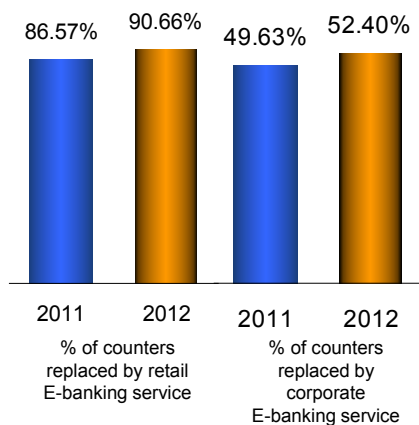
Distribution Channel Became Well-rounded and Comprehensive Service Capability Improved Continuously

Multi-layer physical distribution channels: including highly efficient branch network and established private banking centers

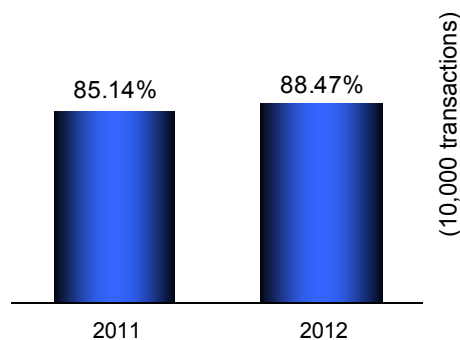


Industry leading e-banking channels: effectively relieved branch outlets pressure and reduced operating cost

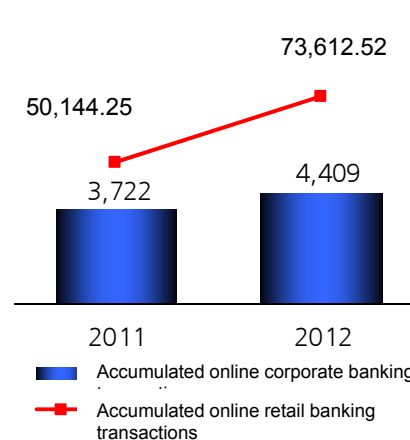
Continuously improved overall counter-replacement ratio in e-banking channels



Steadily improved overall counter-replacement ratio in transaction settlement using online corporate banking services



Continued rapid growth of total No. of on-line banking transactions

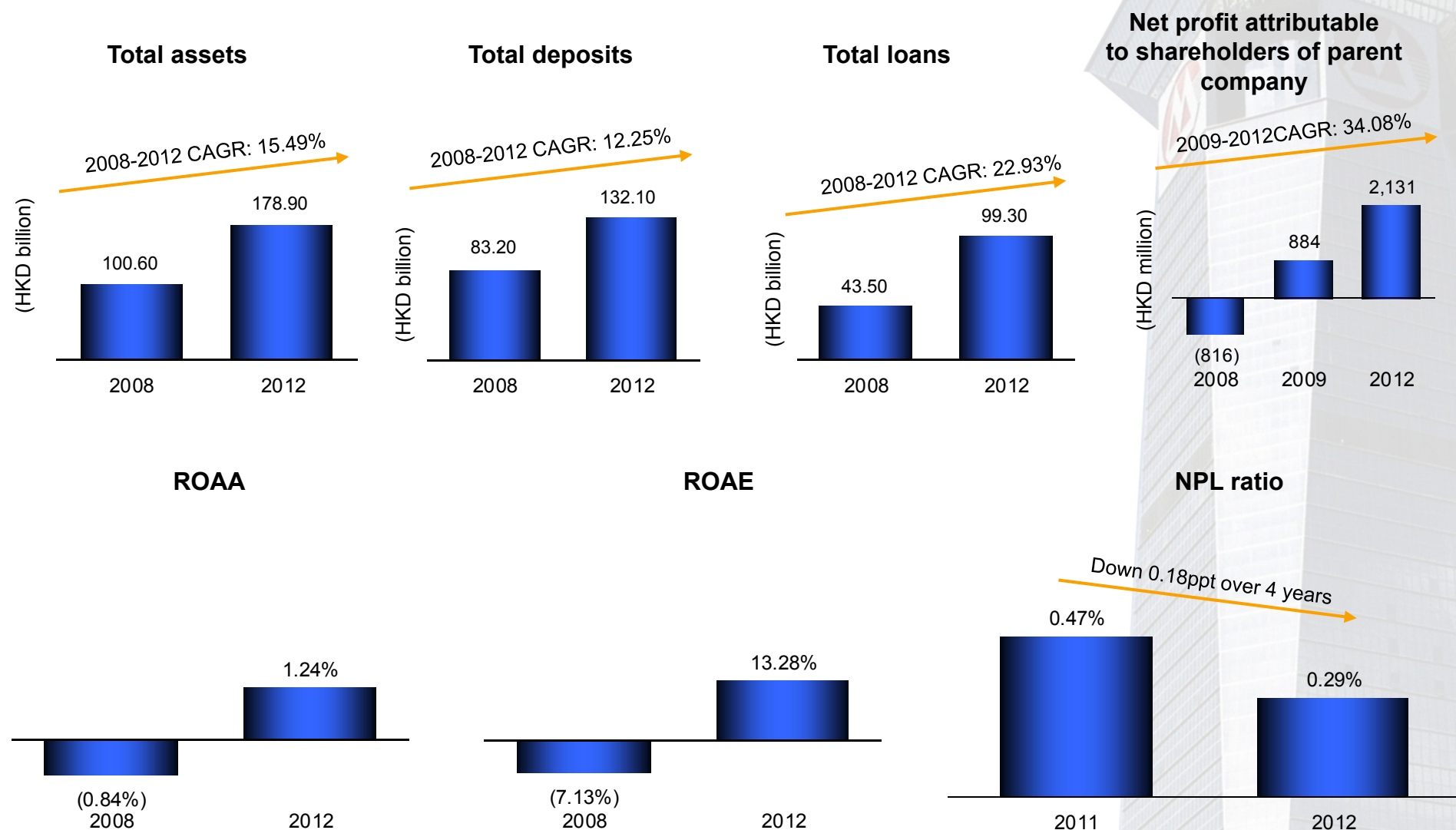


Fast growing mobile banking, creating new advantages in the mobile internet era

Following the introduction of mobile banking service in iPhone and Android versions, the Company rolled out iPad banking service in August 2012, which has been downloaded over 600,000 times up to date. The total number of mobile banking contracts signed reached 9,664,900.

The accumulated transactions (excluding mobile payment) amounted to 13,002,600, up by 505.05% YoY; the accumulated transaction value reached RMB405.93 billion, up by 241.86% YoY.

Operating Performance of Wing Lung Bank Continued to Improve





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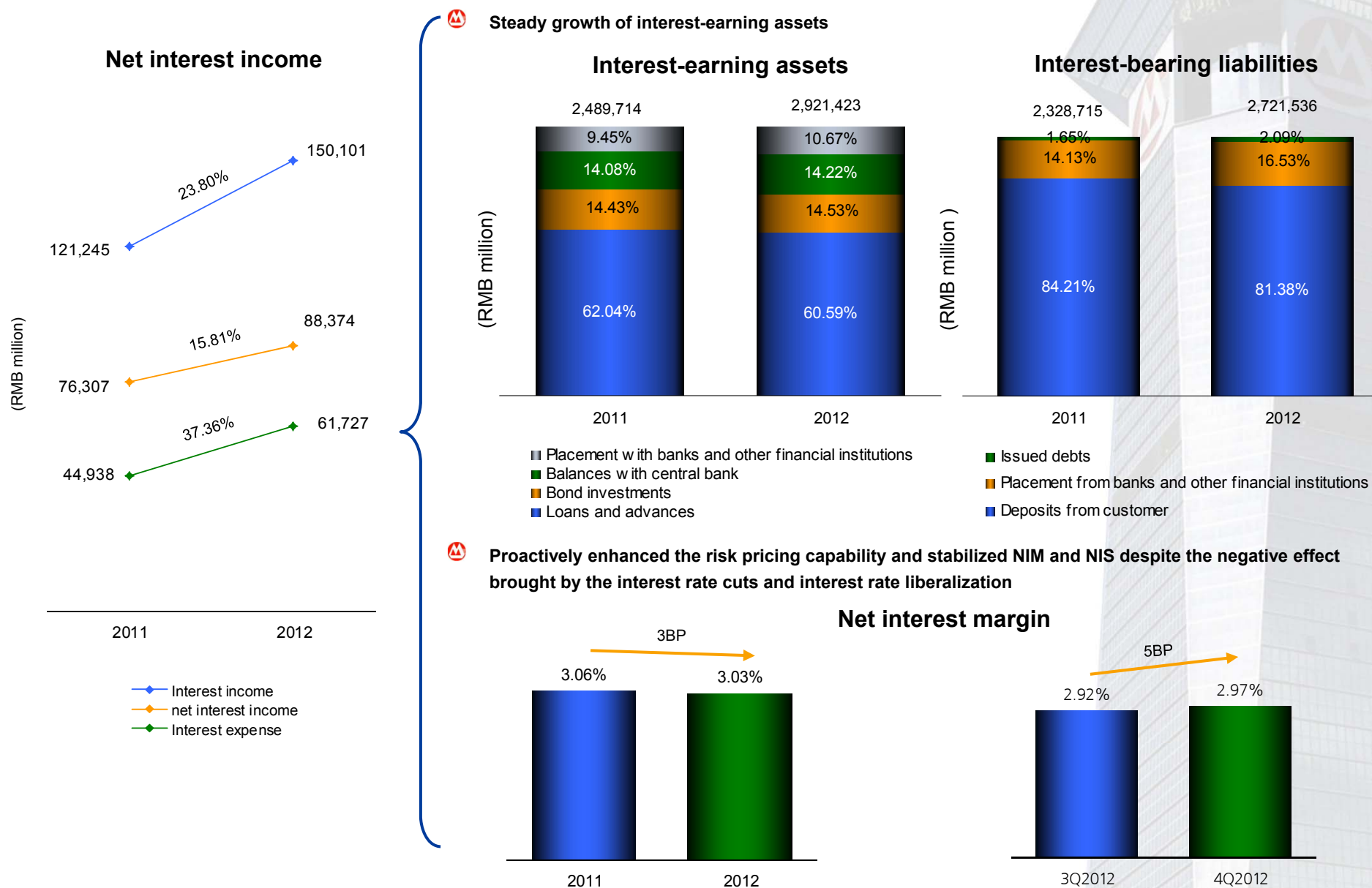
Financial performance

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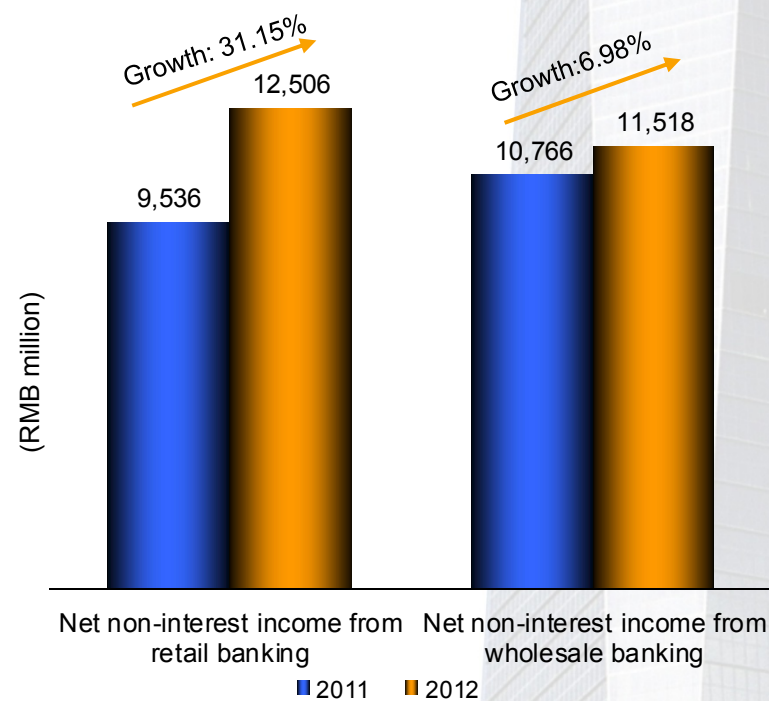
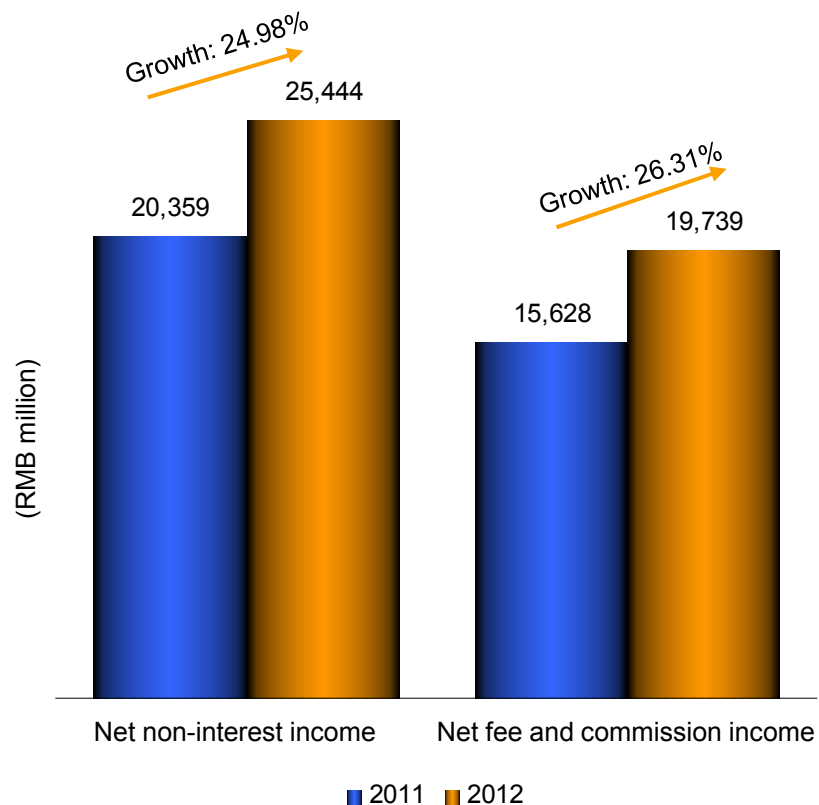
Outlook



Net Interest Income Achieved Steady and Rapid Growth

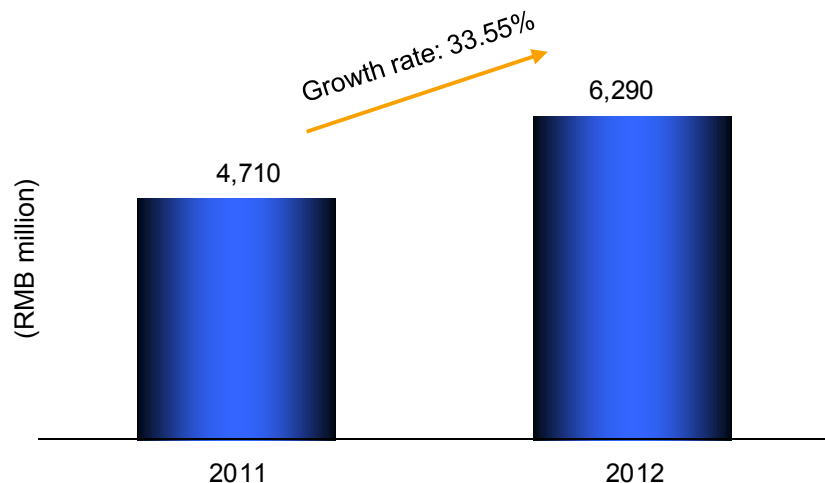


Net Non-Interest Income Maintained Stable Growth

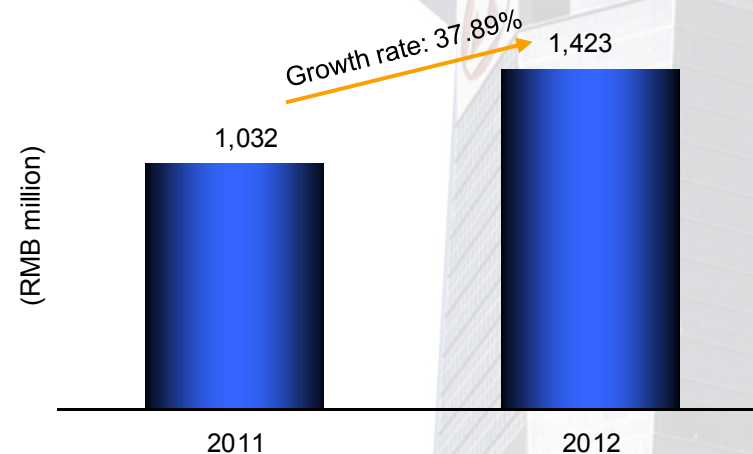


Wealth Management Income Maintained Steady Growth

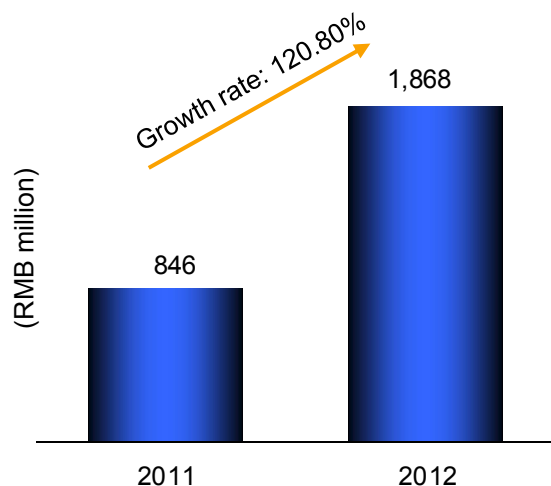
Fees and commission income from wealth management services



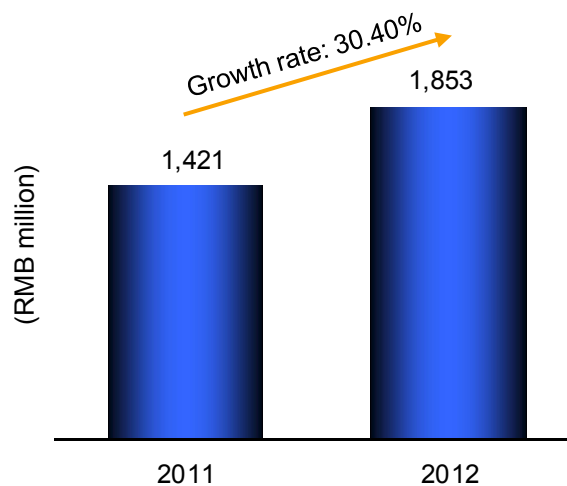
Income from distribution of third-party insurance policies



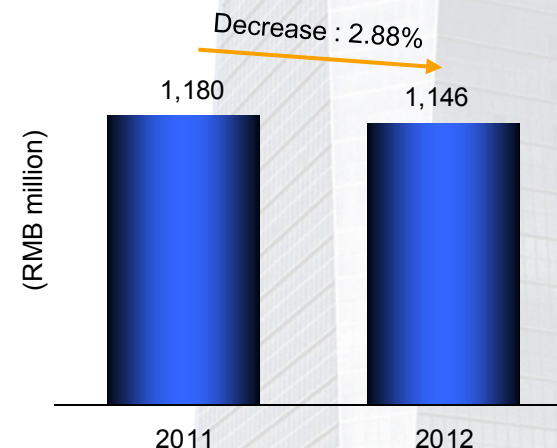
Income from distribution of third-party trust plan



Income from entrusted wealth management

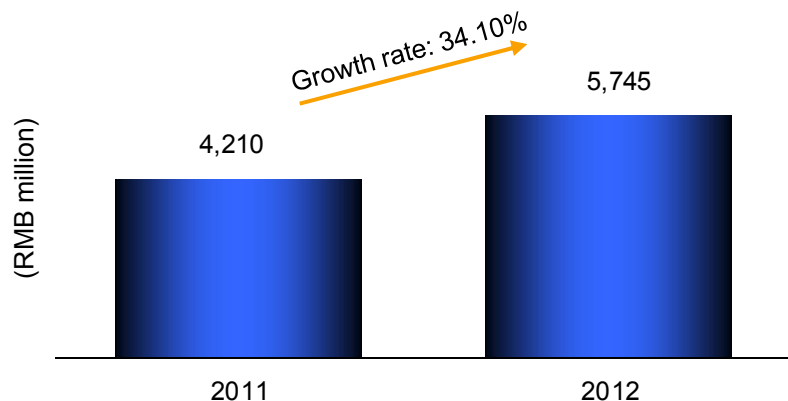


Income from distribution of mutual fund

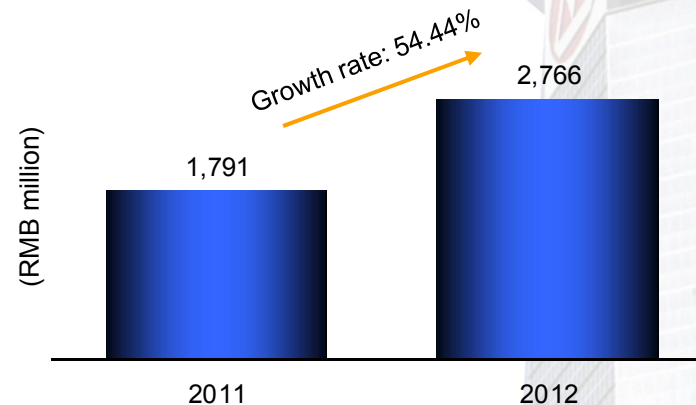


Non-interest Income from Other Items Continued to Grow

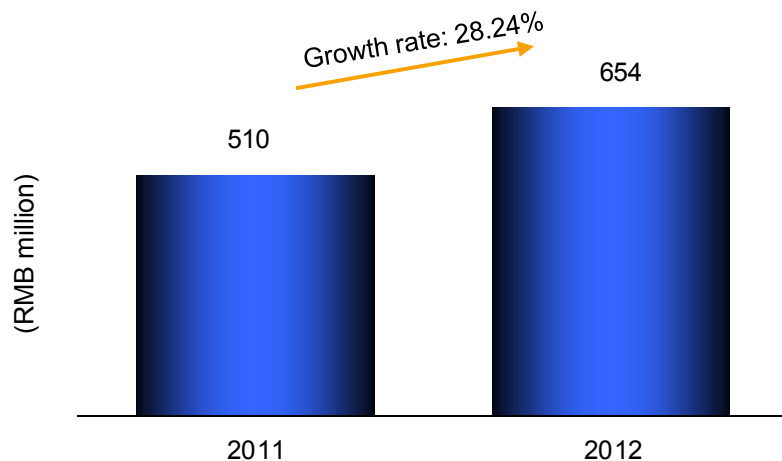
Fee income from retail bank cards



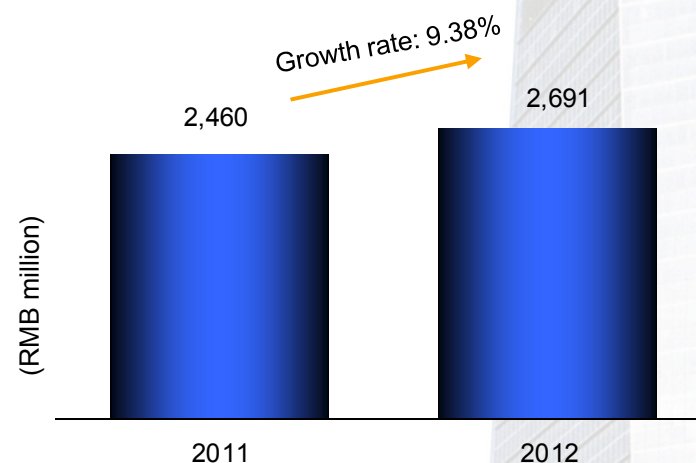
Bills spread income



Income from asset custody business

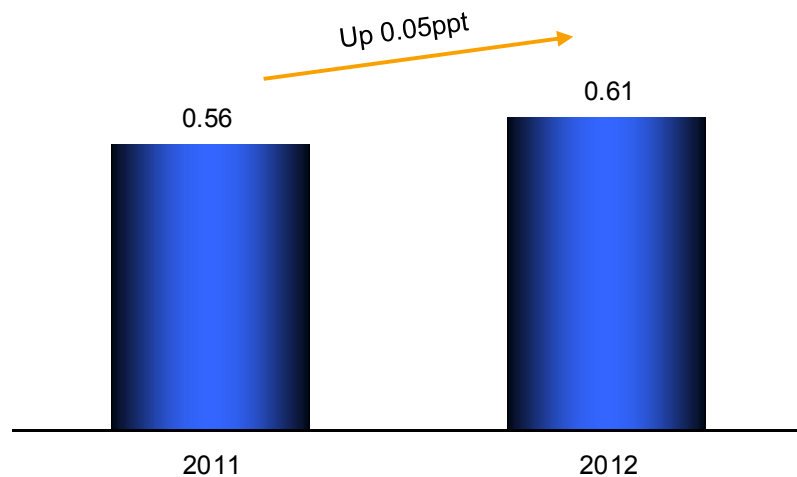


Non-interest income from international business

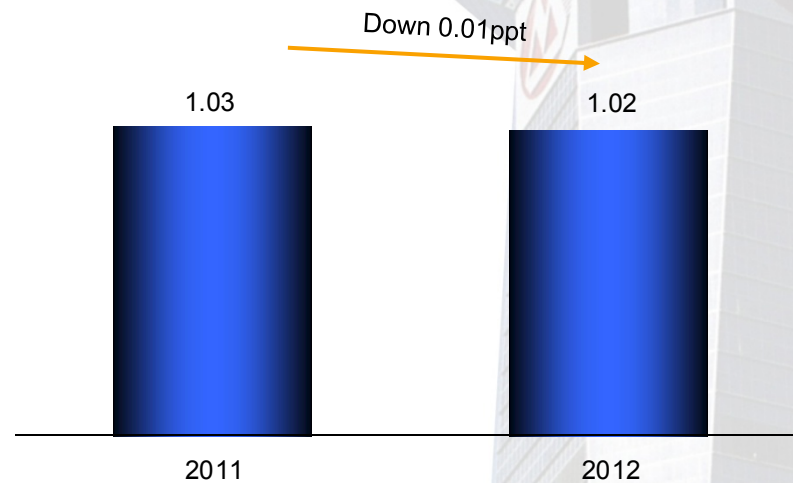


The Asset Quality Remained Stable

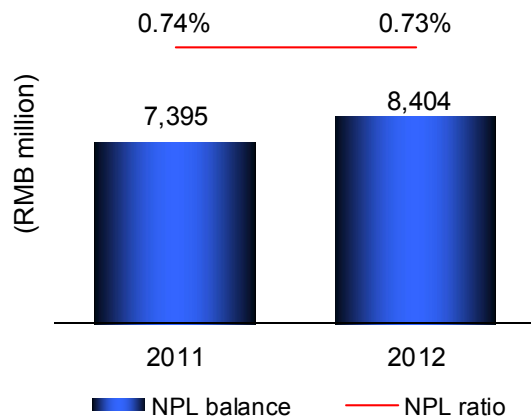
Overall NPL ratio



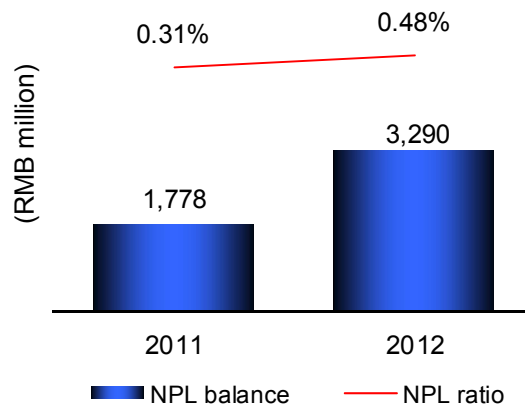
Special mention loan ratio



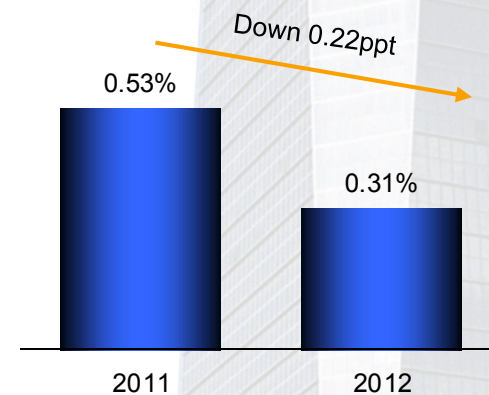
Asset quality of corporate loans



Asset quality of retail loans

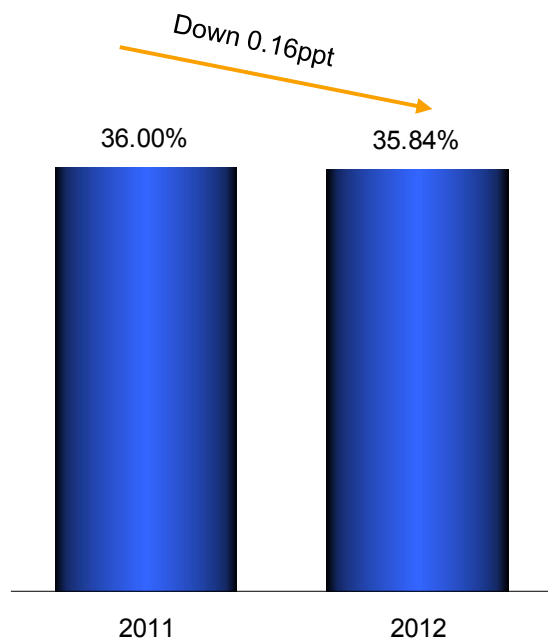


Credit cost

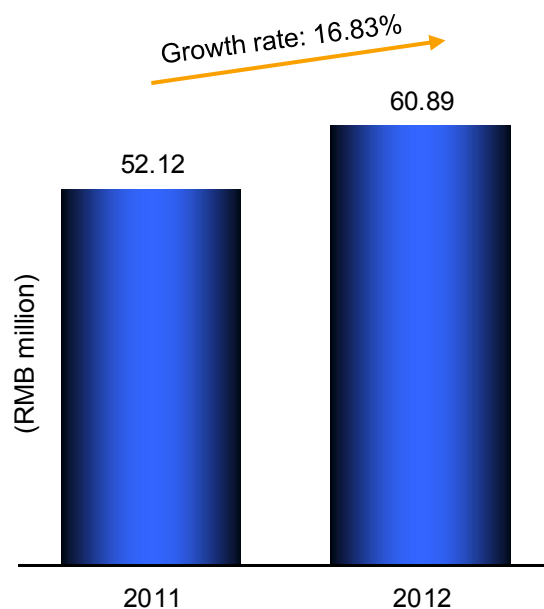


Process Optimization Continued to Progress and Operating Efficiency Further Enhanced

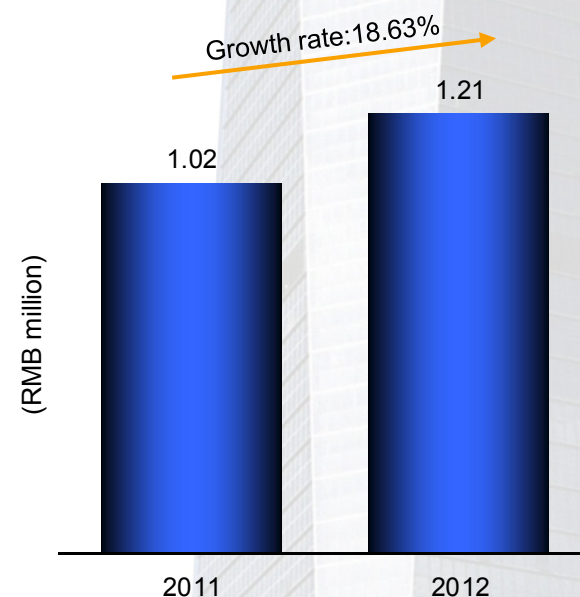
Cost-to-income ratio (excluding business tax and surcharges)



Profit before tax per outlet



Profit before tax per person





Agenda

1

Overview

2

Business development

3

Financial performance

4

Outlook



Challenges and Opportunities

Challenges

Internationally

- ◆ The impact of the global financial crisis still exists
- ◆ The world economy experiences a weak growth cycle
- ◆ The global economy undergoes a slow rebalancing process
- ◆ Commodity prices fluctuate substantially
- ◆ The instability and uncertainty of the global economic recovery are on the rise

Domestically

- ◆ China's economic growth tends to slow down
- ◆ The economy faces more uncertainties and instabilities
- ◆ Accelerating disintermediation leads to increasingly fierce competition
- ◆ The acceleration of interest rate liberalization brings operational challenges for domestic banks
- ◆ The problem from downward pressure on economic growth and the excessive capacity is still prominent

Opportunities

- ◆ The transformation of the economy and society has accelerated and financial service needs from SME and micro enterprises will grow tremendously
- ◆ The acceleration of urbanization and rapid accumulation of social wealth lead to stronger demand for wealth management
- ◆ Further development of RMB internationalization provides opportunities for cross-border business
- ◆ The development of multi-level financial market system creates plenty of growth opportunities for commercial banks
- ◆ With the rapid development of information technology, traditional banks have began IT innovation

Outlook and strategies for 2013

- ① Implement the “serving small and micro enterprise” business development strategy, to improve pricing capabilities
- ① Accelerate the development of intermediate businesses, to increase the contribution from non-interest income
- ① Proactively explore on-and-off balance sheet business innovation, to diversify sources of profit
- ① Strengthen cost management, to reduce cost-to-income ratio
- ① Enhance overall risk management capabilities, to further enhance risk-adjusted return



Q&A

