



China Merchants Bank Co., Ltd. 2013 Interim Results Announcement

Forward-Looking Statement Disclaimer

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Agenda

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Overview

2

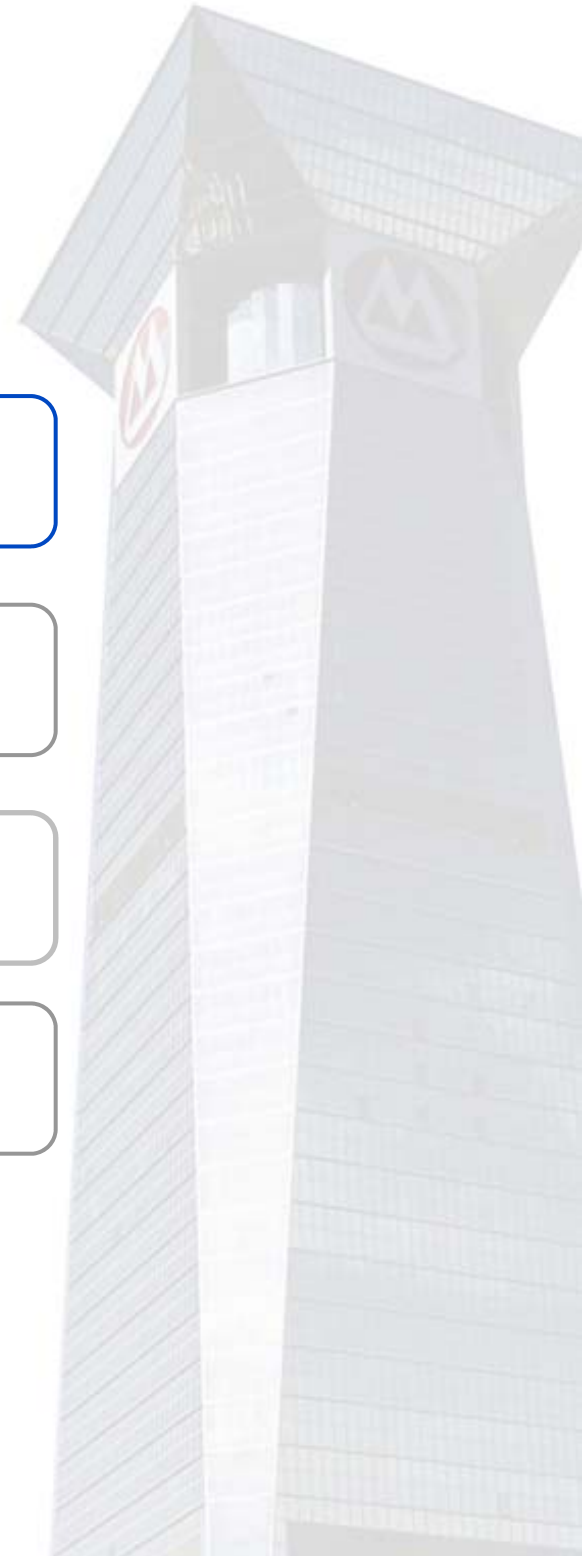
Operational Information

3

Key Tasks in 2H2013

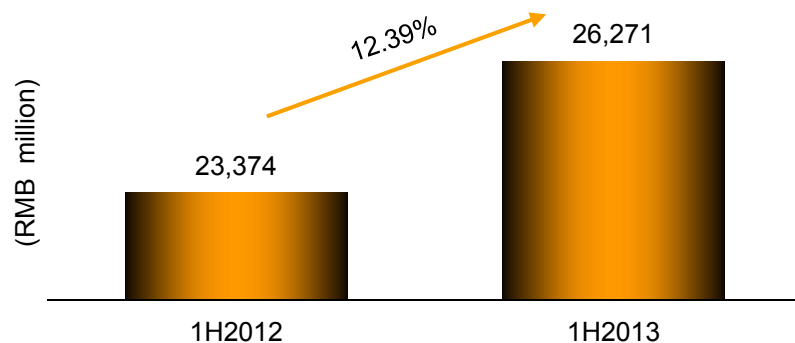
4

Outlook and Strategies

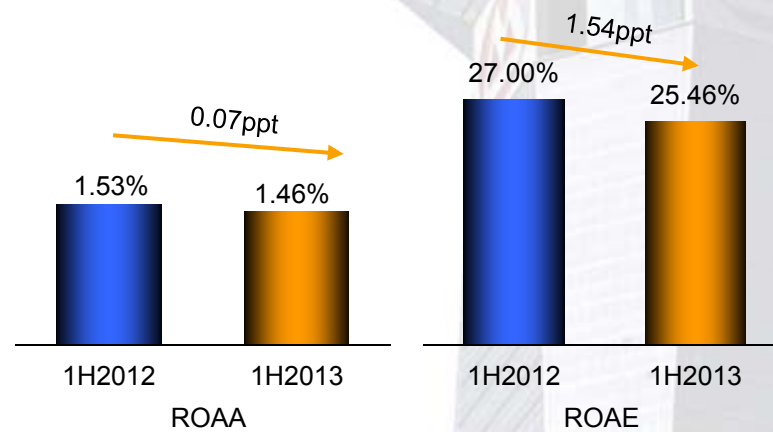


Profitability, asset quality and scale maintained balanced development with strong overall performance

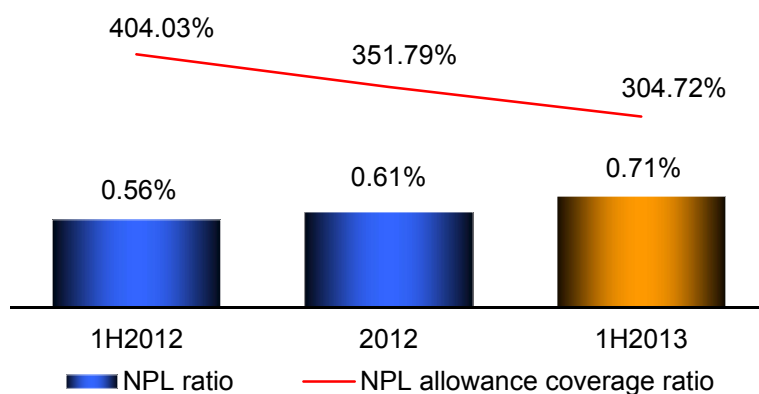
Net profit maintained steady growth



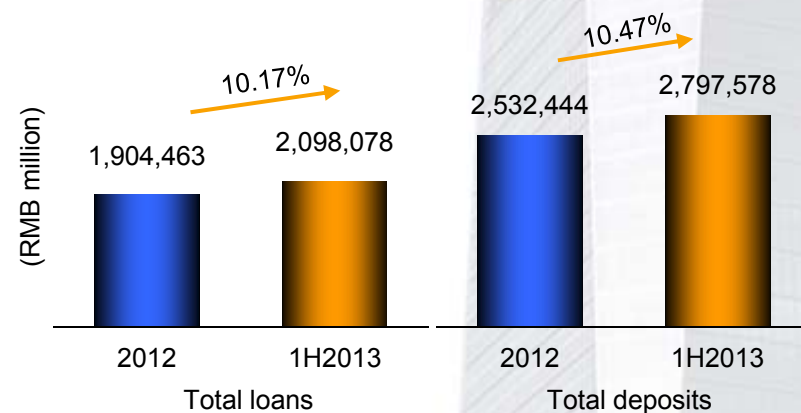
ROAA and ROAE remained stable



Overall asset quality remained under control

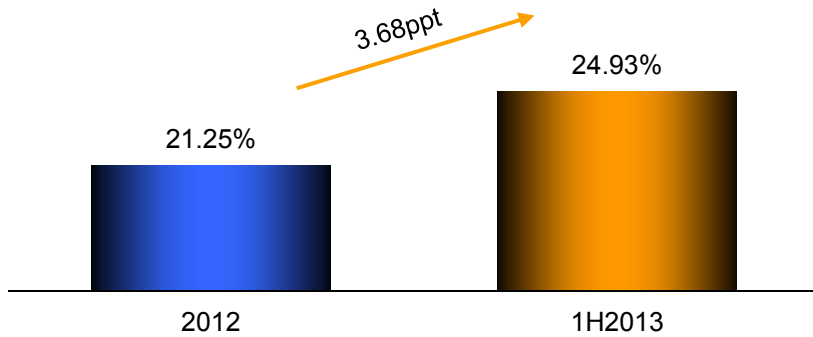


Total loans and total deposits continued to grow

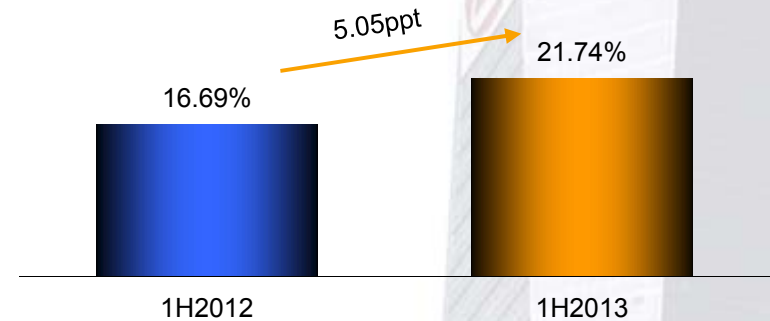


Business structure was further optimised

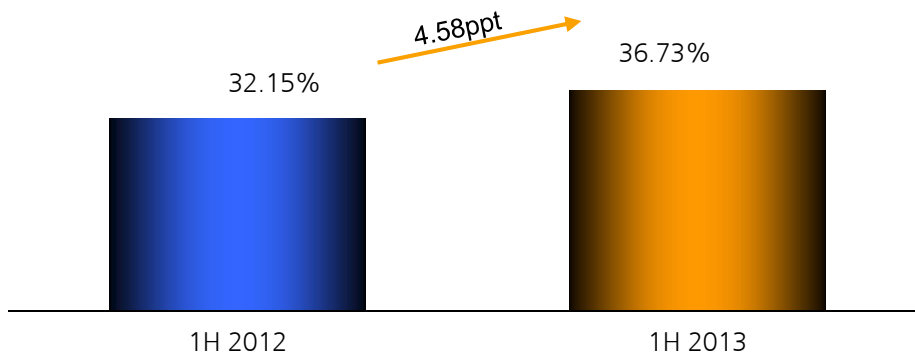
Contribution from net non-interest income continued to grow



The proportion of net fee and commission income grew robustly

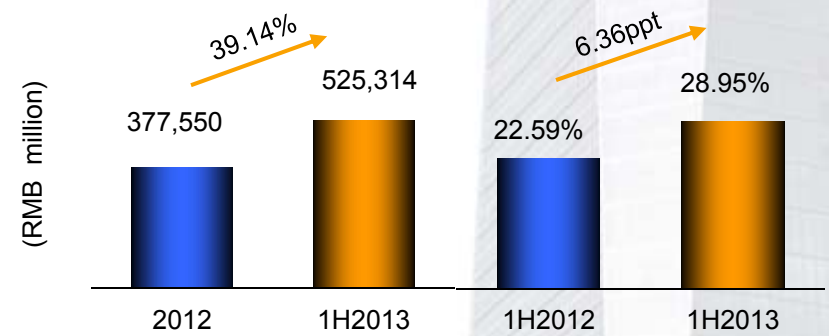


Contribution from retail banking business continued to increase



Pre-tax income from retail banking business

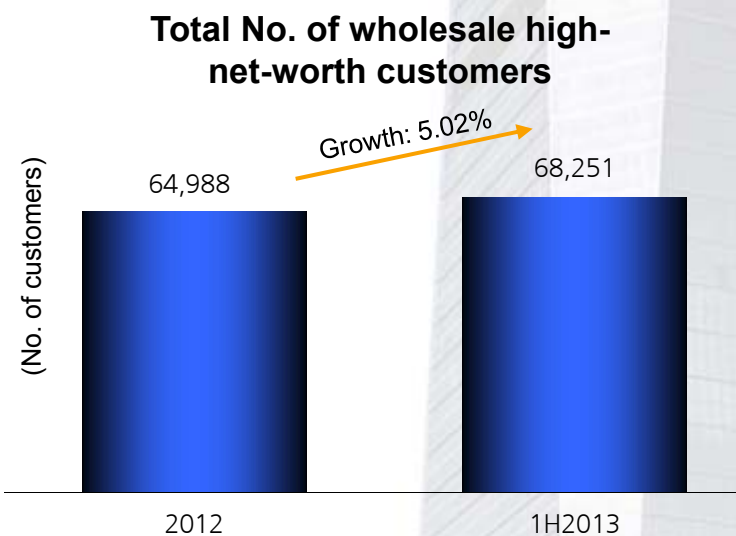
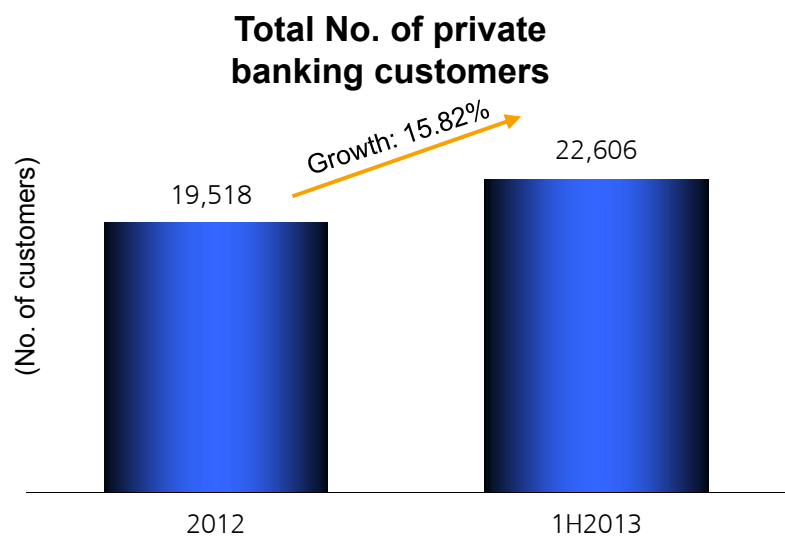
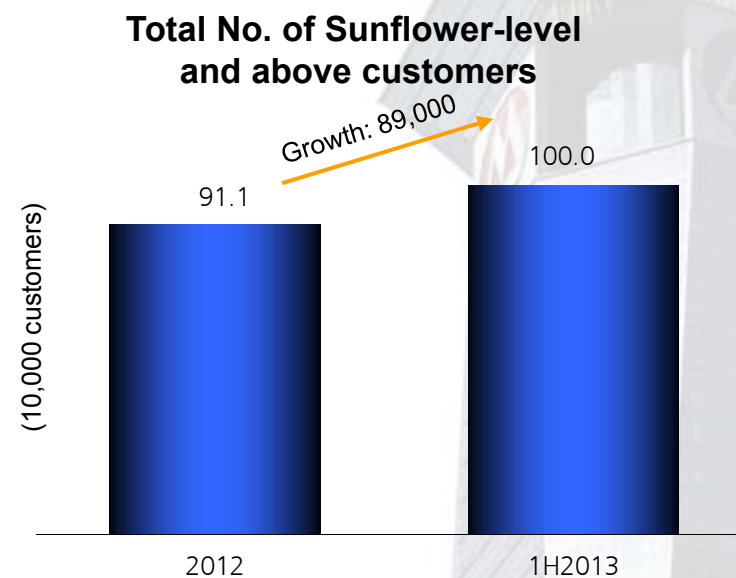
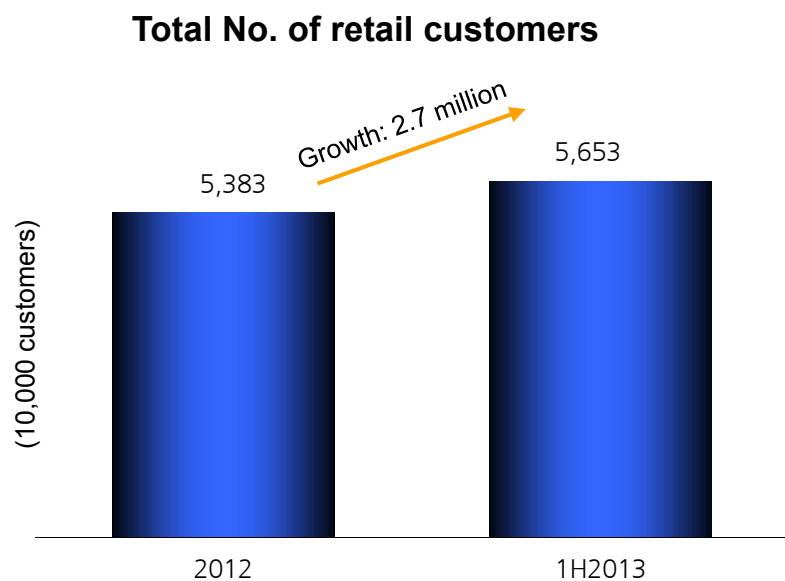
Small and micro enterprises loans increased rapidly



Total small and micro enterprise loans

Small and micro enterprise loans as a percentage of domestic general loans¹

Customer structure continued to improve



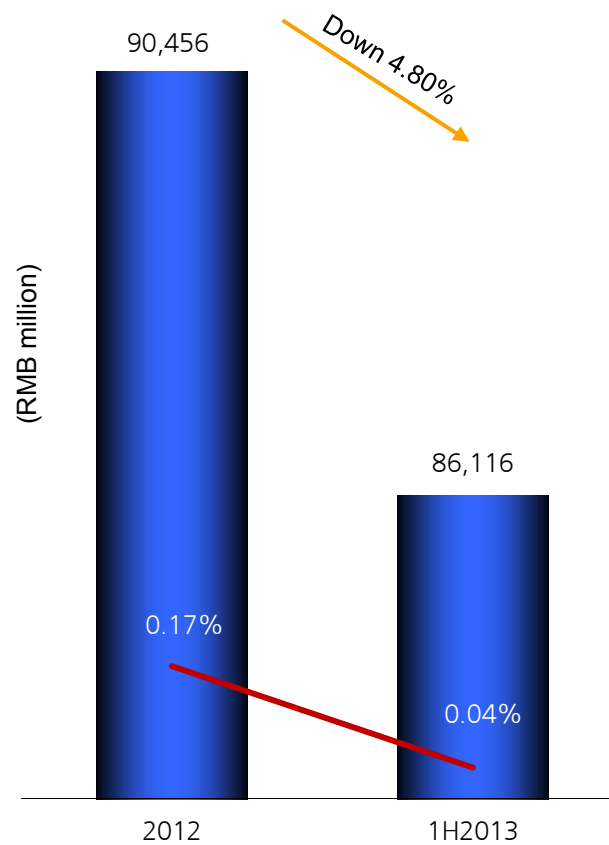
Credit structure was further optimised

Annualised non-performing loan (NPL) formation ratio



1H2013

Loans extended to local government financing vehicles

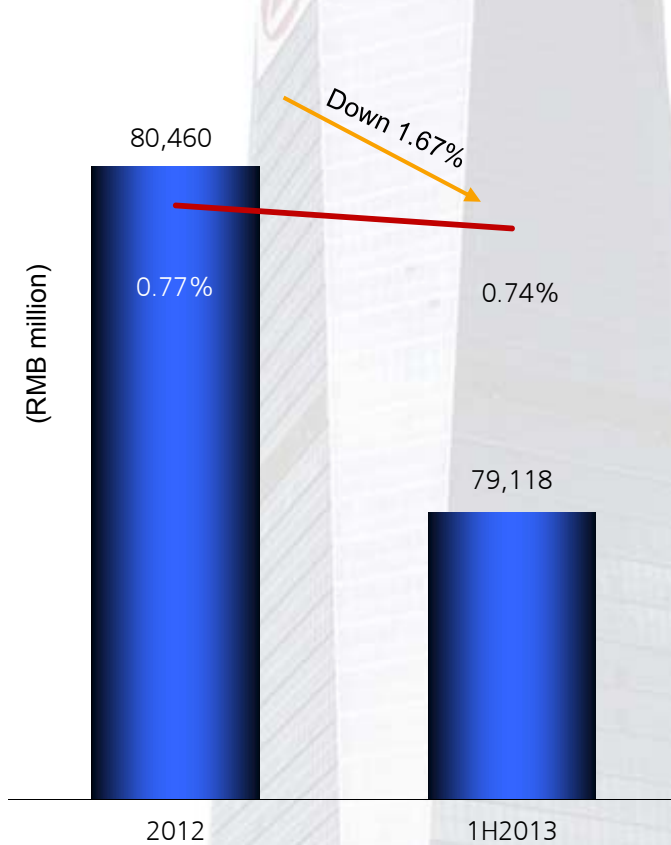


2012

1H2013

■ Loan balance ■ NPL ratio

Loans extended to real estate enterprises

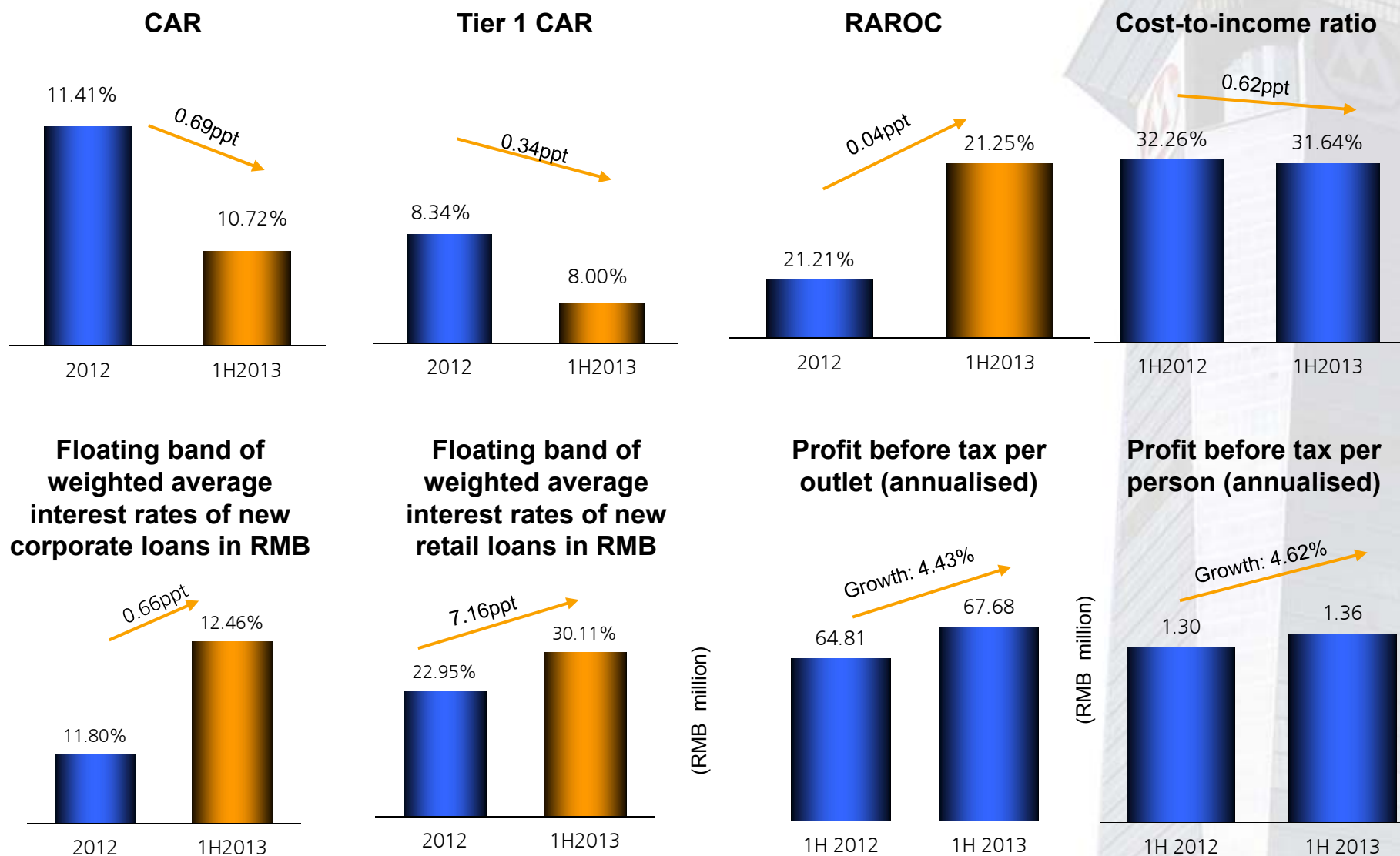


2012

1H2013

■ Loan balance ■ NPL ratio

Operating efficiency was further enhanced



Brand recognition continued to improve



Euromoney

Best Private Banking Services Overall in China 2013

Best Relationship Management

Best Range of Investment Products

Best UHNWI Services



The Asian Banker

Awarded the Best Joint Stock Retail Bank in China for the ninth time in 2013

Best Mobile Phone Banking Product in China, 2013

Commendation Award for SME Business in China. 2013



The Asset

Best Cash Management for SME in China, 2013

Best Custody Specialist in China for the fourth time in 2013



Factors China International

1st Chinese member recognized as "Best Export Factor", 2013



The Chinese Banker

Best Innovative Financial Service Award, 2013

Top Ten Financial Product Innovation Award, 2013

Top Ten Financial Offering Marketing Award, 2013



2012 CSR Report of the Chinese Banking Industry

Financial Sector CSR Award of the Year for three consecutive years



ACCE

"The World's Best Call Center"

and ranked among the top four in the world



2013 "Chinese customer satisfaction survey"

Ranked No. 1 in the banking service sector in "Chinese customer satisfaction survey" for five consecutive years



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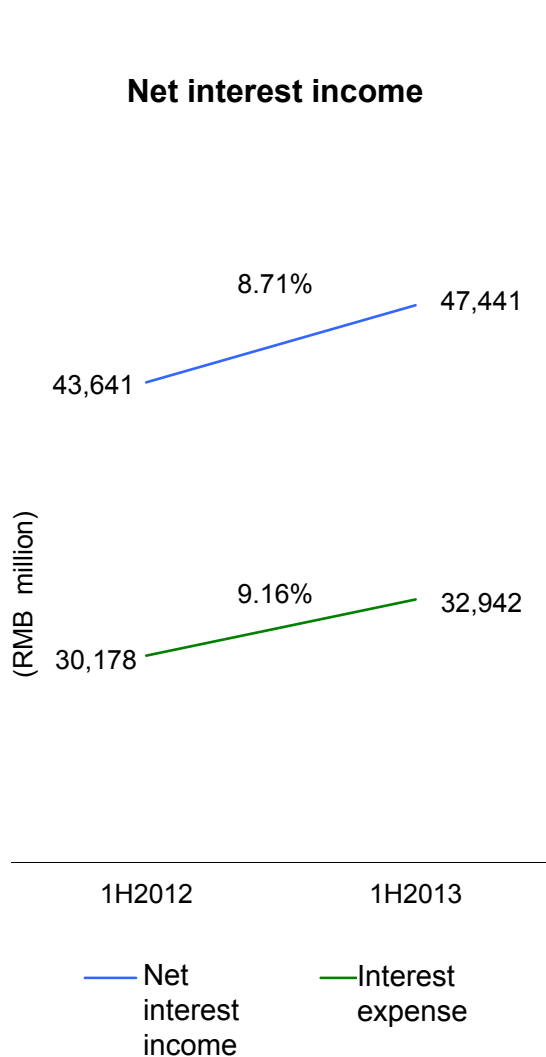
Key Tasks in 2H2013

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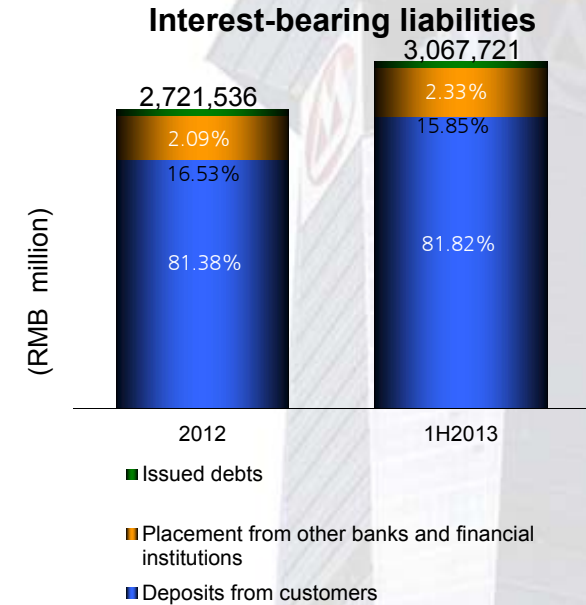
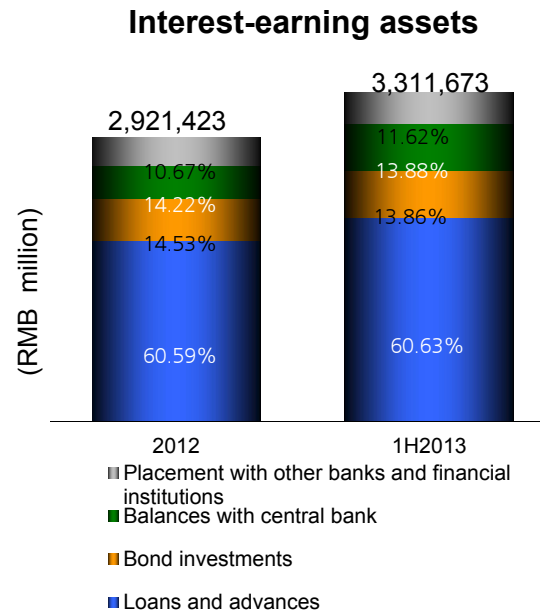
Outlook and Strategies



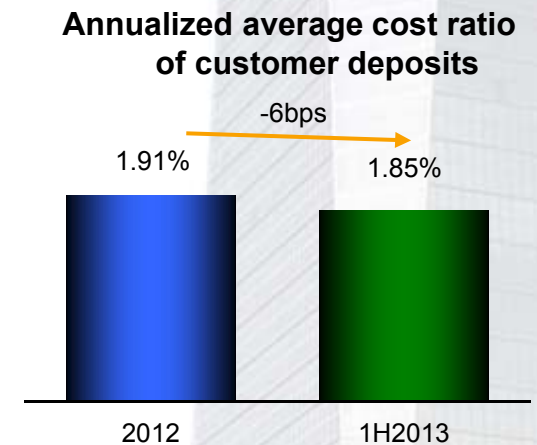
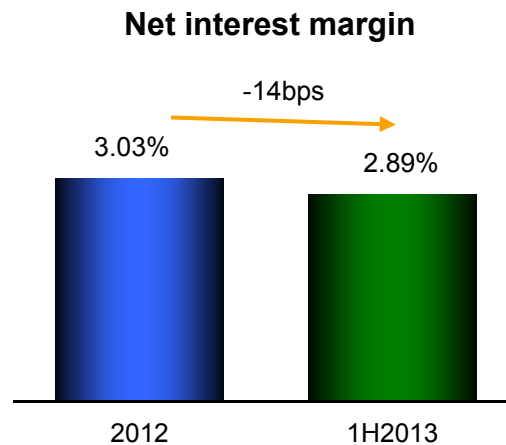
Net interest income grew steadily



Steady growth of interest-earning assets

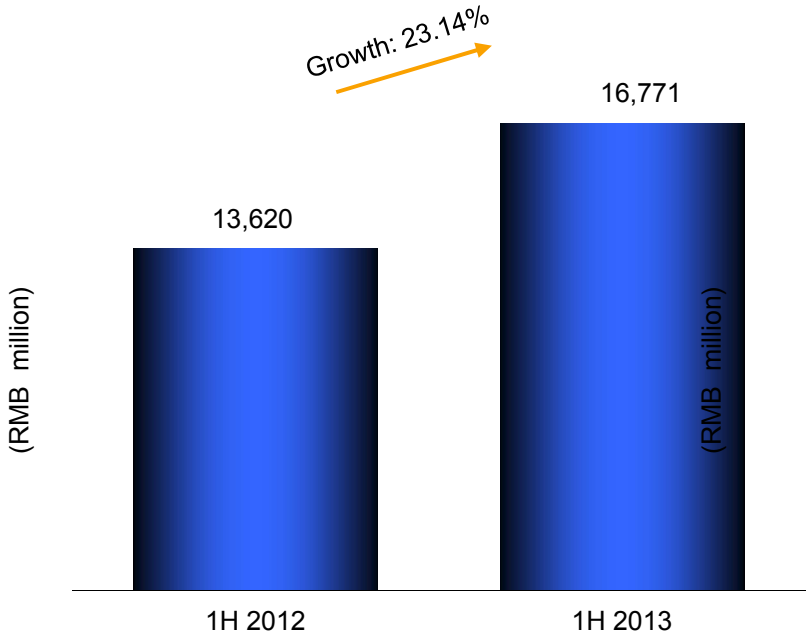


Proactively enhanced the risk asset pricing capability and controlled funding cost to limit the decline of NIM

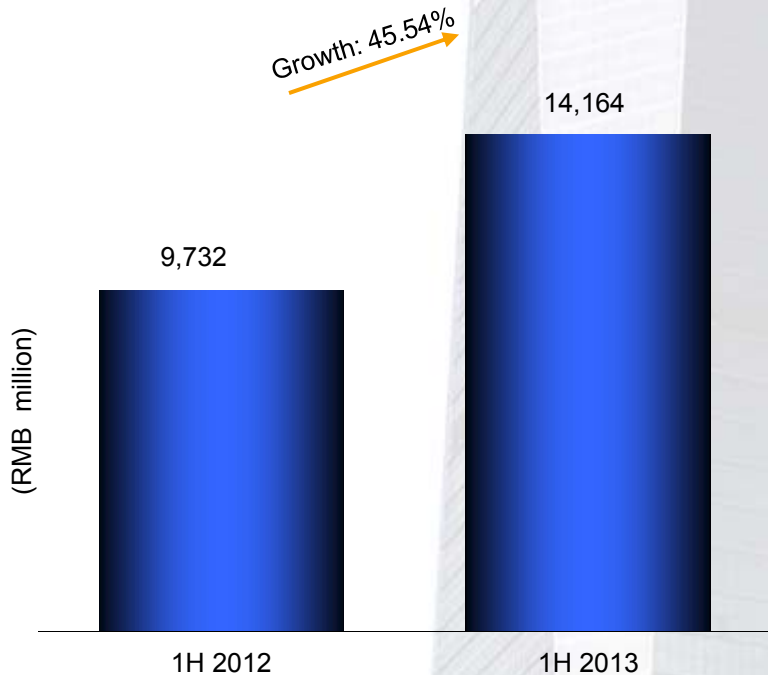


Net non-interest income reported rapid growth

Net non-interest income

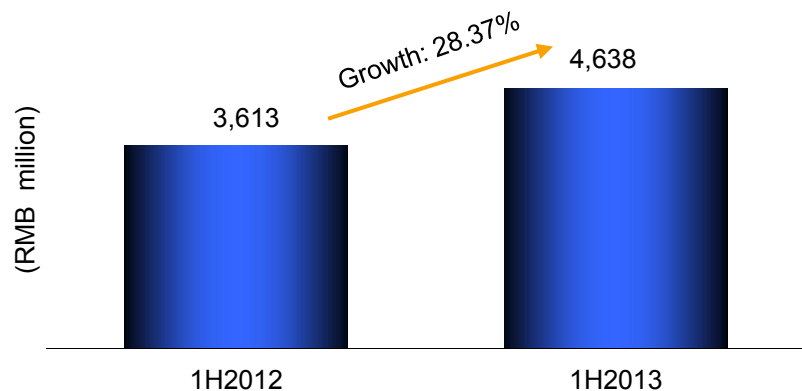


Net fee and commission income

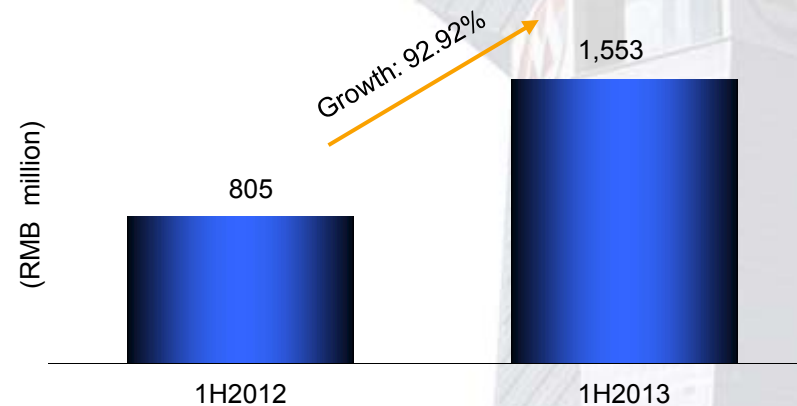


Wealth management income continued to maintain significant growth

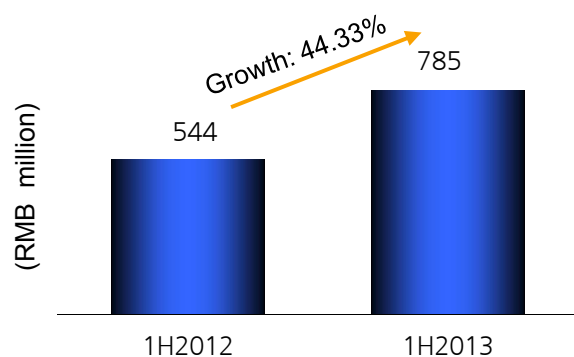
Fees and commission income from wealth management services



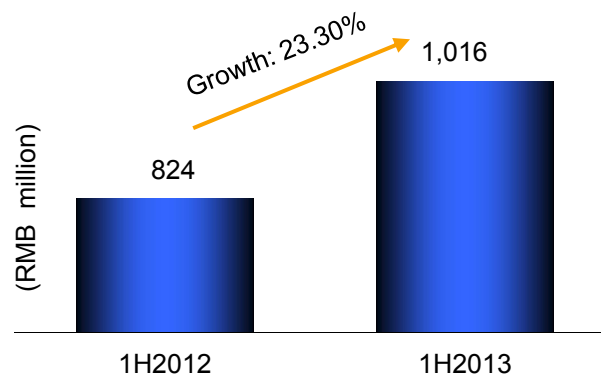
Income from entrusted wealth management



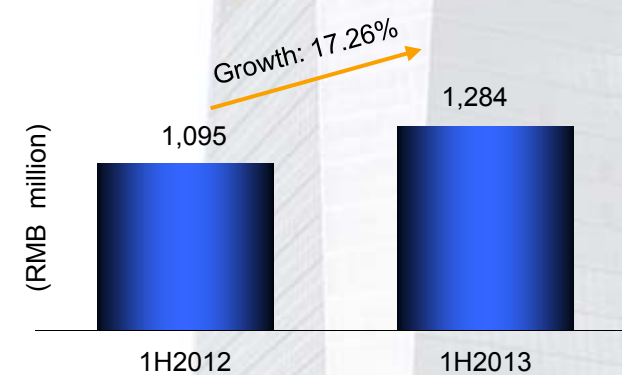
Income from distribution of mutual fund



Income from distribution of third-party insurance policies

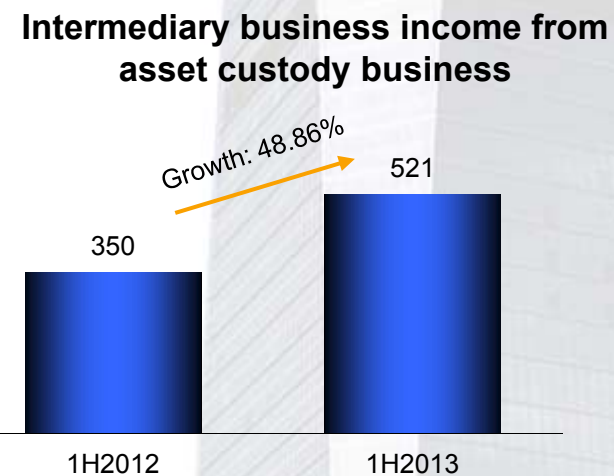
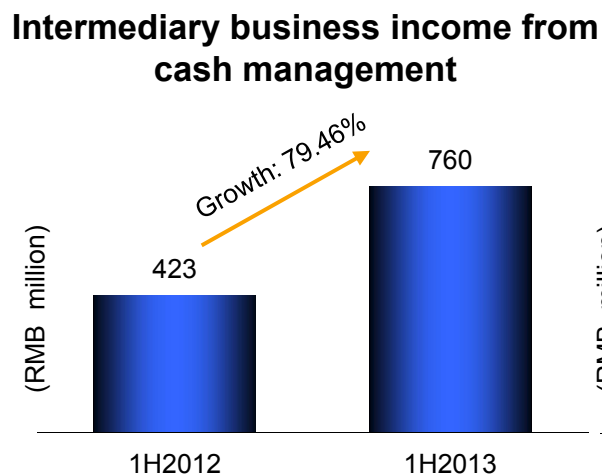
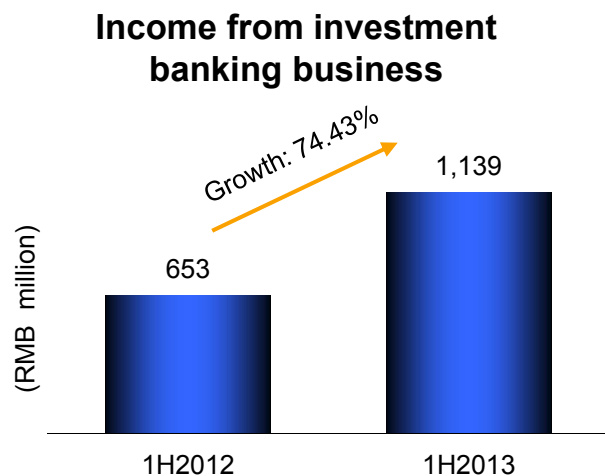
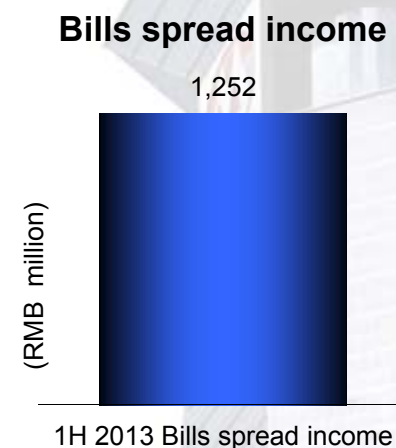
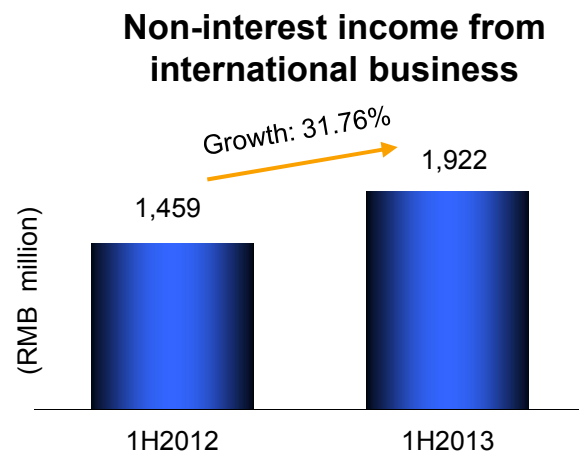
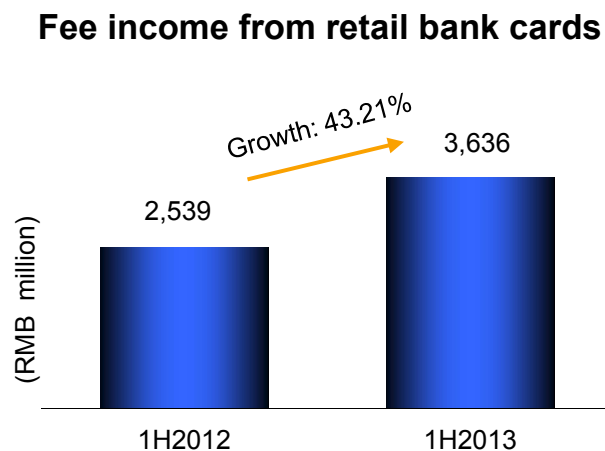


Fees from distribution of third-party trust plan



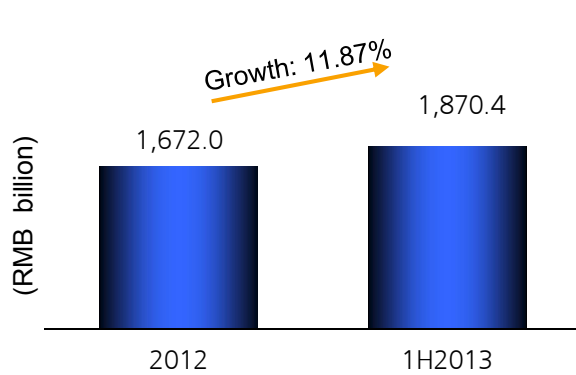
Note: Based on standalone Bank financials

Other intermediary businesses experienced strong growth

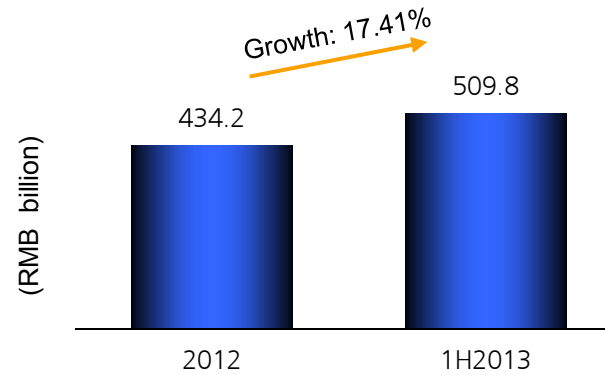


Retail banking business maintained positive growth momentum

AUM of Sunflower-level and above customers



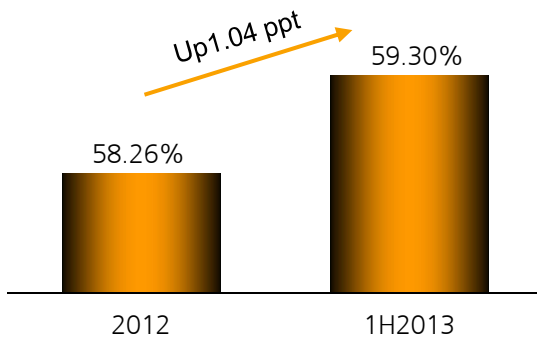
AUM of private banking customers



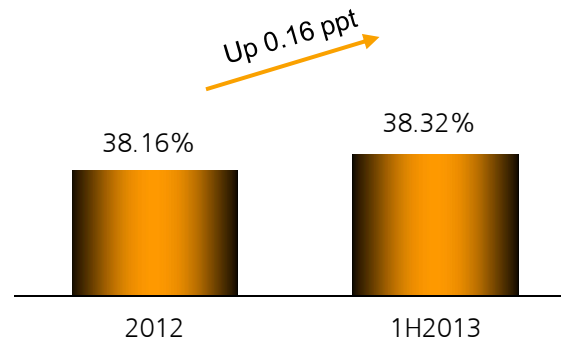
Proportion of retail deposits increased steadily



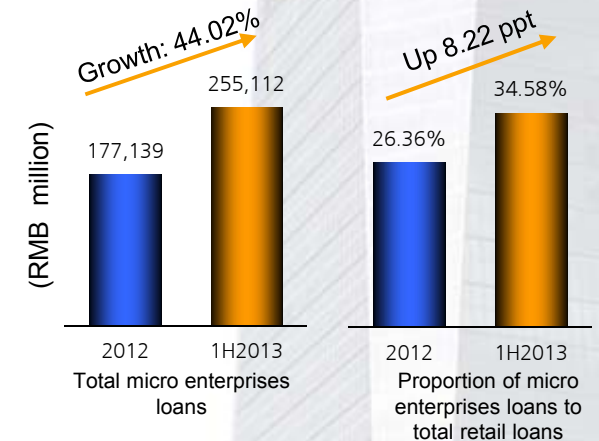
Proportion of demand deposits from retail customers remained at a relatively high level



Proportion of retail loans further increased

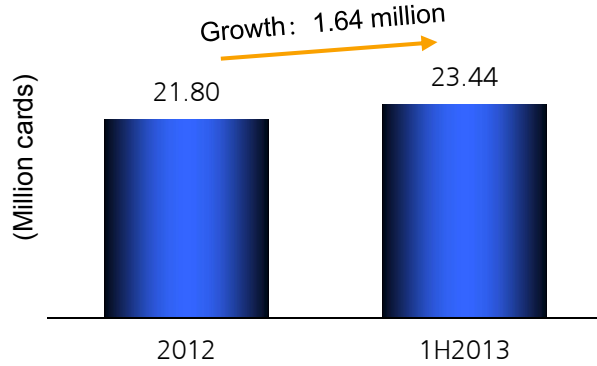


Growth and proportion of micro enterprises loans

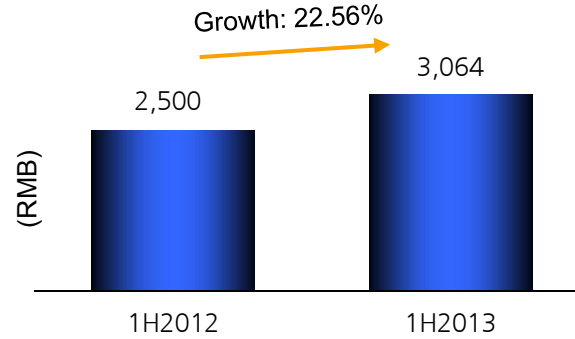


Bank card business maintained a robust growth rate

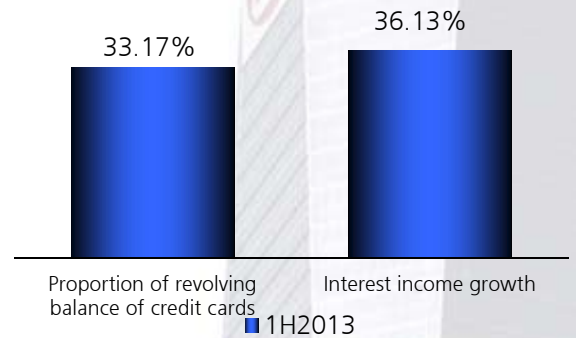
No. of credit cards in circulation



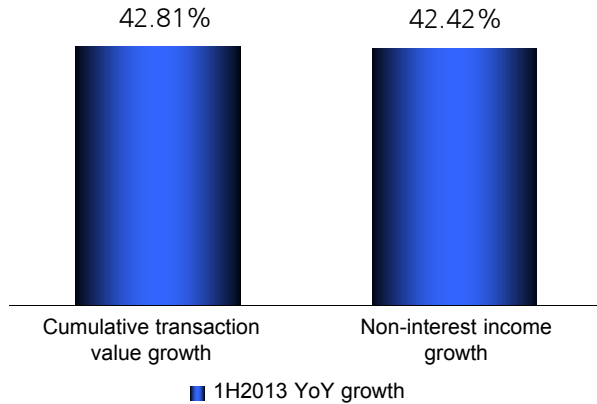
Average transaction value per month of each active credit card



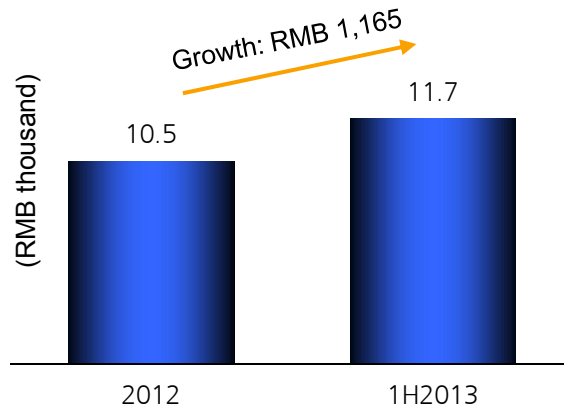
Percentage of revolving balances of credit cards and growth of interest income from credit card business



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



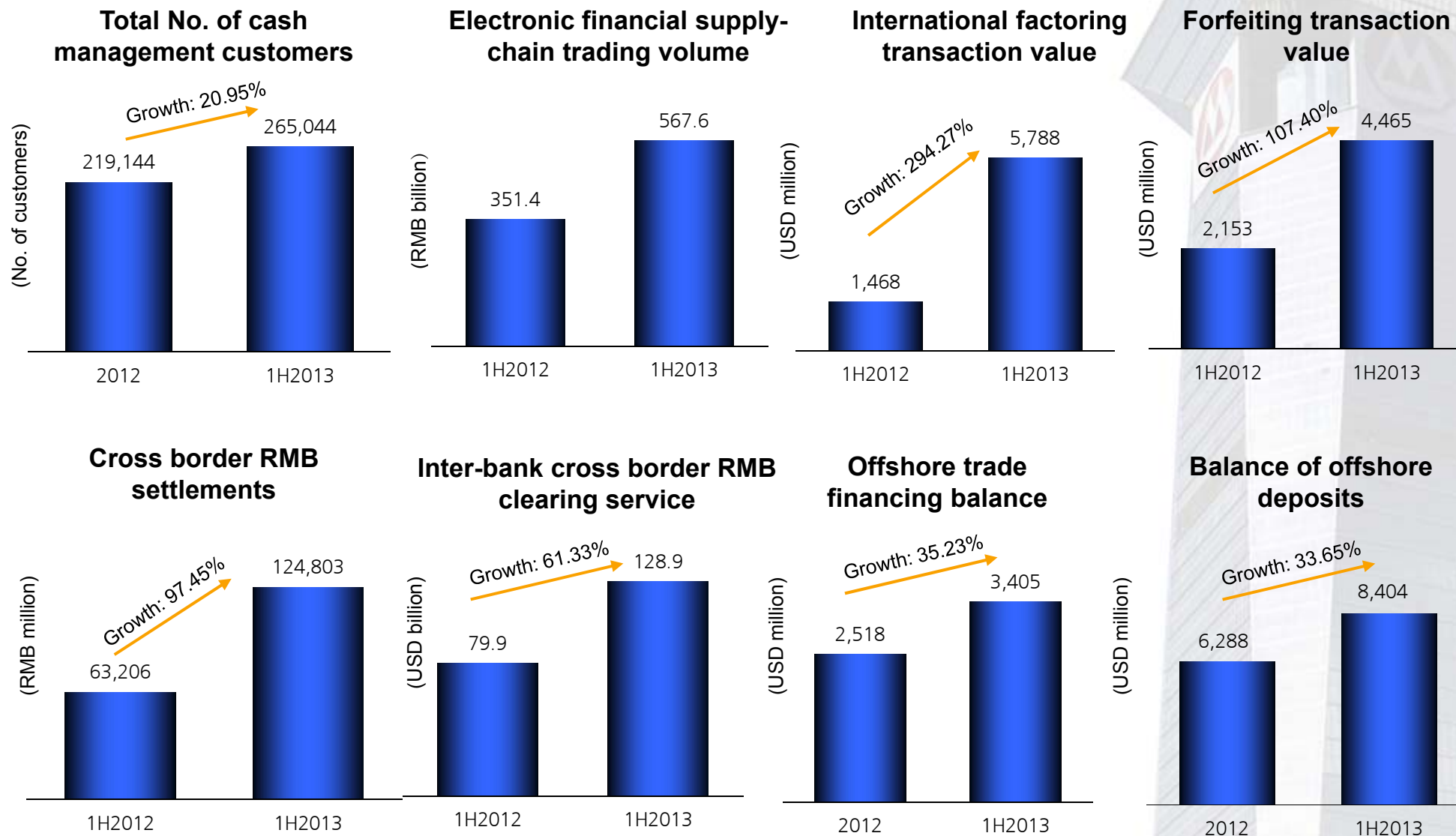
Average deposits per All-in-one card



POS transaction value of All-in-one cards

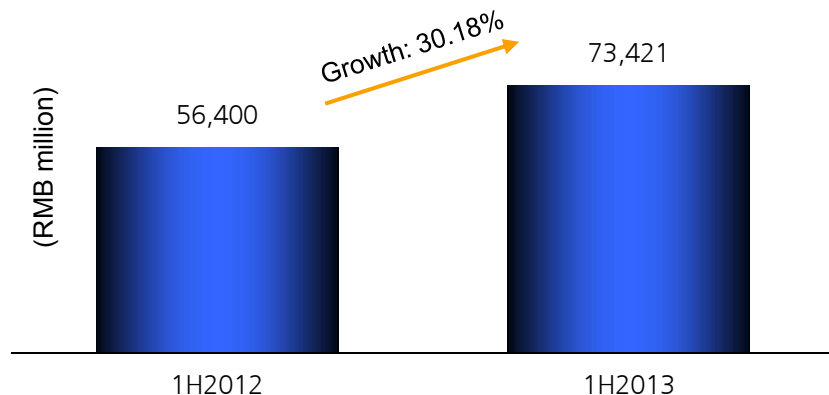


Developed wholesale business was further consolidated and upgraded



Emerging wholesale business has maintained solid growth momentum

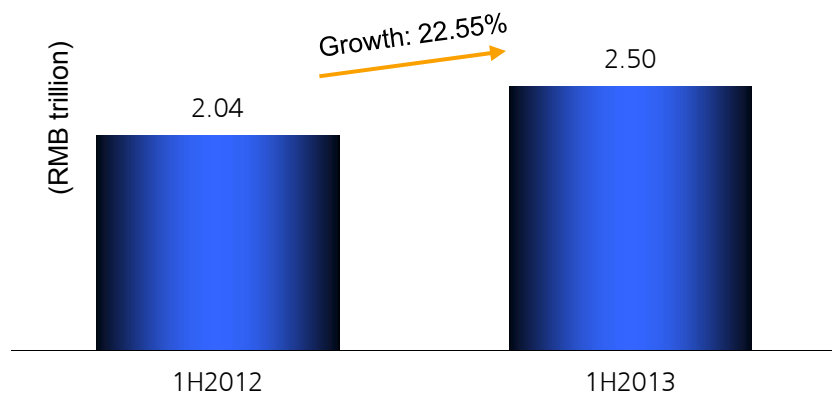
Investment banking
Underwriting amount of debt financing instruments



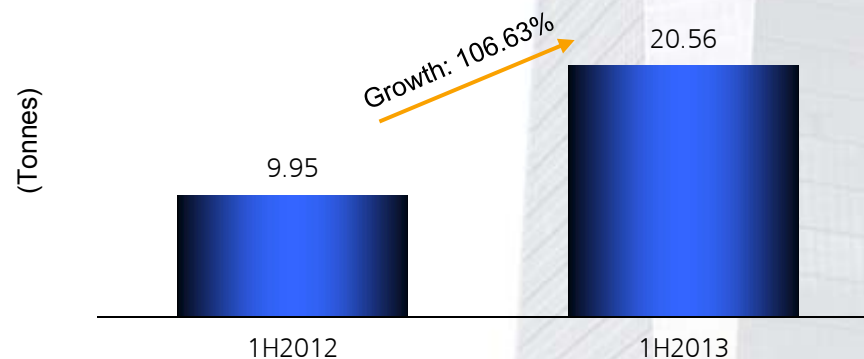
Asset custody
Balance of assets under custody



Financial market
Sales of wealth management products

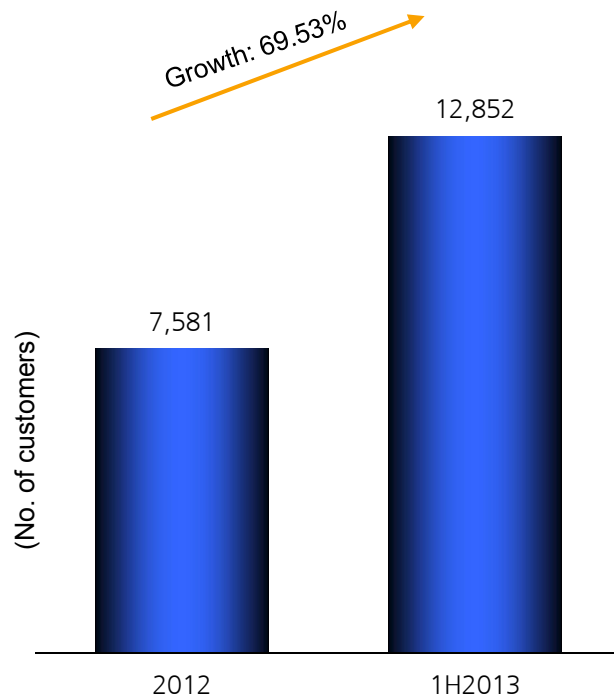


Financial institutions business
The volume of precious metal leasing

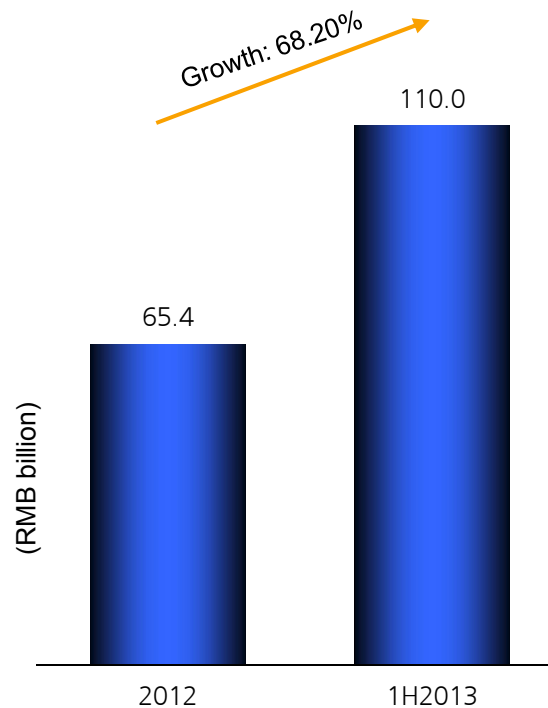


"Qian Ying Zhan Yi" business continued to increase its impact and brand recognition

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

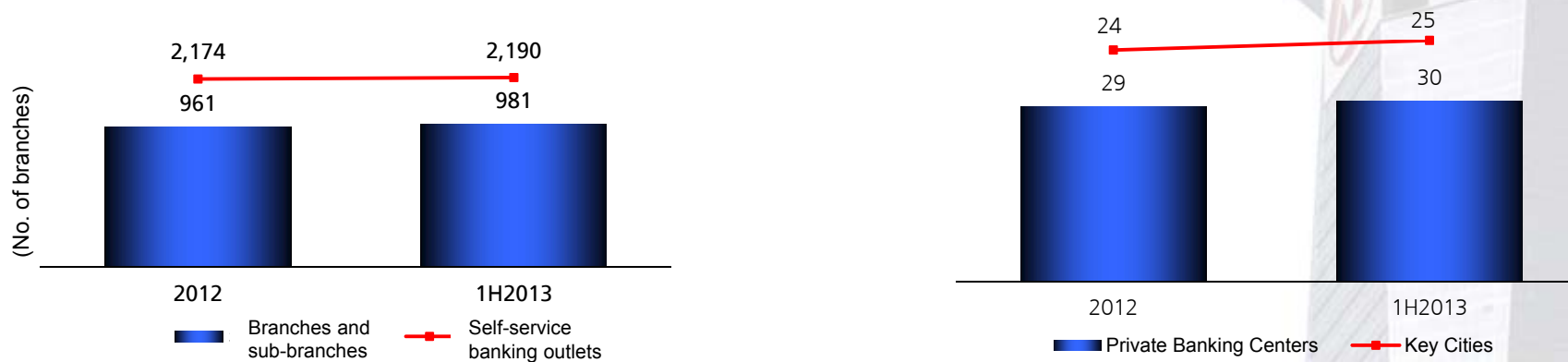


"Qian Ying Zhan Yi" program to nurture innovative emerging enterprises

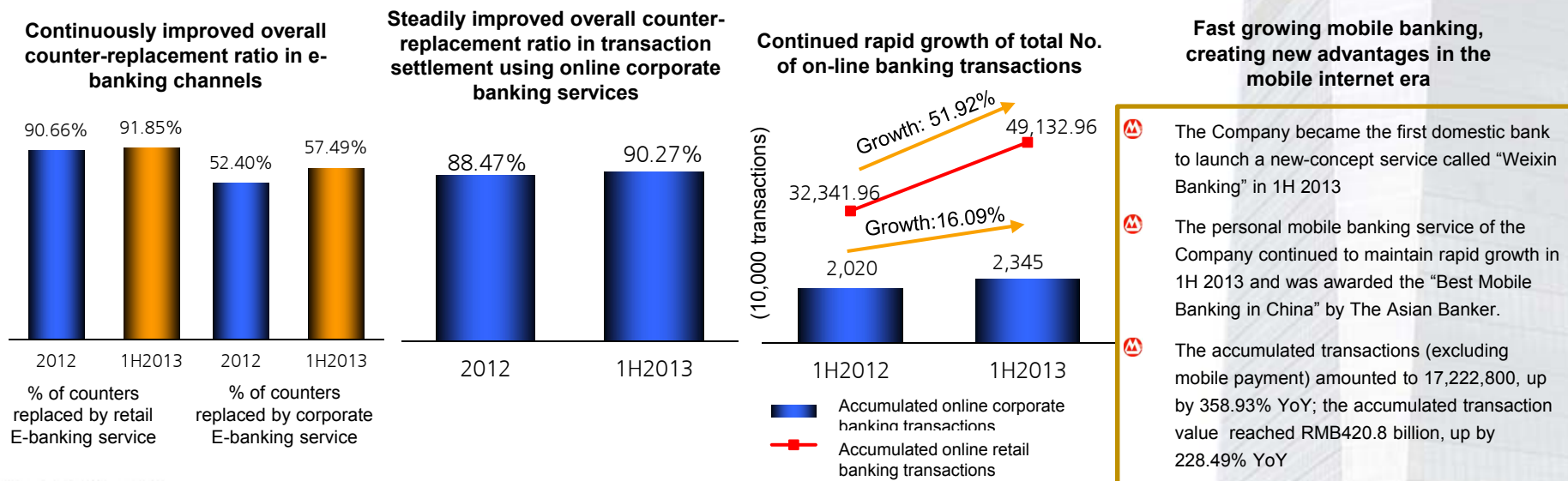
- Currently, the company has licensed and established 77 "Qian Ying Zhan Yi Innovative Sub-branches" across the country to serve enterprise in the program
- In the future, the Company will further explore and nurture innovative emerging enterprises, license and establish 100 "Qian Ying Zhan Yi Innovative Sub-branches" across the country in the next one to two years as the incubators for technologically innovative and growth enterprises, continue to enhance corporation with domestic and international private equity institutions to expand cooperative scope, and promote innovation in financial products and services

Distribution channel became well-rounded while service efficiency continued to improve through e-banking

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



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





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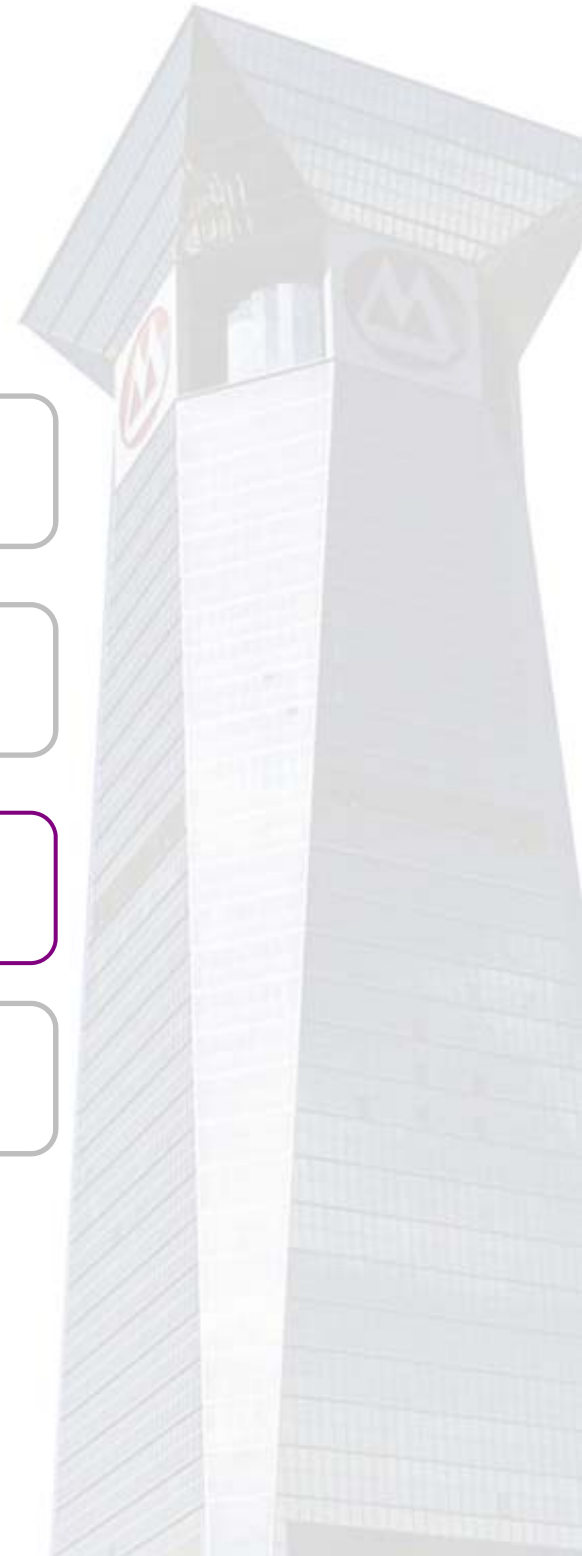
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Key Tasks in 2H2013

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Outlook and Strategies



Key tasks in 2H 2013

Promote business development throughout the bank with emphasis on key fields

-  **Focus on the key development areas of retail business**
-  **Vigorously promote the development of wholesale businesses**
-  **Continue to implement risk prevention**
-  **Further enhance expense management**
-  **Ensure better support for operations**
-  **Steadily increase international presence and expand business scope**



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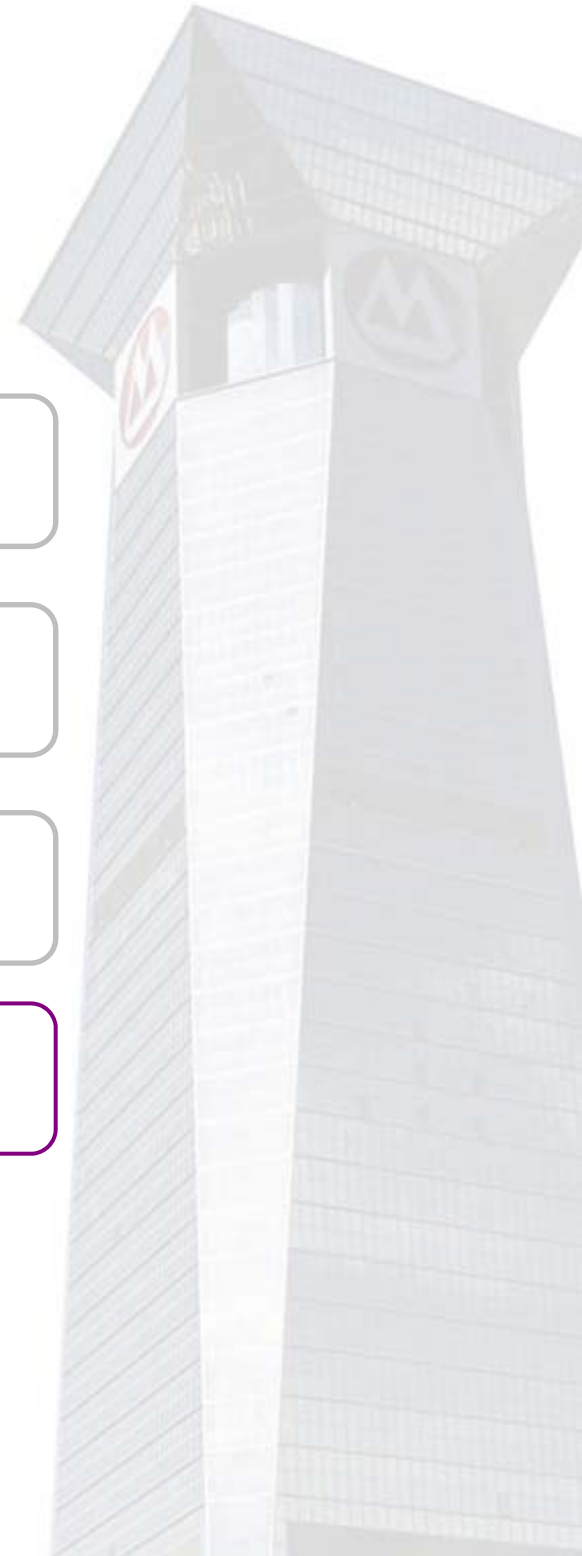
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Key Tasks in 2H2013

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Outlook and Strategies



Challenges and opportunities

Challenges

Internationally

- ◆ The in-depth impact of the financial crisis persists
- ◆ The recovery of the world economy remains sluggish
- ◆ The financial market remains volatile





Domestically

- ◆ Signs of economic slowdown are increasingly notable
- ◆ Competitions escalate as financial disintermediation grows in depth and pace
- ◆ The operations of domestic banks are posed with challenges as interest rate liberalisation speeds up
- ◆ Increasing uncertainties on the financial market bring more difficulties to bank liquidity management
- ◆ The contradiction between the downward pressure on economic growth and excessive production capacity becomes more prominent

Opportunities

- ◆ Accelerating economic and social transformations bring broad prospects for the demand in corporate financial services
- ◆ Rapid accumulation of wealth increases the demand for wealth management
- ◆ Steady advancement in RMB internationalisation increases the opportunities for cross-border finance business
- ◆ The development of the multi-level financial market system increases the emerging bank business opportunities
- ◆ Significant progress in IT development provides great potential for internet finance

Strategies

-  **Optimise the small and micro enterprises strategy and improve the overall service standards for high-net-worth customers**
-  **Strengthen retail banking's existing advantages whilst developing and enhancing competitiveness in the wholesale banking business**
-  **Improve service standards, optimise business processes and enhance innovation abilities**
-  **Further enhance overall risk management to ensure stable and sustainable development**



Q&A

