



China Merchants Bank Co., Ltd. 2014 Annual 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

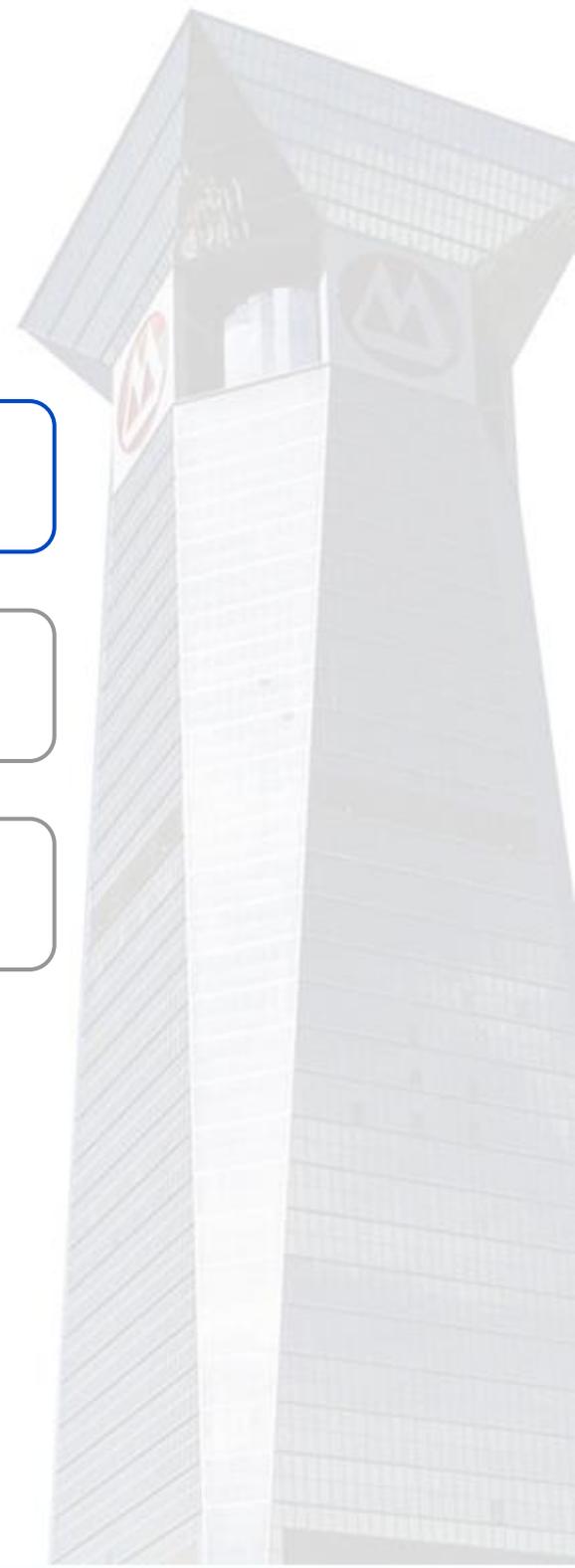
Overview

2

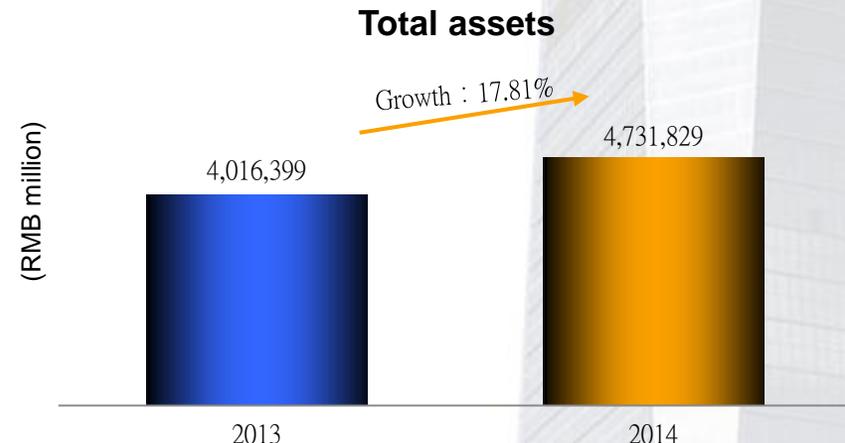
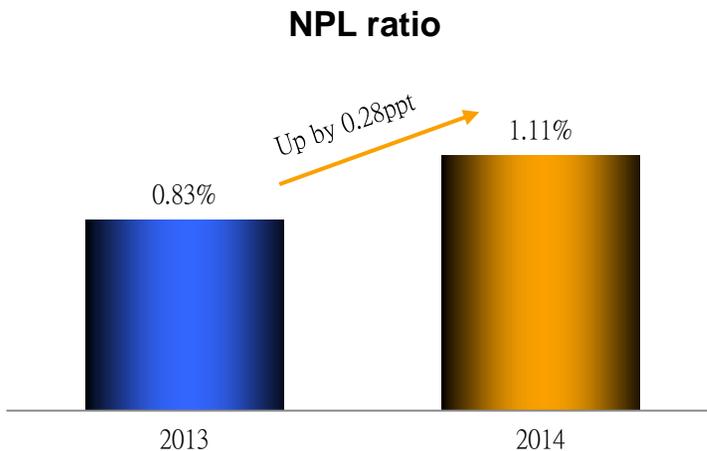
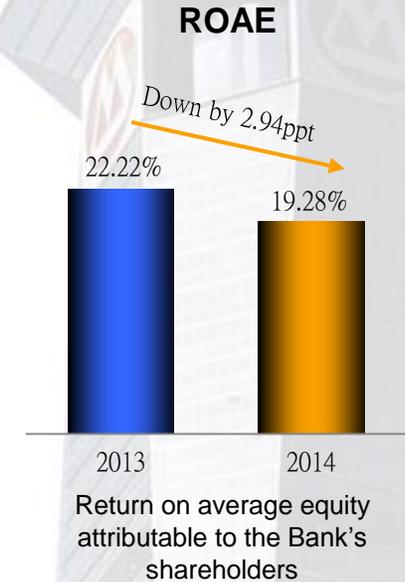
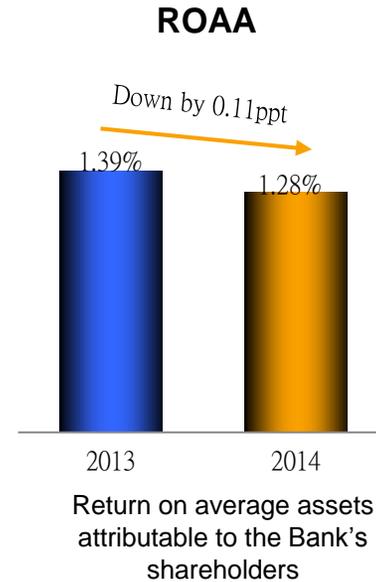
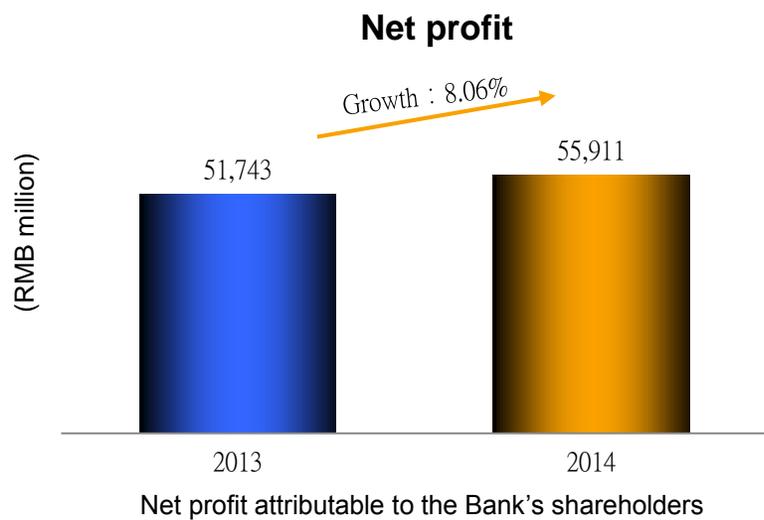
Operational Information

3

Outlook and Strategies



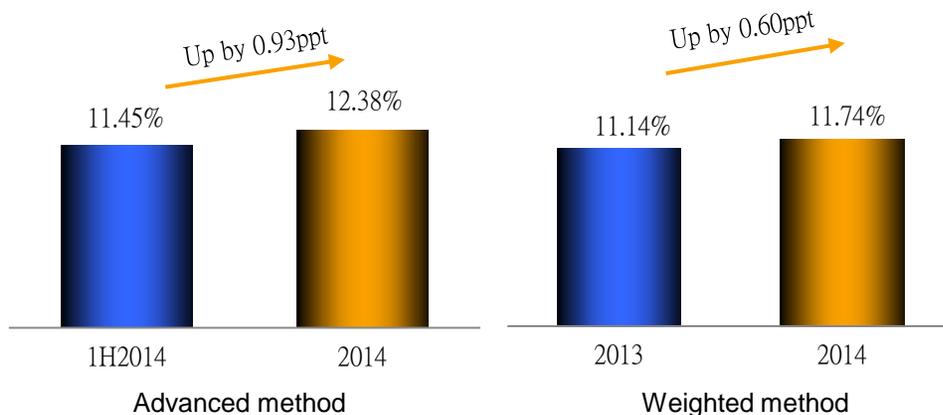
Profitability, asset quality and scale maintained balanced development with satisfactory overall performance



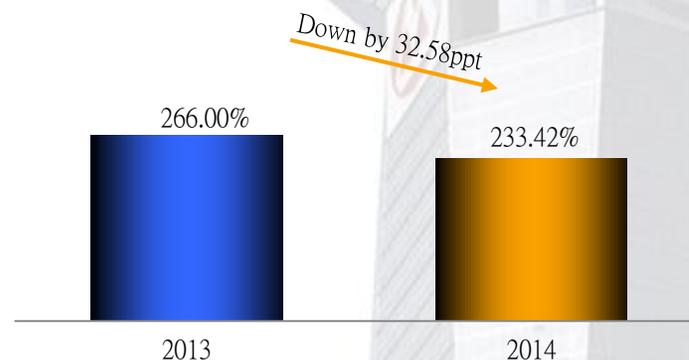
Note: In this presentation, unless otherwise indicated, all financials are on consolidated Group level and all business data are on standalone Bank level. Comparative figures of reporting in 2013 may have been restated. Unless otherwise indicated, all data shown in this presentation are based on IFRS and denominated in RMB (hereinafter inclusive)

Capital position further improved and risk management remained prudent

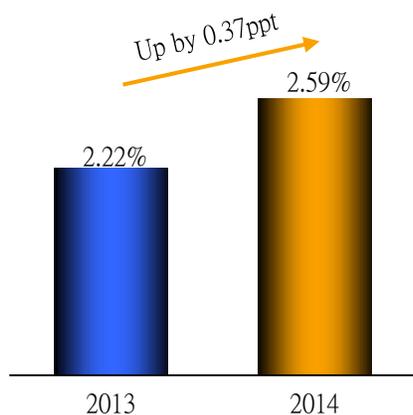
Capital adequacy ratio



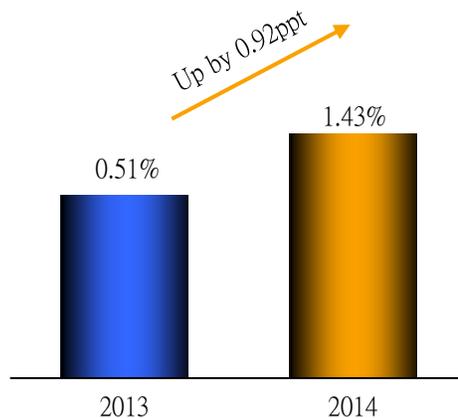
NPL allowance coverage ratio



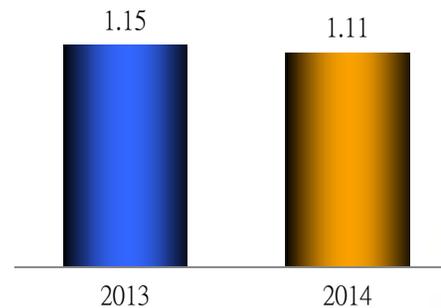
Loan allowance ratio



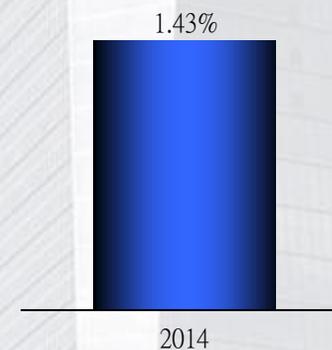
Credit cost



Ratio of NPLs to loans overdue more than 90 days

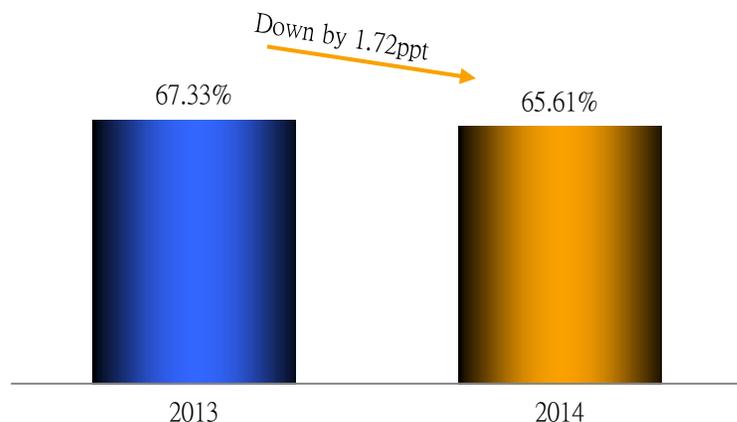


Non-standard credit assets allowance ratio

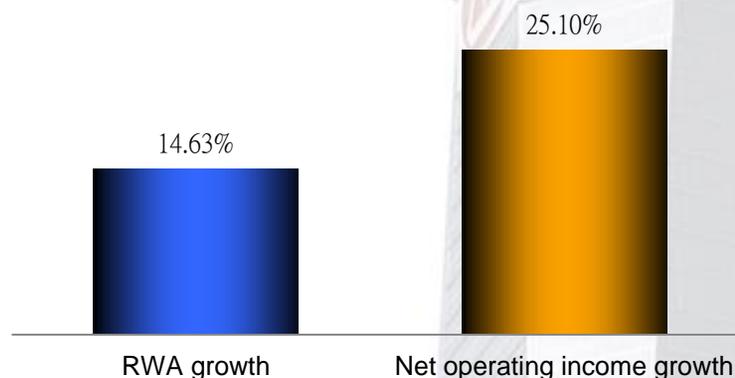


Promoting business model transformation and forging "Asset-light Banking" strategy (I)

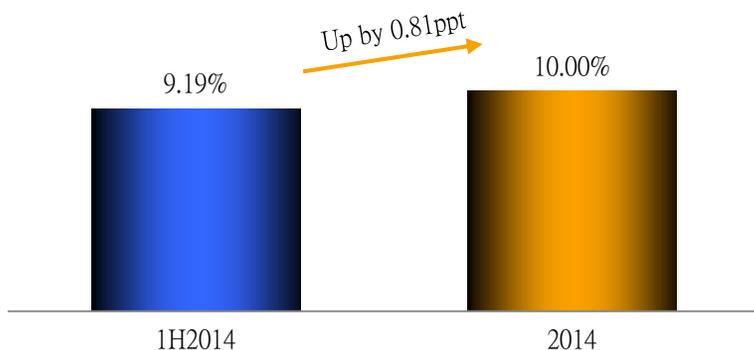
RWA to total assets (weighted method)



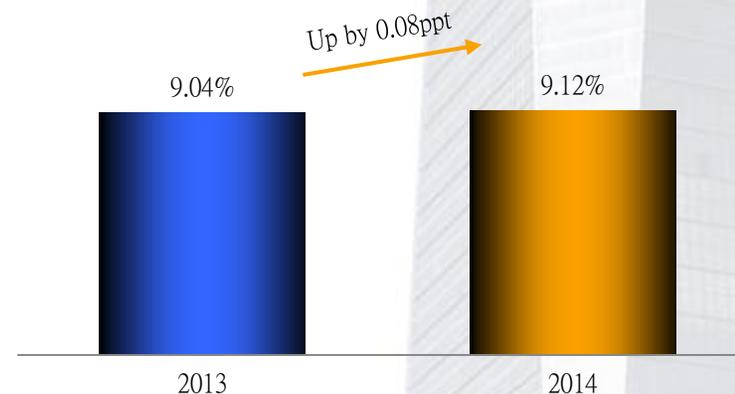
RWA growth and net operating income growth



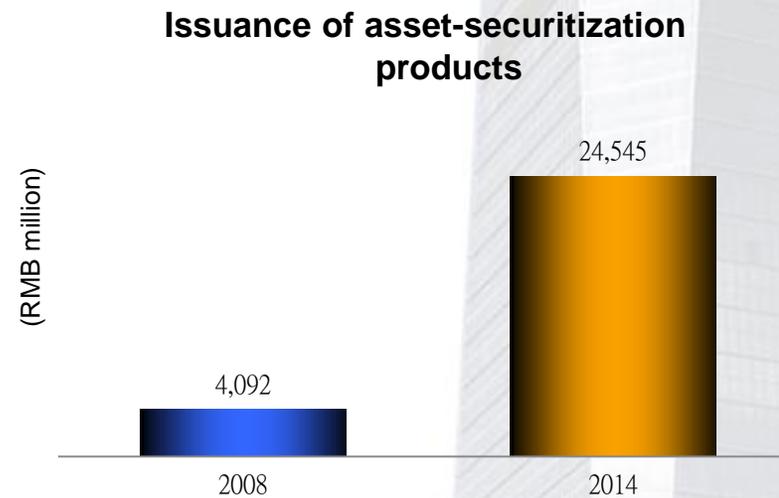
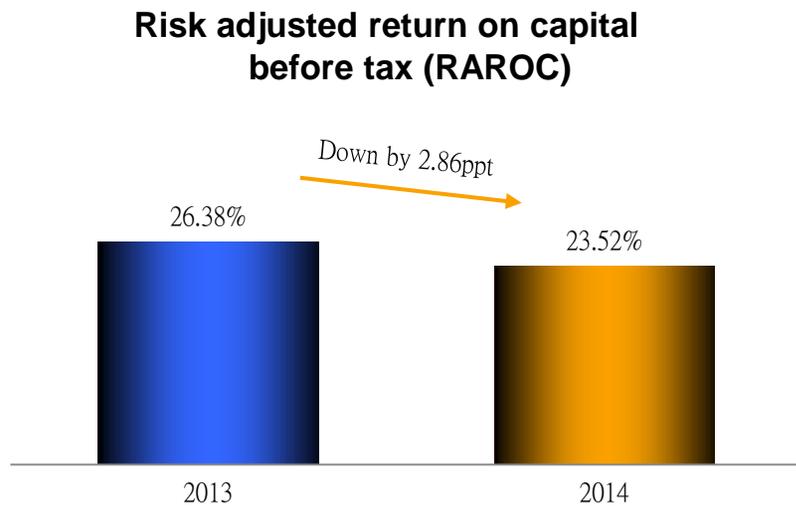
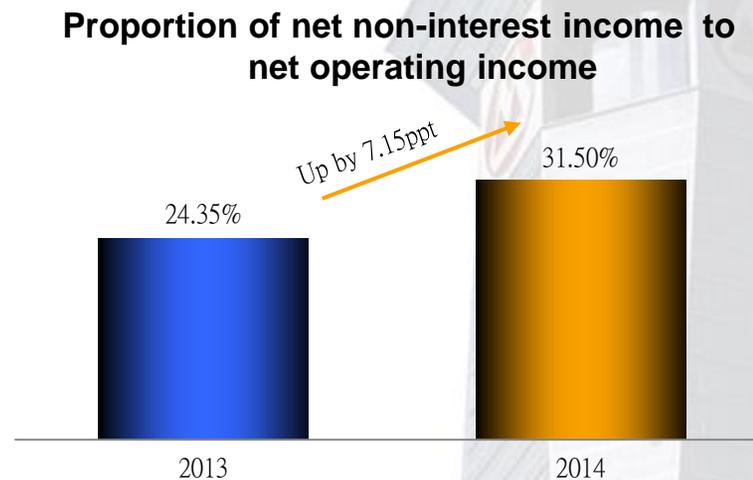
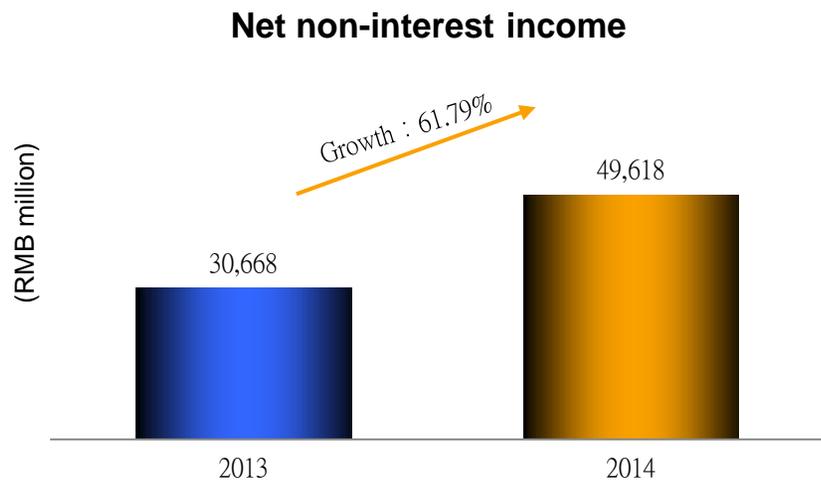
Core Tier 1 capital adequacy ratio (advanced method)



Core Tier 1 capital adequacy ratio (weighted method)

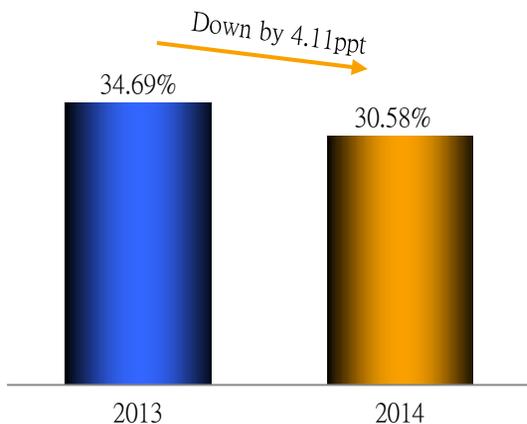


Promoting business model transformation and forging "Asset-light Banking" strategy (II)

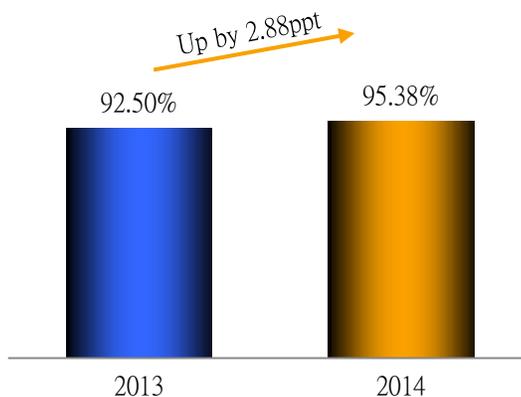


Promoting business model transformation and forging "Asset-light Banking" strategy (III)

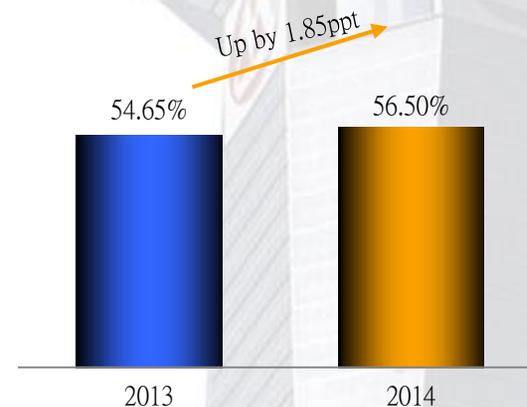
Cost-to-income ratio



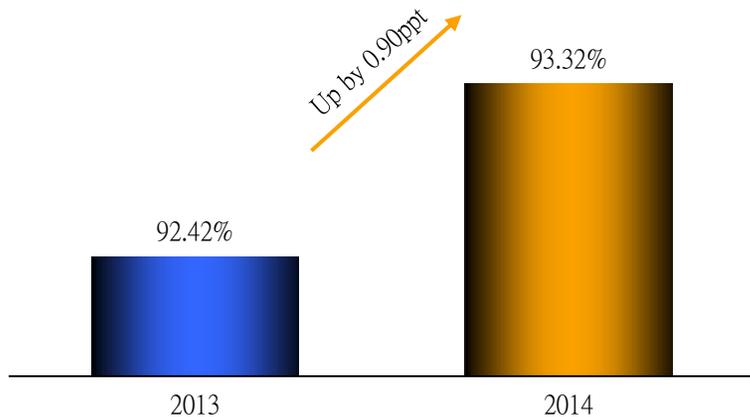
Counter replacement ratio of retail e-banking channels



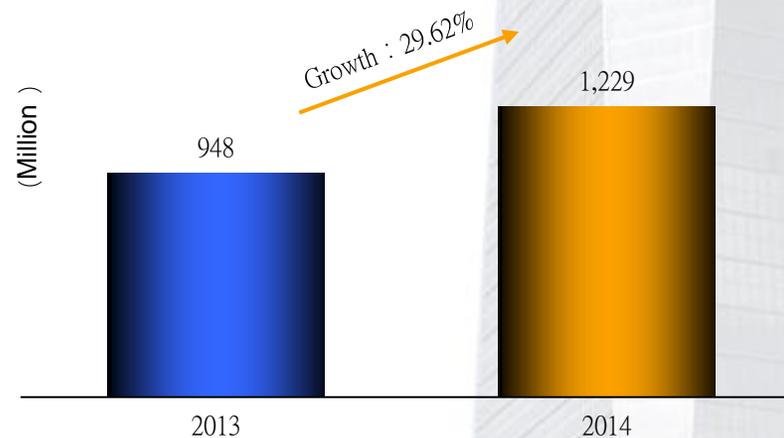
Counter replacement ratio in respect of corporate e-banking channels



Replacement ratio of online corporate banking settlements

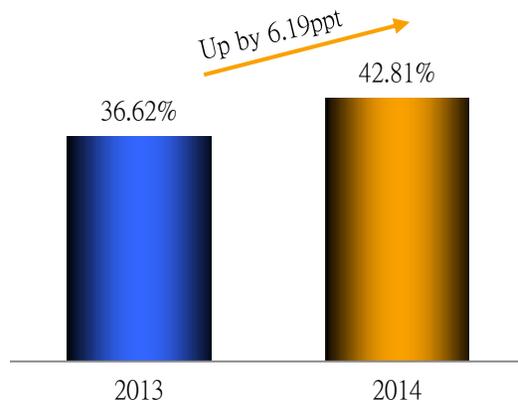


Accumulated number of retail online banking transactions

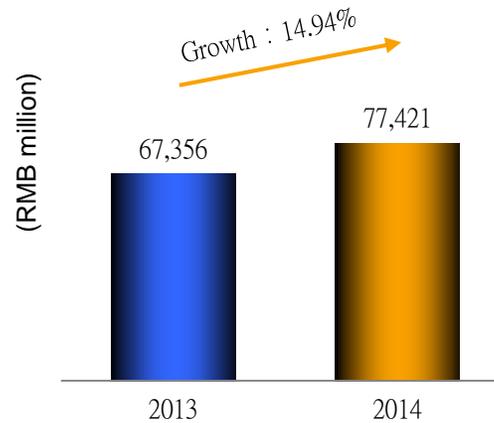


Promoting business model transformation and forging development with "one body with two wings" (IV)

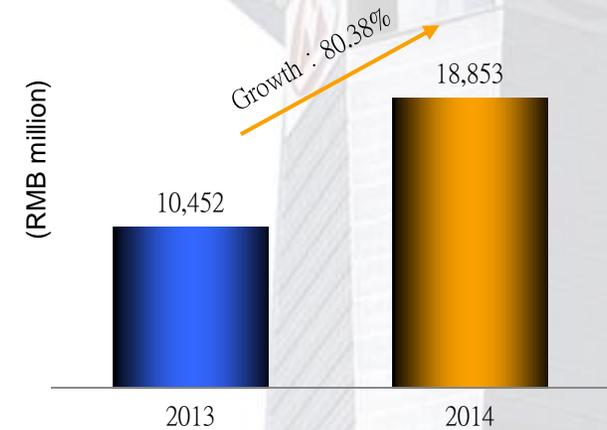
Percentage of pre-tax profit of retail finance business



Net operating income from corporate banking business



Net operating income from interbank finance business



Corporate banking has been exploring payroll, commercial cards and corporate annuity opportunities to expand the customer base of retail finance. In 2014, RMB650 billion was distributed through the payroll service, while 133,400 commercial cards and others were issued. The annuity assets under management exceeded RMB 110 billion. Retail finance product sales attributed to corporate banking reached RMB 26.3 billion

Interbank finance has provided product support to retail finance through asset management to satisfy the diverse investment requirements of retail customers by offering 2,021 wealth management products to retail finance customers

Brand recognition remained strong



The Asian Banker

Awarded the Best Retail Bank in China for the fifth time in 2014

Awarded the Best Joint Stock Retail Bank in China for the tenth time in 2014

Best SME Bank in APAC, 2014

Best SME Bank in China, 2014

Best Consumer Risk Management Initiative in China, 2014



Fortune

Among the top 350 Fortune China 2014 list of the 500 largest companies



Tops its peers for the fifth consecutive year in the China Customer Satisfaction Measurement Ranking in the area of banking services



Euromoney

Awarded Best Private Bank in China for the fourth time in 2014



Asiamoney

Best Domestic Cash Management Bank in China, 2014

Best Credit Fixed-Income in China, 2014

Best Credit Derivatives in China, 2014

Best Credit Fixed-Income Research in China, 2014



The Banker

Ranked 36th among the world's 1,000 largest banks, 2014

Ranked 44th among the world's 500 strongest banking brands, 2014



The Asset

Best SME Cash Management Bank in China, 2014



Global Finance

Best Bank in Greater China, 2014
Best Corporate Governance Award in China
Best Wealth Management Service in China



Millward Brown

Ranked 14th among BrandZ Top100 Most Valuable Chinese Brands, 2014



China Foreign Exchange Trading System
Most Influential Interbank Market Bank, 2014

First Overall Ranking in RMB Bond Market-Making Business, 2014

Interbank Foreign Exchange Market "Best Option Member" in 2014

Agenda

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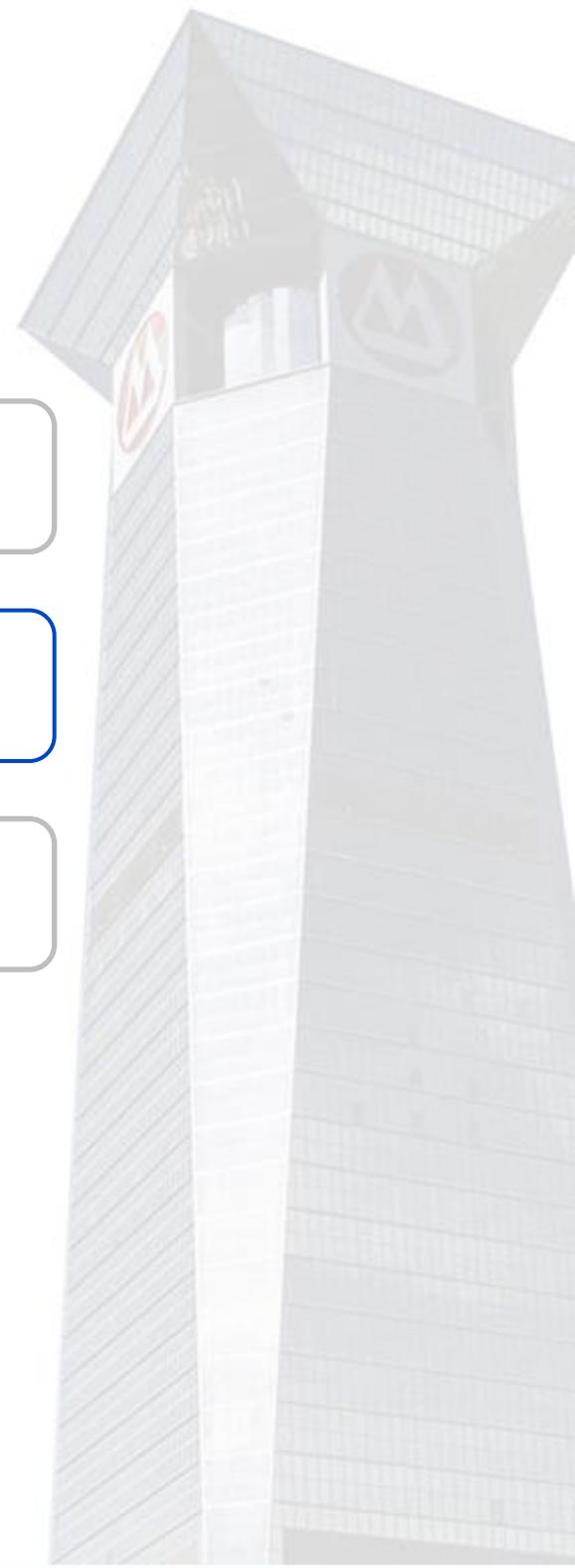
Overview

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Operational Information

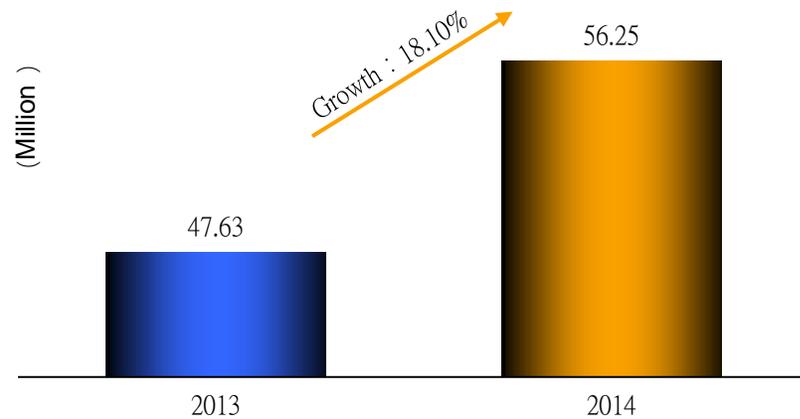
3

Outlook and Strategies

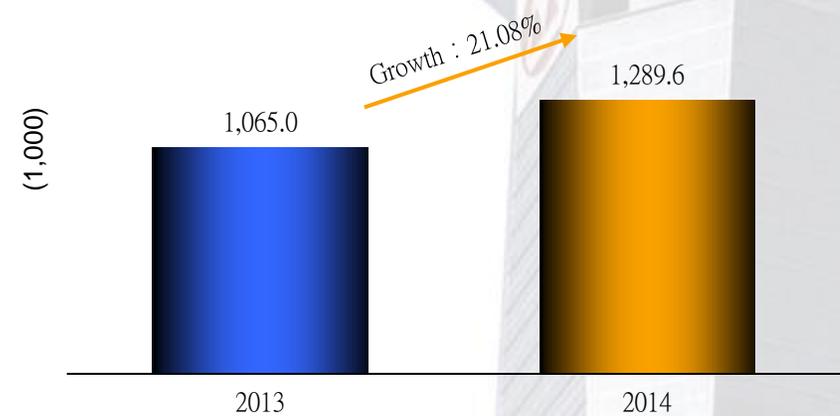


Retail finance continued to maintain competitive advantages

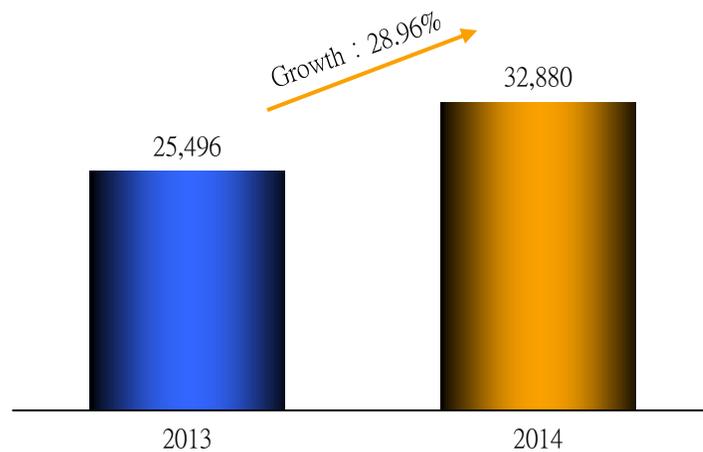
Number of retail customers



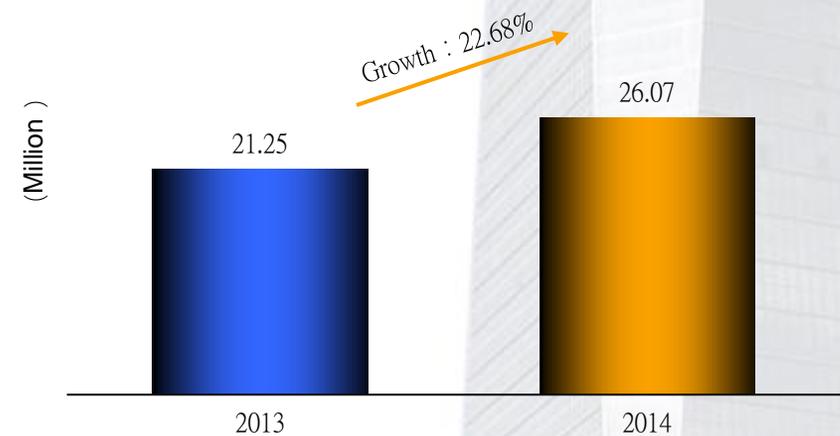
Number of sunflower-level and above customers



Number of private banking customers

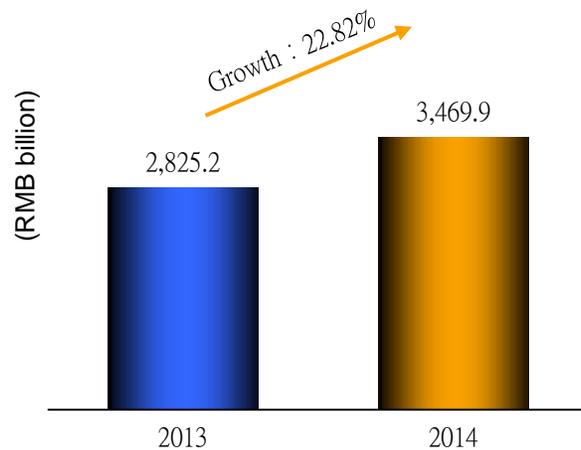


Number of credit card accounts in circulation

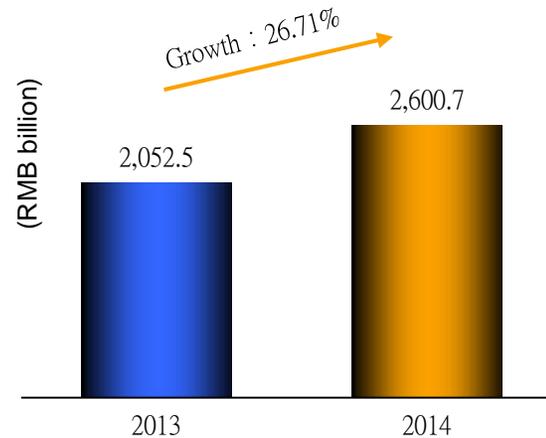


Wealth management of retail finance achieved rapid growth

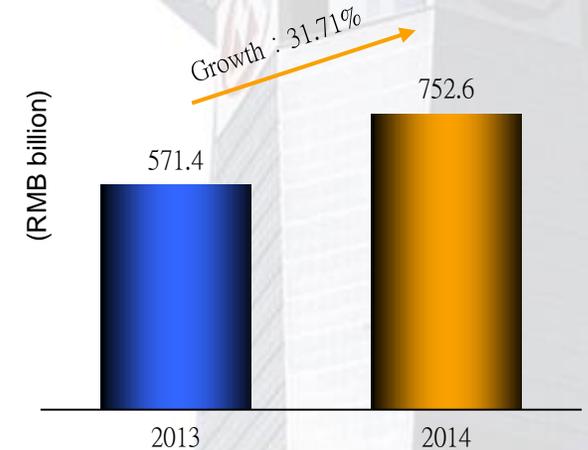
AUM of retail customers



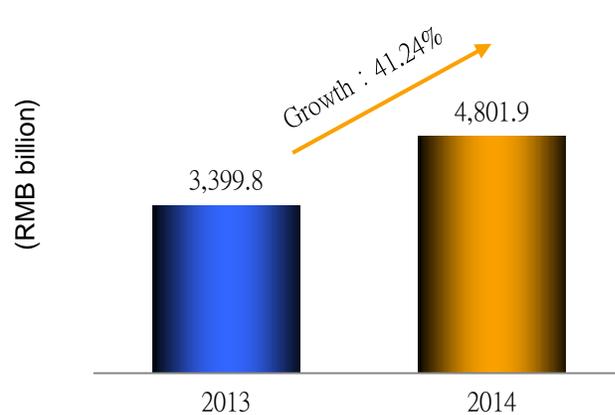
AUM of sunflower-level and above customers



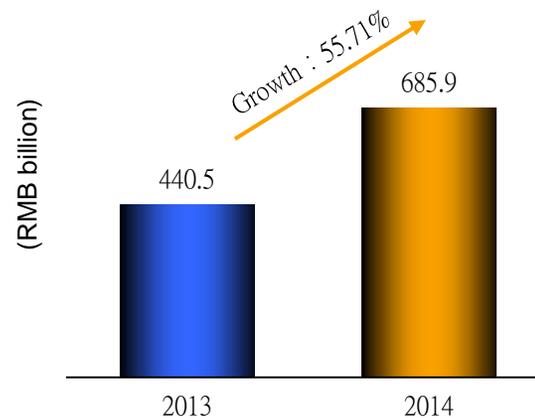
AUM of private banking customers



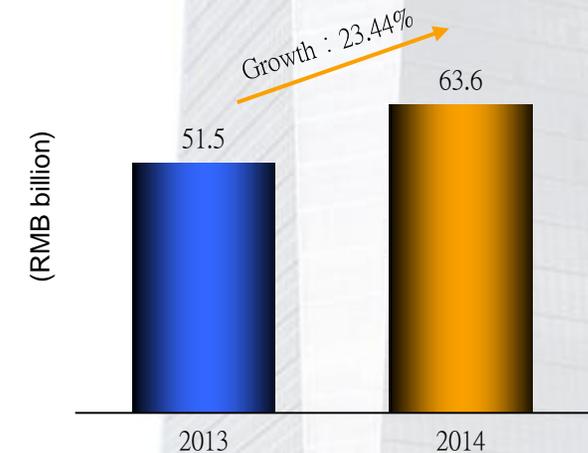
Accumulated sales of personal wealth management products



Sales of open-ended mutual funds

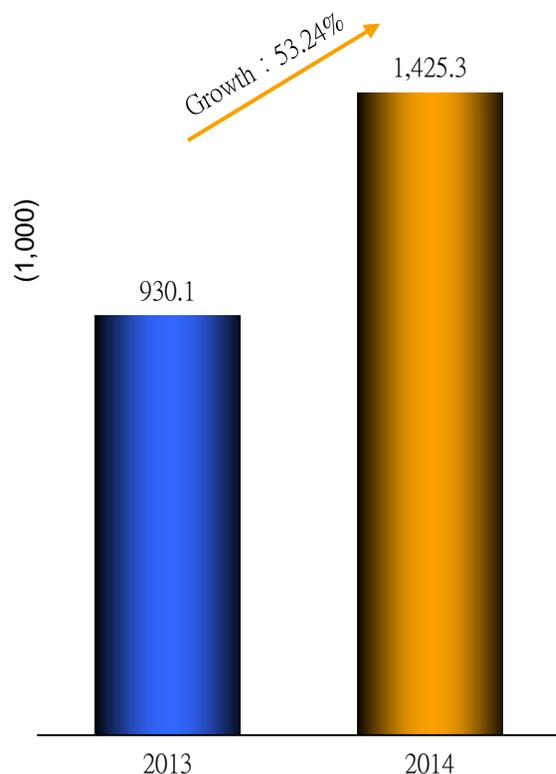


Standard premiums from the sales of third-party insurance policies

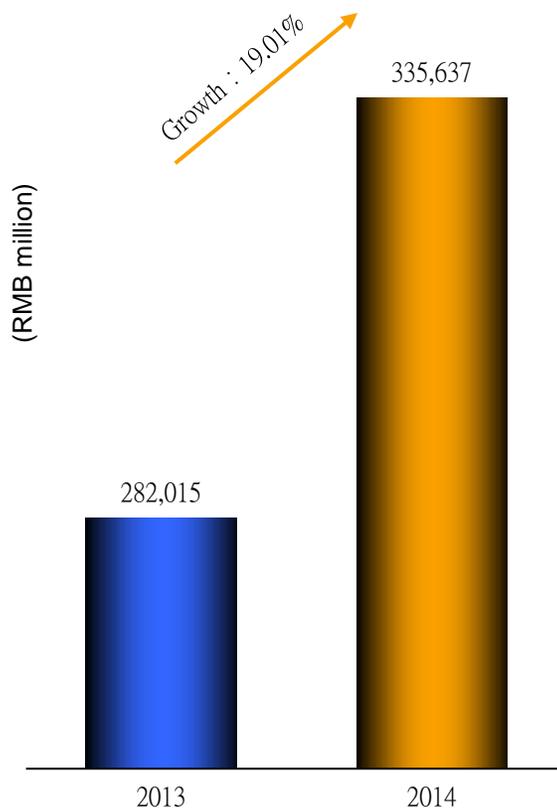


Micro enterprise business improved steadily

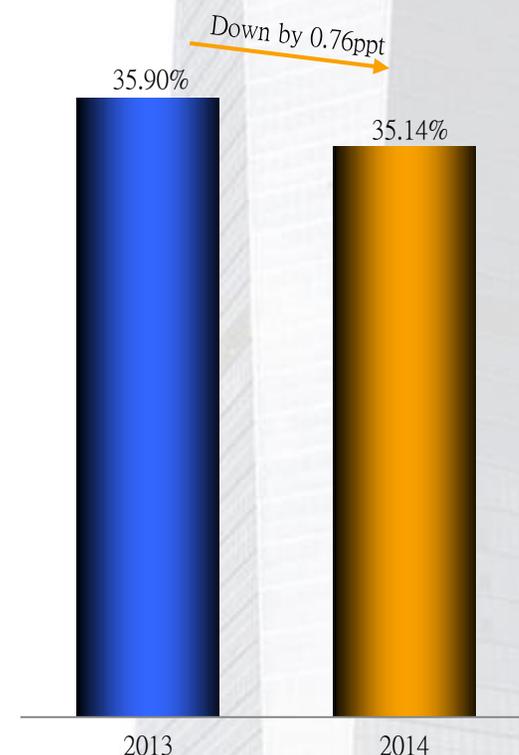
Number of micro enterprise customers



Loans extended to micro enterprises

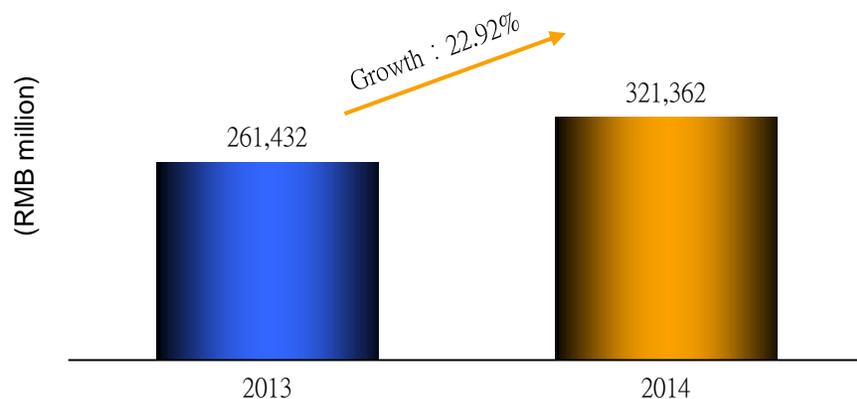


Loans extended to micro enterprises as percentage of retail loans

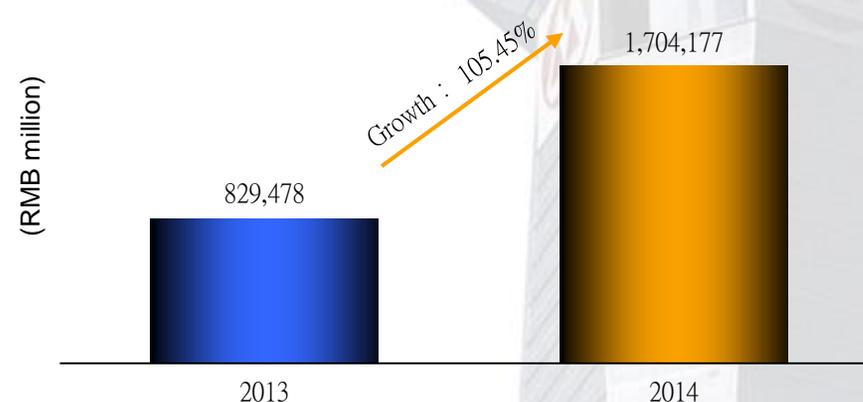


Consumer finance continued to be strengthened

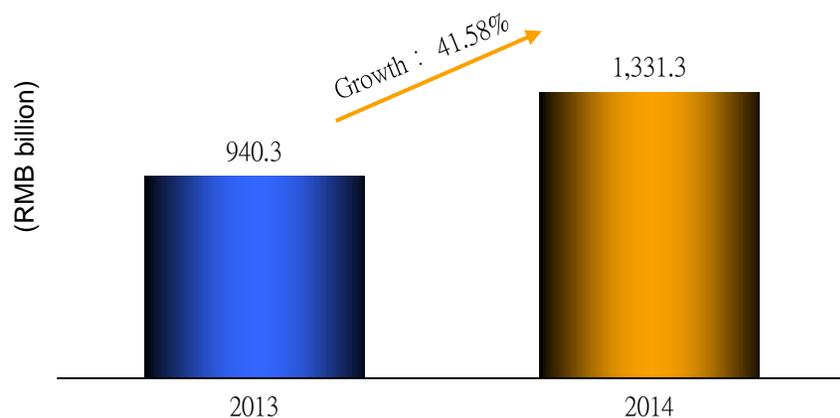
Balance of residential mortgage



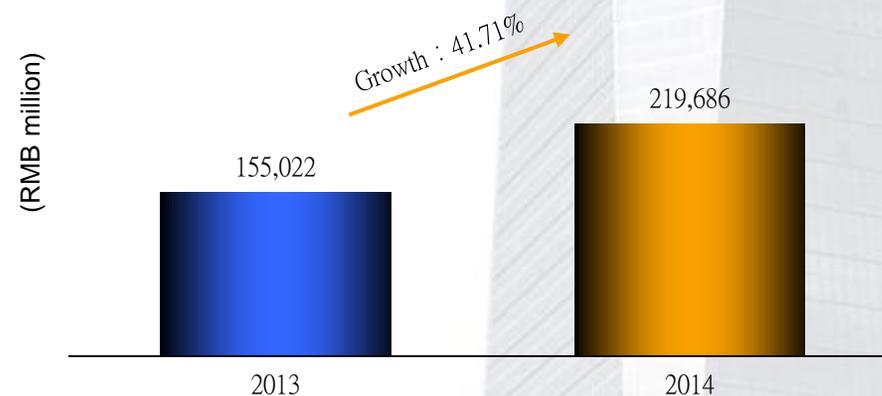
All-in-one card cumulative transaction value



Credit card cumulative transaction value

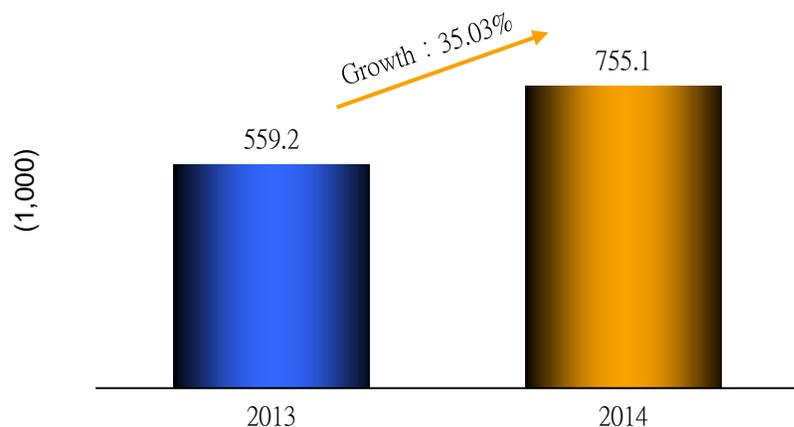


Balance of credit card overdraft

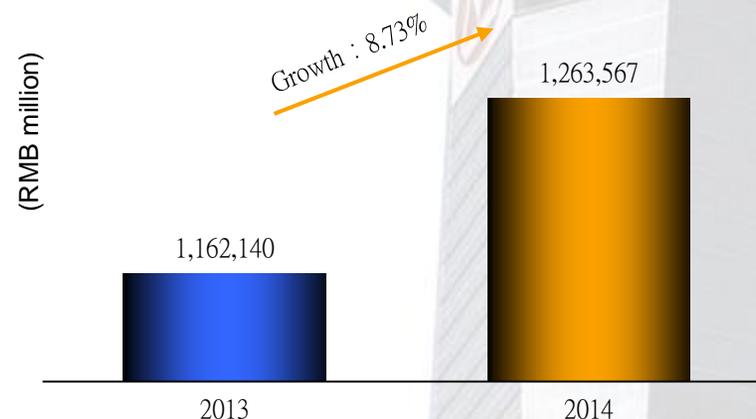


Competitiveness of corporate finance enhanced steadily

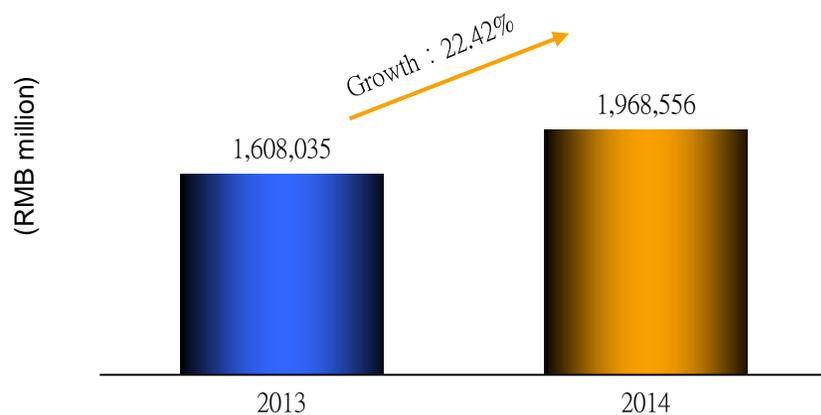
Number of corporate deposit customers



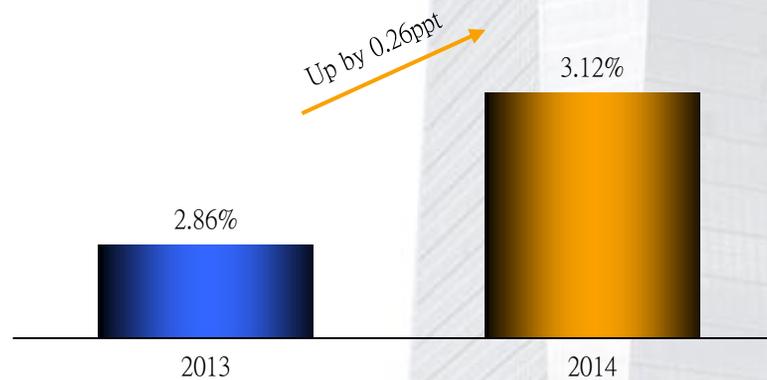
Balance of corporate loans



Daily average balance of corporate deposits

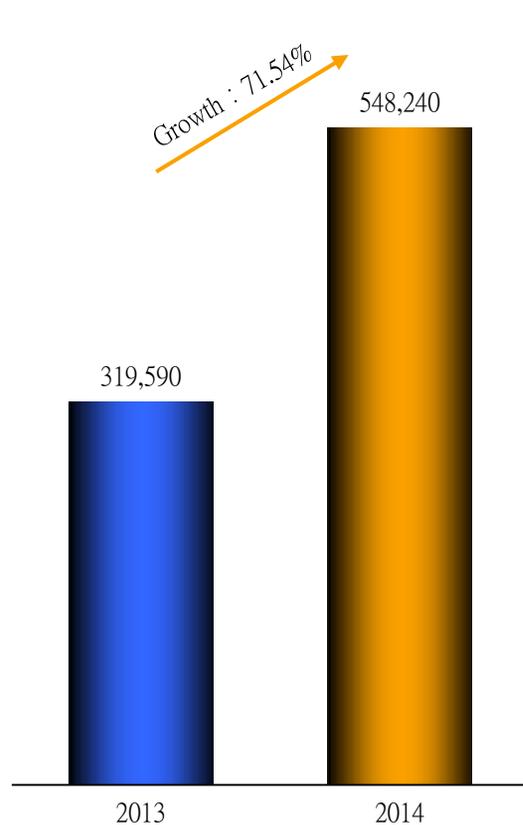


Market share of onshore RMB corporate loans

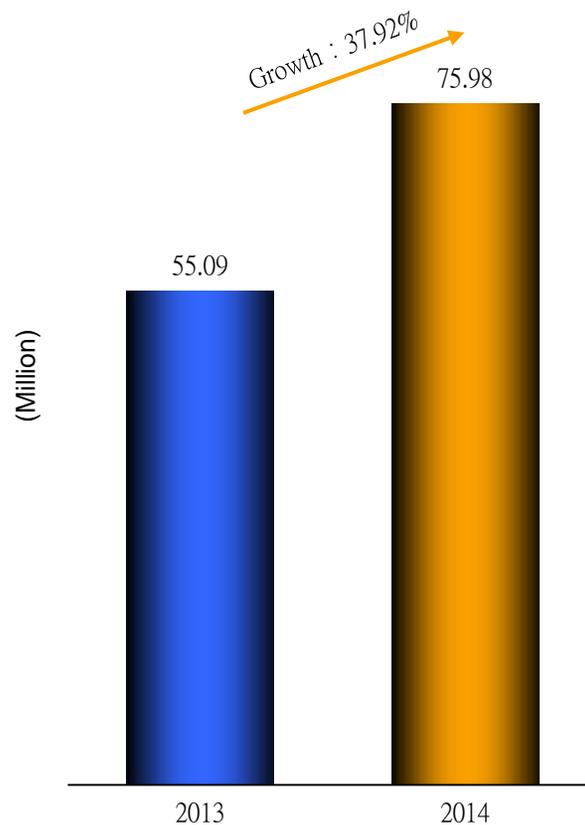


Cash management business delivered healthy growth

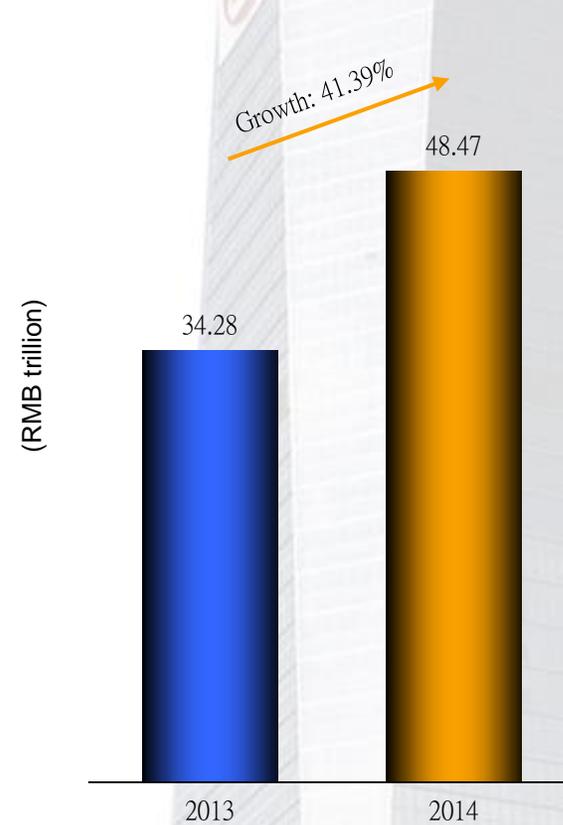
Number of cash management customers



Cumulative number of corporate online banking transactions

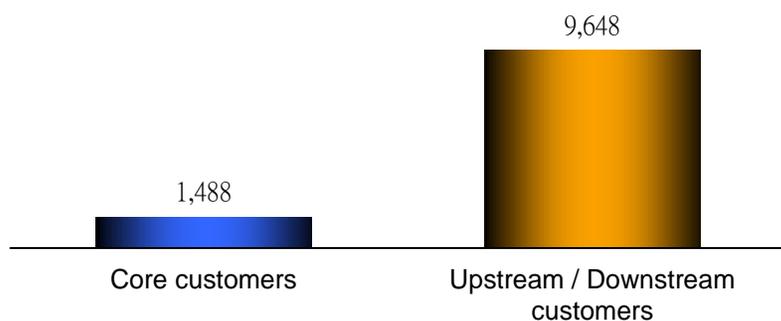


Cumulative transaction value of corporate online banking transactions

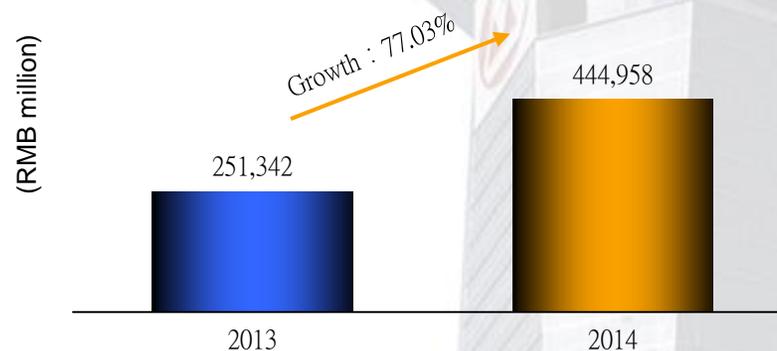


Trade finance business achieved rapid expansion

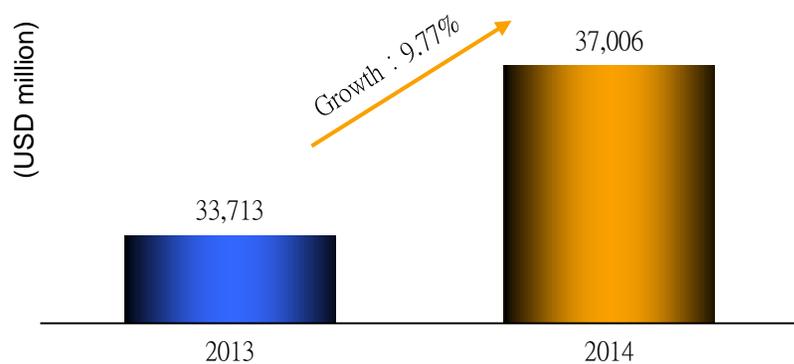
Number of new supply chain customers



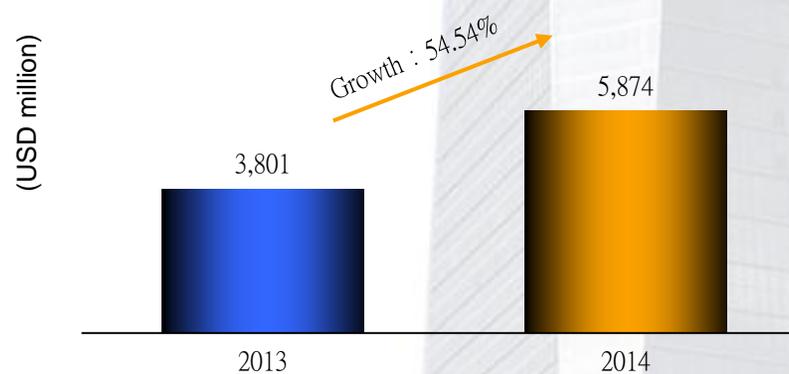
Amount of domestic trade financing



Granted value of international trade facilities

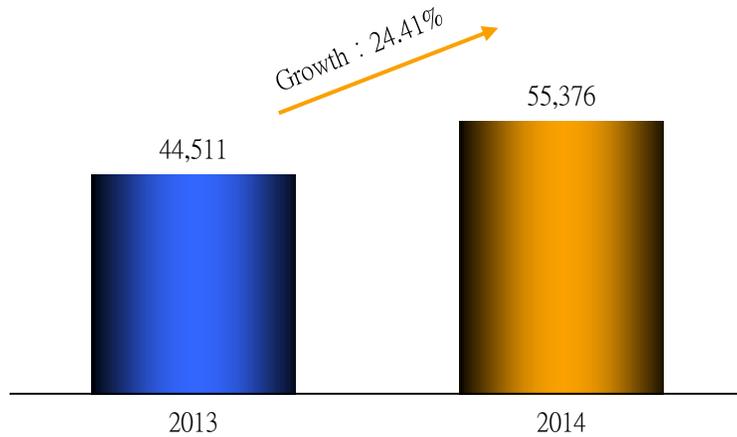


Balance of offshore trade financing

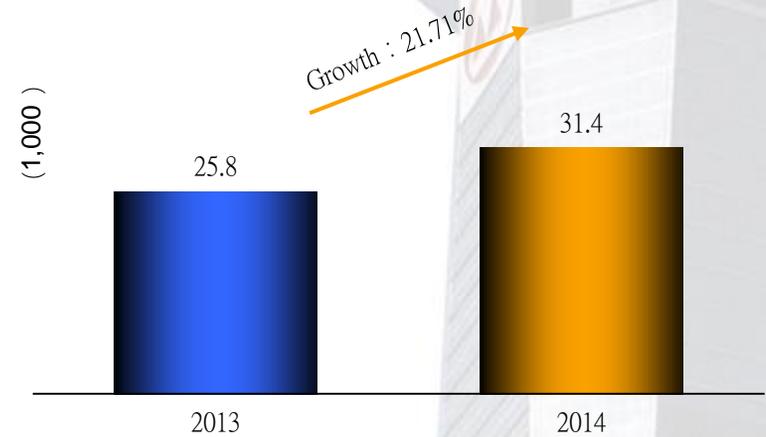


Cross-border finance business maintained fast development

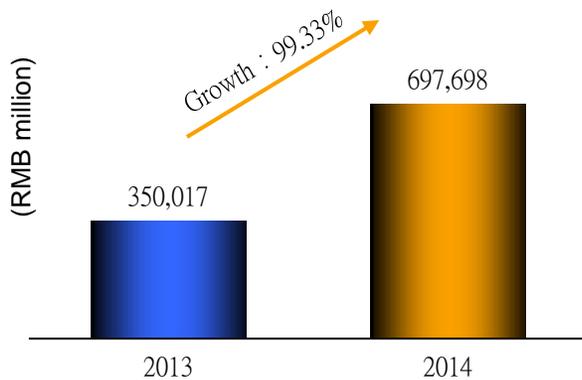
Number of international business customers onshore



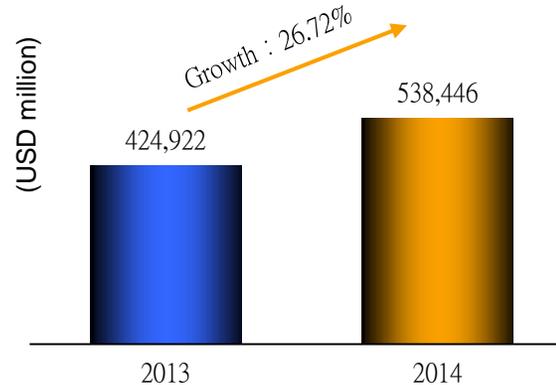
Number of offshore customers



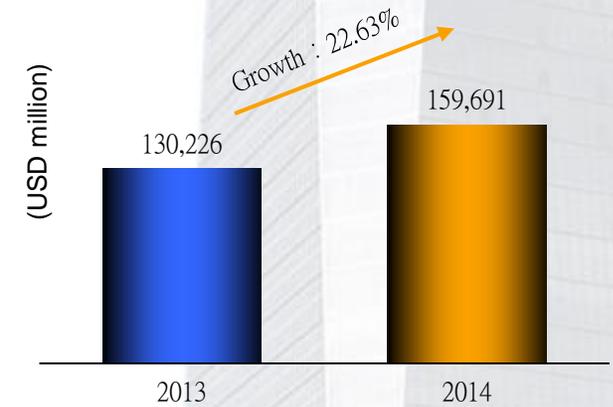
Amount of cross-border RMB settlements



International settlements

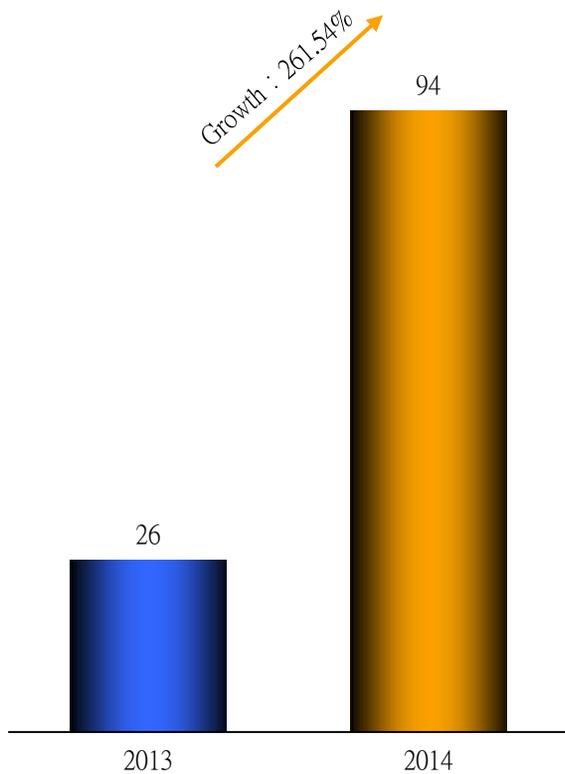


Foreign exchange settlements

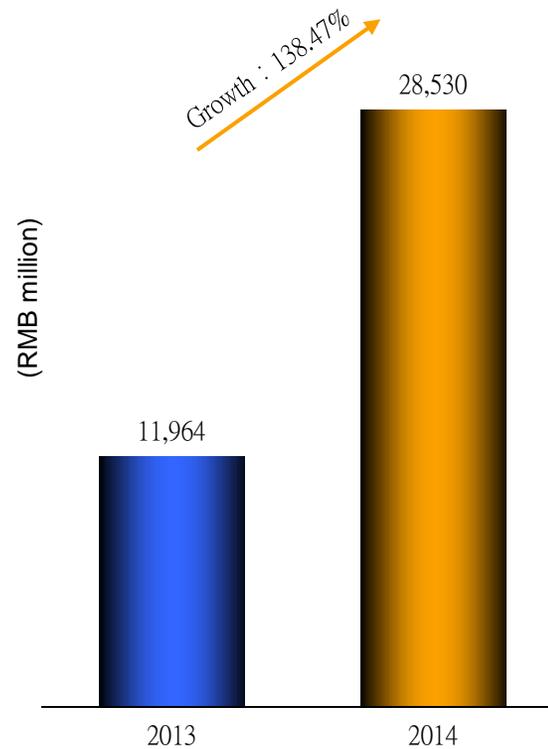


Investment banking and M&A finance business witnessed strong breakthrough

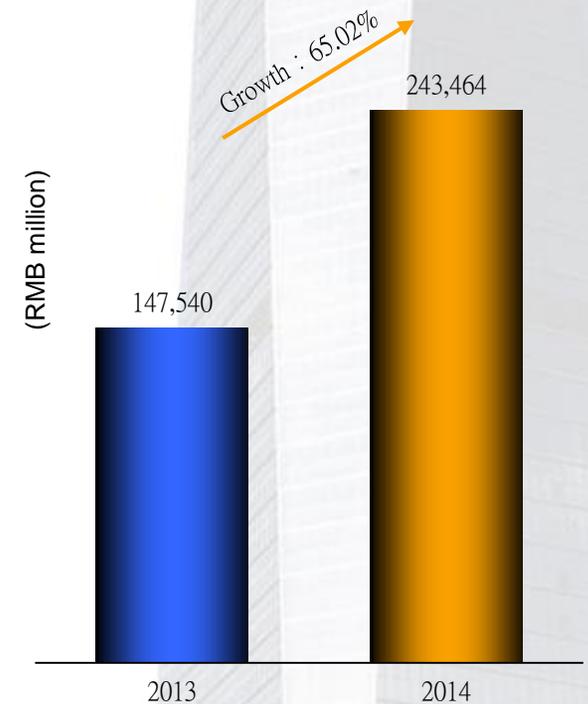
Number of M&A advisory customers



Granted value of M&A financing

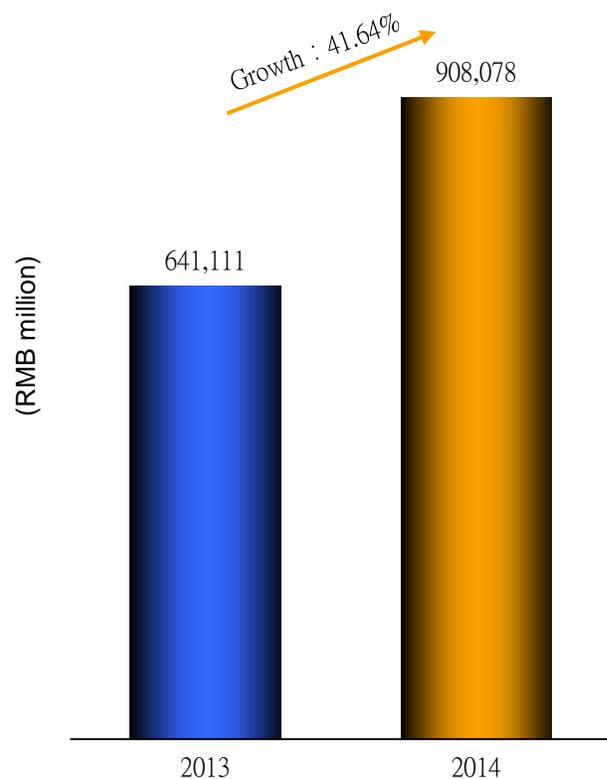


Debt financing instruments underwritten

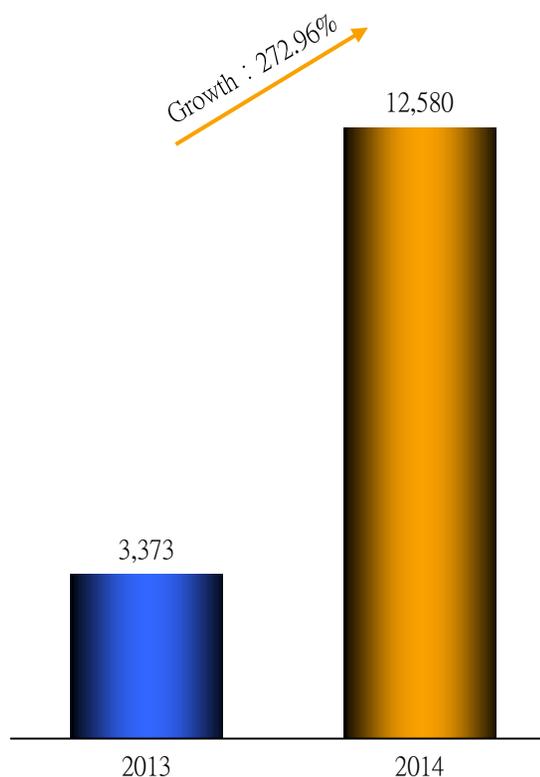


Asset management business of financial institutions finance recorded a booming development

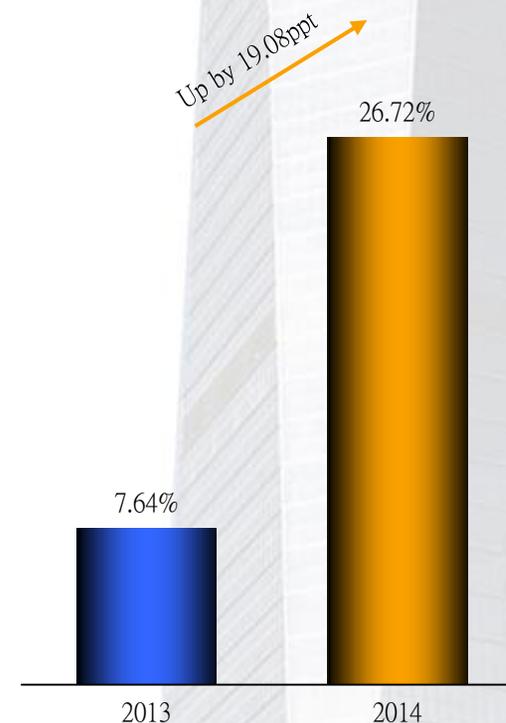
Balance of operating funds of
wealth management products



Number of wealth management
products developed

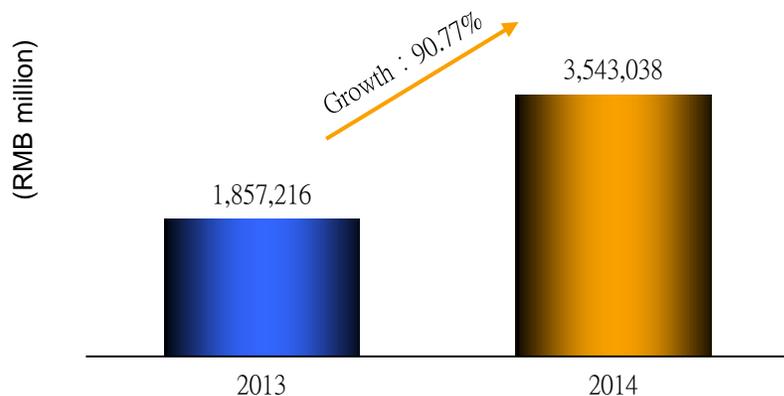


Net value products as percentage
of operating funds of wealth
management products

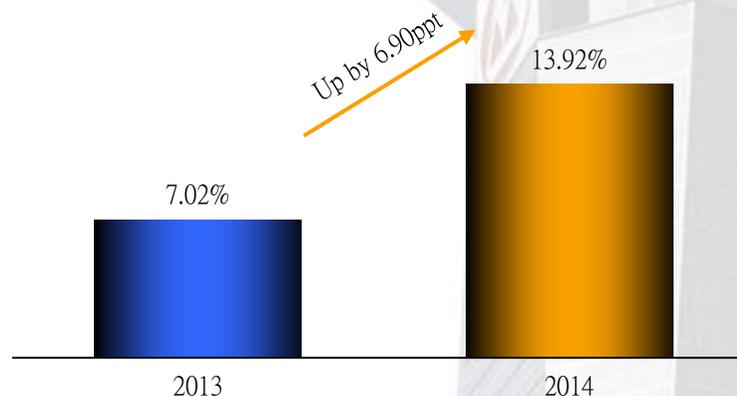


Custodian business experienced rapid growth

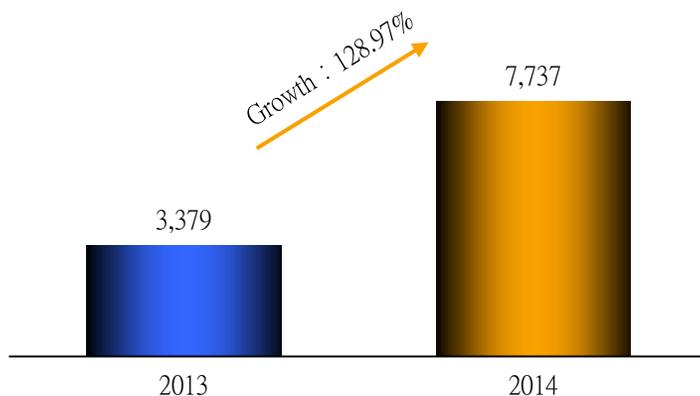
Assets under custody



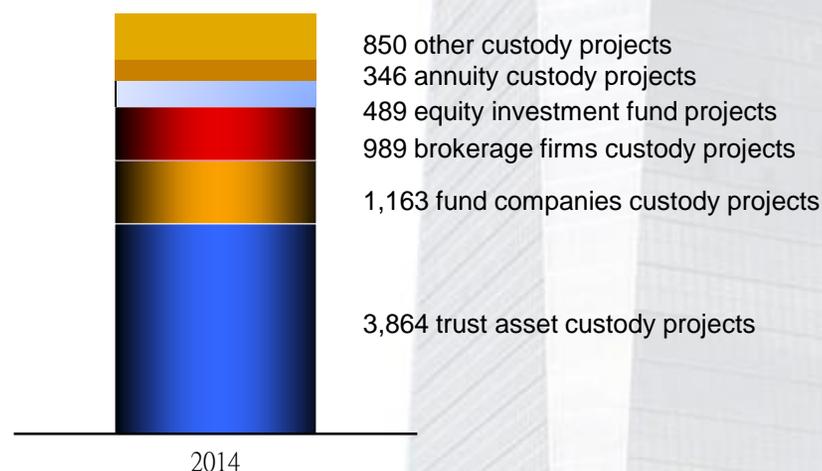
Market share in client AUM custody for fund companies



Number of custody projects

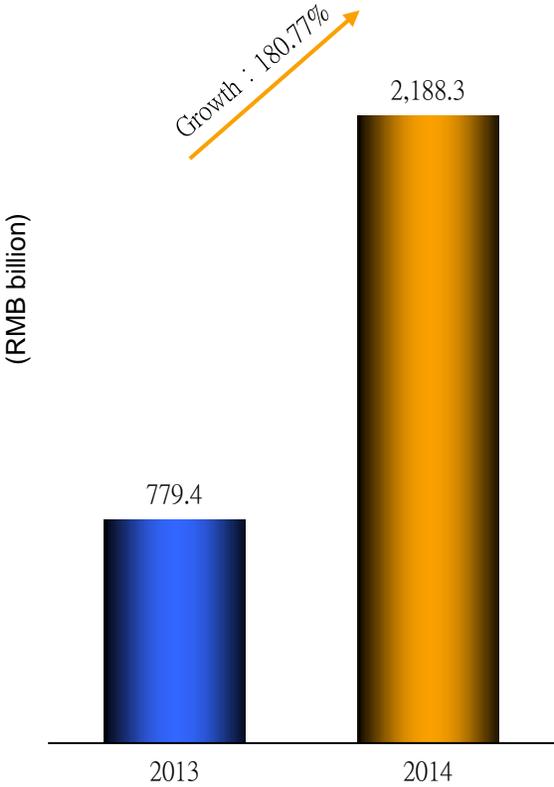


Structure of custody projects

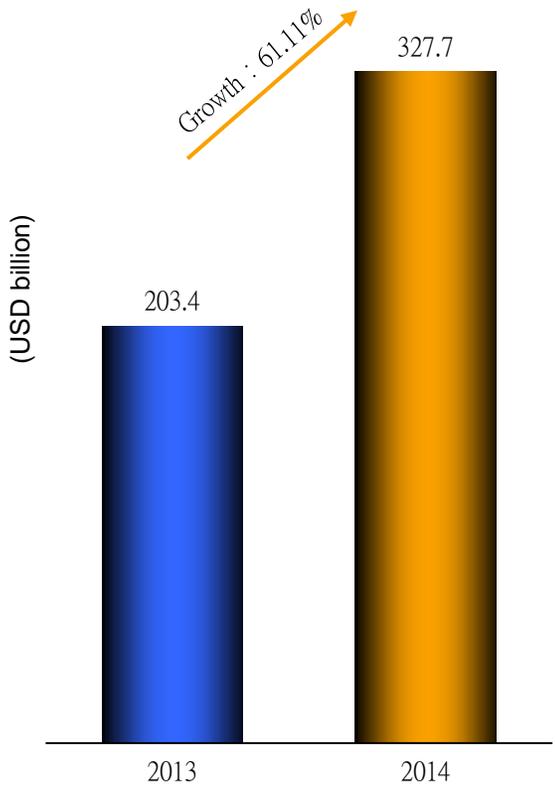


Financial market business achieved strong growth

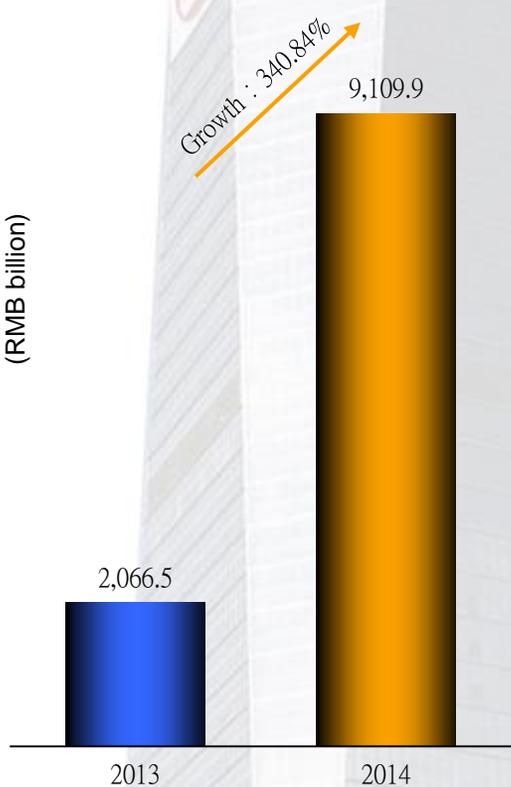
Volume of bond trading



Volume of proprietary derivatives trading

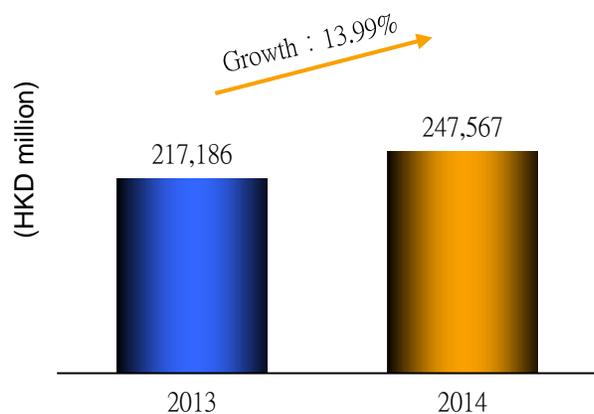


Volume of transfer discounted bills

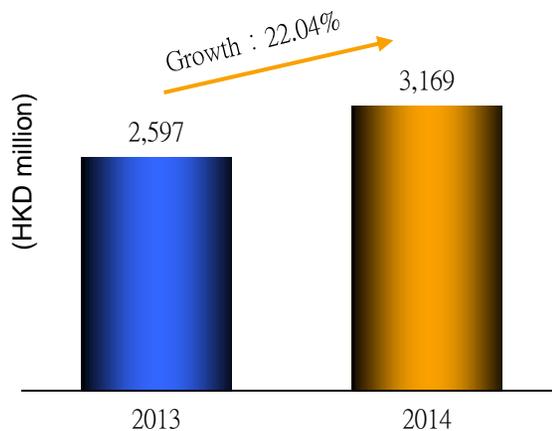


Comprehensive financial services continued to grow

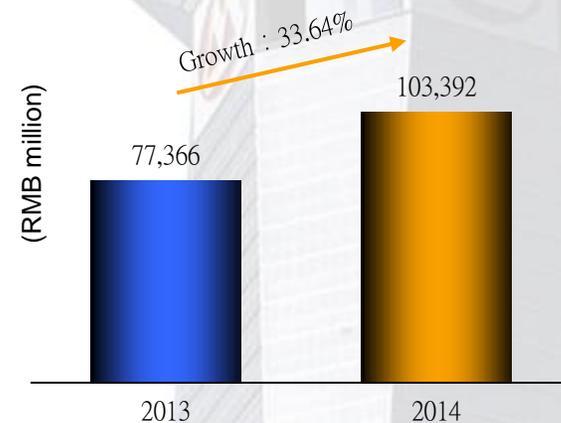
Total assets of Wing Lung Group



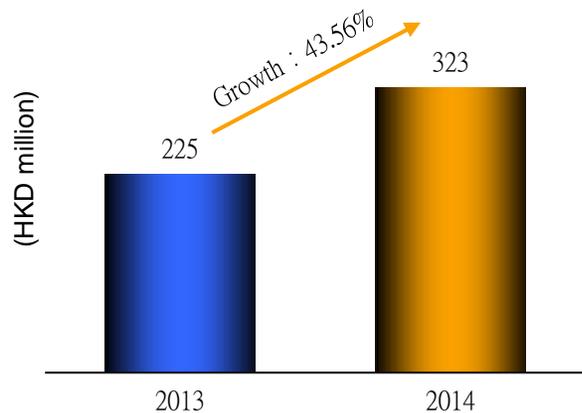
Net profit of Wing Lung Group



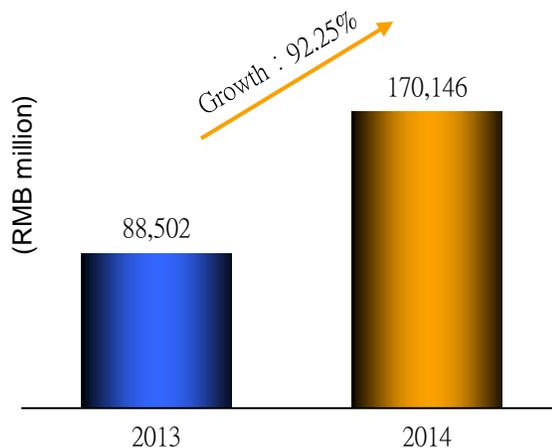
Total assets of CMB Financial Leasing



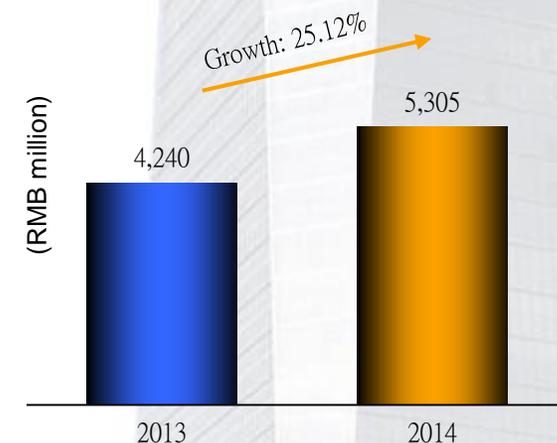
Total net income of CMB International Capital



AUM of China Merchants Fund

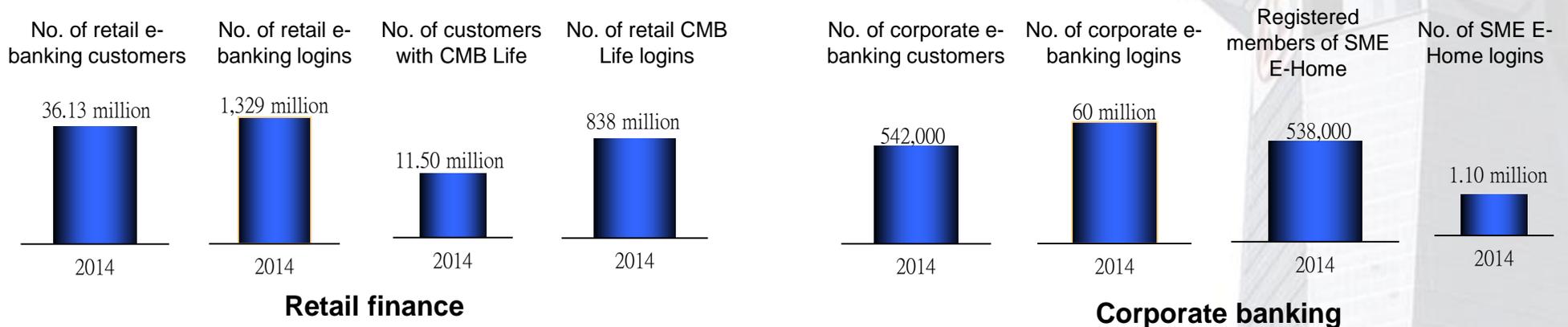


GWP of CIGNA&CMB Life Insurance

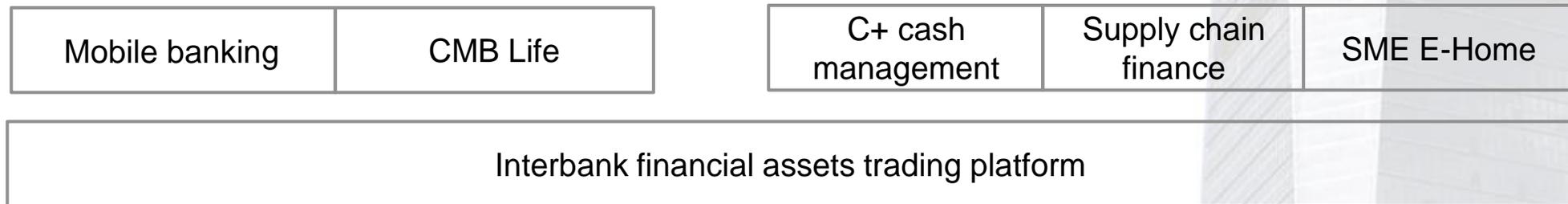


Promoting the development of internet finance by leveraging on traffic, platforms and data

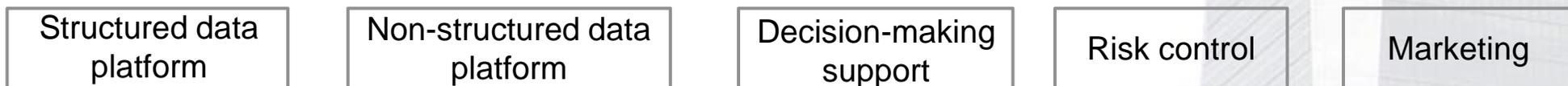
Traffic



Platforms



Data

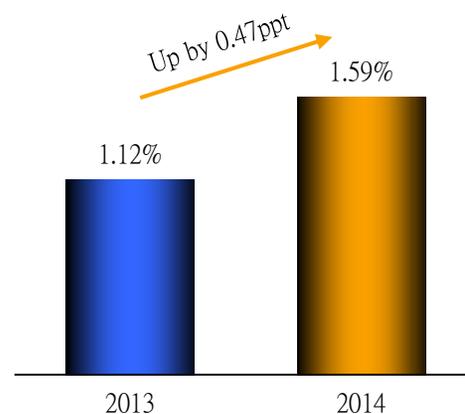


Strengthened risk management contributed to stable asset quality (I)

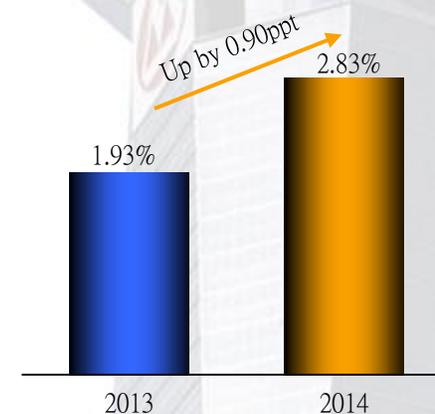
The Bank firmly implemented risk control measures in 2014:

- Ⓜ Coordinated comprehensive risk management including that of exposure to emerging financing
- Ⓜ Optimized customer structure with focus on core clients and mitigated risk of shrinking customer demand
- Ⓜ Solidified our risk management lines and established a direct, dedicated and efficient risk process
- Ⓜ Promoted the use of quantitative tools under New Capital Accord and enhanced portfolio risk management capabilities
- Ⓜ Refined the accountability mechanism and strengthened the implementation of credit extension disciplines

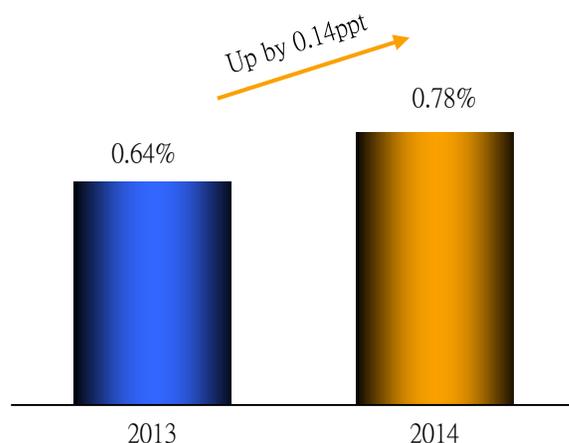
Corporate NPL ratio



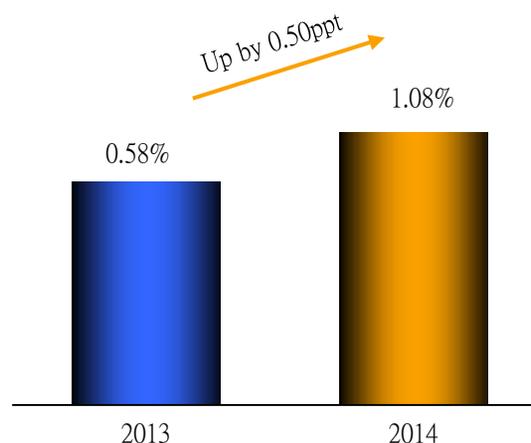
Small enterprise NPL ratio



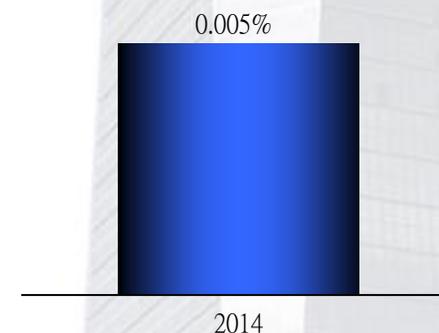
Retail NPL ratio



Micro enterprise NPL ratio

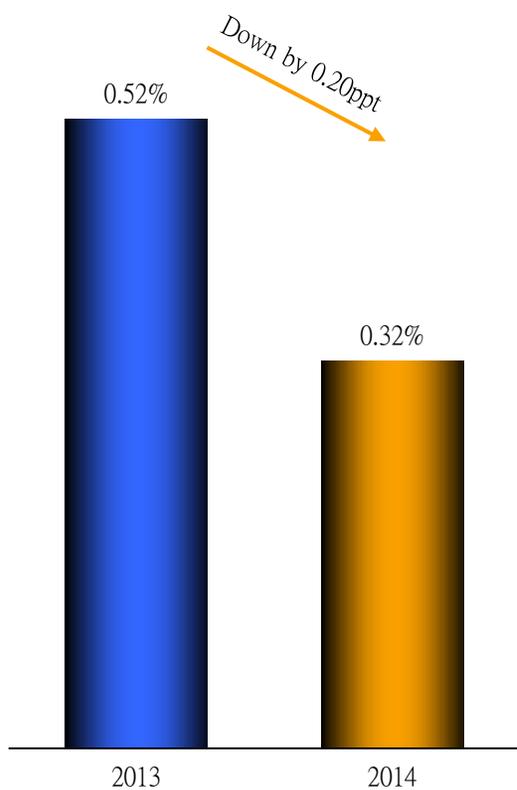


Non-standard credit assets NPL ratio

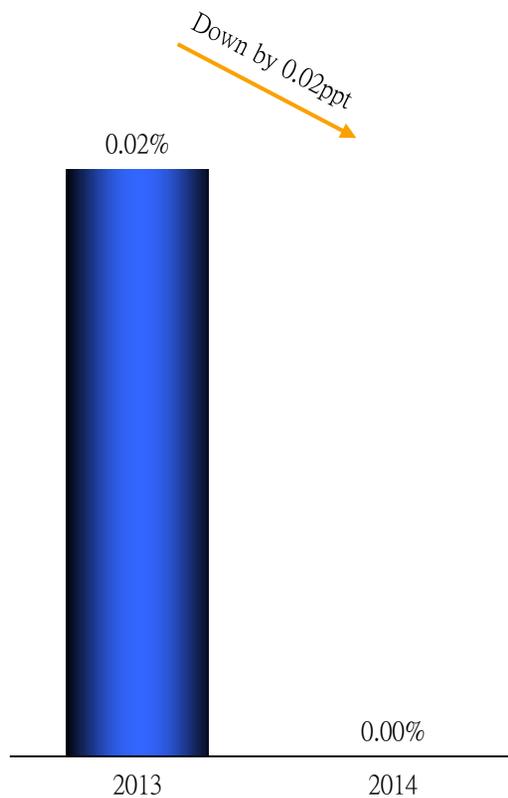


Strengthened risk management contributed to stable asset quality (II)

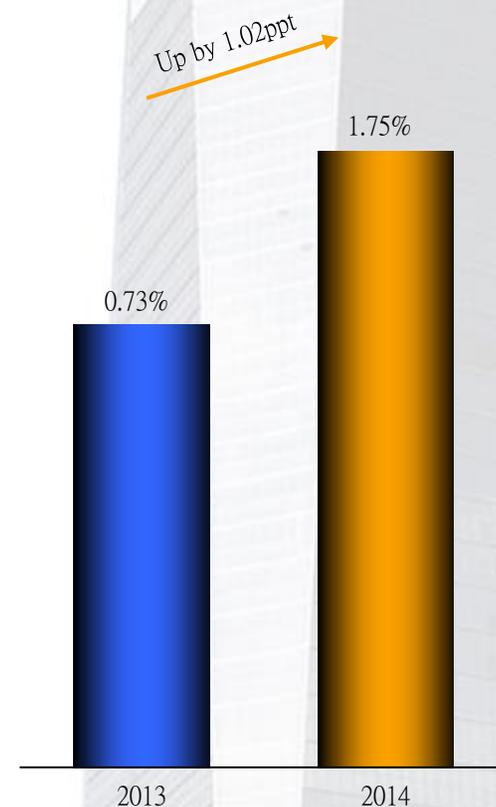
NPL ratio of loans for domestic corporate real estate



LGFV NPL ratio



NPL ratio of loans extended to overcapacity industries



Agenda

1

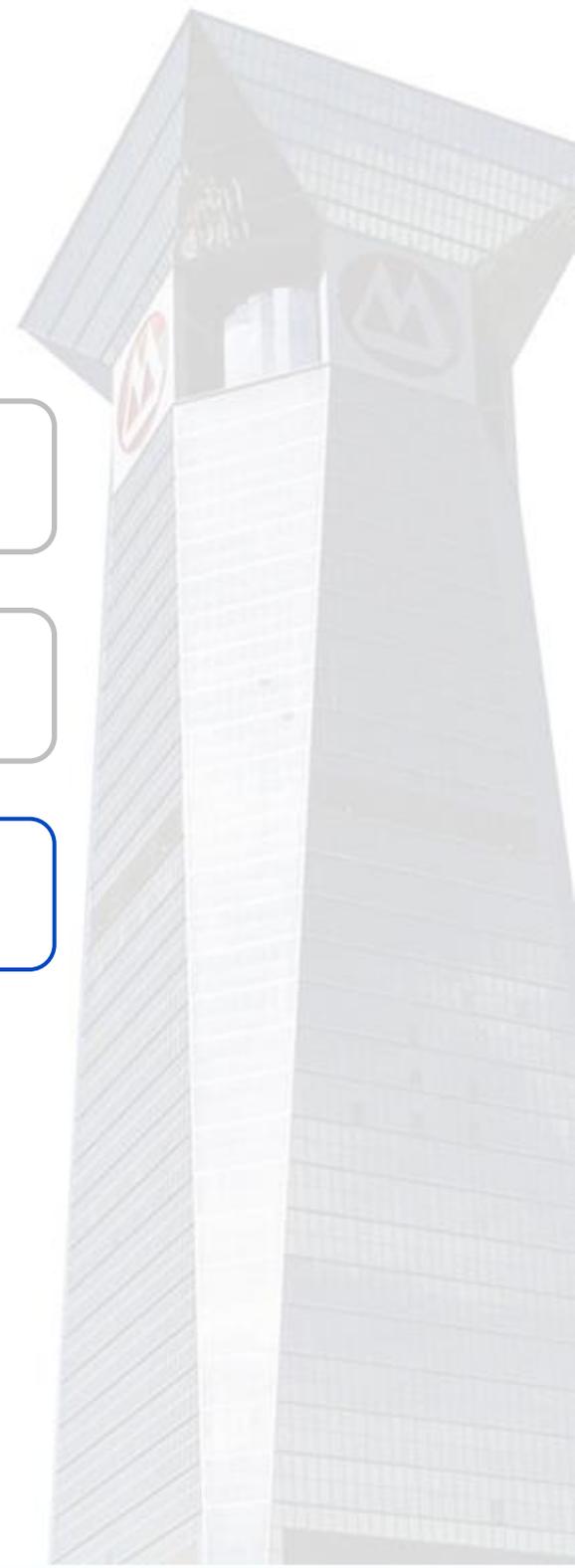
Overview

2

Operational Information

3

Outlook and Strategies



Challenges and opportunities

Challenges

International

- ◆ Continued weak global economy with unbalanced growth and development profiles between countries
- ◆ Diverging economic and monetary policies of major countries and increased complexity and uncertainty of global financial markets

Domestic

- ◆ Slowdown and transformation in economic growth poses difficulties for the banking sector
- ◆ Expected rate cuts, interest rate liberalization and financial disintermediation could put bank earnings under pressure
- ◆ Competitors from within and outside the sector, particularly Internet finance companies and privately owned banks, will intensify the competition

Opportunities

- ◆ Deepened reform in the areas of government functions and fiscal and taxation system will facilitate the transformation and upgrade of the Chinese economy and overall development of the country, providing banks with new room for growth
- ◆ The implementation and progress of strategic initiatives such as RMB internationalization, "One Belt and One Road" (OBAOR) and the free trade zone provides commercial banks with business development opportunities
- ◆ With relatively fast growth of social wealth and drastic change in personal investment and consumption behaviour, private banking, wealth management and consumer finance services offered by banks will have a bright outlook
- ◆ Accelerated development of multi-level financial markets and asset securitization will drive strong growth of inter-market and inter-segment asset management business
- ◆ Rapid technological developments such as those in communication and the Internet enable banks to provide more and better services through new IT platforms, data mining and traffic management

Operating strategy

Faced with such challenges and opportunities in 2015, the Bank will:

-  Adhere to our strategy of forging asset-light banking and firmly implement our "One Body with Two Wings" development strategy**
-  Further strengthen the management and implementation of our strategies in response to domestic and international developments**
-  Enhance capital and risk management, improve capital efficiency and risk management capability**
-  Continue to push forward reform in overall system and process optimization to improve management and operating efficiencies**
-  Refine our incentive and restraint mechanism to promote business activities**
-  Increase focus on and accelerate the development of Internet finance**



Q&A

