



Financials and Business Performance *

Operating data as of 30 Jun 2017

Stock data as of 31 Aug 2017

Company Information

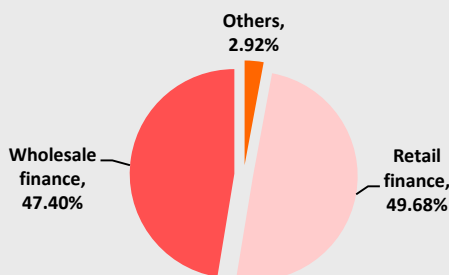


Founded on 8 April 1987, China Merchants Bank is the first share-holding commercial bank wholly owned by corporate legal entities. Headquartered in Shenzhen, the bank mainly focuses on the Chinese domestic market. As of 30 June 2017, the Company had 136 branches, 1,683 sub-branches, 1 dedicated branch-level operation center (credit card center), 1 representative office, 3,266 self-service centers, 11,708 self-service machines (including 1,753 automatic teller machines and 9,955 deposit-taking and cash withdrawal machines), 12,153 visual counters, 2 subsidiaries, namely CMB Financial Leasing and China Merchants Fund, and 1 joint venture, namely CIGNA & CMB Life Insurance, in more than 130 cities of Mainland China. The Company also has a number of subsidiaries including Wing Lung Bank, CMB International Capital, and a branch in Hong Kong; a branch and a representative office in New York, the United States; a branch and a representative office in London, the UK; a branch in Singapore; a branch in Luxembourg; a representative office in Taipei.

Retail finance business

The financial services to retail customers include lending and deposit taking activities, bank card business, wealth management services, private banking and other services. The net operating income from retail finance of the Group amounted to RMB 56.150 billion, representing a year-on-year increase of 5.51%, and accounted for 49.68% of the net operating income of the Group, up by 2.75 percentage points year-on-year. The Company had 97.33 million retail customers, representing an increase of 6.89% as compared with the end of the previous year. The balance of total AUM from our retail customers amounted to RMB 5,898.3 billion, representing an increase of 6.65% as compared with the end of the previous year.

Operating income breakdown of the Group for the six months ended on 30 Jun 2017



The balance of deposits from retail customers amounted to RMB 1,270.555 billion, representing an increase of 6.62% as compared with the end of the previous year. The Company had 63,985 private banking customers (retail customers of the Company with minimum total daily average assets of RMB 10 million per month), representing an increase of 7.43% as compared with the end of the previous year. The total AUM from private banking customers amounted to RMB 1,793.6 billion, representing an increase of 8.08% as compared with the end of the previous year.

Wholesale finance business

The financial services to the corporate clients, government agency clients, and financial institutions include loan and deposit service, settlement and cash management service, trade finance and offshore business, investment banking business, inter-bank business comprised of lending and buy-back, asset custody business, financial market business, and other services. The net operating income from wholesale finance of the Group amounted to RMB 53.572 billion, representing a year-on-year decrease of 3.92%, and accounted for 47.40% of the net operating income of the Group. The profit before tax from wholesale finance amounted to RMB 20.889 billion, accounting for 41.83% of the total profit before tax of business lines. Among it, the net interest income from wholesale finance of the Company amounted to RMB 34.629 billion, representing a year-on-year increase of 5.77% and accounting for 66.11% of the net operating income from wholesale finance; net non-interest income of wholesale finance of the Company amounted to RMB 17.753 billion, representing a year-on-year decrease of 17.89% and accounting for 33.89% of the net operating income from wholesale finance and 47.23% of net non-interest income of the Company.

Corporate business: The balance of corporate customer deposits amounted to RMB 2,682.870 billion, representing an increase of 9.46% as compared with the end of the previous year. The daily average balance amounted to RMB 2,573.505 billion, representing an increase of 10.15% as compared with the corresponding period of the previous year; among the daily average balance of corporate customer deposits, the demand deposits accounted for 56.28%. The average cost ratio of deposits from corporate customers was 1.47%, down by 0.01 percentage point compared with the overall level of the previous year.

Financial institutions business: The balance of placements from banks and other financial institutions reached RMB 381.375 billion, representing a decrease of 28.96% as compared with the end of the previous year; the proportion of demand deposits increased by 1.61 percentage points as compared with the end of the previous year to 77.94%. The annualized average cost ratio of the Company's placements from banks and other financial institutions was 1.97%, representing a decrease of 0.28 percentage point as compared with the overall level of the previous year. During the period, the Company's rediscount business with the Central Bank amounted to RMB 42.529 billion, representing a year-on-year increase of 31.75%, ahead of our peers in terms of market share.

Other businesses

Other business covers investment properties, businesses in subsidiaries (except Wing Lung Bank), associates, and joint ventures, and other relevant businesses. None of these segments meets any of the quantitative thresholds so far for determining reportable segments.

Shares Overview

A shares as percentage of total share capital

81.80%

H shares as percentage of total share capital

18.20%

A Shares

SSE Stock Code: 600036

No. of Shares: 20.629 billion

A Share Market Capitalization:

RMB 551.826 billion (31 Aug 2017)

Share Price: RMB 26.75 (31 Aug 2017)

52-week Range

Low – RMB 17.49 (29 Dec 2016) (unadjusted)

High – RMB 27.53 (25 Aug 2017)

H Shares

HKEx Stock Code: 3968

No. of Shares: 4.591 billion

H Share Market Capitalization:

HK\$ 135.435 billion (31 Aug 2017)

Share Price: HK\$ 29.50 (31 Aug 2017)

52-week Range

Low – HK\$ 17.74 (23 Dec 2016) (unadjusted)

High – HK\$ 29.50 (31 Aug 2017)

* Data source: H share FY2016 and 1H2017 reports

Investor contact: Office of Board of Directors

Tel: 86-755-8319 8888

Website: www.cmbchina.com

Headquarter: China Merchants Bank Tower, No 7088, Shennan Boulevard, Shenzhen, China

Fax: 86-755-8319 5109



Financial Summary of the Group

Consolidated income statement

(In millions of RMB)	For 6 months ended 30 Jun 2017	For 6 months ended 30 Jun 2016
Net interest income	70,896	67,477
Net fee and commission income	34,750	37,779
Other net income	6,984	7,986
Operating income	112,630	113,242
Operating profit before impairment losses	82,188	81,513
Profit before taxation	49,942	45,495
Net Profit	39,466	35,332
Attributable to:		
Equity shareholders of the Bank	39,259	35,231
Non-controlling interests	207	101
Earnings per share (RMB)	1.56	1.40

Key ratios

	For 6 months ended 30 Jun 2017	For the year ended 31 Dec 2016
Return on average assets	1.29%	1.09%
Return on average equity	19.11%	16.27%
Net interest spread	2.31%	2.37%
Net interest margin	2.43%	2.50%
Cost-to-income ratio	25.88%	27.84%
Under the advanced measurement approach:		
Tier 1 capital adequacy ratio	12.42%	11.54%
Capital adequacy ratio	14.59%	13.33%
Under the weighted approach:		
Tier 1 capital adequacy ratio	9.98%	10.09%
Capital adequacy ratio	11.85%	12.00%

Consolidated balance sheet

(In millions of RMB)	As of 30 Jun 2017	As of 31 Dec 2016
Loans and advances to customers	3,539,938	3,261,681
Interest receivable	28,173	26,251
Cash, precious metal and balances with central bank	610,420	600,510
Balances with banks and other financial institutions	61,312	103,013
Inter-bank lending and financial assets purchased under repurchase agreements	384,031	478,950
Fixed assets	46,627	43,857
Deferred tax assets	40,556	31,010
Goodwill	9,954	9,954
Total assets	6,199,690	5,942,311
Deposits from customers	4,142,254	3,802,049
Deposits from bank and other financial institutions	399,902	555,607
Borrowings from the central bank	351,542	330,108
Placements from banks and other financial institutions	212,457	248,876
Financial liabilities at fair value through profit or loss	23,995	23,576
Amounts sold under repurchase agreement	158,357	162,942
Total liabilities	5,777,866	5,538,949
Total equity attributable to the shareholders of the Company	419,377	402,350

Asset quality indicators

	As of 30 Jun 2017	As of 31 Dec 2016
Non-performing loan ratio	1.71%	1.87%
Allowance coverage ratio of non-performing loans	224.69%	180.02%
Allowance ratio of loans	3.84%	3.37%