



China Merchants Bank Co., Ltd.

2022 Interim Results Announcement





Forward-Looking Statements 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.

Notes:

1. In this presentation, unless otherwise mentioned, all financial metrics are on consolidated group basis; all business metrics are on standalone bank basis.
2. Certain financial metrics are subject to retroactive adjustment.
3. Unless specified, all data shown in this presentation is based on IFRS and denominated in RMB.
4. Some data shown may be subject to rounding.

Agenda

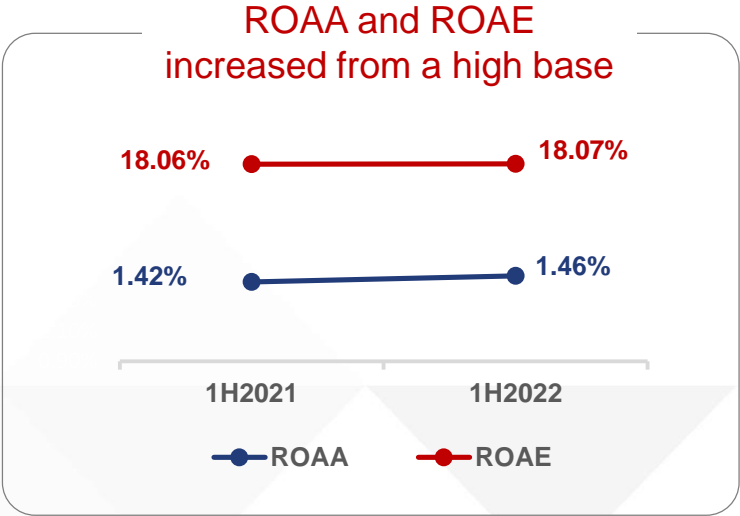
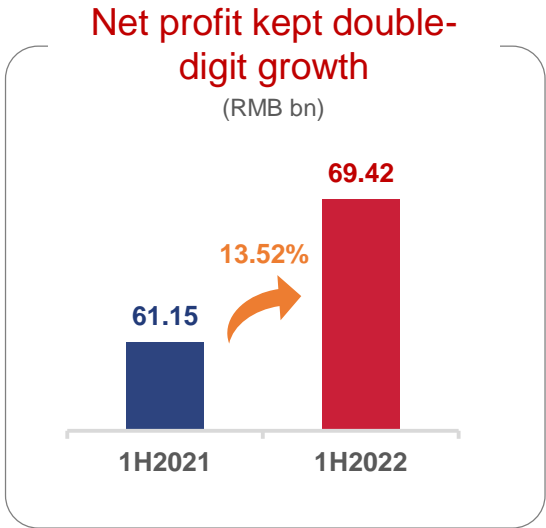
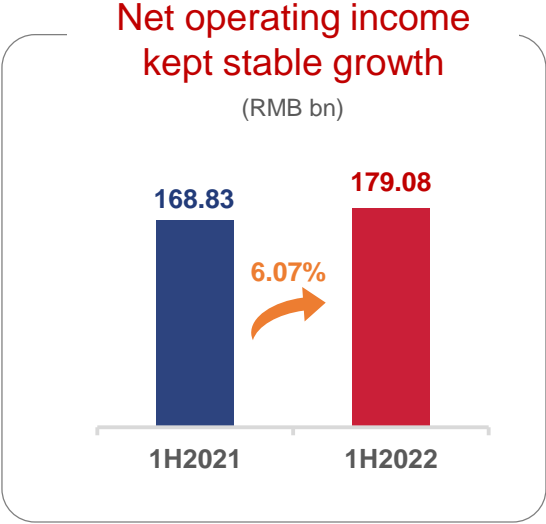




1. Performance Overview

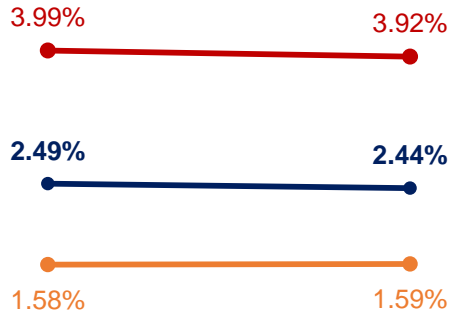
- Operating income growth demonstrated resilience with operation efficiency in line with expectations
- Extensive Wealth Management business developed steady, and net non-interest income proportion maintained high
- Overall asset quality remained stable with sufficient risk provisioning and compensation capabilities
- Sound liabilities' structure upheld with flexible adjustments to asset allocation
- The Group's flywheel integrated faster, with continuously strengthening synergy

Operating income growth demonstrated resilience with operation efficiency in line with expectations



Operating income growth demonstrated resilience with operation efficiency in line with expectations

Net interest margin slightly edged down



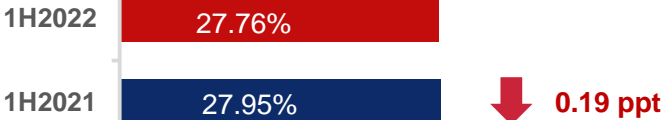
1H2021 1H2022

- Yield of interest-earning assets (annualized)
- Cost of interest-bearing liabilities (annualized)
- Net interest margin (annualized)

Net interest income increased steady

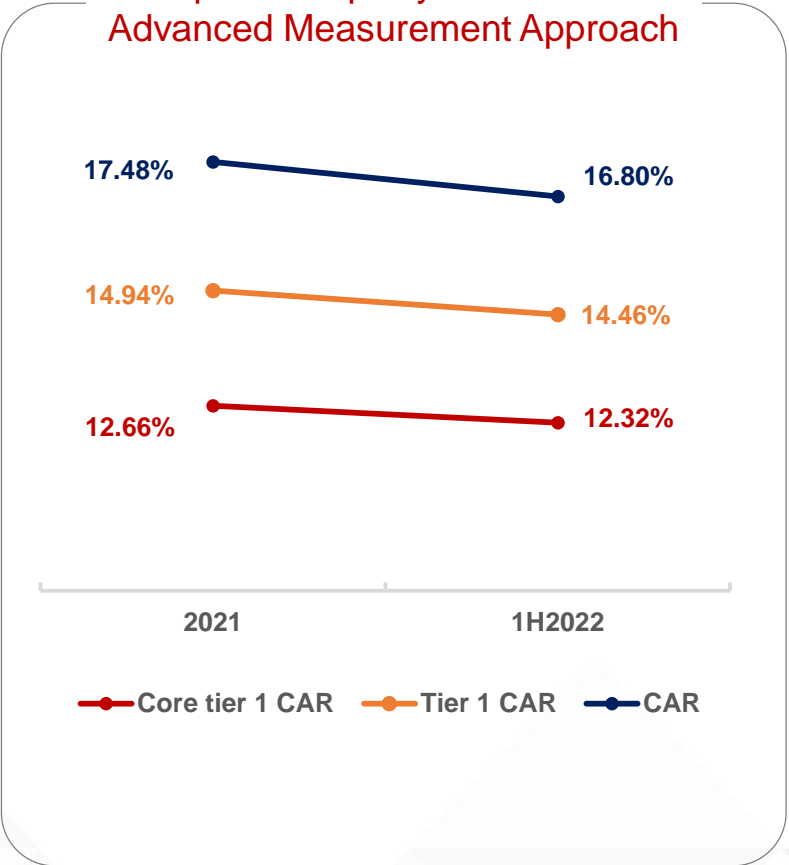
↑ **8.41%** RMB107.69 billion

Cost-to-income ratio declined YoY

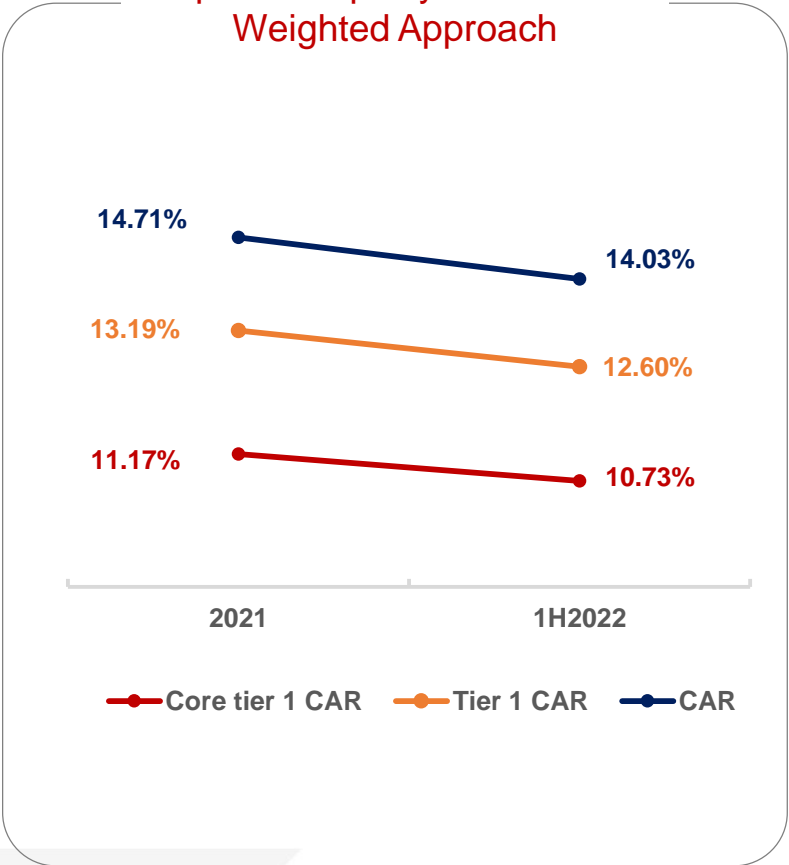


Operating income growth demonstrated resilience with operation efficiency in line with expectations

Capital adequacy ratios under Advanced Measurement Approach

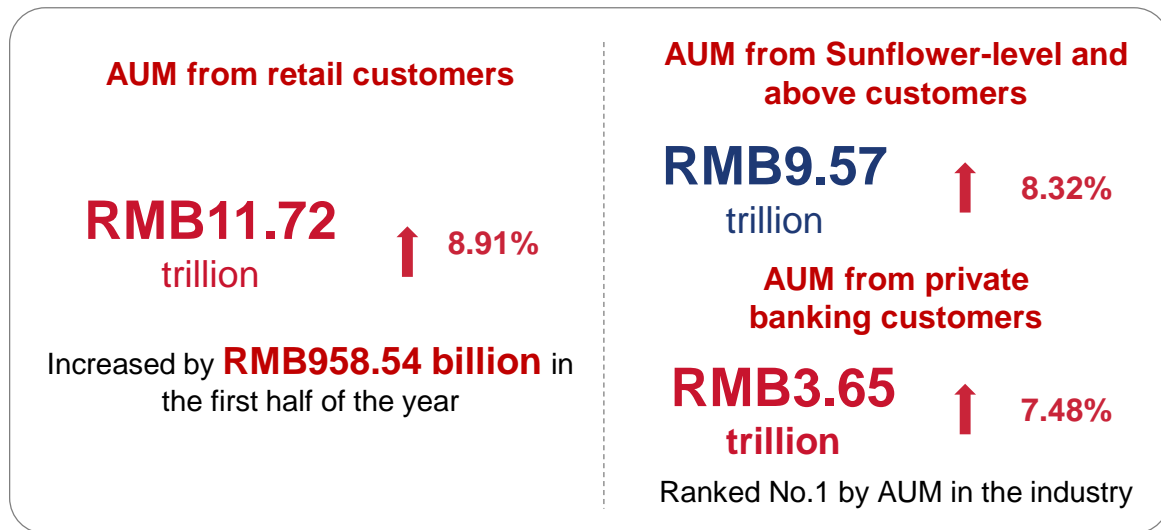


Capital adequacy ratios under Weighted Approach

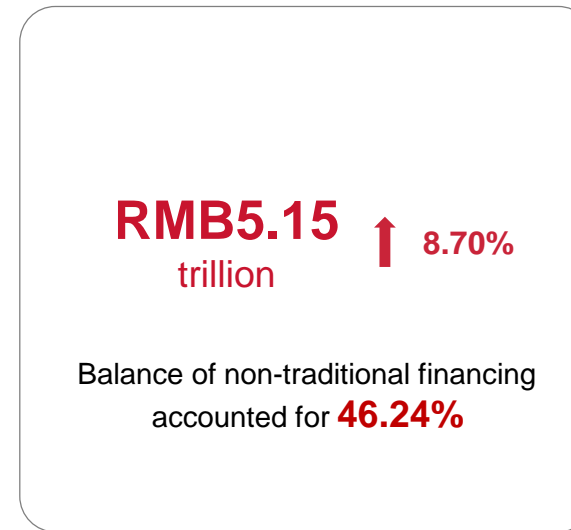


Extensive Wealth Management business developed steady, and net non-interest income proportion maintained high

Total assets under management (AUM) from retail customers



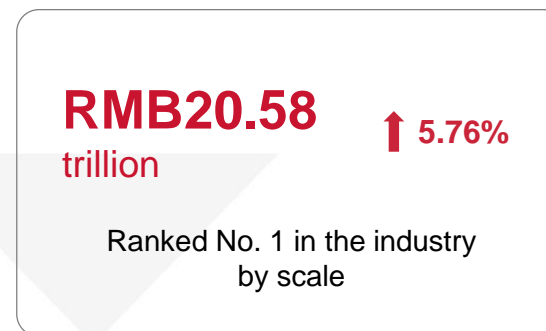
Balance of aggregate financing products to corporate customers (FPA)



Total AUM of asset management business



Balance of assets under custody



Extensive Wealth Management business developed steady, and net non-interest income proportion maintained high

Proportion of net non-interest income maintained high

Net non-interest income
↑ 2.73% **RMB71.39 billion**
 As percentage of net operating income
↓ 1.30 pts **39.86%**

Income from extensive wealth management increased continuous

RMB28.26 **↑ 0.30%**
 billion

Fee and commission income from wealth management
RMB18.87 billion **↓ 8.13%**

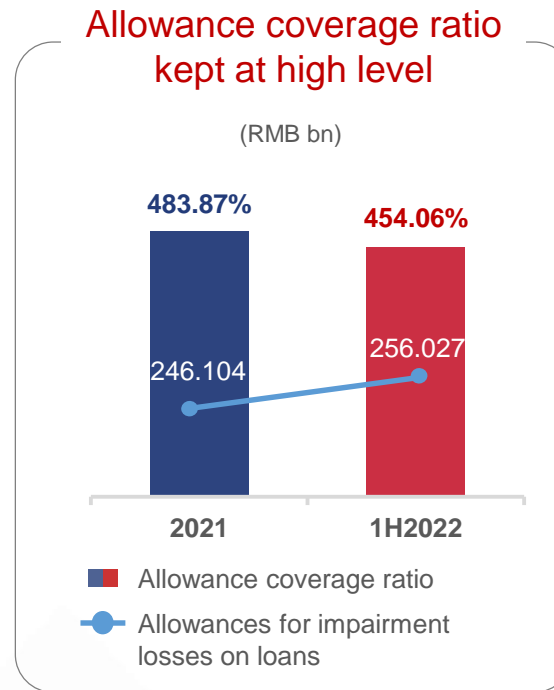
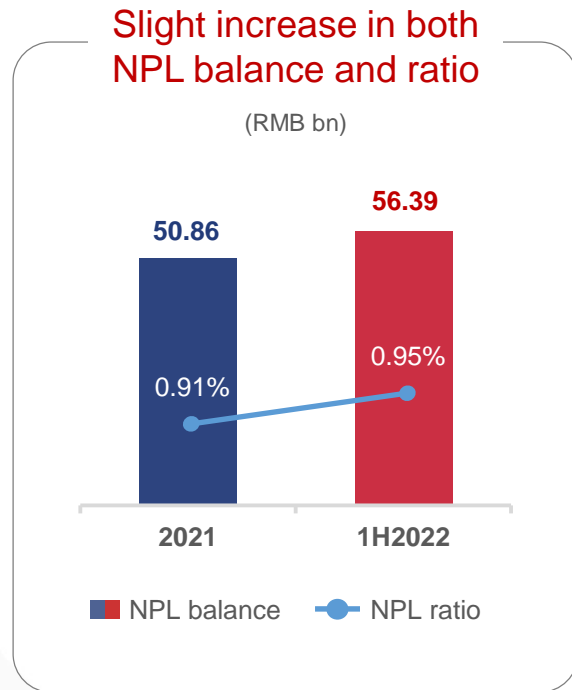
Fee and commission income from asset management
RMB6.34 billion **↑ 32.84%**

Commission income from custody business
RMB3.05 billion **↑ 6.58%**

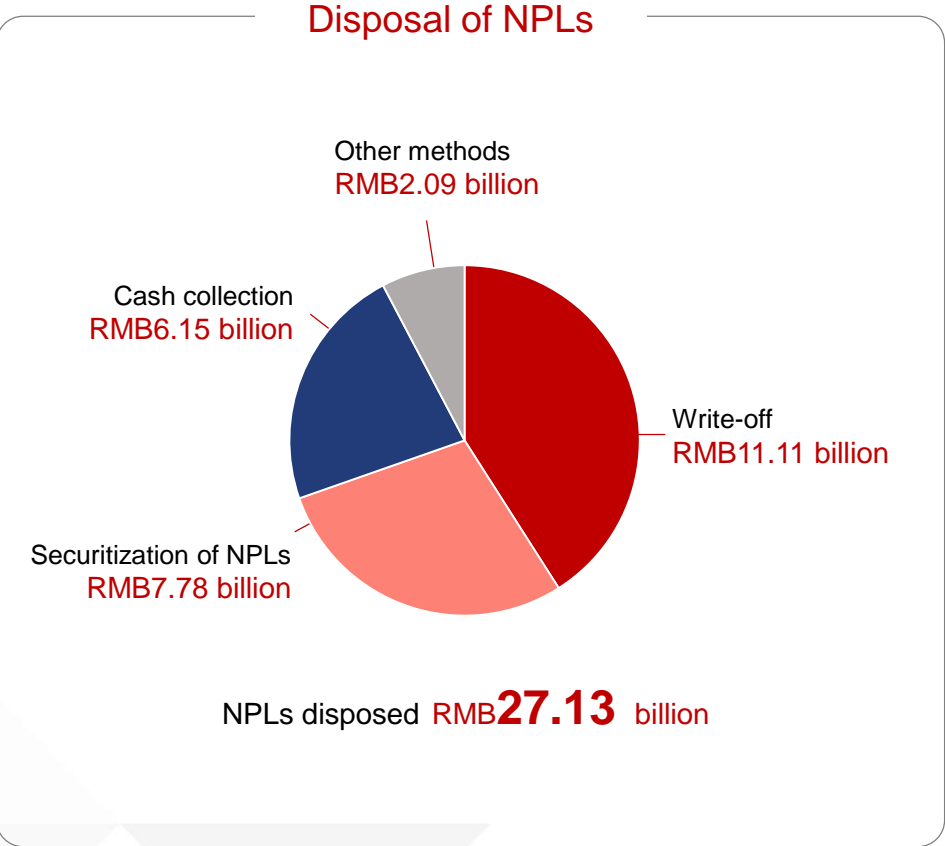
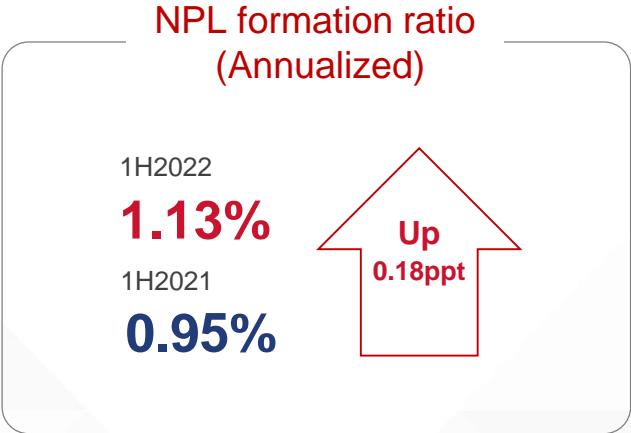
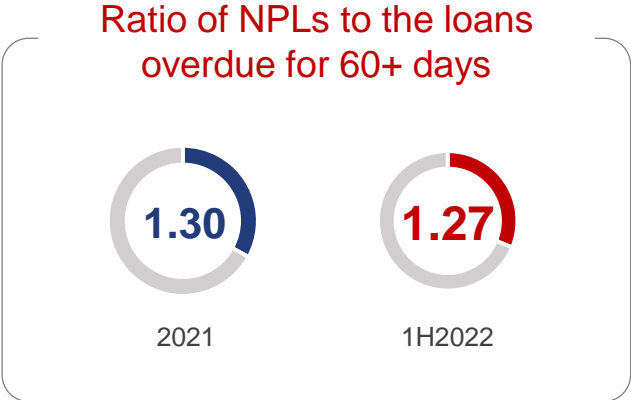
Notes:

- 1 Total AUM of asset management businesses represents the sum of asset management AUM of CMB Wealth Management, China Merchants Fund, CMB International Capital and CIGNA &CM AM as of the end of the reporting period
- 2 The income of the extensive wealth management business is on a consolidated group basis, which includes fee and commission income from the wealth management business, fee and commission income from the asset management business and the commission income from the custody business

Overall asset quality remained stable with sufficient risk provisioning and compensation capabilities

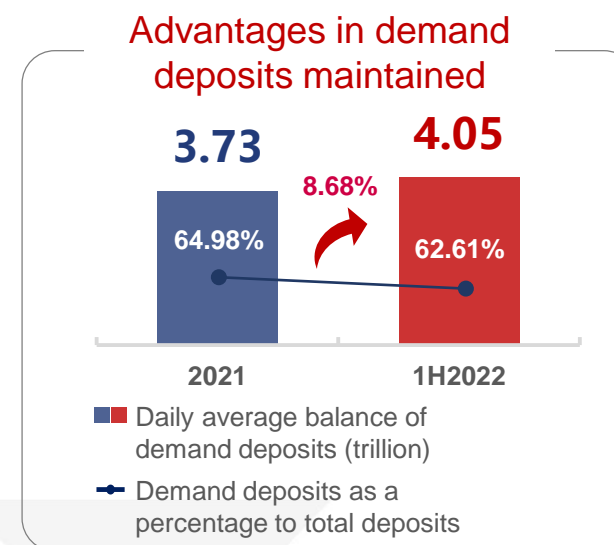
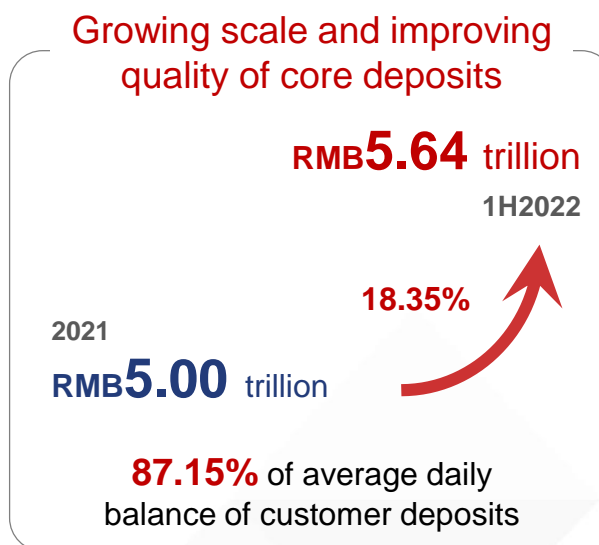
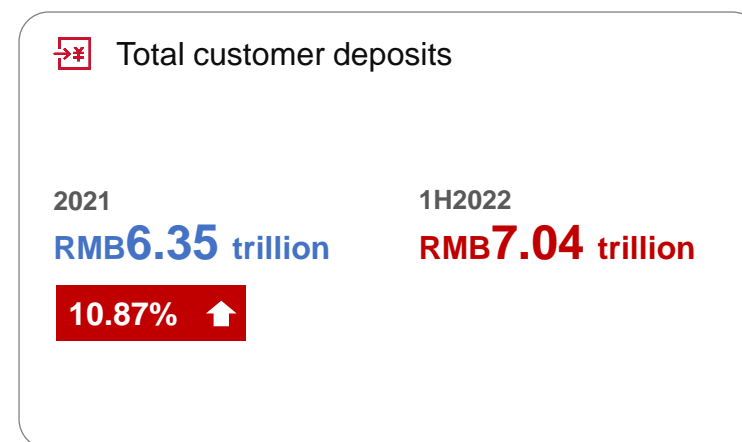
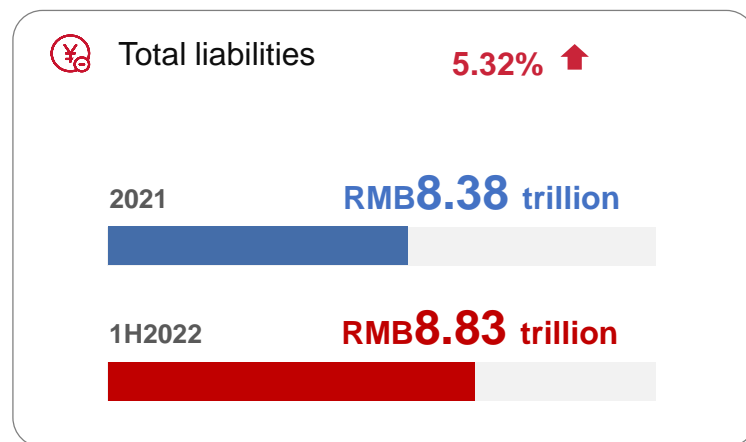


Overall asset quality remained stable with sufficient risk provisioning and compensation capabilities



Note: data on this page is on standalone basis

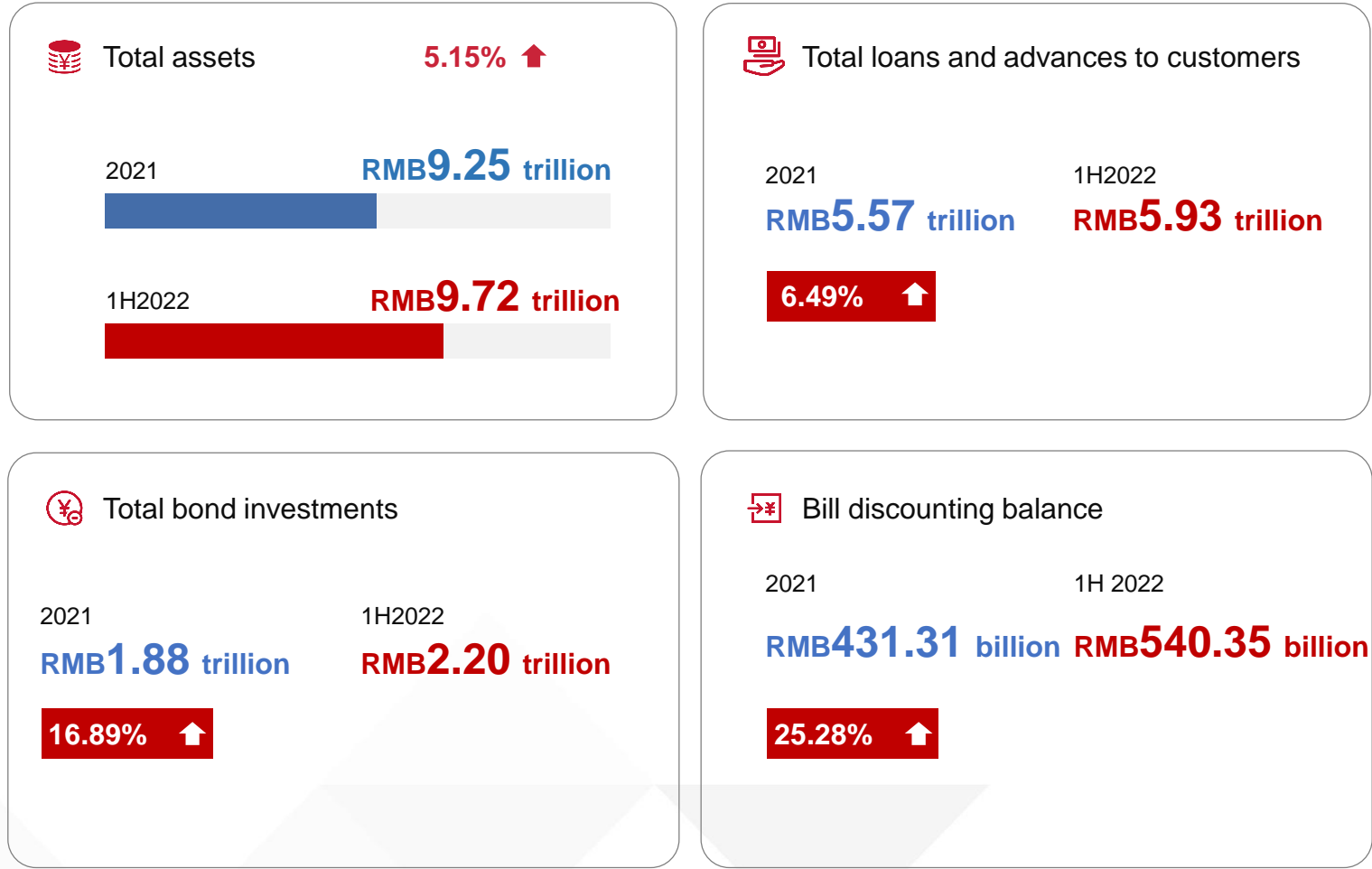
Sound liabilities' structure upheld with flexible adjustments to asset allocation



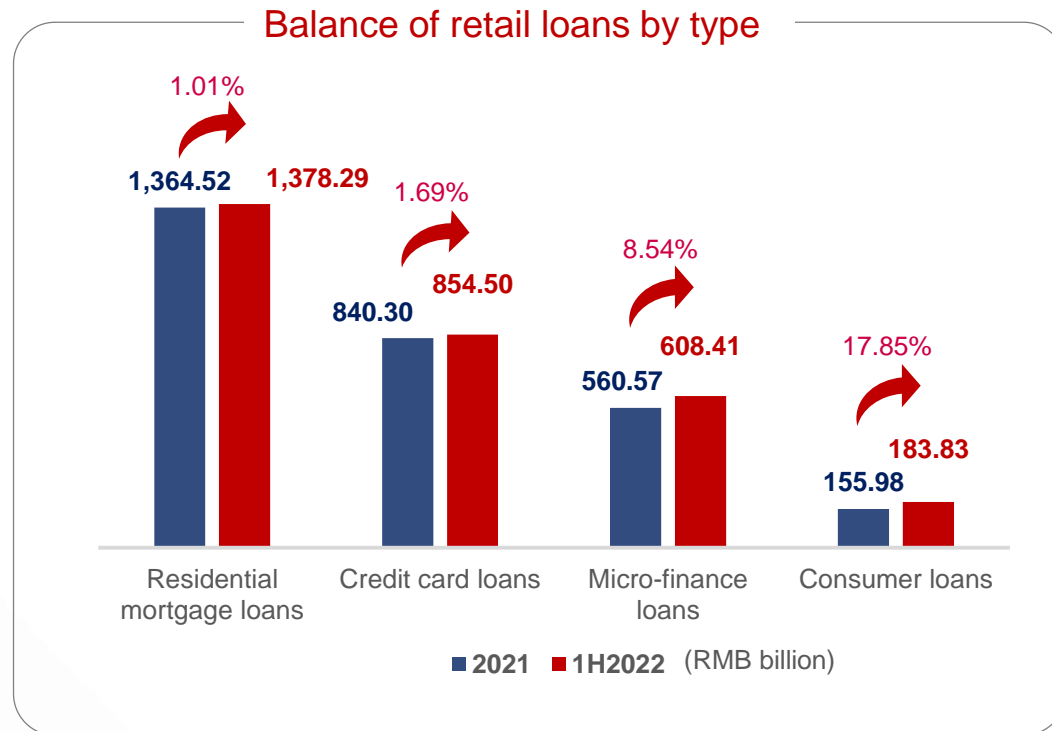
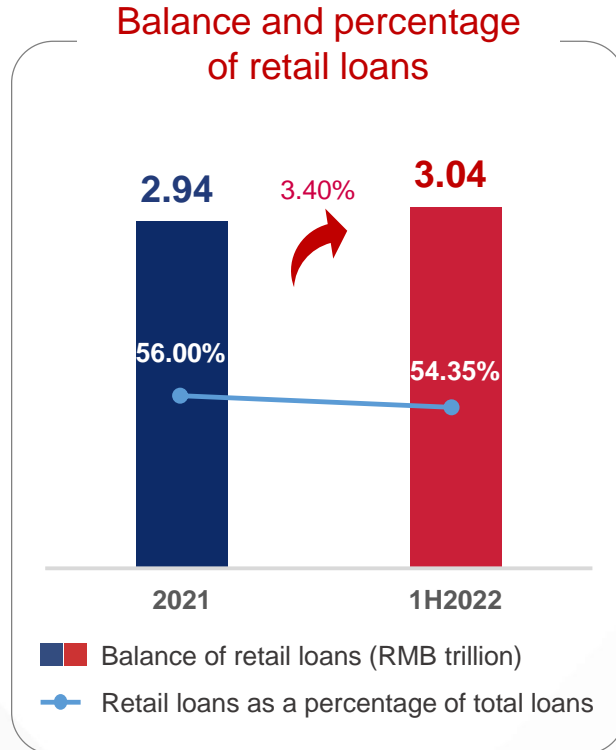
Notes:

1. Except for total liabilities and total customer deposits, all other data on this page are on standalone basis
2. Core deposit is the Company's internal KPI for deposit business, and is calculated based on the size of deposits from customers excluding high-cost deposits such as large-denomination certificates of deposit and structured deposits

Sound liabilities' structure upheld with flexible adjustments to asset allocation

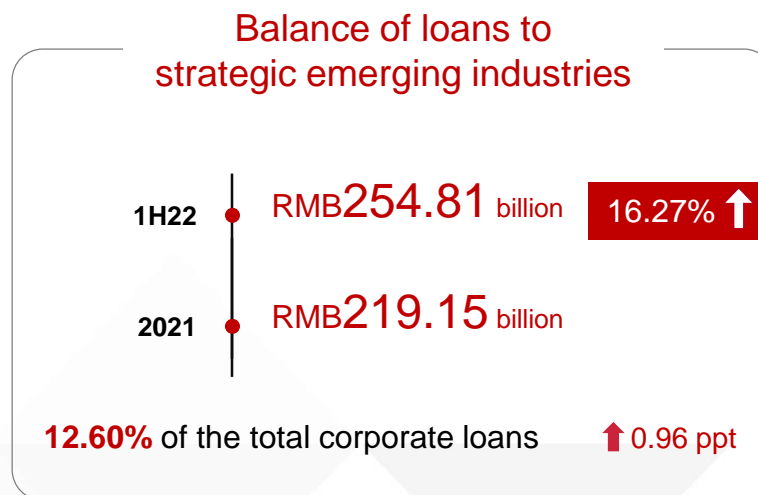
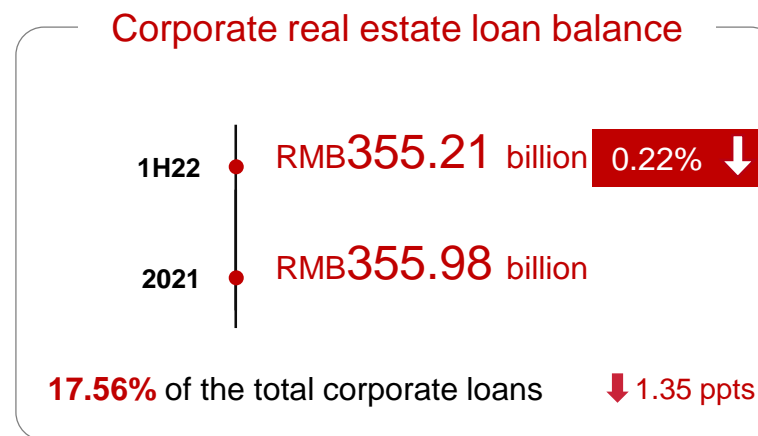


Sound liabilities' structure upheld with flexible adjustments to asset allocation



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Sound liabilities' structure upheld with flexible adjustments to asset allocation



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Group's flywheel swiftly integrated with increasing synergies

Realizing "flywheel effect" through openness and integration

CMB Group's Flywheel

Subsidiaries → The Company

- AUM **RMB2.61** trillion
- FPA **RMB745.65** billion

CMB Wealth Management

- Balance of WMPs **RMB2.88** trillion ↑ 3.60%
Ranked **No.1** among peers
- Balance of new products **RMB2.74** trillion ↑ 5.38%
- **95.14%** of the balance of total WMPs ↑ 1.61pts

CMB Financial Leasing

- Total assets **RMB266.22** billion ↑ 23.40%
- Net profit **RMB1.97** billion ↑ 24.35%

Growth of leasing assets and net profits were **leading** in the industry

China Merchants Fund

- Scale of non-monetary mutual funds **RMB586.8** billion ↑ 7.01%
Ranked among the **top 5** in the industry for the first time

Merchants Union Consumer Finance

- Total assets **RMB142.97** billion ↑ 10.11%
 - Net profit **RMB1.94** billion ↑ 25.62%
- Key business metrics kept **No. 1** in the industry

Agenda



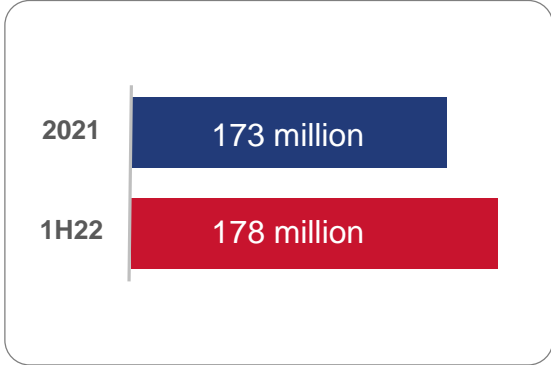


2. Operational Information

- Strengthened strategy implementation in the retail finance segment
- Deepening transformation of the wholesale finance business
- Continuously enhanced Fintech capabilities
- Effectively managed major business risks
- Actively implemented the concepts of ESG

Strengthened strategy implementation in the retail finance segment

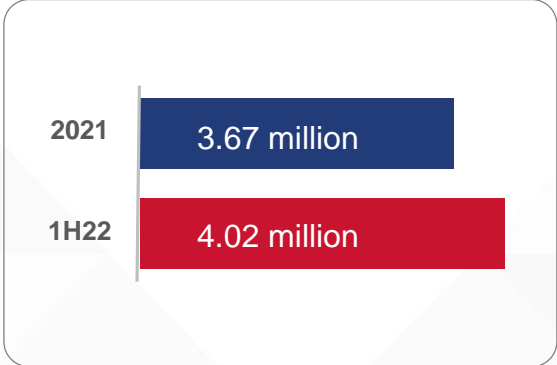
No. of retail customers ↑ 2.89%



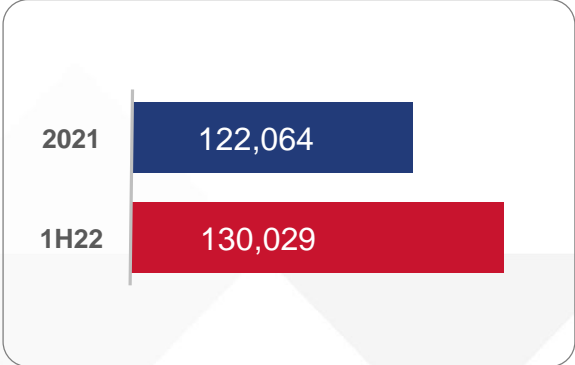
No. of customers holding wealth products ↑ 7.84%



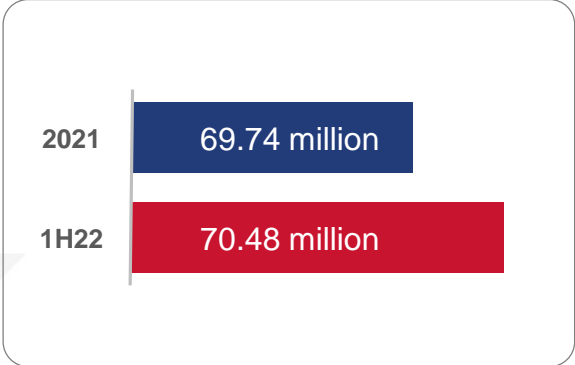
No. of Sunflower-level and above customers ↑ 9.58%



No. of private banking customers ↑ 6.53%



No. of active credit card users ↑ 1.07%



Strengthened strategy implementation in the retail finance segment

Wealth management business

- **7.97 million** customers carried out asset allocation under the “TREE Asset Allocation System”
- **9** wealth management subsidiaries of peer banks were introduced to the retail product system
- **126** asset management institutions were introduced to the “Zhao Cai Hao” open platform, providing wealth information services to customers for more than **221 million times**

Private banking business

- The scale of management of family offices and family trusts both exceeded **RMB100 billion**
- The new AUM scale of family trusts in 1H2022 **exceeded that of the previous full year**

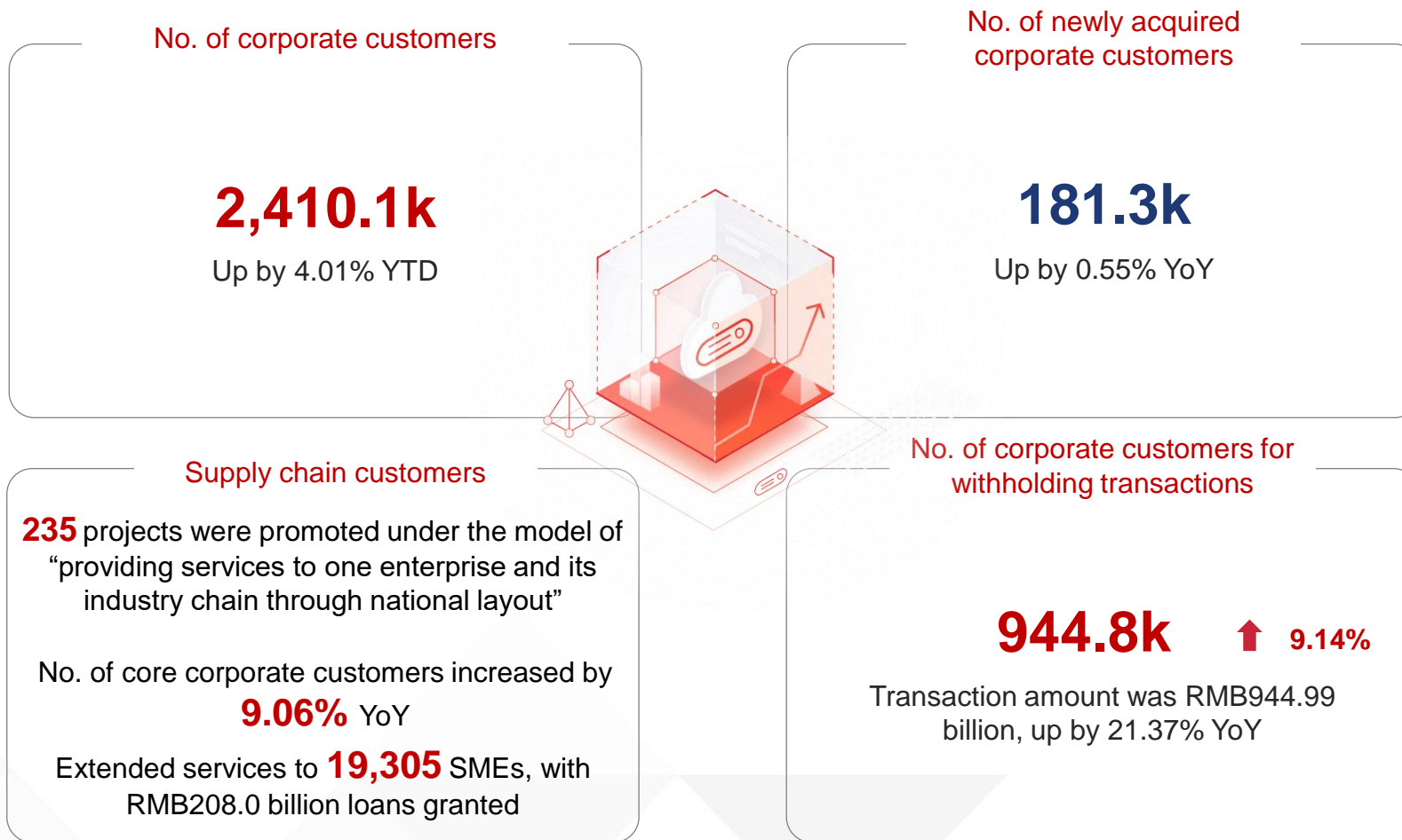
Retail credit business

- Retail loans increased by **RMB100.07 billion**, maintaining an industry-leading position with higher market share in the incremental market

Credit card business

- Credit card transactions amounted to **RMB2.39 trillion**, increased by **4.88%** year-on-year, ranked No.1 in the industry

Deepening transformation of the wholesale finance business



Deepening transformation of the wholesale finance business

Bill business

- Bills direct discounting business amounted to **RMB843.92 billion**, up by **20.29%** YoY, ranked 2nd in the market

Transaction banking business

- “CBS+” treasury management open platform
- Served **4,154** group customers, with **160.4k** companies under management, up by **10.70%**

Investment banking business

- Bonds with the Company as the lead underwriter amounted to **RMB343.10 billion**, ranked **third** in the industry by the size of debt financing instruments
- M&A business value amounted to **RMB116.87 billion**, up by **15.72%**

Institutional business

- Provided entrusted enterprise annuity and account management services to **7,708** corporate customers
- Provided entrusted occupational annuity services to **27 provinces (regions and municipalities)**
- Entrusted enterprise and occupational annuities amounted to **RMB153 billion**, Up by **10.68%**

Cross-border finance business

- International settlement in respect of corporate customers amounted to **USD214.67 billion**, up by **21.39%** YoY

Financial markets business

- The trading value of transaction services to the customers amounted to **USD134 billion**, up by **25.48%** YoY

Continuously enhanced Fintech capabilities



Information technology expenses amounted to **RMB5.36 billion**

Up by **6.03%** YoY

Equal to **3.26%** of the Company's net operating income

Mainly allocated to the **Fintech Innovation Project Fund**, construction of digital infrastructure, technical staff and system operation, among others



Overall cloud migration rate exceeded **90%**

Retail customers completed **"no trouble" migration to cloud**

Fully entering the era of cloud services



Number of R&D personnel reached **10,392**

Up by **3.48%** YTD

Accounting for **10.00%** of the Group's total employees



Note: Information technology expenses on this page are on standalone bank basis.

Continuously enhanced Fintech capabilities

Online

- **98%** of the non-cash business of retail customers could be handled through the CMB APP
- **96%** of the basic services of corporate customers were available online
- The percentage of online financing business reached **78.39%**, up by **11.13** pts YTD

Data

- Accessed to an aggregate of **300** external data sources which have been widely used in various business sectors such as retail, wholesale and risk management
- the number of retail loan (excluding credit card) customers increased by **11.15%** YTD

Intelligence

- Smart AI customer service, intelligent reviewing, Conch RPA and other services achieved the replacement of over **10,000 employees**
- The intelligent risk control platform “**Libra**” helped lower the percentage of fraud and account takeover amounts by non-cardholders to **0.4 in ten millionths**
- **50%** of the time spent on loan review and approval was saved

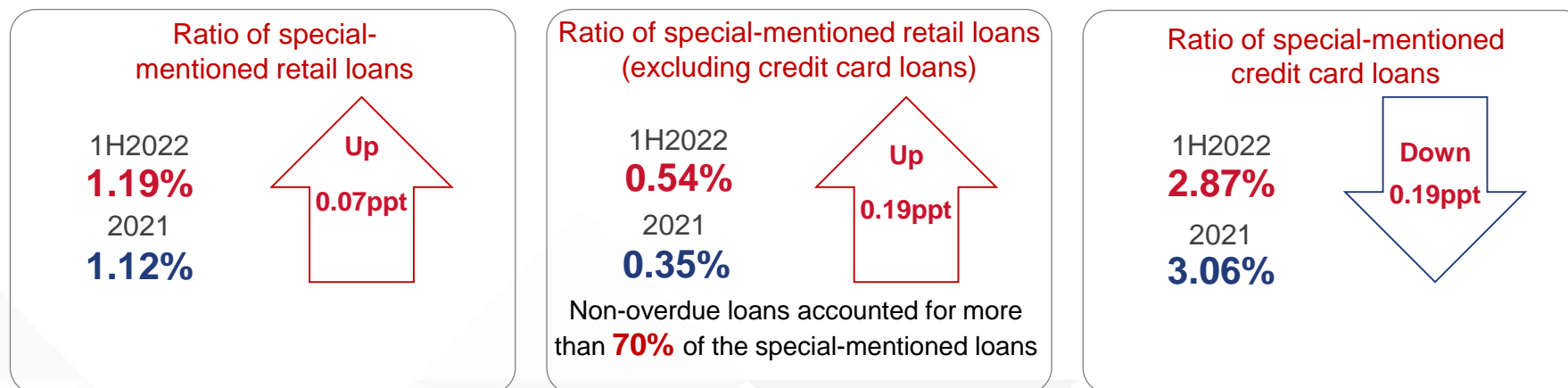
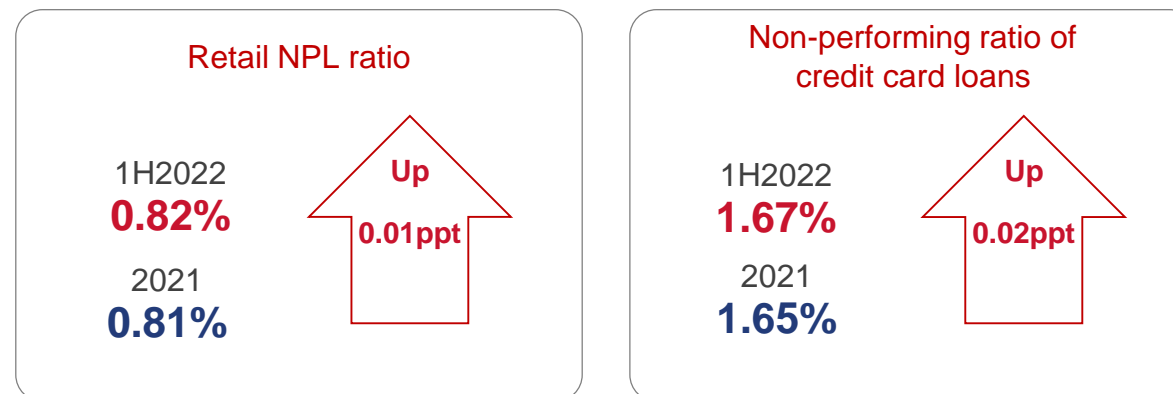
Platform

- Opened **211** API interfaces on the CMB APP, launched a total of **2,701** mini programs and introduced **724** cooperative merchants
- Opened **2,078** API interfaces to corporate customers, up **63%** YTD, and served **12,001** corporate customers in total, up by **395%** YTD

Ecosystem

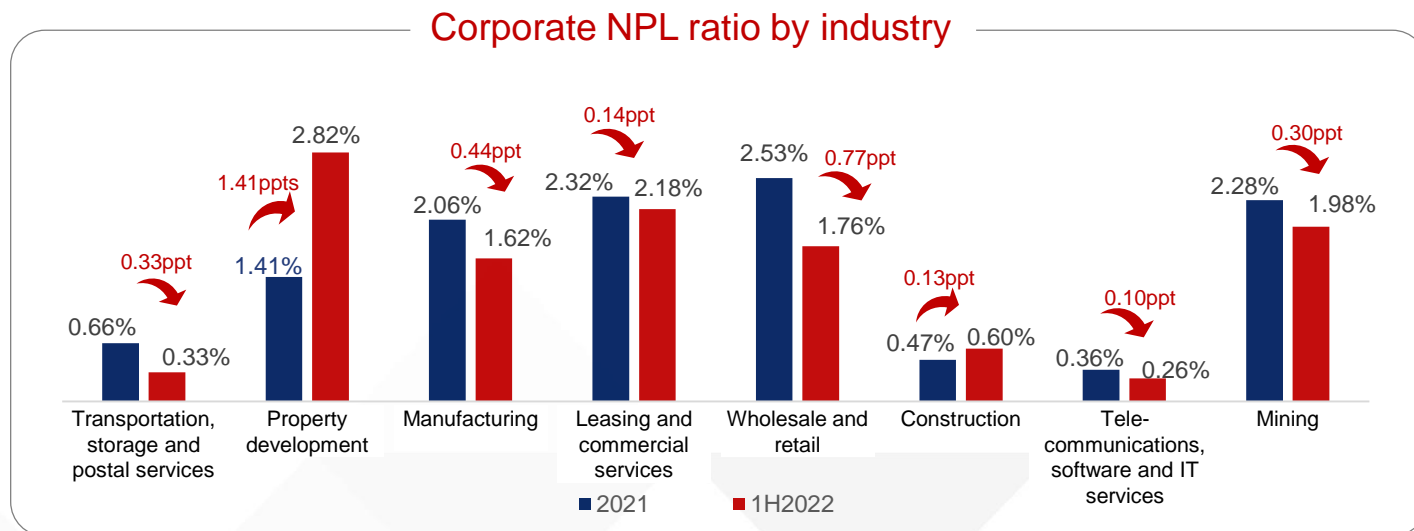
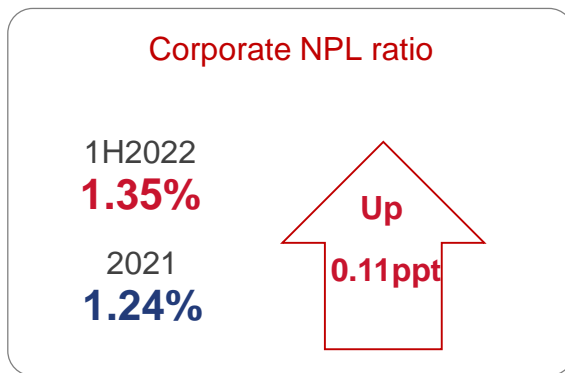
- Built a **one-stop distribution platform for wealth management products**, with 1,166 products from 10 wealth management subsidiaries, ranking first in the industry
- “Zhao Ying Tong” platform provided **6,658** asset management products from **87** asset management institutions

Effectively managed major business risks



Note: Data on this page are on standalone bank basis except for indicators for NPLs of retail loans and credit card loans.

Effectively managed major business risks



Note: data on this page are on consolidated group basis

Effectively managed major business risks

Risk management on exposure to real estate sector

- Total balance with credit risk assumed, e.g. actual and contingent credit, proprietary bond investments, and proprietary investment in non-standardized assets, amounted to **RMB493.71 billion**
 - Balance of corporate real estate loan was **RMB355.21 billion**, accounting for **6.35%** of the Company's total loans and advances to customers
 - **85%** of projects were **in the urban areas of first-tier and second-tier cities**
 - The Company's NPL ratio of real estate loans was **2.95%** **↑ 1.56ppts**
- Total balance of without assuming credit risks, e.g. wealth management funds, entrusted loans and agency distribution of trust schemes under the active management by cooperative institutions, amounted to **RMB316.38 billion**

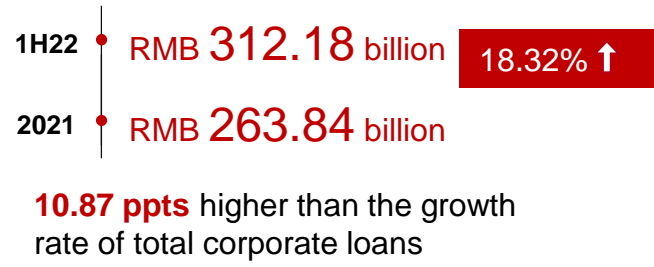
Risk management on residential mortgage loans

- Proportion of newly granted residential mortgage loans in **first-tier and second-tier cities** was **88.44%** **↑ 4.22ppts**
- Proportion of balance of residential mortgage loans in the **first-tier and second-tier cities** was **86.29%** **↑ 0.25ppt**
- **Weighted average LTV ratio** of residential mortgage loans was **33.28%** **↓ 1.10ppt**

Note: Data on this page are on standalone bank basis except for indicators for real estate-related businesses of which the Group assumed credit risks/did not assume credit risks.

Actively implemented the concepts of ESG

Green loans



Green bonds

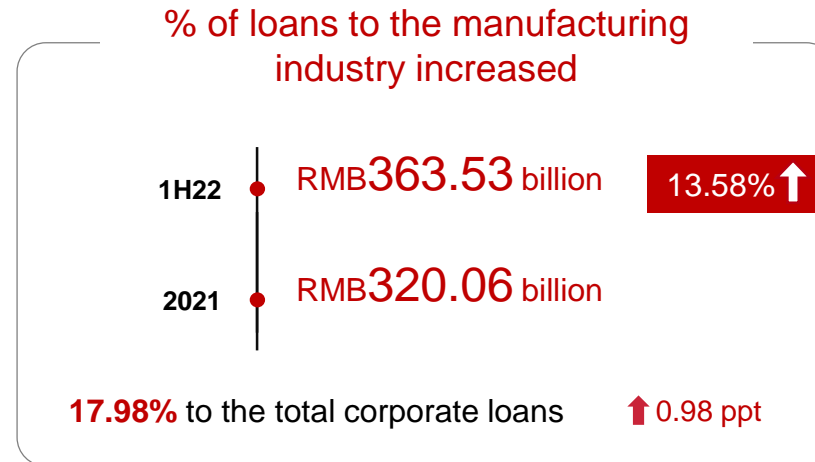
- Assisted **13 enterprises** in issuing **19** green bonds with a total issuance size of **RMB42.54 billion**
- The Company underwrote **RMB193.12 billion**, including **RMB16.06 billion** in **10** carbon neutrality bonds, with the funds having been invested in rail transportation, renewable energy and other fields

Green investments

- Completed the agency sales of **63** new energy and photovoltaic funds
- Scale of CMB Wealth Management's wealth management products with ESG philosophy was **RMB925 million**; The balance of investments in green bonds was **RMB24.60 billion**
- 6** existing ESG-related products of China Merchants Fund, amounting to **RMB2.67 billion**

Note: data on this page is on standalone basis

Actively implemented the concepts of ESG



Enhanced support for inclusive finance

- Balance of SME inclusive finance loans of the company was RMB **650.80** billion, representing an increase of **8.27%** YTD, **1.73 pts** higher than the growth rate of overall loans of the Company
- The number of accounts with SME inclusive finance loan balance were **1,061.4k**, representing an increase of **148.1k** YTD
- Average interest rate for new loans: **5.31%**

Effectively implemented the policy of deferring repayment of loan principal and interest

- The total amount of loan principal and interest repayment deferred for customers suffered in difficulties were RMB **15.53** billion
- It is expected that most borrowers may repay the principal and interest normally in the future and the **effect** on asset quality is **overall controllable**

Note: data on this page is on standalone basis

Agenda





3. Outlook and Tactics

Outlook and Tactics



Adhere to established strategies and continue to build the 3.0 model of extensive wealth management



Improve overall internal management to ensure high-quality development



Facilitate faster development in key regions and create new growth engines for high-quality development



Leverage on Fintech to accelerate the establishment of “Digital CMB”



Comprehensively enhance risk management capabilities and build a fortress-style risk compliance management system

Thank You!
Q&A

