



China Merchants Bank Co., Ltd.

2022 Annual Results Announcement



Forward-Looking Statement Disclaimer

A stylized, light blue tower with a square top and a central opening. The tower features two circular logos on its sides, each containing a stylized 'M' or similar symbol. The background is a light blue gradient.

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 for 2022 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**



2. Operational
Information



3. Outlook and
Strategies

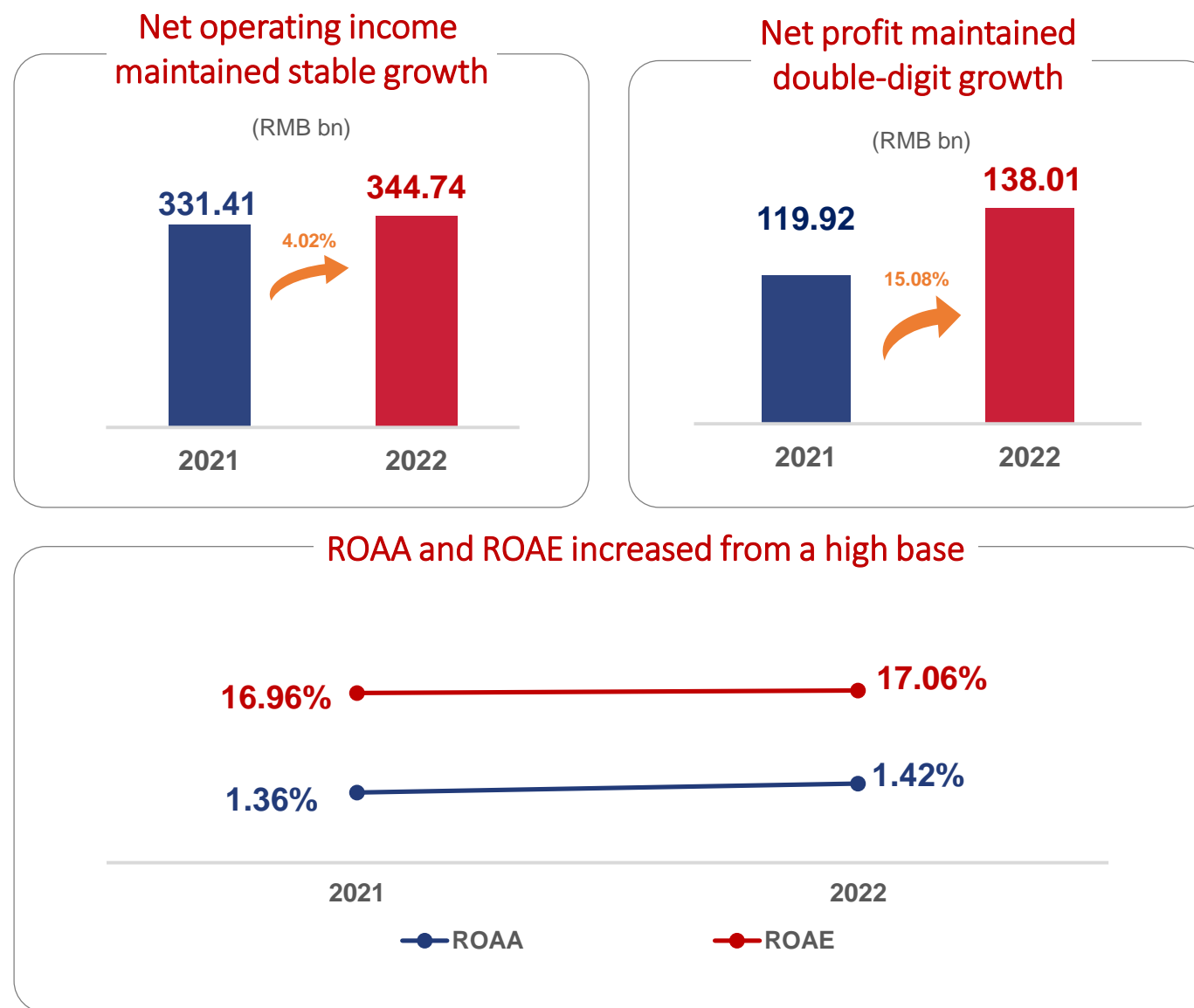




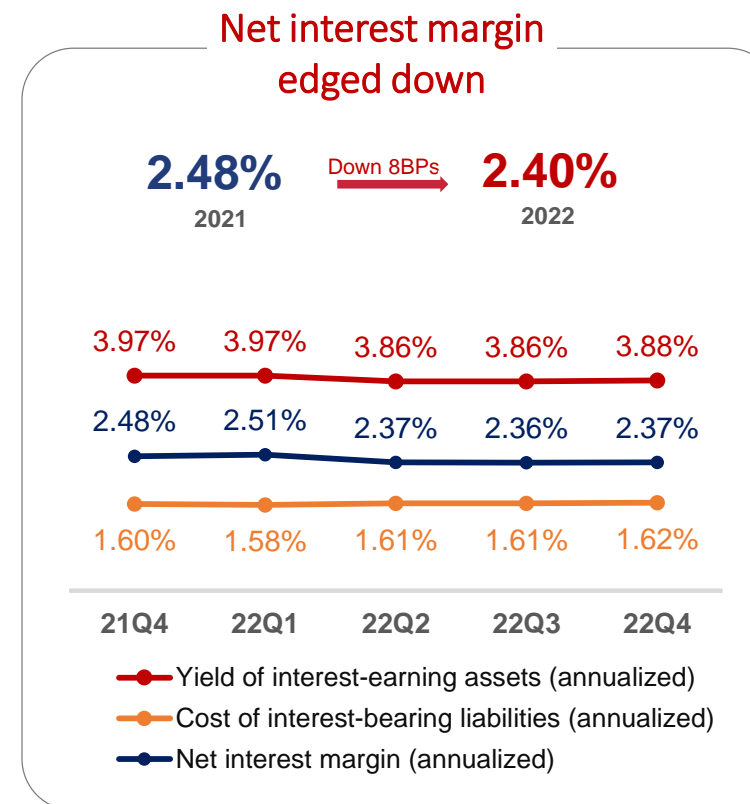
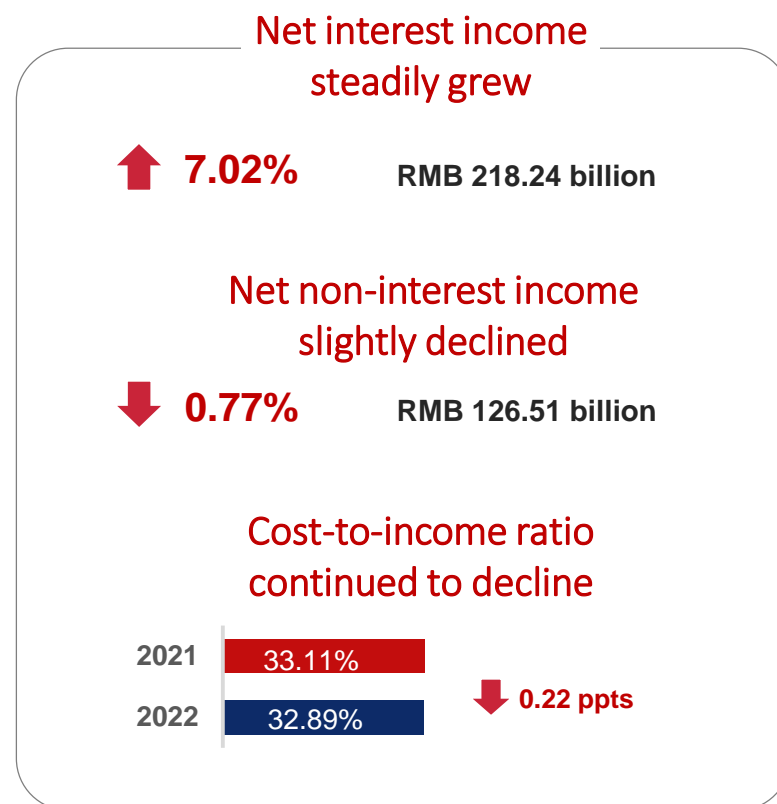
1 Performance Overview

- Effective response to various challenges with stable and improving performance
- The scale of assets rose to a higher level while maintaining edges in liabilities management
- Solid and effective assets and liabilities management with robust risk management capabilities
- Commitment to innovation-driven growth with continuously strengthened fintech capabilities
- Effectively implemented ESG concepts while proactively serving the real economy

Effective response to various challenges with stable and improving performance

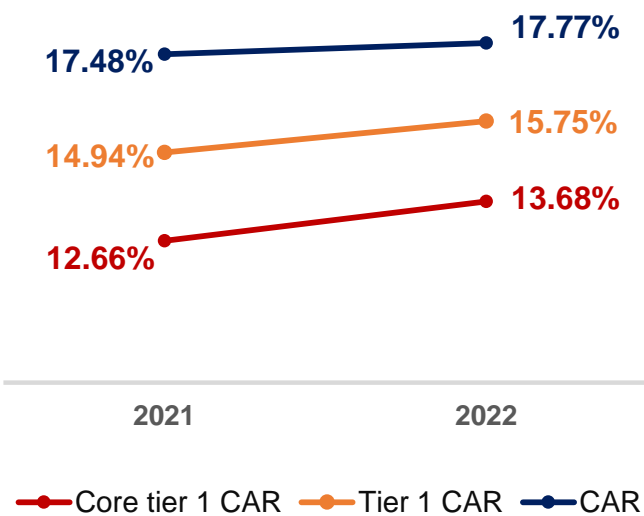


Effective response to various challenges with stable and improving performance

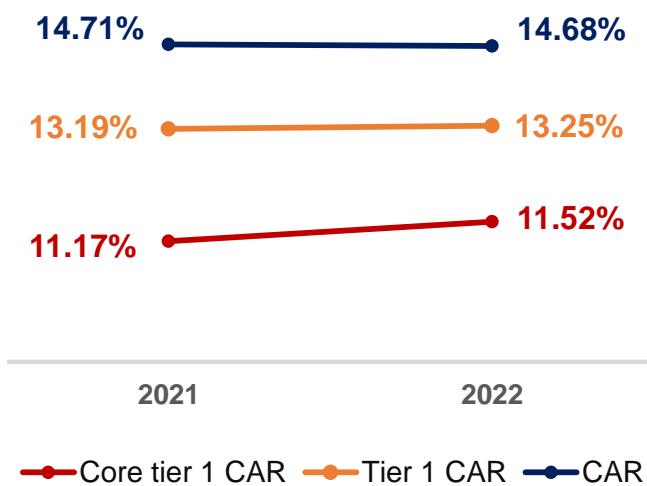


Effective response to various challenges with stable and improving performance

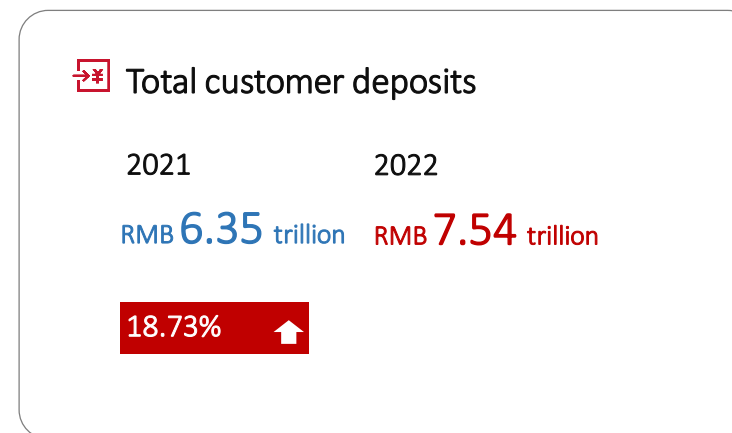
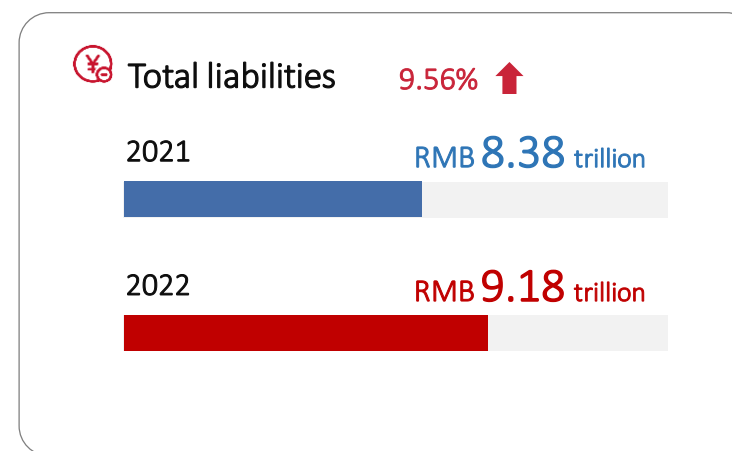
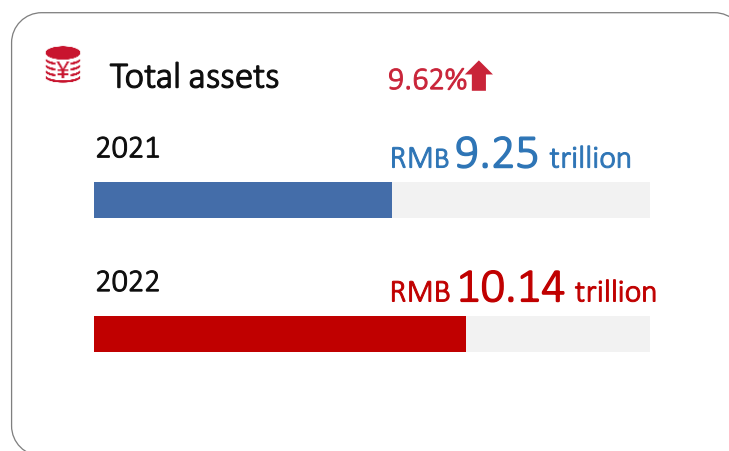
Capital adequacy ratios under Advanced Measurement Approach



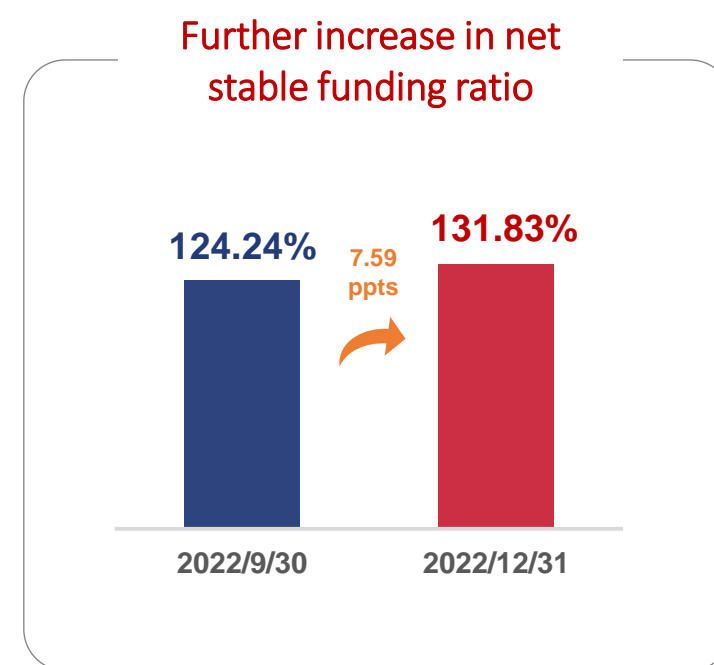
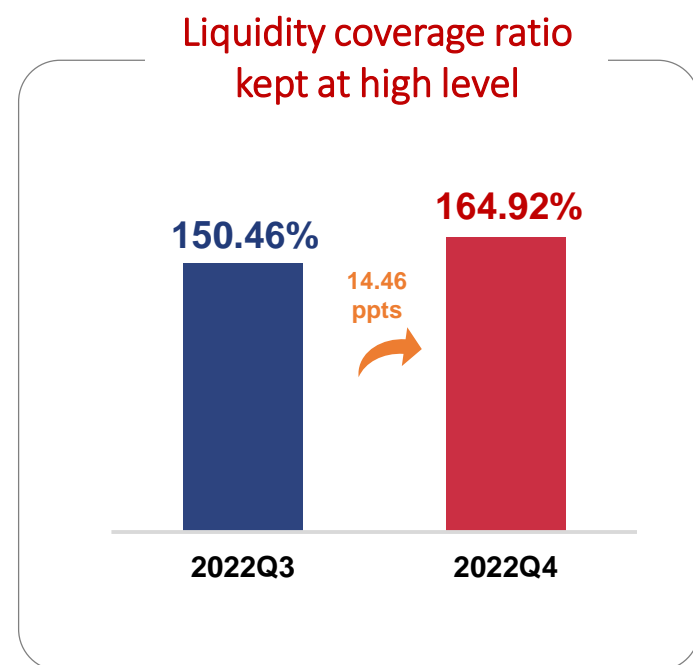
Capital adequacy ratios under Weighted Approach



Scale of assets rose to a higher level while maintaining edges in liabilities management



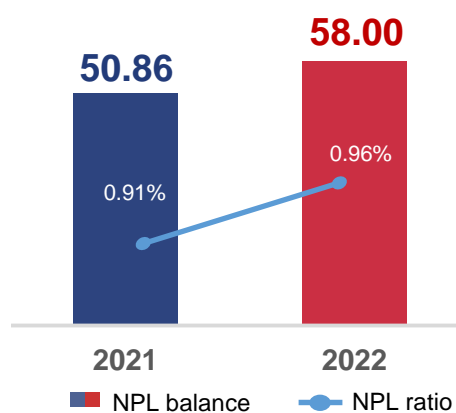
Solid and effective assets and liabilities management with robust risk management capabilities



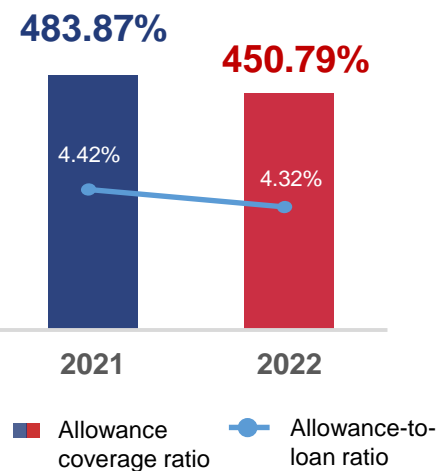
Solid and effective assets and liabilities management with robust risk management capabilities

Slight increase in both NPL balance and ratio

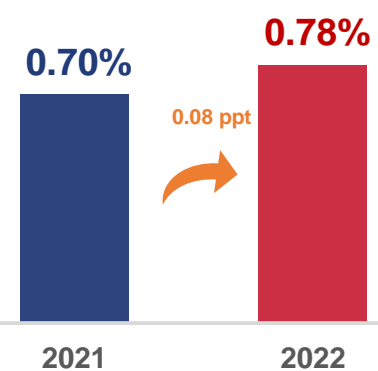
(RMB bn)



Decline in allowance coverage ratio and allowance-to-loan ratio



Slight increase in credit cost ratio



Commitment to innovation-driven growth with continuously strengthened fintech capabilities



IT expenses reached **RMB14.17 billion**
 Up by **6.60%** YoY
 Accounting for **4.51%** of net operating income
 Up by **0.14 ppts** YoY



Fintech Innovation Project Fund
 Number of new projects launched: **577**
 Number of new projects put into operation: **489**
 Cumulative number of projects launched: **3,242**
 Cumulative number of projects put into operation: **2,450**



Successfully completed **Cloud migration**
in three years, marking an all-rounded entry into the cloud era



Number of R&D personnel reached **10,846**
 Up by **8%** YoY
 Accounting for **9.60%** of the Group's total employees

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

Effectively implemented ESG concepts while proactively serving the real economy

■ Improved corporate governance

ESG and green finance development-related responsibilities added to the “Strategy Committee of the Board of Directors”

■ Promoted green development

Released the first *Special Green Development Plan of CMB*

■ Served the real economy

Balance of green loans: **RMB355.36 billion** ↑ 34.69%

Balance of manufacturing loans: **RMB443.85 billion** ↑ 38.68%

Balance of technology enterprises’ loans: **RMB295.61 billion** ↑ 44.86%

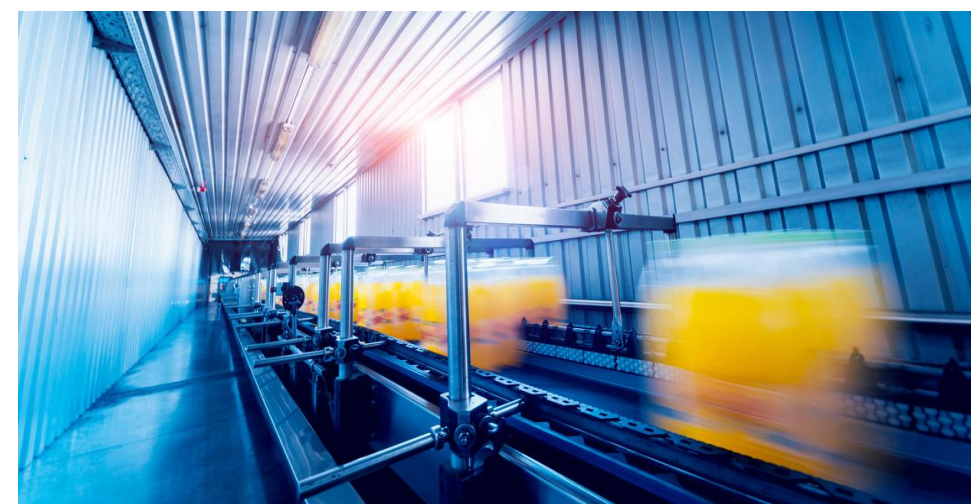
Balance of SME inclusive finance loans: **RMB678.35 billion** ↑ 12.85%

■ Donations

Total external donations for the year: **RMB94.76 million**

■ ESG-related international rating

MSCI-ESG **A rating**, the **best** among listed banks in China



Note: Data on this page are on a standalone basis.

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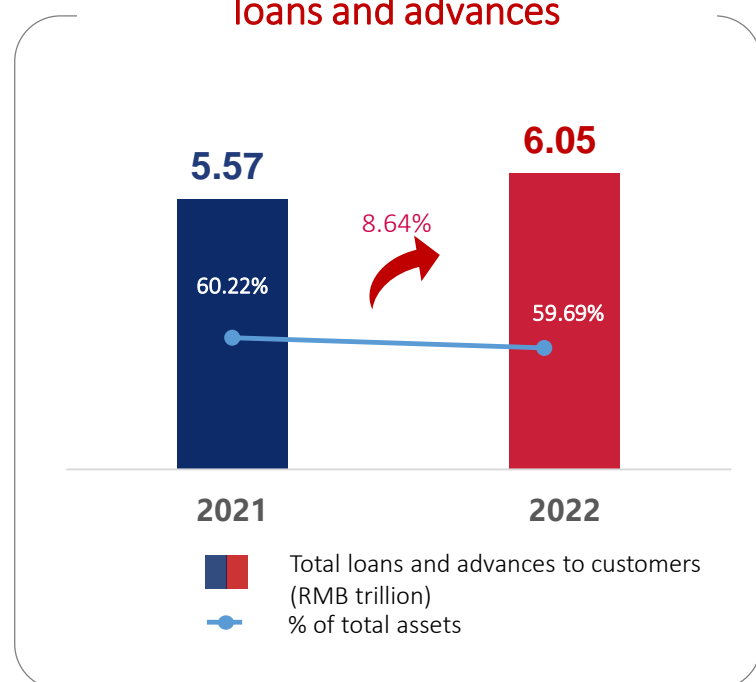


2 Operational Information

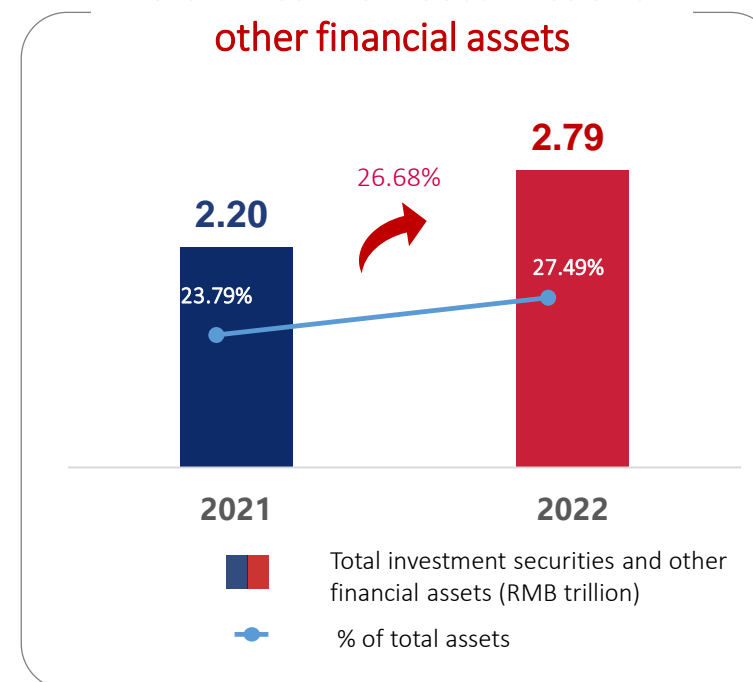
- Dynamically adjusted asset allocation with steady growth in loan scale
- Further optimized liability structure with increased balance and improved quality of customer deposits
- Proactively promoted the extensive wealth management business while maintaining resilient in non-interest income
- Persistently cemented customer base with distinctive advantages in featured businesses
- Enhanced risk management capabilities with stable assets quality
- Accelerated Fintech applications and focused on building “Digital CMB”

Dynamically adjusted assets allocation with steady growth in loan scale

Balance and percentage of the total loans and advances

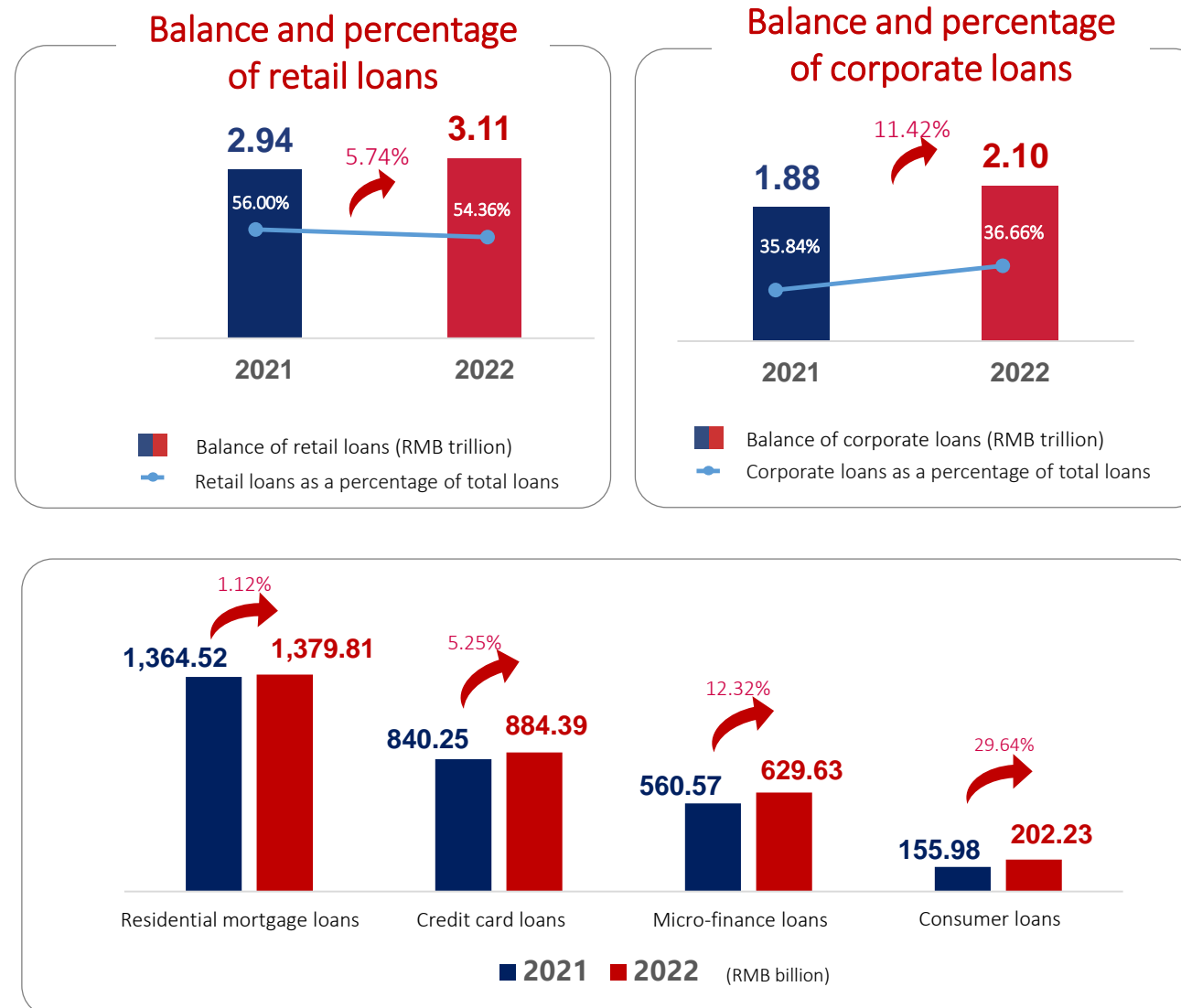


Balance and percentage of the total investment securities and other financial assets



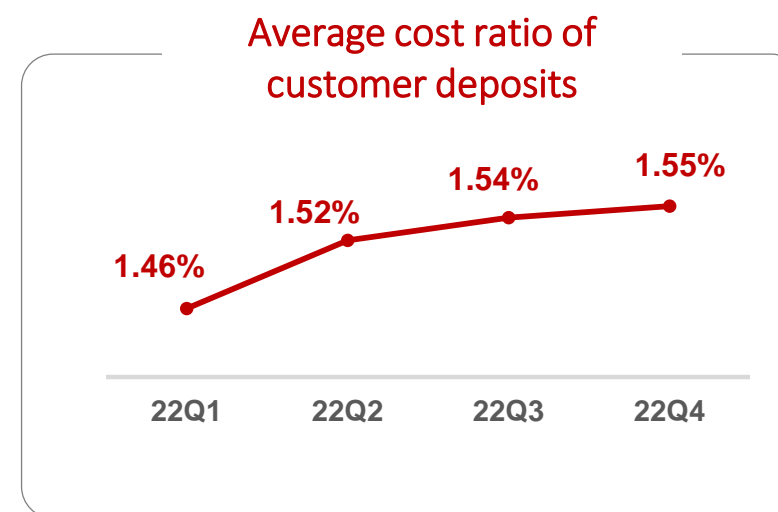
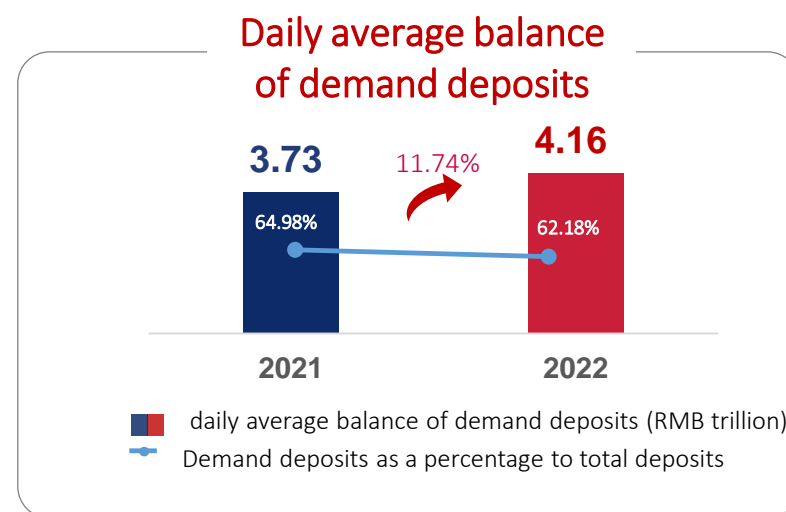
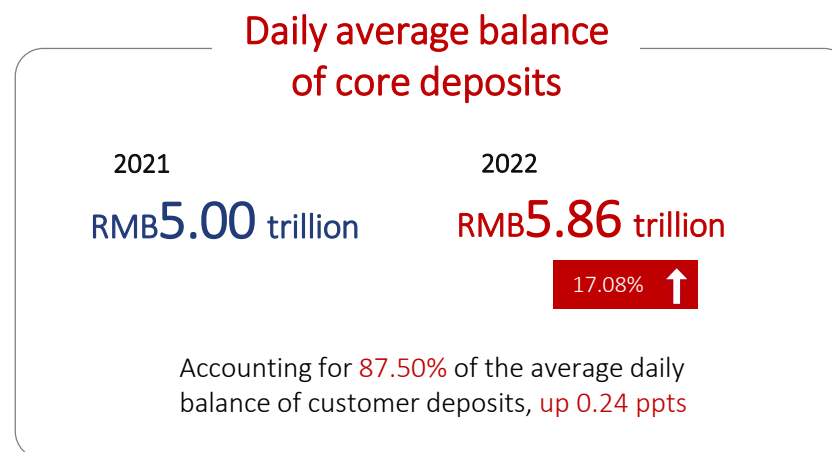
Note: data on this page are on group basis and the balance herein excludes accrued interest.

Dynamically adjusted assets allocation with steady growth in loan scale



Note: Data on this page are on a standalone basis.

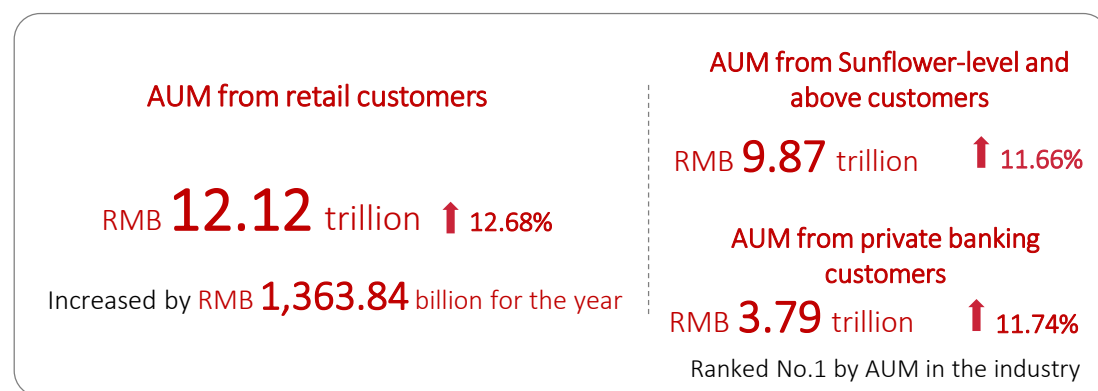
Further optimized liability structure with increased balance and improved quality of customer deposits



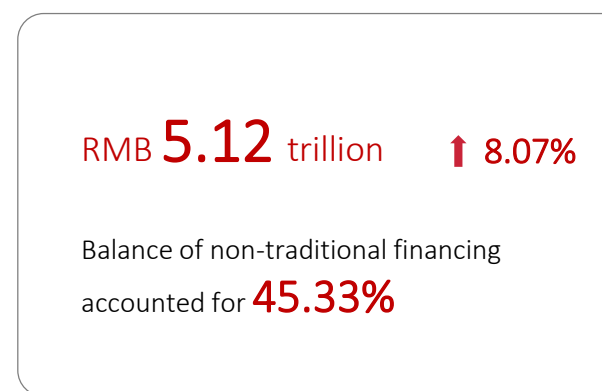
Notes: 1. Core deposits, daily average balance of demand deposits, structured deposits on this page are on standalone basis
 2. Core deposit is the Company's internal KPI for deposit business, excluding high-cost deposits such as large-denomination certificates of deposit and structured deposits

Proactively promoted the extensive wealth management business while maintaining resilient in non-interest income

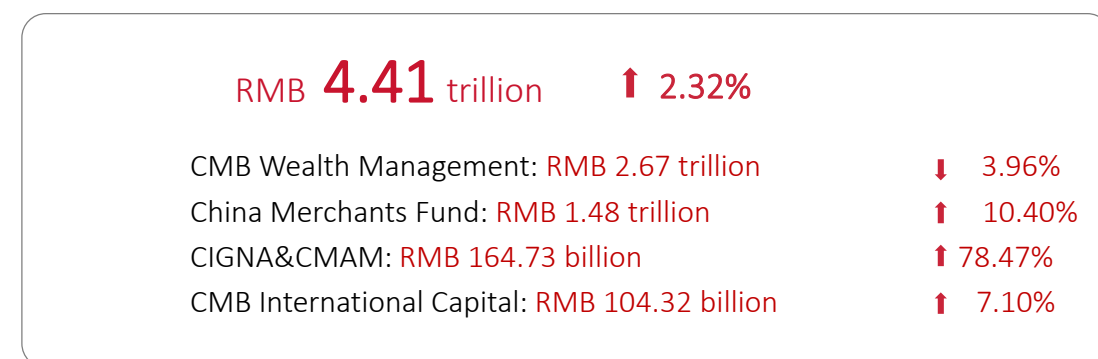
Total assets under management (AUM) from retail customers



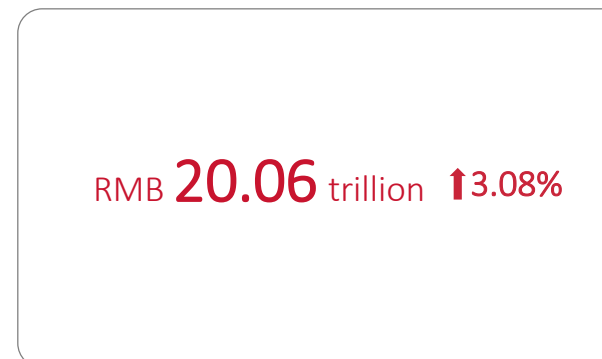
Balance of aggregate financing products to corporate customers (FPA)



Total AUM of asset management business



Balance of assets under custody



Note: 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 & CMAM as of the end of the reporting period.

Proactively promoted the extensive wealth management business while maintaining resilient in non-interest income

Percentage of non-interest income remained high

RMB **126.51** billion ↓ 0.77%

% of net operating income

36.70% ↓ 1.77ppts

Stable growth in traditional non-interest income

Income from bank card fees

RMB **21.40** billion ↑ 10.44%

Income from settlement and clearing fees

RMB **15.05** billion ↑ 8.26%

Income from extensive wealth management remained resilient

RMB **49.15** billion ↓ 6.10%

Fee and commission income from wealth management ↓ 14.28%

RMB **30.90** billion

Fee and commission income from asset management ↑ 14.75%

RMB **12.46** billion

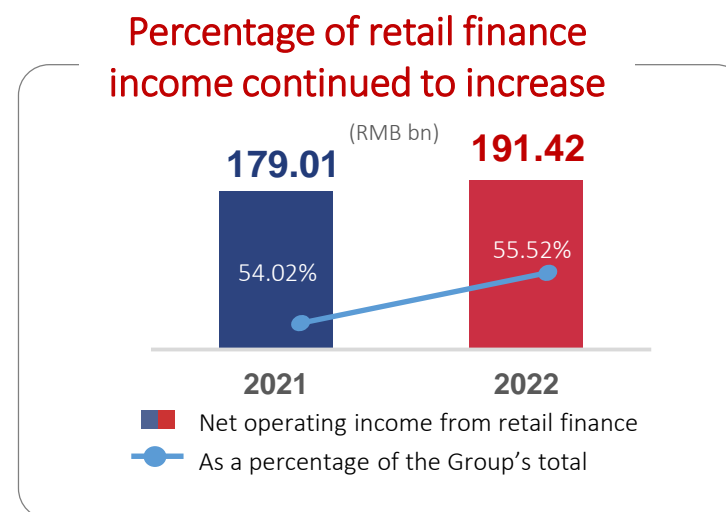
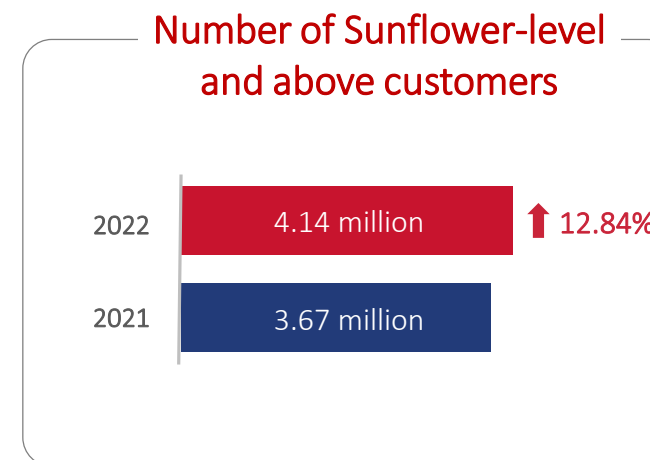
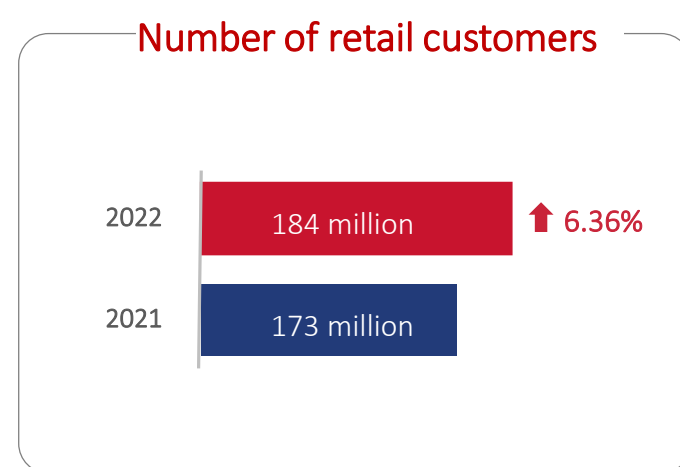
Commission income from custody business

RMB **5.79** billion ↑ 6.59%

Notes: 1. Data on this page are on group basis.

2. Income from extensive wealth management comprises fee and commission income from wealth management, fee and commission income from asset management and commission income from custody business.

Persistently cemented customer base with distinctive advantages in featured businesses



Persistently cemented customer base with distinctive advantages in featured businesses



Wealth management

- Number of customers holding wealth management products: **43.13 million**, up by **14.14%**
- Number of customers under “TREE assets allocation Service System”: **8.13 million**, up by **16.08%**
- The open wealth management platform “Zhao Cai Hao”(招财号) attracted **139** asset management institutions



Private banking

- AUM from private banking customers: **RMB 3.79 trillion**, up by **11.74%** from the end of the previous year
- Number of private banking customers: **134,800**, up by **10.43%** YoY
- Coverage rate of private banking services for key enterprises: **33.55%**

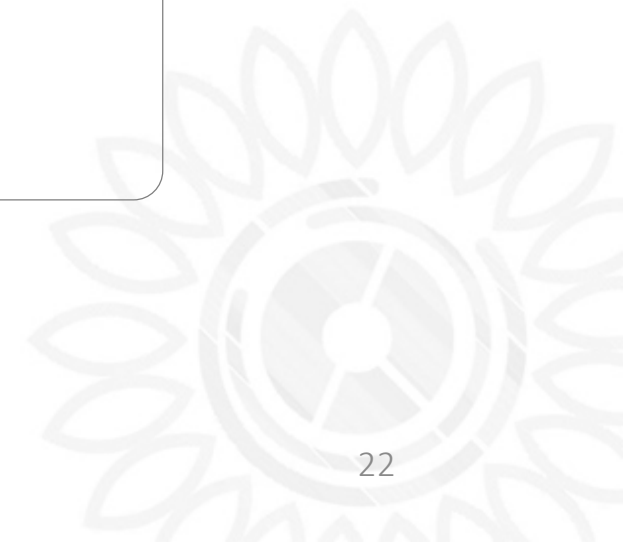
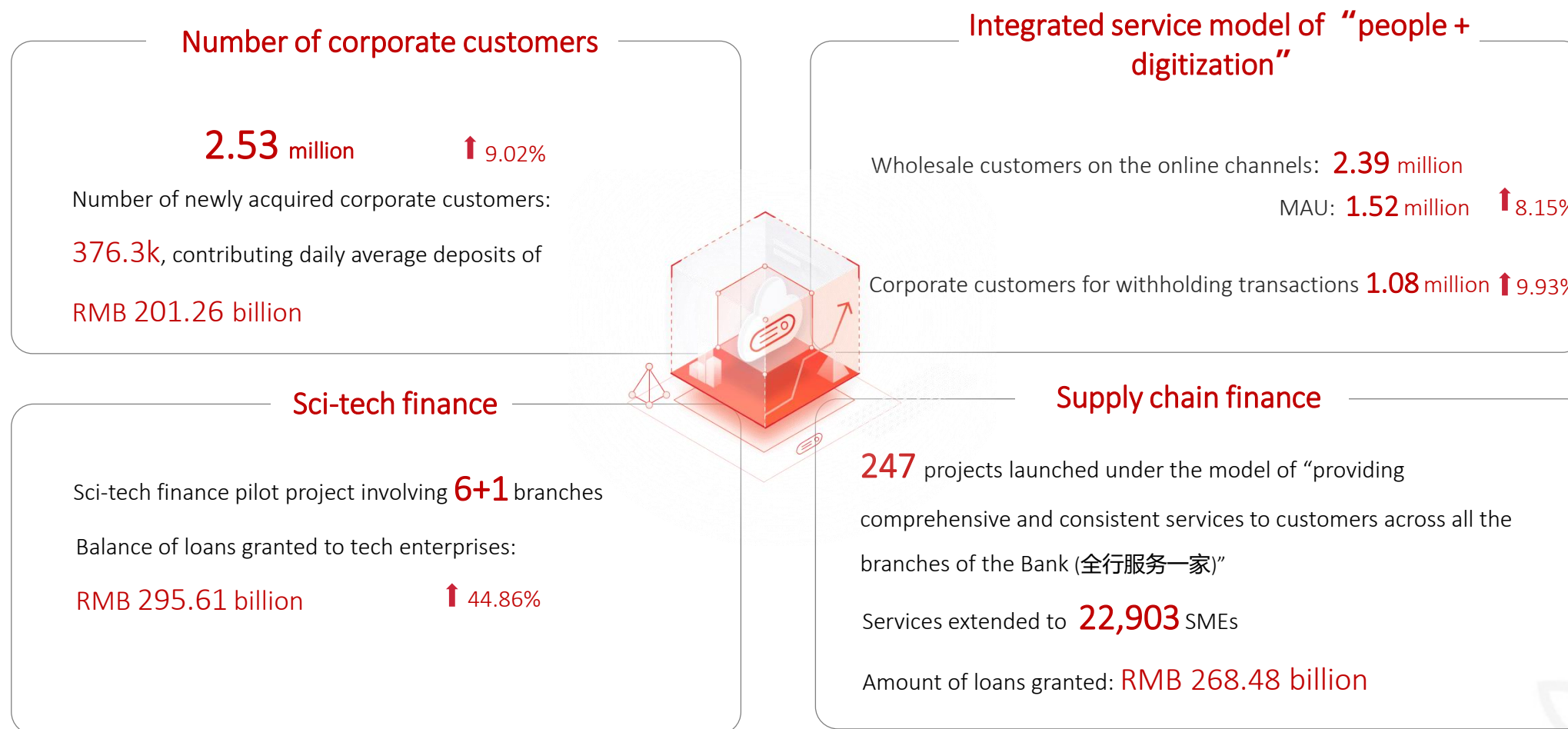


Credit cards

- Number of active credit cards issued: **102.71 million**; number of active credit card users: **70.00 million**
- Value of credit card transactions: **RMB 4.84 trillion** up by **1.52%**

Notes: 1. TREE assets allocation refers to ready money management, security management, prudent investment and aggressive investment.
 2. Key enterprises include strategic customers at Head Office and branches, listed company clients, and corporate customers from new growth engines, green economy, high-quality track manufacturing industries, regional advantageous and characteristic industries, as well as self-controllable industries, etc.

Persistently cemented customer base with distinctive advantages in featured businesses



Persistently cemented customer base with distinctive advantages in featured businesses

Investment banking business

- Bonds with the Company as the lead underwriter: RMB**675** billion
↓ 9.57%
- M&A business value: RMB**186.42** billion
↓ 8.45%

Bill business

- Bill direct discounting business value: RMB**1.52** trillion
↑ 21.42%

Transaction banking business

- Number of active users of Cloud-based Direct Connect: **128.7k** ↑ 27.80%
- Number of customers of corporate collection products: **62.7k** ↑ 71.69%

Cross-border finance business

- Corporate international settlement USD**408.24** billion
↑ 10.38%

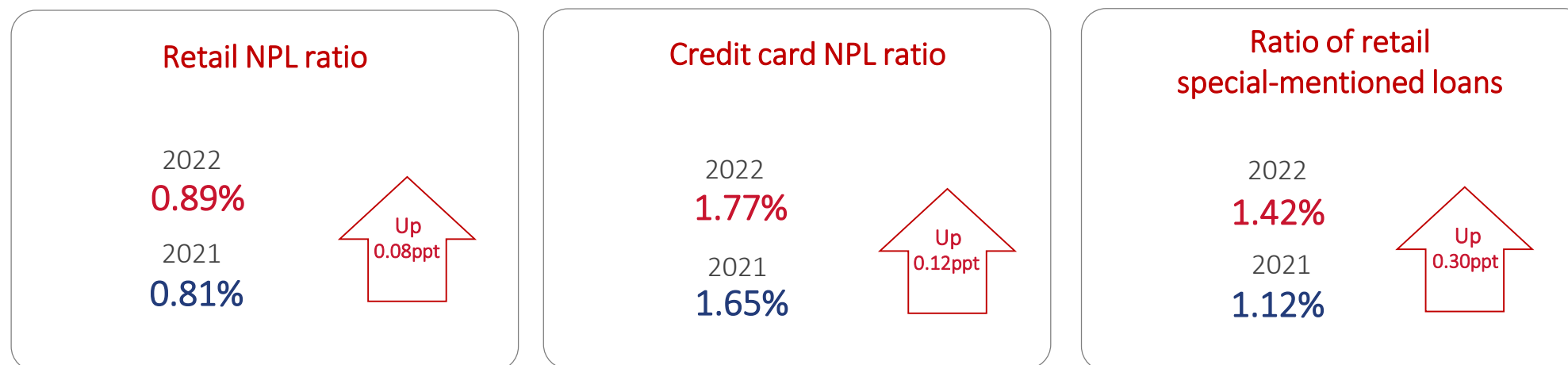
Financial markets business

- Trading volumes of transaction services to the corporate customers USD**221.98** billion
↑ 2.19%

Financial institution business

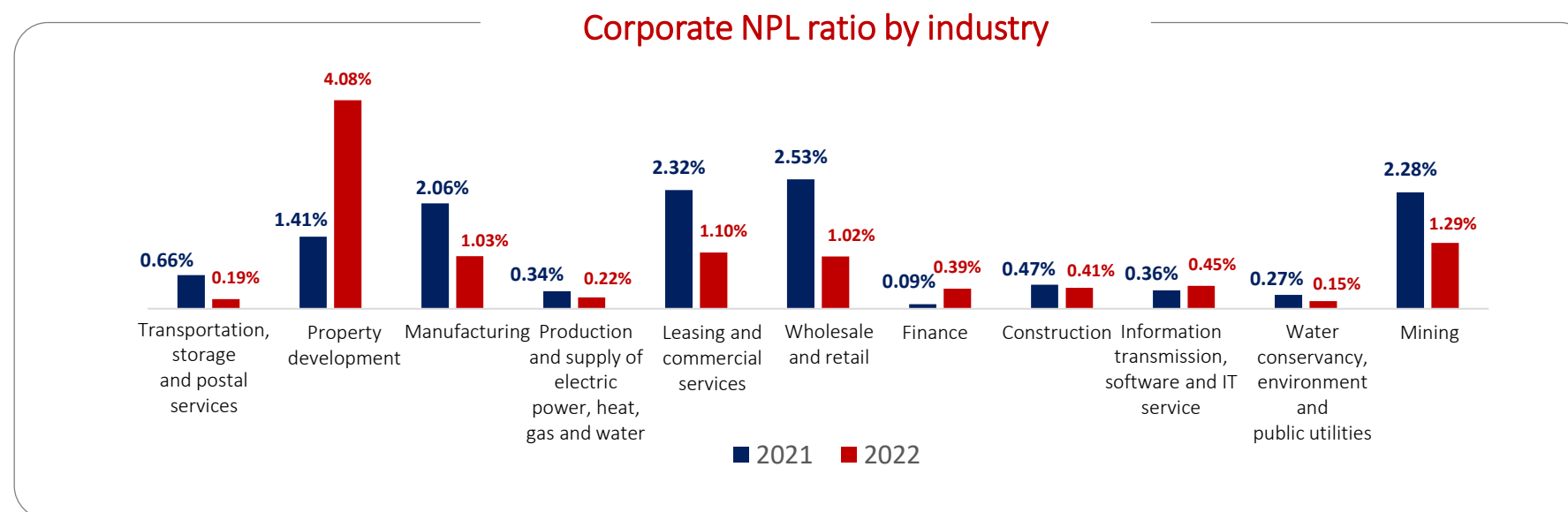
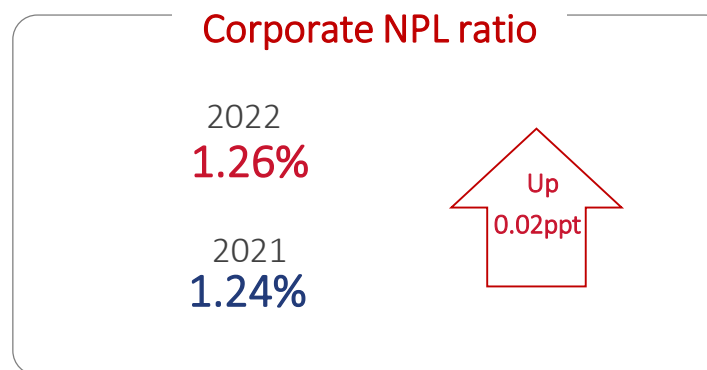
- Third-party asset management products via "Zhao Ying Tong" (招赢通) online sales: RMB**774.24** billion
↑ 24.78%

Enhanced risk management capabilities with stable assets quality



Note: ratio of retail special-mentioned loans on this page is on standalone basis.

Enhanced risk management capabilities with stable assets quality



Notes: Data on this page are on group basis.

Enhanced risk management capabilities with stable assets quality

Risk management in real estate sector

- Balance of corporate loans granted to the real estate industry: **RMB 333.72 billion** accounting for **5.83%** of the Company's total loans
- **Over 85%** of balance of developer loans located in the **first-tier and second-tier cities**
- Ratio of the Company's corporate non-performing real estate loans: **3.99%** **↑ 2.60ppts**
- The total balance of the businesses for which the Group did not assume credit risks in real estate sector **RMB 300.36 billion** **↓ 27.11%**

Risk management for local government financing platform business

- Balance of those calculated on the broad statistical calibre: **RMB 263.64 billion** **↑ RMB 1.96 billion**
- Balance of loans to domestic companies: **RMB 132.56 billion** **↑ RMB 9.04 billion**
- Accounted for **2.32%** of the Company's total loans **↓ 0.03ppts**
- NPL ratio: **0.14%** **↓ 0.49ppts**

Notes: 1. Data on this page are on a standalone basis except for the total balance of the businesses for which the Group did not assume credit risks in real estate sector.
 2. Balance of the Company's local government financing platform business (calculated on the broad statistical calibre), include businesses such as actual and contingent credit, bond investment, proprietary investments and fund investment of wealth management products.

Enhanced risk management capabilities with stable assets quality

Identification of NPLs

- Ratio of NPLs to the loans overdue for 60+ days
1.25
- Ratio of NPLs to the loans overdue for 90+ days
1.41

NPL formation ratio

2022
1.15%

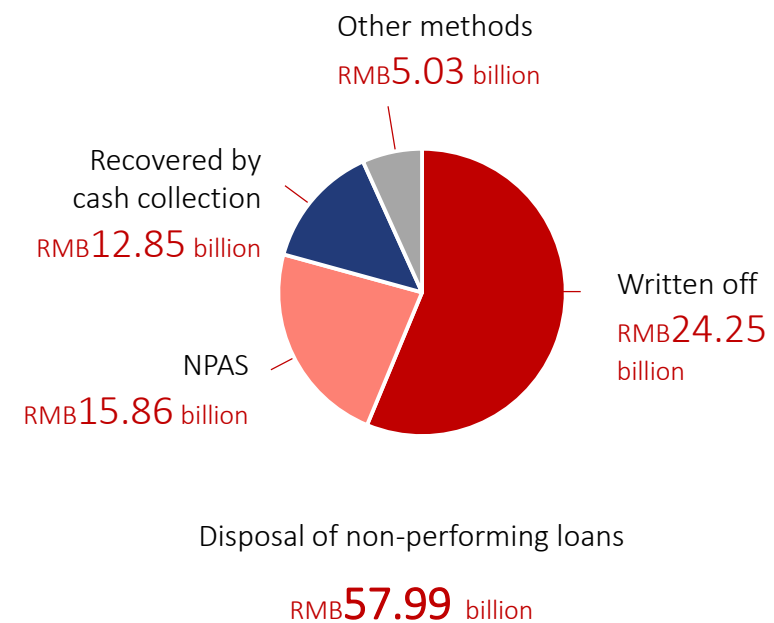
2021
0.95%



Newly formed NPLs: RMB62.98 billion

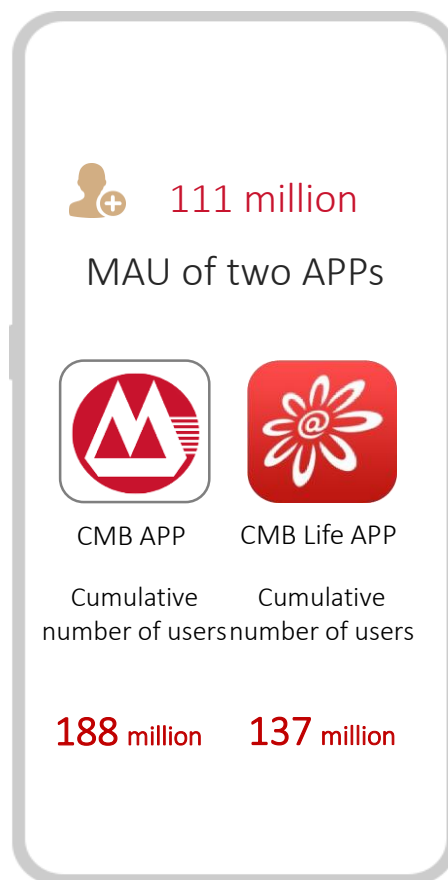
YoY growth: RMB15.67 billion

Disposal of NPLs



Note: Data on this page are on a standalone basis except for ratio of NPLs to the loans overdue for 90+ days.

Accelerated Fintech applications and focused on building “Digital CMB”



Retail customer service

- Number of customers subscribing to “Zhao Zhao Bao”(朝朝宝) : **24.39 million**, with a position amount of **RMB 205.57 billion**
- Coverage rate of online family trust business process: **94.30%**
- Number of employees empowered by “Wealth Alpha+” platform: **21.8k**, benefiting **tens of millions** users on average every month



Wholesale customer service

- Coverage rate of online basic services to corporate customers: **95.65%**
- Coverage rate of online financing business rose from 67.26% to **82.14%**;
- Coverage rate of online foreign exchange business rose from 33.30% to **65.49%**
- “Xin Fu Tong”(薪福通) version 4.0 released, with **695k** enterprises served in total
- The number of Invoice Cloud customers was **278.9k**, up by **162%** YoY

Accelerated Fintech applications and focused on building “Digital CMB”



Risk Management Application

The intelligent risk control platform named “Libra”(天秤) lowered the percentage of fraud and account takeover amounts by non-cardholders to **0.57 in ten millionths**.

Corporate loans newly granted through the “online risk control platform”: **RMB197.65 billion**



Operation Management Application

The data application barrier was further lowered, and the coverage rate of big data services has reached **more than 50%** of all the employees in the Bank

“**Digital and intelligent retail**” was created as a scenario-based data platform for unified retail business lines



Internal Operation Application

6 hours on average per transaction were saved through the remote loan granting, **32%** more efficient against the conventional process

12k+ full-time staff replaced in scenarios such as the intelligent customer service, intelligent process, voice quality inspection and the “Conch”(海螺) RPA (Robot Process Automation)

Accelerated Fintech applications and focused on building “Digital CMB”



Cloud computing

All **retail customers** and **wholesale customers** were smoothly and seamlessly migrated to the cloud, marking a full transition from “traditional technology architecture” to “**cloud architecture**”



Data middle-office

Collect, calculate, store and process mass data to produce reusable **data assets** based on unified standards



Technology middle-office

Number of shared components released: **4,655**
Cumulative number of applications released under the low-code development system **>6,500**

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3 Outlook and strategies

- Commit to value creation and achieve high-quality growth
- Pursue innovation-driven development for enhanced financial service capabilities
- Uphold the market-oriented system and mechanism for stronger growth drivers
- Focus on risk control to build a fortress-style overall risk and compliance management system

Thank You!
Q&A

