



China Merchants Bank Co., Ltd.

# 2023 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 a consolidated group basis; all business metrics are on a 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

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1.  
**Performance  
Overview**



2.  
Operational  
Information



3.  
Outlook and  
Strategies

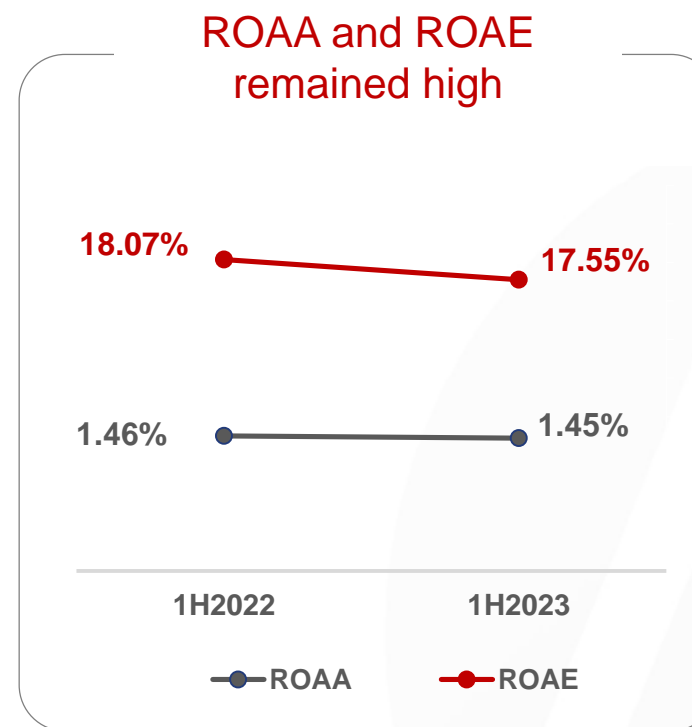
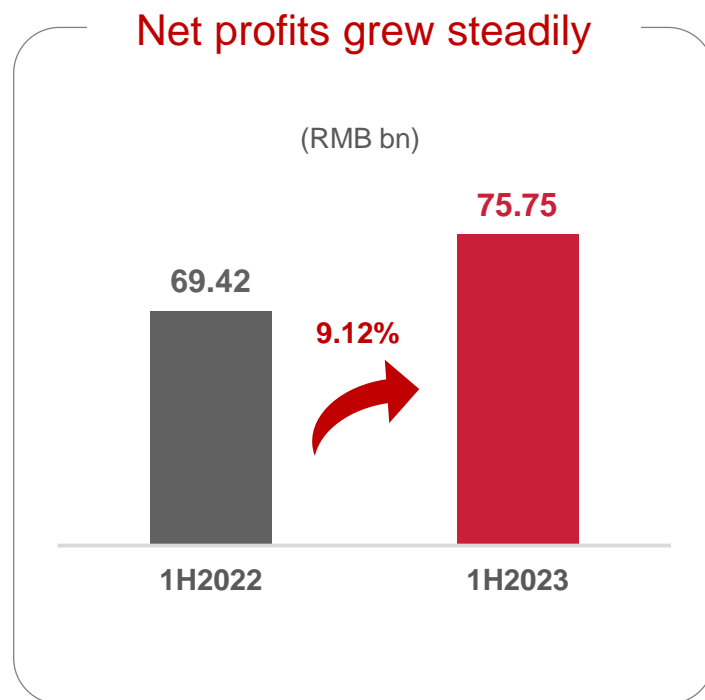




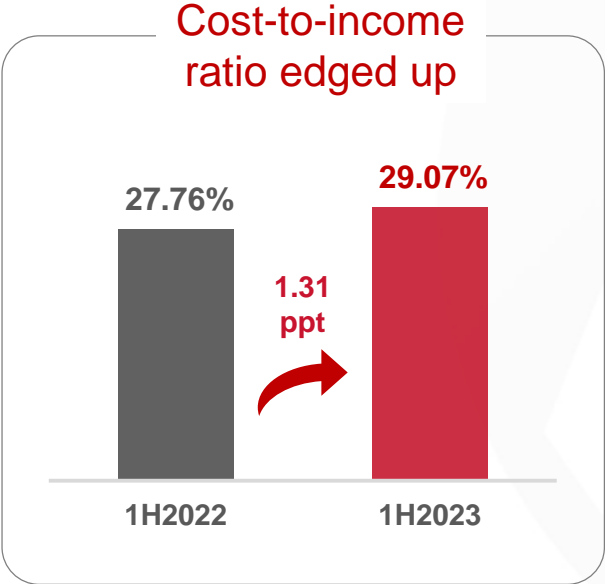
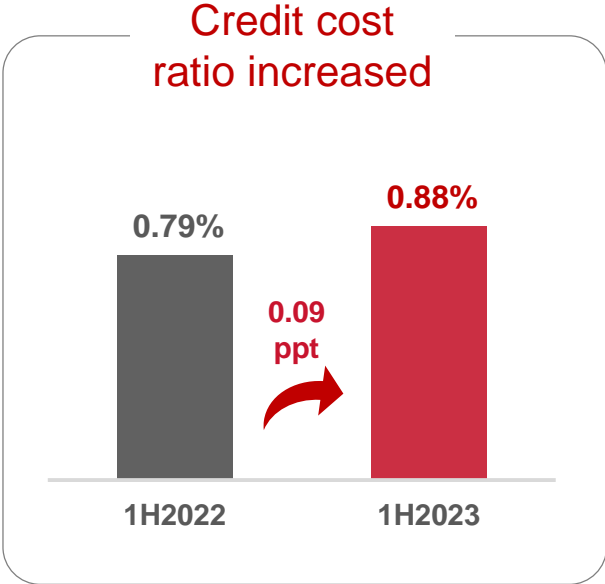
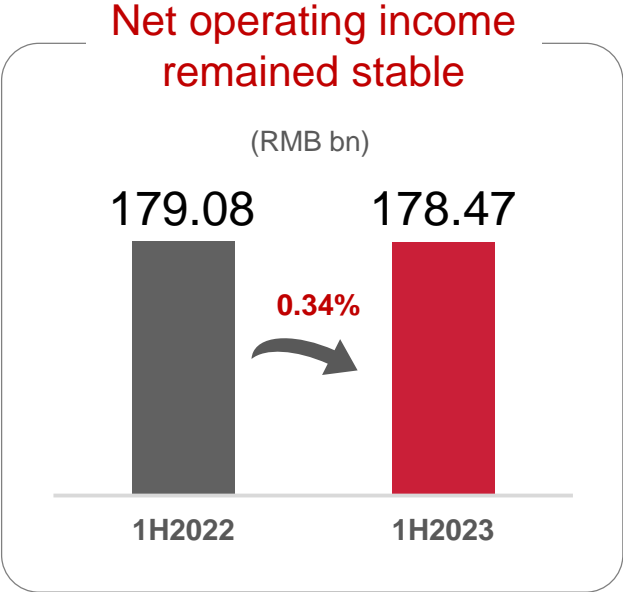
# 1 Performance Overview

- Operating results achieved stable growth with profitability remaining at a high level
- Asset quality remained stable with strong risk compensation capacity
- Solid asset origination carried out and liabilities advantages maintained
- Continued optimization of business mix and sustained resilience of non-interest income
- Stable capital adequacy ratio and strong internal capital generation capabilities
- Proactively incorporating ESG principles and earnestly fulfilling corporate social responsibilities

# Operating results achieved stable growth with profitability remaining at a high level

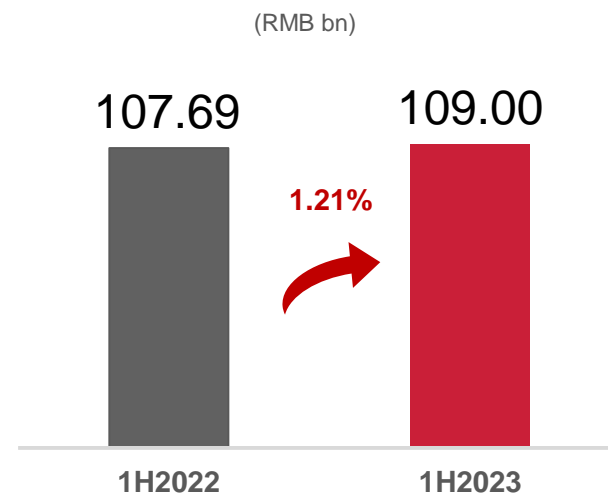


# Operating results achieved stable growth with profitability remaining at a high level

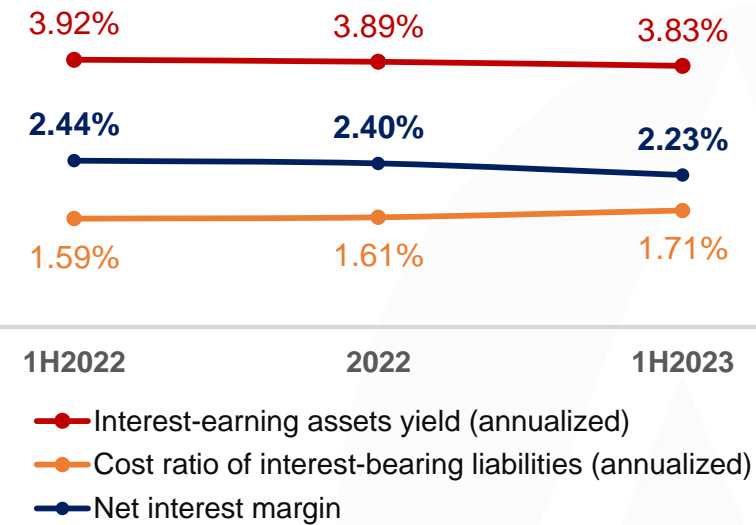


# Operating results achieved stable growth with profitability remaining at a high level

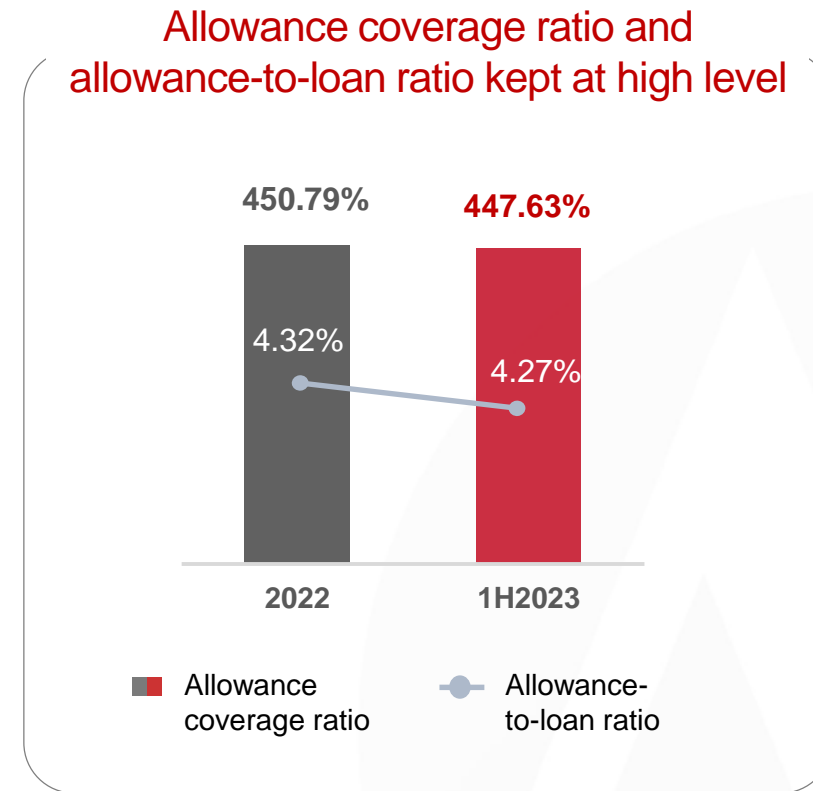
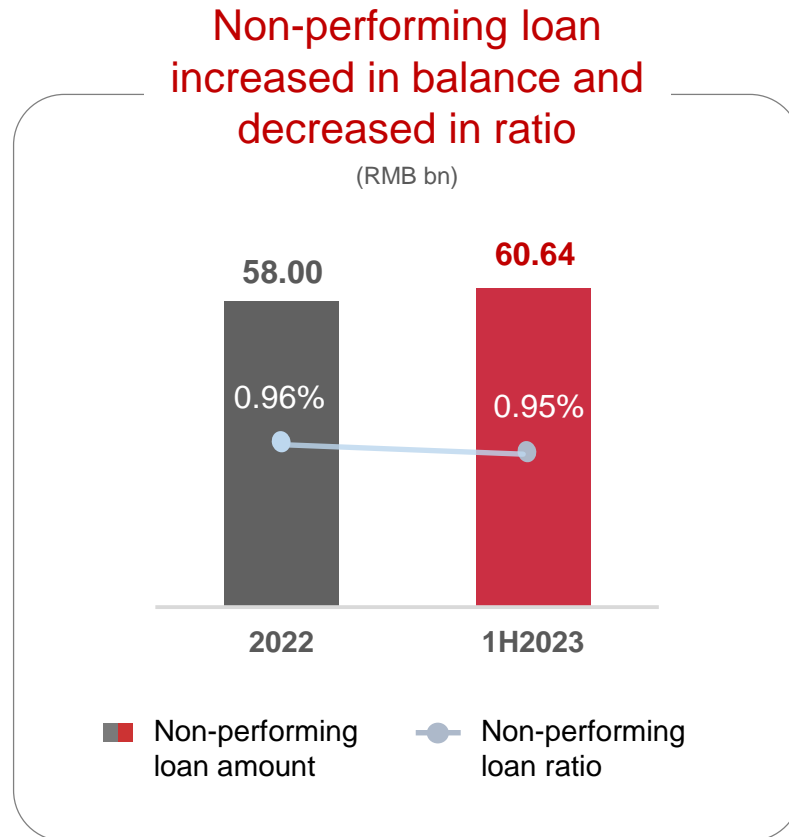
Net interest income grew against headwind



Net interest margin in line with expectations



# Asset quality remained stable with strong risk compensation capacity





# Solid asset origination carried out and liabilities advantages maintained



Total loans and advances to customers **RMB 6.36 trillion** ↑ 5.02%

- Proportion of retail loans in general loan increment **45.46%**  
YoY increase of 4.87 pts

- Discounted bills balance **RMB 449.03 billion** ↓ 12.65%

Total bond investments **RMB 2.67 trillion** ↑ 9.62%

Notes:

1. Data on this page are on a consolidated group basis
2. General loans comprise of corporate loans and retail loans and exclude discounted bills

# Solid asset origination carried out and liabilities advantages maintained

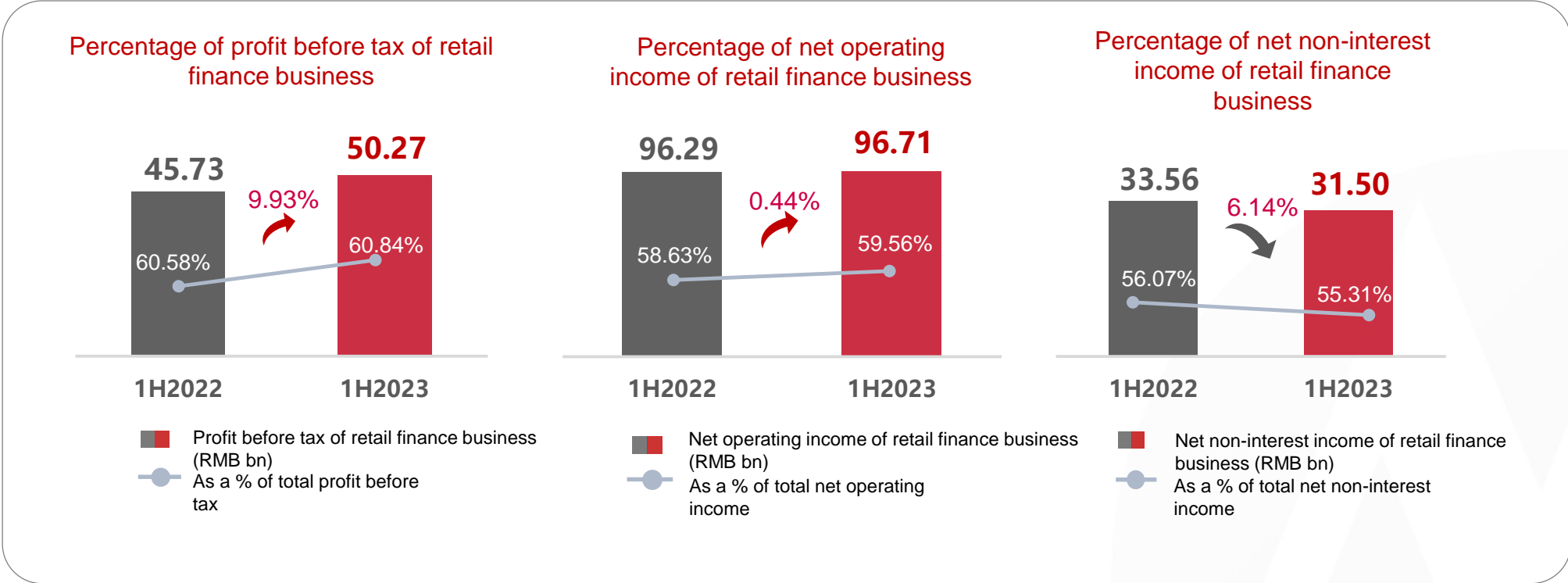


Total deposits from customers **RMB 8.03 trillion** ↑ 6.56%  
Accounting for 82.33% of the total liabilities of the Group

- Average daily balance of core deposits **RMB 6.56 trillion** ↑ 12.00%  
Accounting for 86.99% of the average daily balance of customer deposits
- Average daily balance of demand deposits **RMB 4.52 trillion** ↑ 8.65%  
Accounting for 59.96% of the average daily balance of customer deposits ↓ 2.22 ppts
- Average cost ratio of customer deposits: **1.61%** ↑ 9BPs

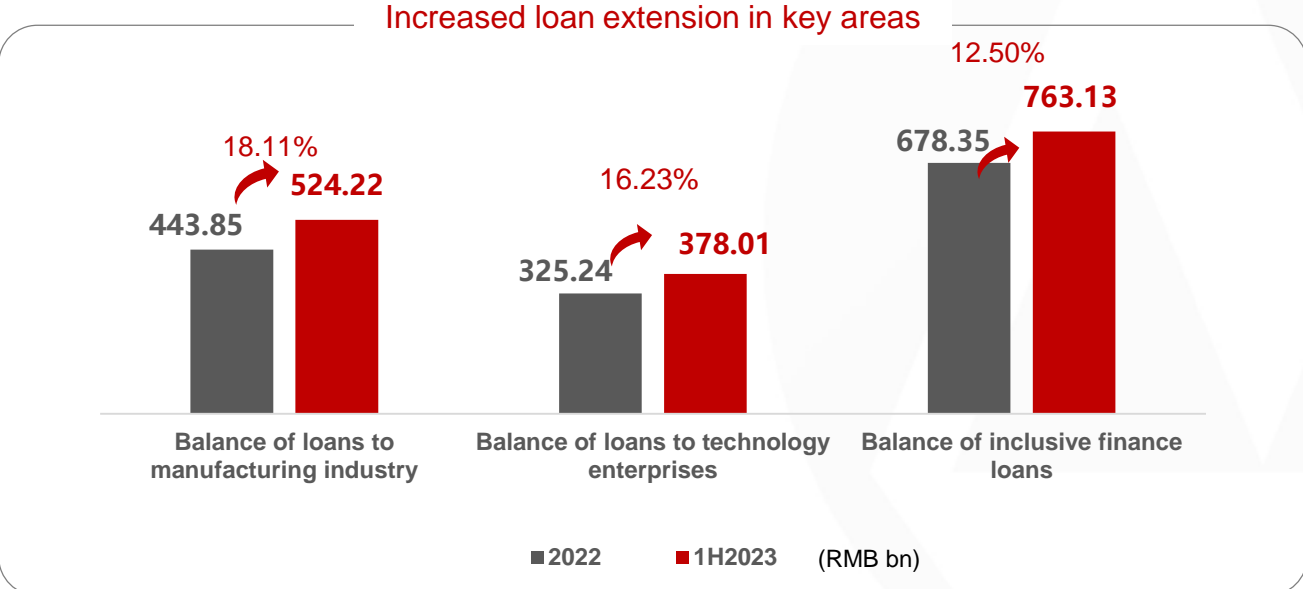
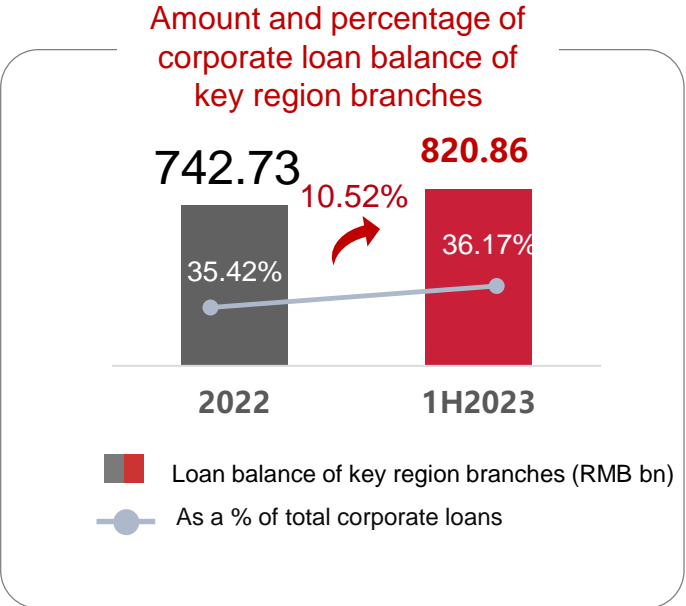
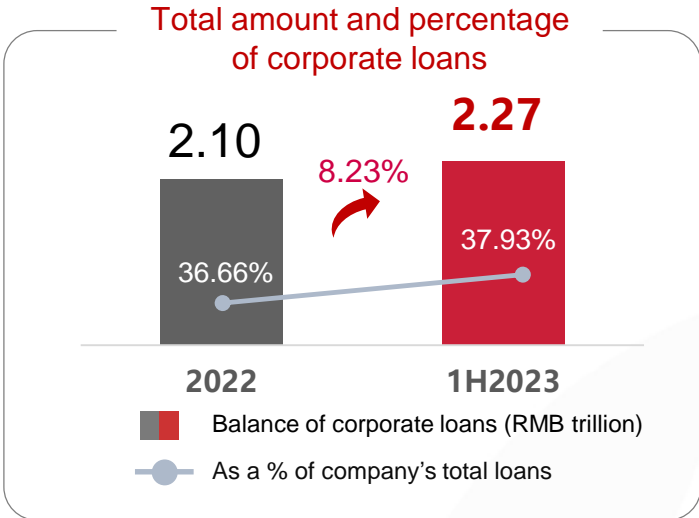
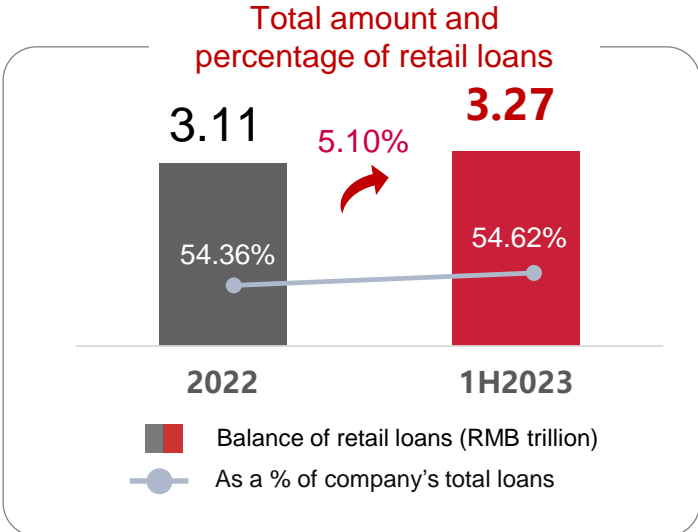
Notes: Among the data on this page, average daily balance and proportion of core deposits as well as demand deposits are on a bank standalone basis

# Continued optimization of business mix and sustained resilience of non-interest income



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

# Continued optimization of business mix and sustained resilience of non-interest income



Note: 1. Data on this page are on a bank standalone basis 2. Technology enterprise loans represents loans granted by the Company to technology enterprises such as "specialized, competitive, distinguished and innovative" enterprises, high-tech enterprises and technology-based SMEs

# Continued optimization of business mix and sustained resilience of non-interest income

Percentage of non-interest income in total operating income remained high

RMB **69.47** billion ↓ 2.68%

As percentage of net operating income

**38.93%**

Income from extensive wealth management remained resilient

RMB **25.85** billion ↓ 8.53%

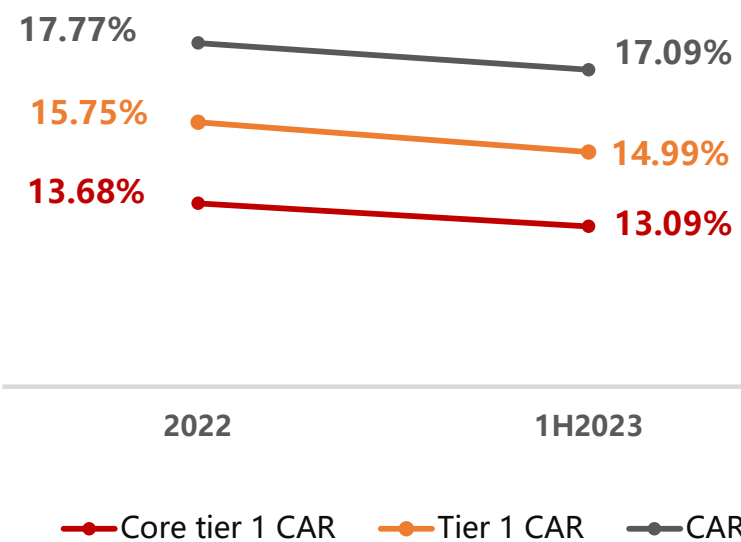
As percentage of net operating income

**14.48%**

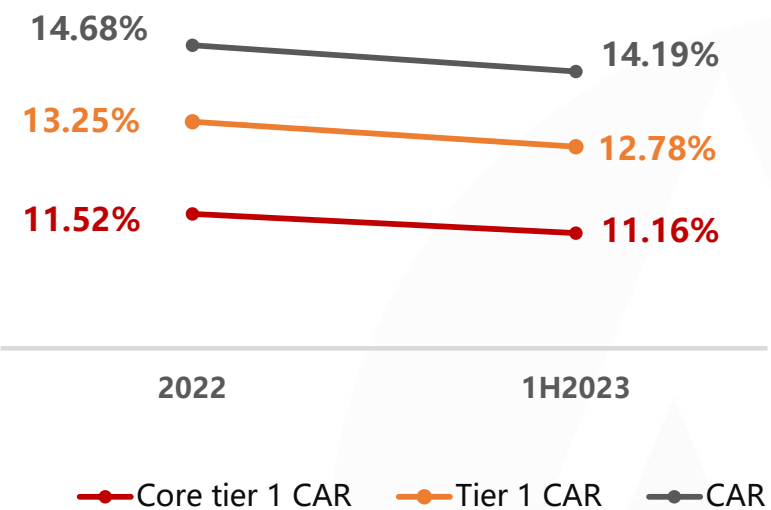
Notes: Income from extensive wealth management is on a consolidated group basis including fee and commission income from wealth management, fee and commission income from asset management and commission income from custody business.

# Stable capital adequacy ratio and strong internal capital generation capabilities

Capital adequacy ratios under advanced measurement approach



Capital adequacy ratios under weighted approach



# Proactively incorporating ESG principles and earnestly fulfilling corporate social responsibilities

## Environmental Protection

### Green finance

- ✓ Balance of green loans **RMB 387.90 billion** 9.16% ↑
- ✓ Balance of green leasing **RMB 130.34 billion** 23.70% ↑
- ✓ Issued the **world's first** blue floating rate bond
- ✓ CMB Wealth Management balance's of investments in green bonds **RMB 31.31 billion**

## Social responsibilities

- ✓ Strengthen information security and privacy protection, refine the safety protection system for the **whole life cycle** of retail financial personal information
- ✓ Conducted **46,792** consumer rights protection reviews, involving **100%** of product and services, with **99.33%** of the consumer rights protection review comments adopted

## Corporate governance

- ✓ “Strategy Committee of the Board of Directors” formally renamed to the **“Strategy and Sustainable Development Committee of the Board of Directors”** to strengthen the ESG coordination responsibilities

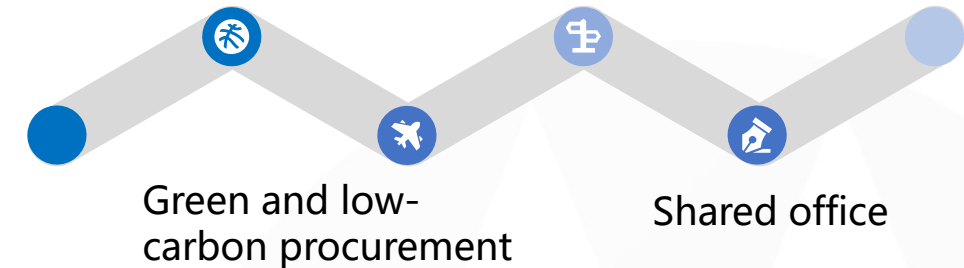
Note: Data on this page are on a bank standalone basis

### Green operation

Construction of an energy management platform

Waste sorting and recycling

Green promotion activities



# Agenda

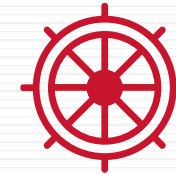
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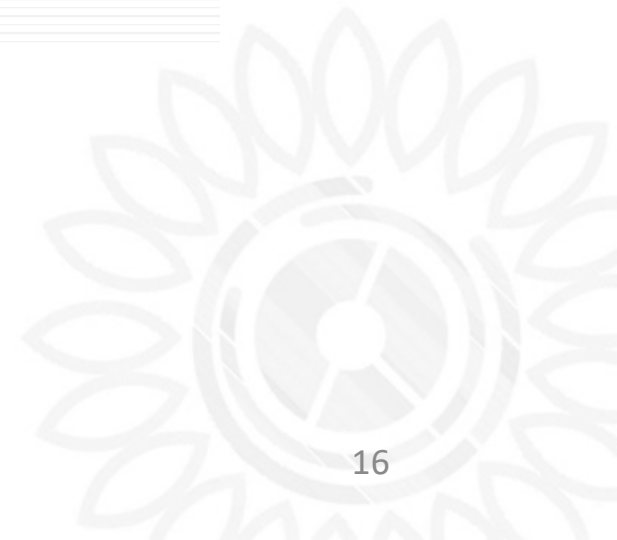
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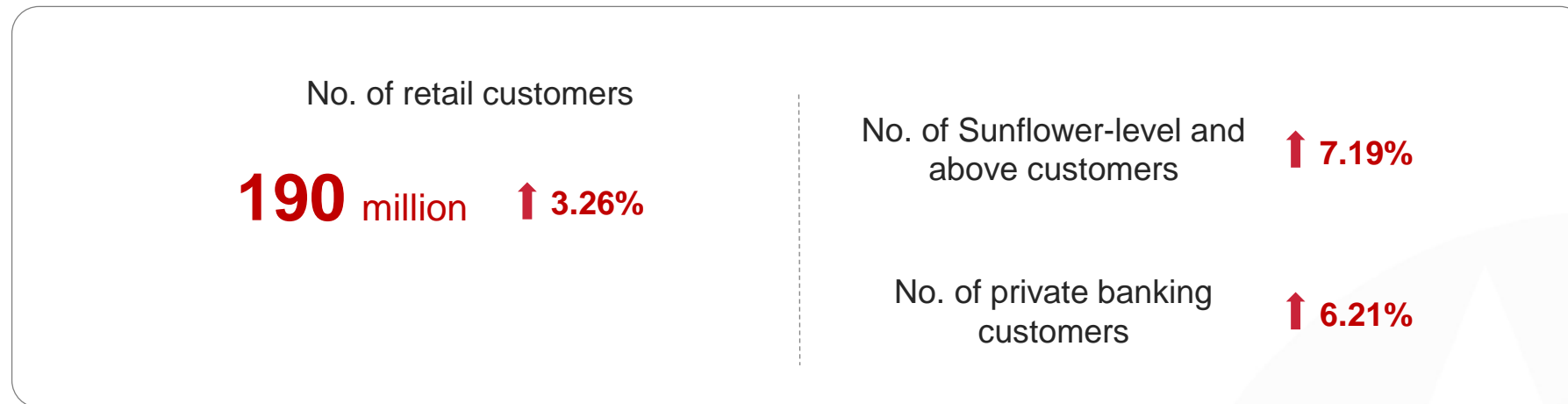
## 2 Operational Information

- Continuously consolidating systematic advantages of retail finance
- Strengthening differentiated advantages of corporate finance
- Improving professionalism of investment banking and financial markets business
- Steady development of the extensive wealth management business
- Comprehensively promoting the construction of “digital bank”
- Enhancing overall risk management capability

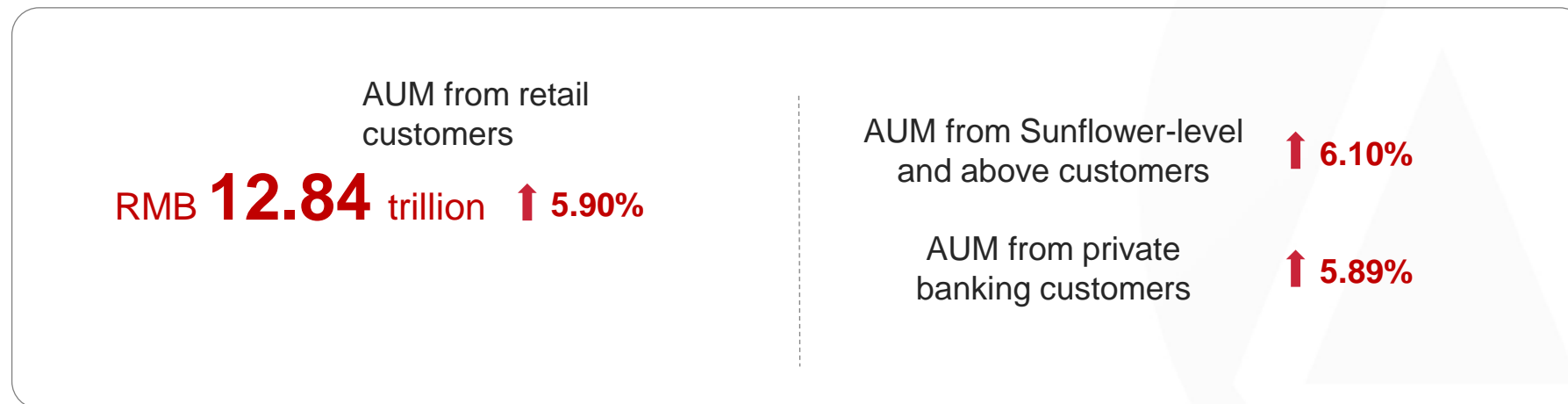


# Continuously consolidating systematic advantages of retail finance

## Retail customer base



## Total assets under management (AUM) from retail customers



# Continuously consolidating advantages of retail finance systemization

Balance of residential mortgage loans

RMB **1,369.27** billion ↓ **0.76%**

Balance of retail micro-finance loans

RMB **709.31** billion ↑ **12.65%**

Balance of consumer loans

RMB **272.35** billion ↑ **34.68%**

Balance of credit card loans

RMB **905.77** billion ↑ **2.42%**

Credit card transaction value

RMB **2,371.98** billion ↓ **0.67%**

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

# Strengthening differentiated advantages of corporate finance

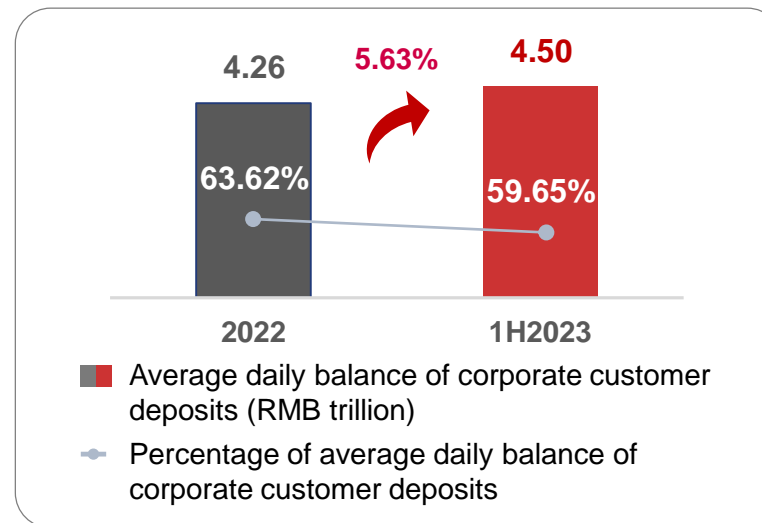
No. of corporate customers

**2.65** million **↑ 4.85%**

Balance of aggregate financing products to corporate customers (FPA)

RMB **5.50** trillion **↑ 8.05%**

Amount and percentage of average daily balance of corporate customer deposits



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

# Strengthening differentiated advantages of corporate finance

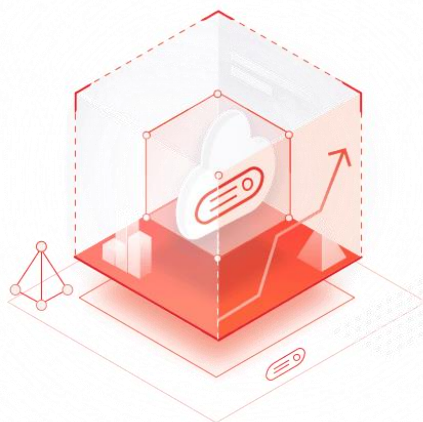
## Transaction banking business

- No. of active users of Treasury Management Cloud services **254,800** ↑ 41.34%
- L/C and L/G: **RMB 250.46 billion** ↑ 59.04%
- Domestic trade finance: **RMB 584.65 billion** ↑ 56.17%

## Cross-border finance business

International settlement for goods trade:

**USD 81.30 billion** ↑ 10.45%



## Supply chain finance business

- A total of **261** projects were launched under the “One Entire Bank for One Customer” model
- Services were extended to **28,271** SMEs
- Total amount of loans granted was **RMB 313.20 billion**
- Business volume of supply chain financing amounted to **RMB 365.44 billion** ↑ 21.50%

# Improving professionalism of investment banking and financial markets business

## Investment banking business

- Bonds with the Company as the lead underwriter:  
RMB **321.46** billion  
↑ 4.26%
- M&A financing: RMB **133.38** billion  
↑ 14.13%

## Financial markets business

- Transaction volume of RMB bond investments:  
RMB **1.38** trillion ↑ 15.76%
- Providing hedging services to **3,019** companies with a total transaction volume of **USD 29.64** billion
- Providing online derivative trading services to **2,596** corporate clients, with a total transaction volume of **USD 11.98** billion



## Bill business

- Direct bill discounting business amounted to RMB **701.44** billion ↓ 16.88% ranking **No.2** in the market
- Volume of commercial acceptance bill discounting business was RMB **82.64** billion, ranking **No.1** in the market

## Financial institution business

- Online sales volume of third-party asset management products through “Zhao Ying Tong” amounted to RMB **429.83** billion  
↑ 8.78%

# Steady development of the extensive wealth management business

## Total AUM for retail customers

RMB **12.84** trillion **↑ 5.90%**



✓ Balance of retail wealth management products up by **3.21%** from the end of the previous year



✓ Agency sales of non-monetary mutual funds down by **18.53%** year-on-year



✓ Agency sales of insurance premiums up by **54.88%** year-on-year

Notes:


Non-traditional financing include asset operation, proprietary non-standardized corporate investments, financing wealth management, debt financing instruments with the Company as the lead underwriter, matching transactions, financial leasing, cross-border coordination financing and leading syndicated loans.

# Steady development of the extensive wealth management business

No. of customers holding wealth management-related products

 **46.63** million  
↑ **8.12%**

No. of customers who conducted asset allocation under the CMB TREE Asset Allocation Service System

 **8.65** million  
↑ **6.45%**

Family trust business

 **No. of transactions exceeded 10,000**

Business scale increased by **22.79%** from the end of the previous year

Open platform of wealth management business – “Zhao Cai Hao”

- **144** asset management agencies with industrial representativeness settled in “Zhao Cai Hao”
- The platform has a total of **22.12 million** followers

Note: TREE asset allocation services refer to active money management, security management, prudent investment and aggressive investment.



# Steady development of the extensive wealth management business

## Balance of aggregate financing products to corporate customers (FPA)

Balance of non-traditional financing

RMB **2.45** trillion    ↑ RMB158.52 billion

As percentage of FPA **44.54%**

## Total AUM of asset management business

RMB **4.41** trillion remained roughly the same as compared with previous year

CMB Wealth Management: RMB2.53 trillion    ↓ 5.24%

China Merchants Fund: RMB1.55 trillion    ↑ 4.73%

CIGNA & CMAM: RMB223.73 billion    ↑ 35.81%

CMB International Capital: RMB109.99 billion    ↑ 5.44%

## Balance of assets under custody

RMB **20.86** trillion    ↑ 3.99%


Ranking **No.1** in the industry by scale

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 includes fee and commission income from the wealth management business, the asset management business and the custody business.

# Comprehensively promoting the construction of “digital bank”

Information technology-related expenses:  
**RMB 5.21 billion**,  
 equivalent to **3.21%** of  
 net operating income




CMB  
APP



CMB  
Life APP

MAUs of the two APPs

 **111 million**



## Digital services for retail finance

✓ “AI Xiao Zhao” served **11.73 million** users

↑ **140.84%**



## Wholesale financial digital services

✓ Percentage of online financing business **89.88%**

↑ **7.74ppts**

✓ Percentage of online foreign exchange business **73.57%**

↑ **8.08ppts**



## Risk management application

✓ “Libra” helped lower the percentage of fraud and account takeover amounts by non-cardholders to **0.1 in ten millionths**



## Internal operation APP

✓ By leveraging intelligent APPs, our staff were relieved from repetitive, time-consuming work equivalent to a workload of over **14,000 individuals**

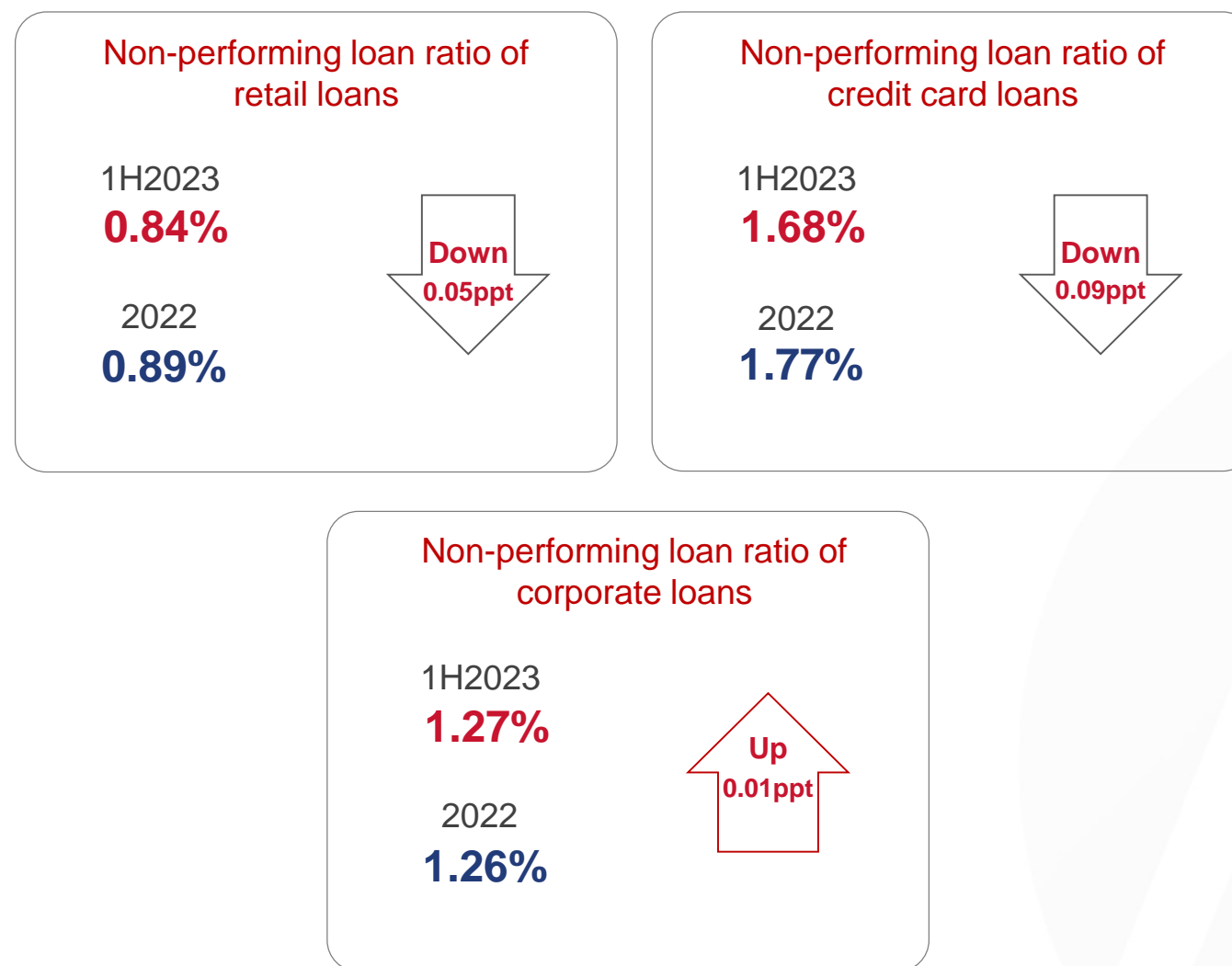


## Digital infrastructure

✓ Overall availability of the cloud platform reached **99.999%**

Notes: 1. Data about information technology expenses on this page are on a bank standalone basis. 2. Availability refers to the proportion of normal working conditions in a certain time period. The overall availability of the cloud platform is the arithmetic average of the availability of each important system running on the cloud platform.

# Enhancing overall risk management capability



Note: Data on this page are on a consolidated group basis

# Enhancing overall risk management capability

## NPL identification

- Ratio of NPLs to the loans overdue for 60+ days **1.08**
- Ratio of NPLs to the loans overdue for 90+ days **1.29**

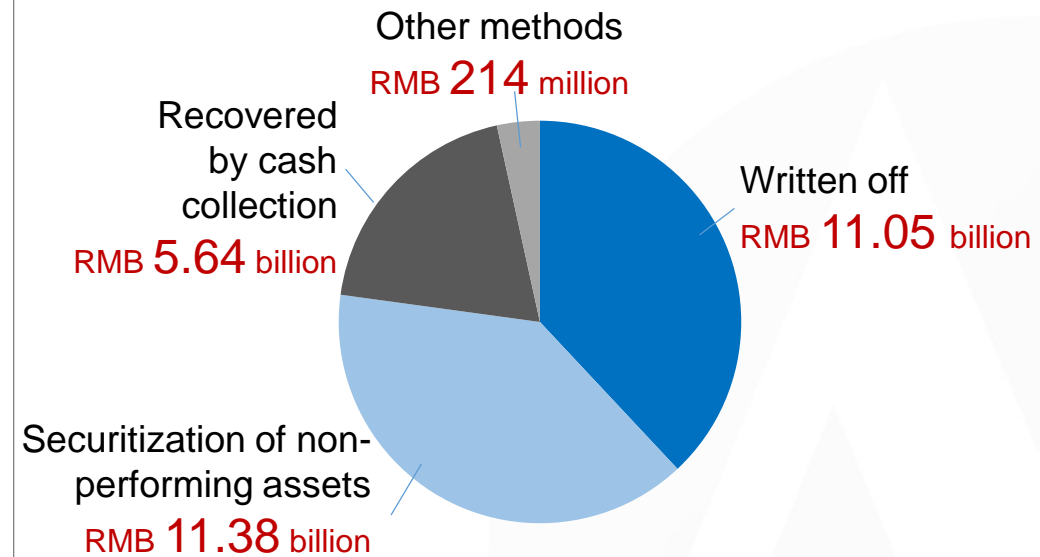
## NPL formation ratio

**1.04%**

Down  
0.09ppt

Newly formed NPLs: **RMB30.51 billion**  
Year-on-year decrease: **RMB193 million**

## Disposal of NPLs



Disposal of non-performing loans

**RMB 28.28 billion**

Notes:

1. Data on this page are on a bank standalone company basis except for the ratio of NPLs to the loans overdue for 90+ days.
2. Other methods for disposal of NPLs include repossession, transfer, restructuring, upward migration, remission and other means.

# Enhancing overall risk management capability

## Risk management and control in the real estate sector

- Balance of loans granted to the real estate industry: **RMB315.01 billion** accounting for **5.26%** of the Company's total loans and advances to customers
- **85%+** of balance of loans for real estate development located in the **urban areas of first-tier and second-tier cities**
- Ratio of the Company's non-performing real estate loans: **5.45%** **↑ 1.46ppts**
- Total balance of real estate-related businesses for which the Group did not assume credit risks **RMB247.55 billion** **↓ 17.58%**

## Risk management for local government financing platform business

- Balance of the local government financing platform business **RMB248.57 billion** **↓ RMB15.07 billion**
- Balance of domestic corporate loans **RMB137.29 billion** **↑ RMB4.73 billion**
- Accounting for **2.29%** of the Company's total loans and advances to customers **↓ 0.03ppt**
- Non-performing loan ratio **0.14%**

Notes:

1. Data on this page are on a bank standalone basis except for the balance of real estate-related businesses for which the Group did not assume credit risks.
2. Balance of the Company's local government financing platform business includes businesses such as actual and contingent credit, bond investment, proprietary investments and fund investment of wealth management products.

# Agenda

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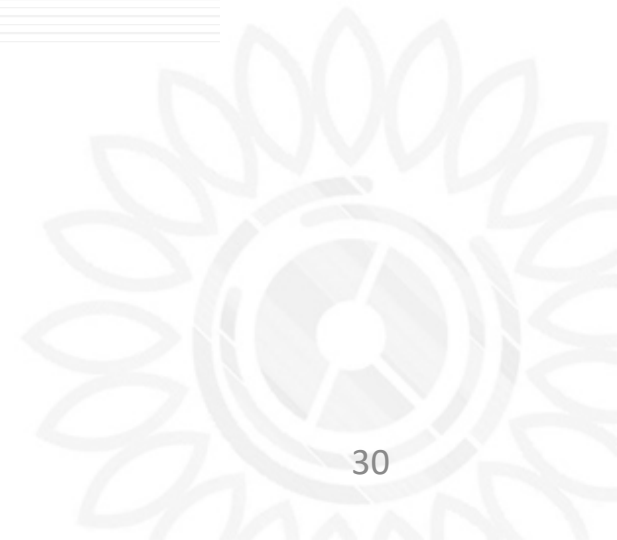
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# 3 Outlook and Strategies

- Challenges: external environment remained complex
- Opportunities: strong resilience in Chinese economy with great potential
- Business strategies: maintain strategic determination and promote high-quality growth

# Challenges: external environment remained complex



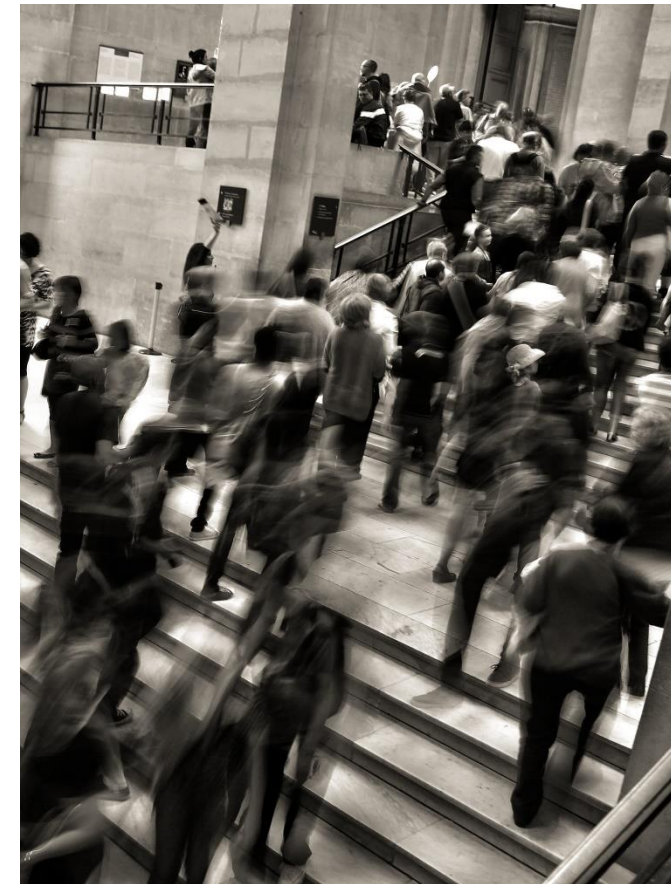
Increased uncertainties in international environment



Sluggish domestic demand



Elevated difficulty for banks to improve profitability





# Opportunities: strong resilience in Chinese economy with great potential



Key regions in China are full of vitality with good growth momentums



Huge opportunities in new economy and industries with new growth engines



Great market potentials in retail finance



# Business strategies: maintain strategic determination and promote high-quality growth



Continuously maintain strategic focus on retail finance and continue to consolidate leading advantages



Strengthen asset and liability management, optimize asset allocation, and improve the quality of liabilities



Consolidate the customer base, and grow the capital-light business bigger and better



Accelerate development of branches in key regions and continue to improve their value contribution



Insist on innovation-driven development and establish new advantages in niche markets



Enhance comprehensive risk management and stay firm to the bottom line of risks



Thank You!  
Q&A

