

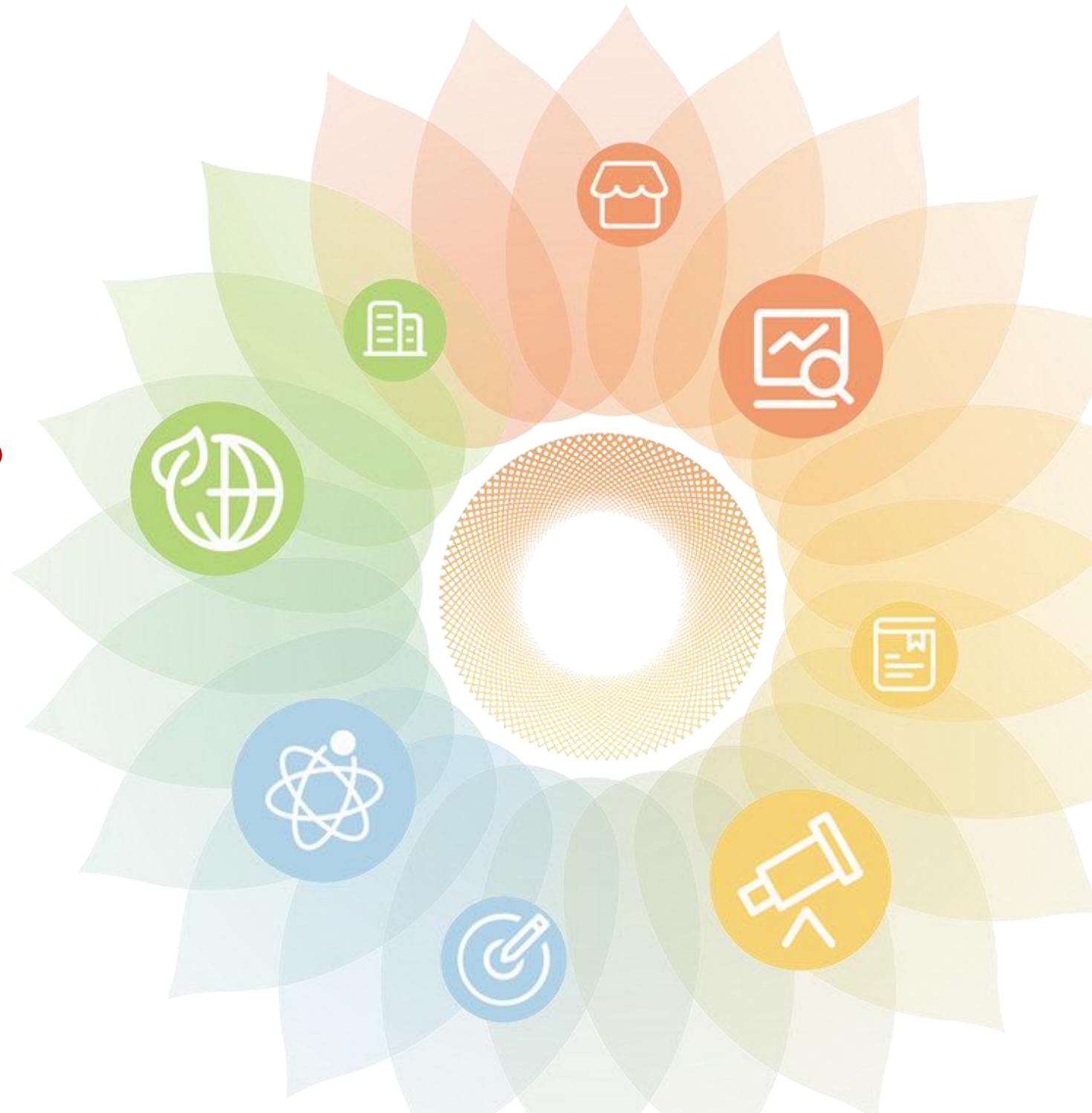


招商銀行

CHINA MERCHANTS BANK

China Merchants Bank Co., Ltd.

2023 Annual 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 for 2023 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

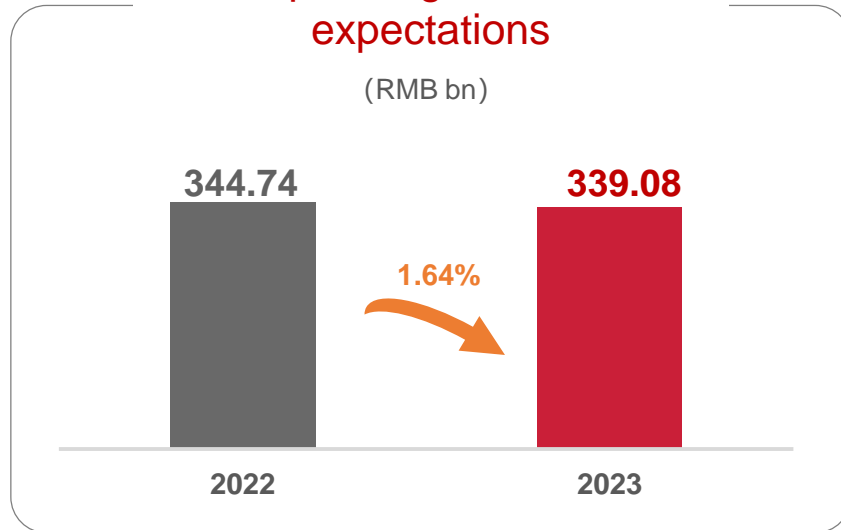
A banner image showing a laptop and a tablet displaying data charts and graphs, with a large red number '1' on the left.

1 Performance Overview

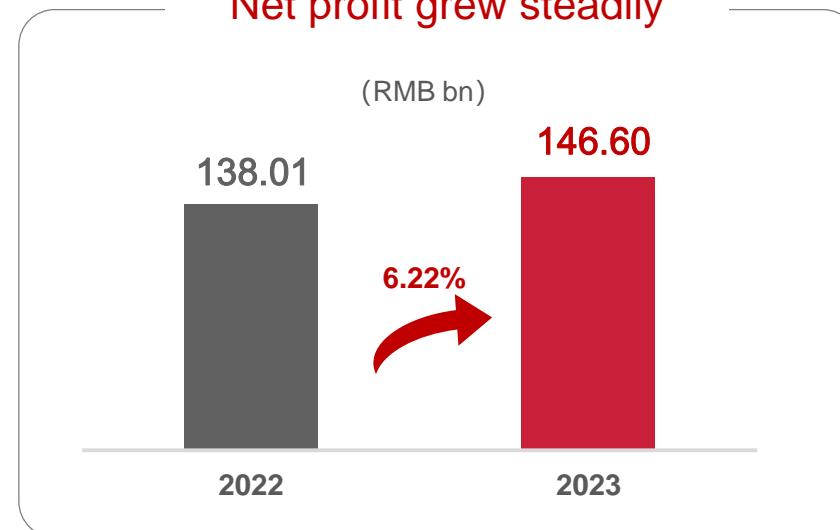
- Effectively responded to various challenges and delivered operating results in line with expectations
- Achieved steady growth in asset scale and sustained strength in liabilities management
- Maintained stable asset quality with strong risk compensation capacity
- Continuously optimized business mix and maintained endogenous growth of capital
- Further increased input in technology and accelerated the establishment of “AI + Finance” model
- Proactively implemented ESG concept and provided financial services to the real economy

Effectively responded to various challenges and delivered operating results in line with expectations

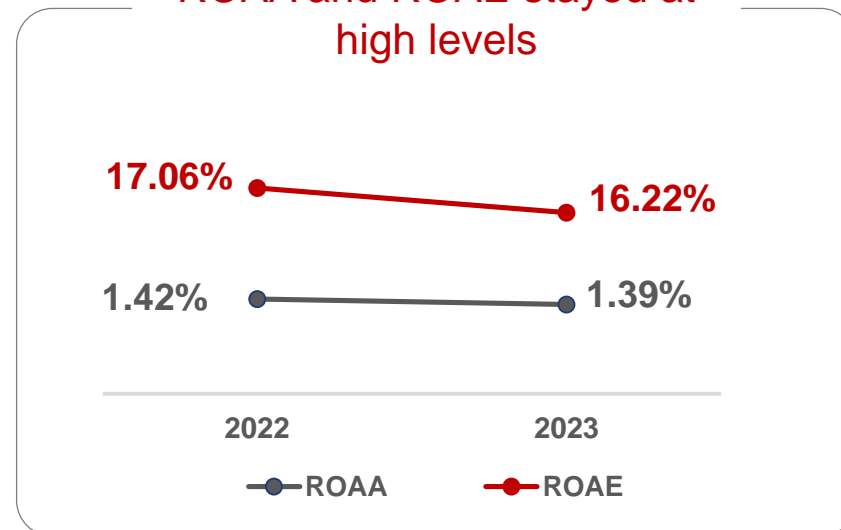
Net operating income met expectations



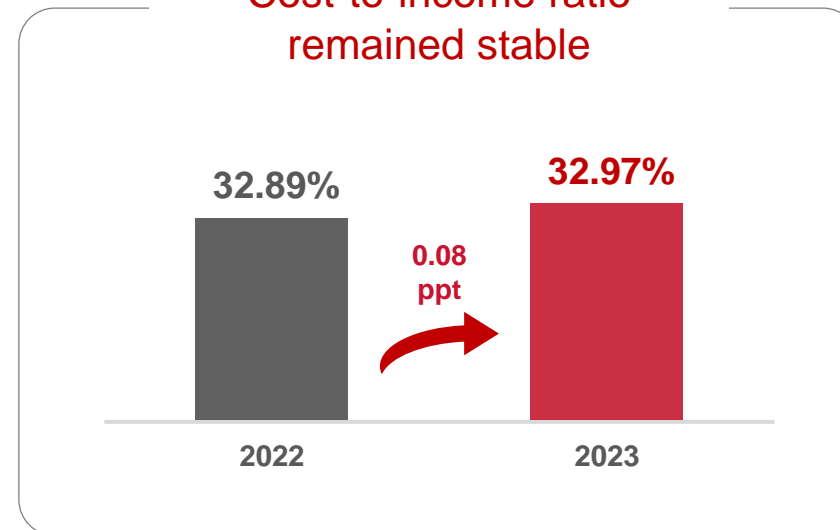
Net profit grew steadily



ROAA and ROAE stayed at high levels



Cost-to-income ratio remained stable



Effectively responded to various challenges and delivered operating results in line with expectations

Net interest income

RMB214.67 billion ↓ 1.63%

Net non-interest income

RMB124.41 billion ↓ 1.66%

Net fee and commission income

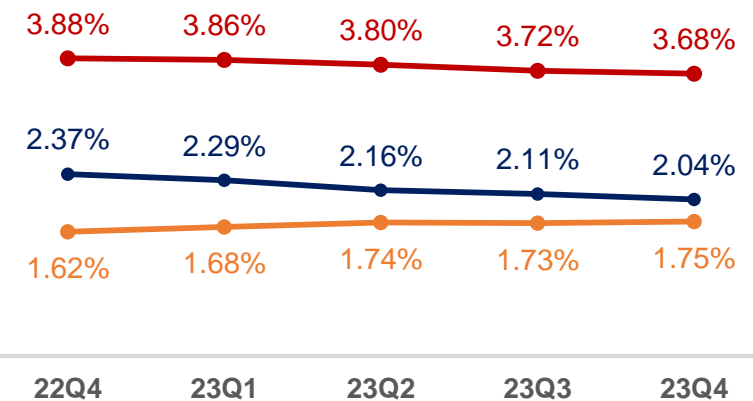
RMB84.11 billion ↓ 10.78%

Other net non-interest income

RMB40.30 billion ↑ 25.04%

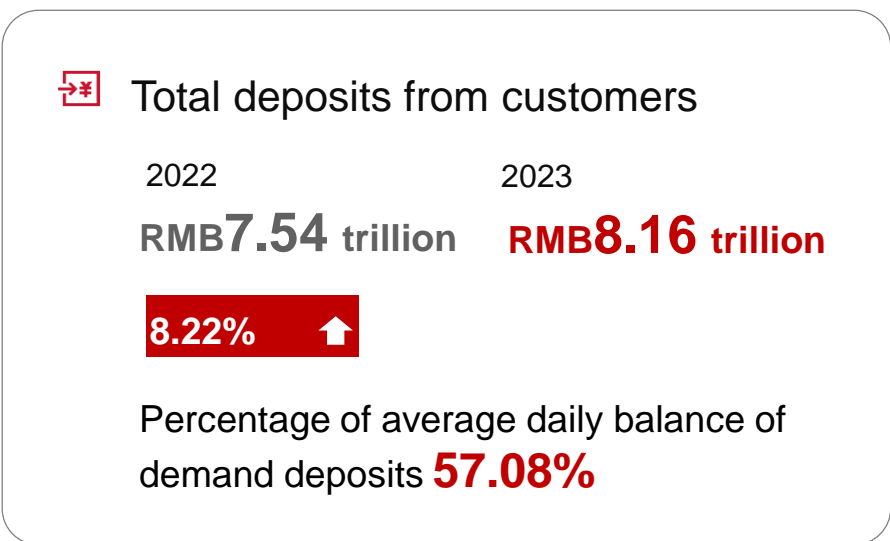
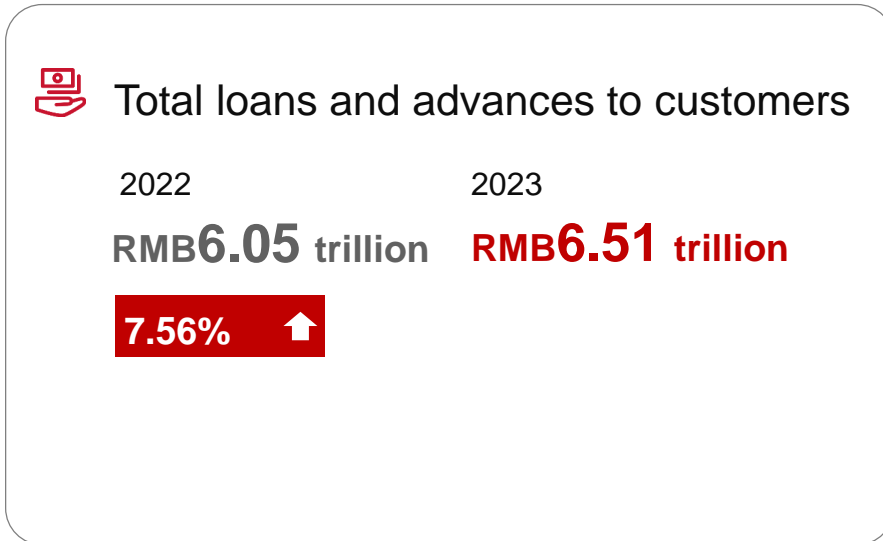
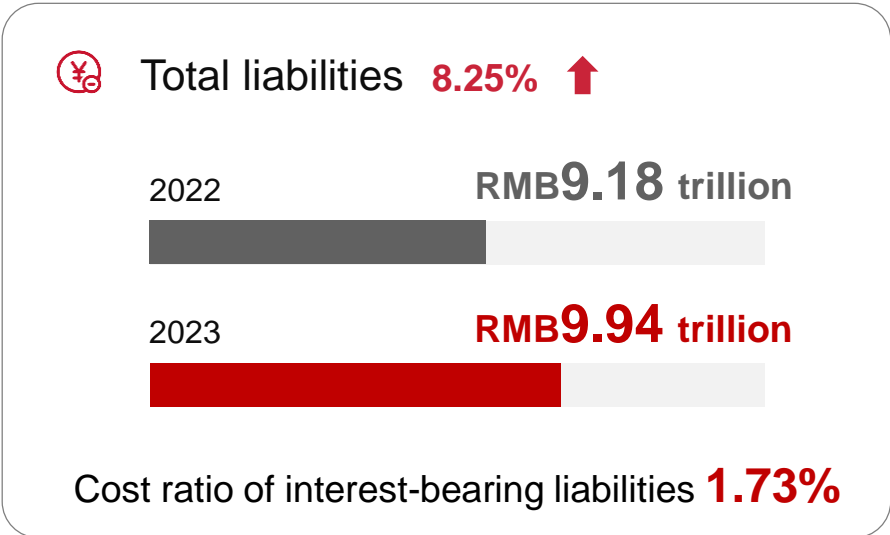
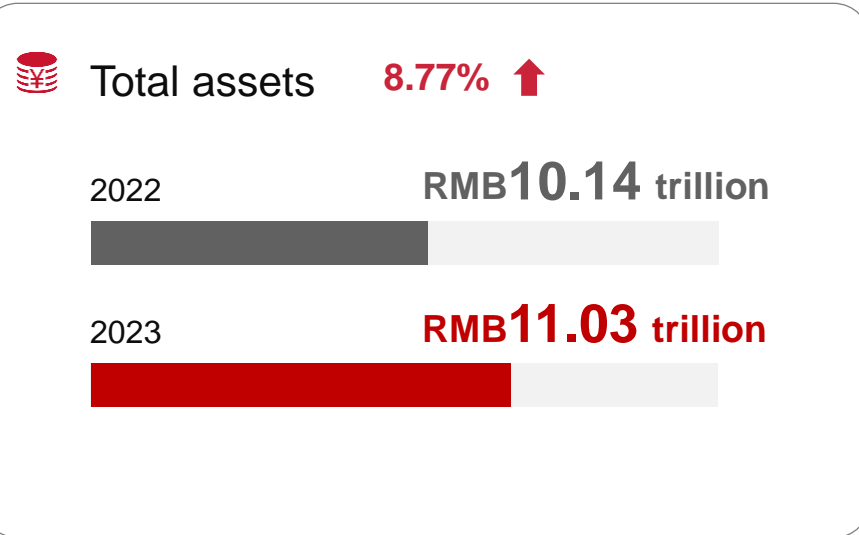
Net interest margin

2.40% ^{Down 25bps} → 2.15%
2022 → 2023



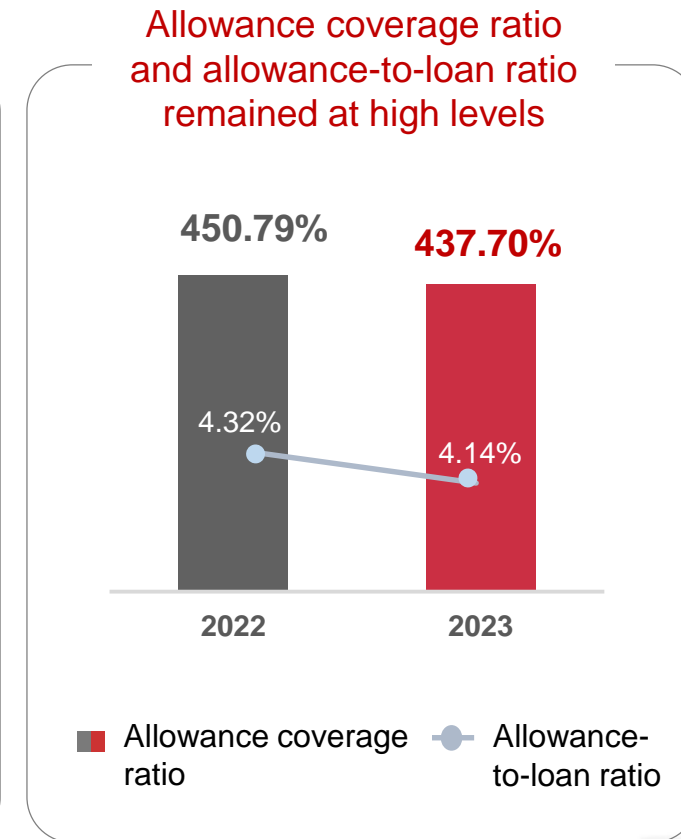
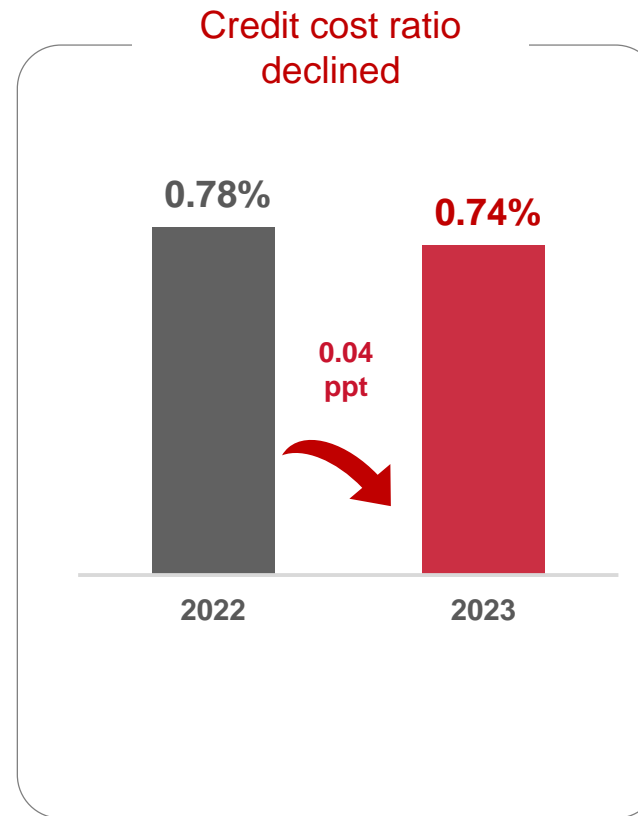
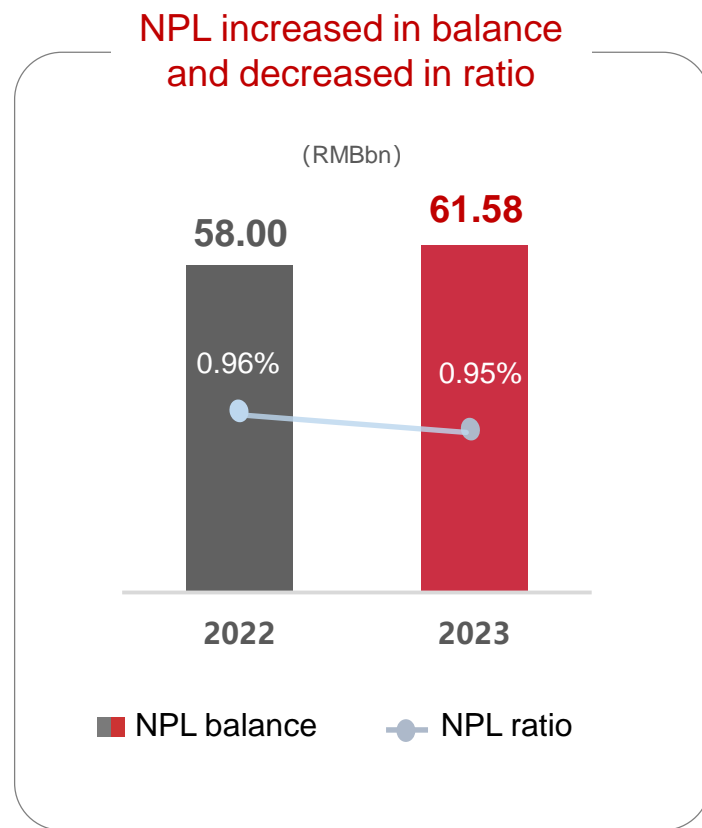
● Interest-earning assets yield (annualized)
● Cost ratio of interest-bearing liabilities (annualized)
● Net interest margin (annualized)

Achieved steady growth in asset scale and sustained strength in liabilities management

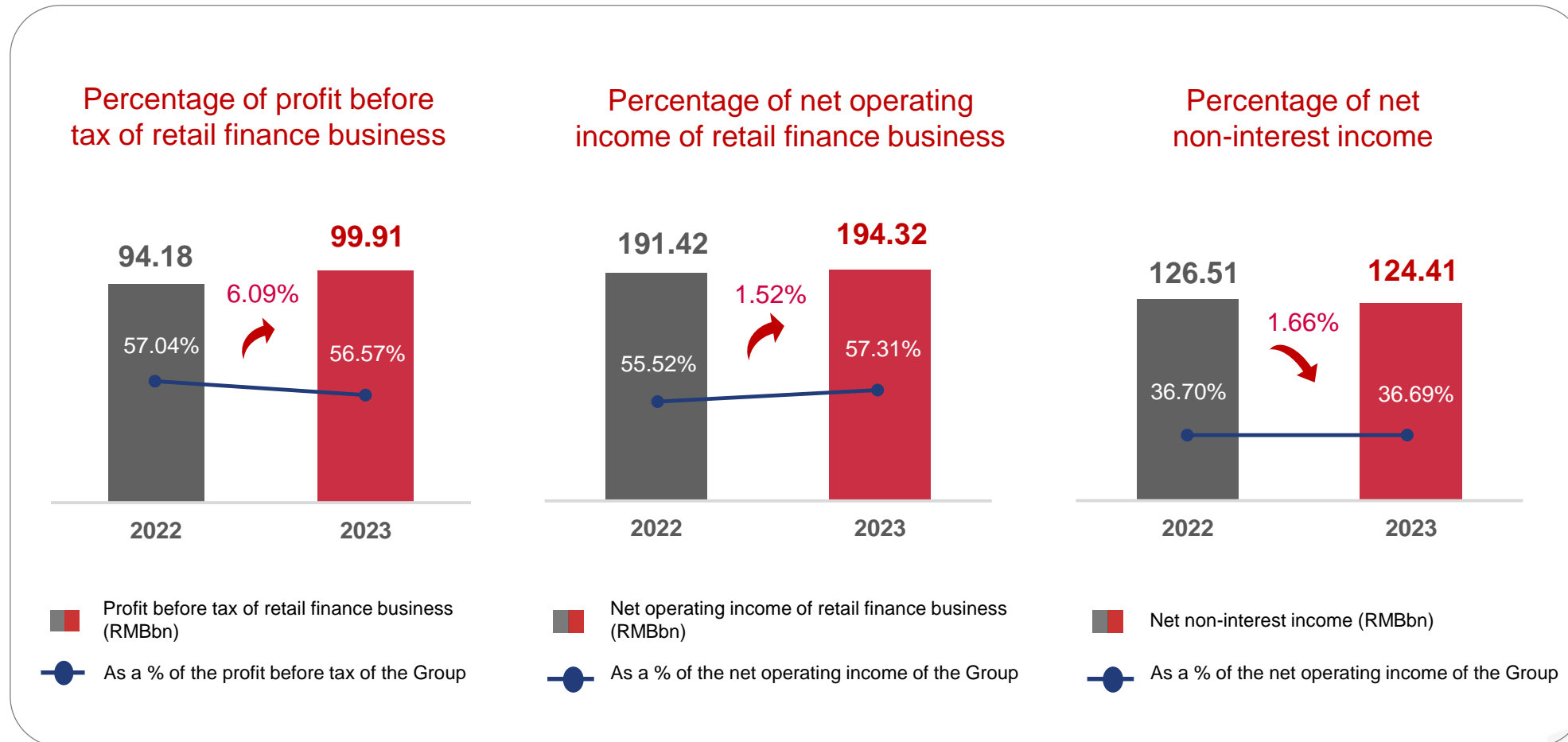


Note: Data for average daily balance of demand deposits are on a standalone bank basis

Remained stable asset quality with strong risk compensation capacity

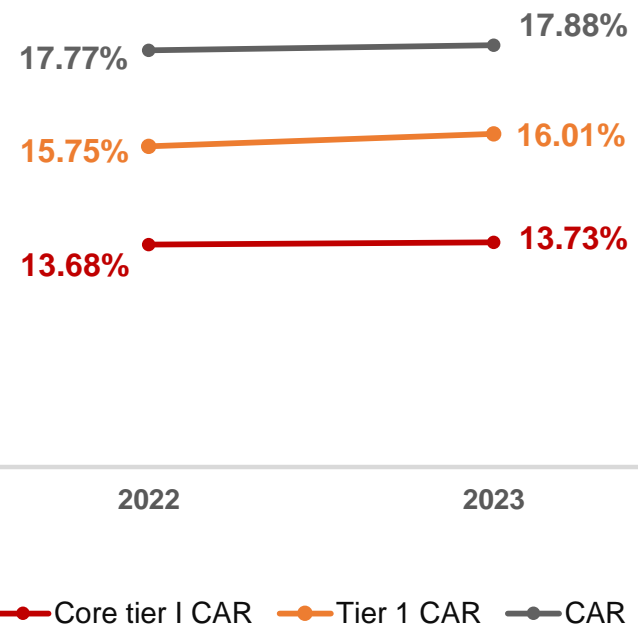


Continued optimizing business mix and maintained endogenous growth of capital

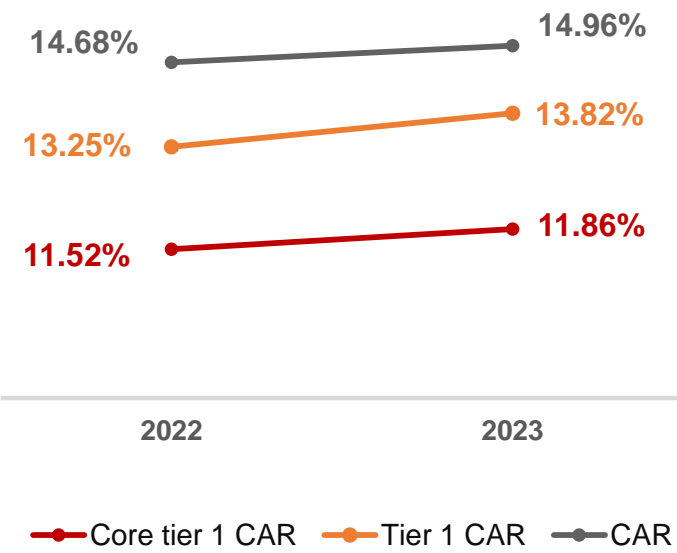


Continued optimizing business mix and maintained endogenous growth of capital

Capital adequacy ratios under Advanced Measurement Approach



Capital adequacy ratios under Weighted Approach



Further increased input in technology and accelerated the establishment of “AI + Finance” model



IT input reached **RMB14.13 billion**
 Accounting for **4.60%** of net operating income
 Increased by **0.09ppt**



Number of R&D personnel reached **10,650**
 Accounting for **9.14%** of the Group’s total number of employees



Fintech Innovation Project Fund
 Total number of projects launched **3,800**
 Total number of projects put into operation **3,062**



Five intelligent engines:
 Intelligent wealth, intelligent operation, intelligent marketing, intelligent customer service, and intelligent risk control engines

Five major development directions:
 Digital operation and management, cutting-edge technology capabilities, To-B ecosystem, To-C ecosystem, innovation and incubation

Relieved staff from repetitive, time-consuming work equivalent to a workload of over **17,000** full-time employees through intelligent application

Established the **large language model experience platform**, connecting to various mainstream large models in China

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

Proactively implemented ESG concept and provided financial services to the real economy

Corporate governance

- The “Strategy Committee of the Board of Directors” was officially renamed as “**Strategy and Sustainable Development Committee of the Board of Directors**” to strengthen its role in coordinating the fulfilment of ESG responsibilities

Environmental information

Green finance

- Balance of green loans **RMB447.77 billion** ↑ **26.00%**
- Launched innovative **green deposit** products
- Issued the **world’s first** blue floating-rate bond
- The balance of the Bank’s existing domestic green bonds amounted to **RMB15 billion**, and the balance of existing overseas ESG bonds amounted to **USD1.9 billion**

Green operations

- Provided convenient digital financial services to **hundred-million customers** to reduce carbon emissions from customer travel
- Saved **1.89 billion+ pieces** of paper in billing, with the proportion of credit card electronic bills reaching **99.57%**
- Conducted a comprehensive review of all carbon emission sources of over **1,900** organizations across the Bank over the past three years against general international standards, so as to formulate carbon emission reduction measures

ESG international rating

- MSCI-ESG rating remained **grade A** for three consecutive years



Notes: 1. Data on this page are on a standalone bank basis.
2. Green deposit is a green finance product that raises funds for sustainable green projects, helping drive the economic transition to low carbon, climate change adapted and sustainable development.

Proactively implemented ESG concept and provided financial services to the real economy

Social responsibilities

□ Providing financial services to the real economy

- The balance of loans extended to the manufacturing industry increased by **25.06%**
- The balance of SME inclusive finance loans increased by **18.56%**; and the number of inclusive small- and micro-sized enterprises with loan balance was **1,004,500**, increasing by **13,800**
- The number of technology enterprise customers reached **140,800**, representing an increase of **42.51%**; and the balance of loans extended to technology enterprises increased by **44.95%**

□ Financial Accessibility

- Upgraded the “people + digitalization” service model, with focus on meeting the financial needs of people in areas where offline outlets are unable to cover
- Provided elderly customers with **252,300 times** of telephone and text quick-access services; and built a customer base of the CMB APP “Version for the Elderly” of **1.09 million**

□ Information security and privacy protection

- Strictly abided by the requirements of the *Personal Information Protection Law*; and regularly evaluated the privacy compliance of the CMB APP for individual customers
- Adhered to the principles of legal compliance and minimum necessity regarding the acquisition and use of personal information
- No major incident of internet security, information security or privacy leakage

□ Supporting the improvement of people’s livelihood

- Regarded the **pension finance business** as a **strategic business** with continuously increased input of resources to build distinctive advantages in pension finance
- Granted national student loans of **more than RMB10 billion** to over **one million** students

□ Consumer rights protection

- Continuously making efforts to include consumer rights protection into corporate governance, corporate culture and business development strategies
- A total of **144,500** consumer rights protection reviews were completed, with a coverage rate of products and services of **100%** and an adoption rate of consumer rights protection review opinions of **99.47%**

□ Human resources development

- Adhered to the principle of gender equality in remuneration and benefits
- Constantly improved a dual-channel development system for employees with management capabilities or professionalism
- Innovated a segmented and classified training system to meet the needs of employees at different levels for professional development

Agenda



1.
Performance
Overview



2.
**Operational
Information**



3.
Outlook and
Strategies



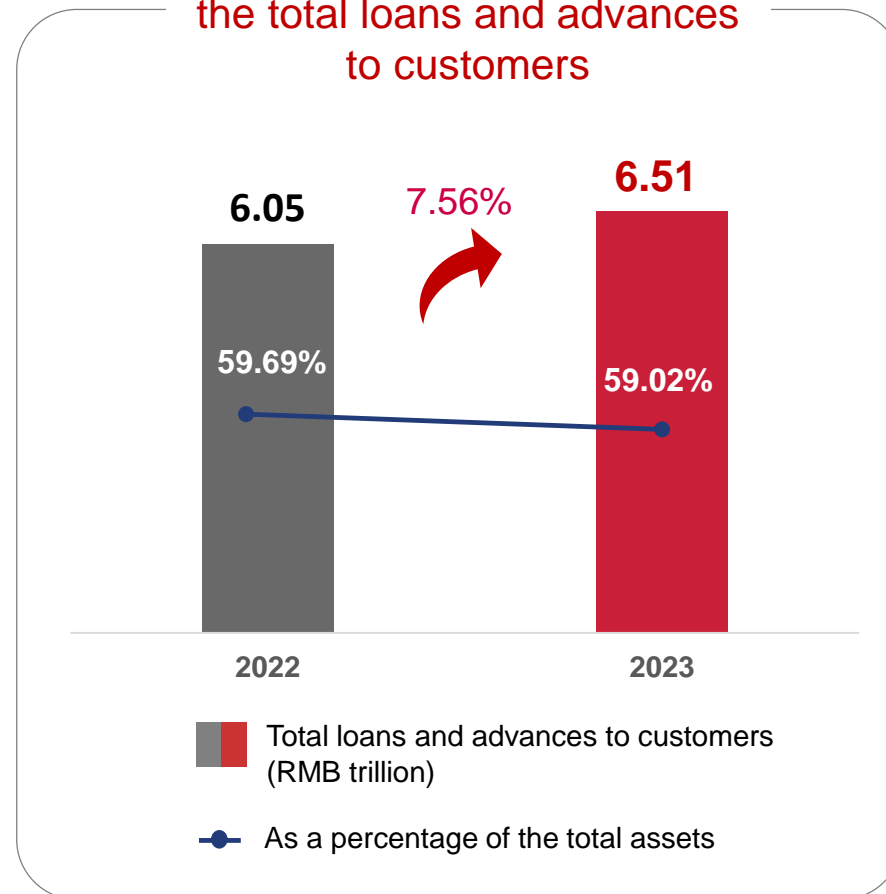


2 Operational Information

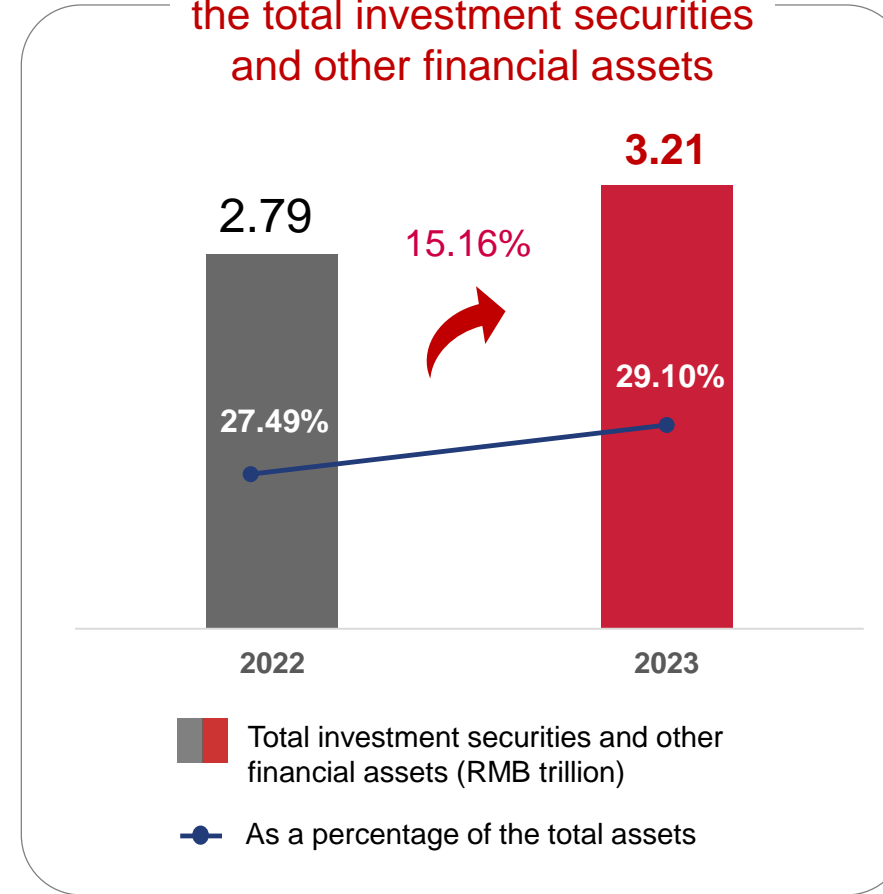
- Improved origination of high-quality assets and kept optimizing asset allocation
- Strengthened management of liability quality to balance between scale and cost of deposit growth
- Continued growing capital-light business with non-interest income remaining resilient
- Kept enlarging customer base and improving comprehensive service capability
- Further enhanced risk management and prevented risks in key areas
- Drove business innovation with “AI+” to shift towards “Smart CMB”

Improved origination of high-quality assets and kept optimizing asset allocation

Balance and percentage of the total loans and advances to customers

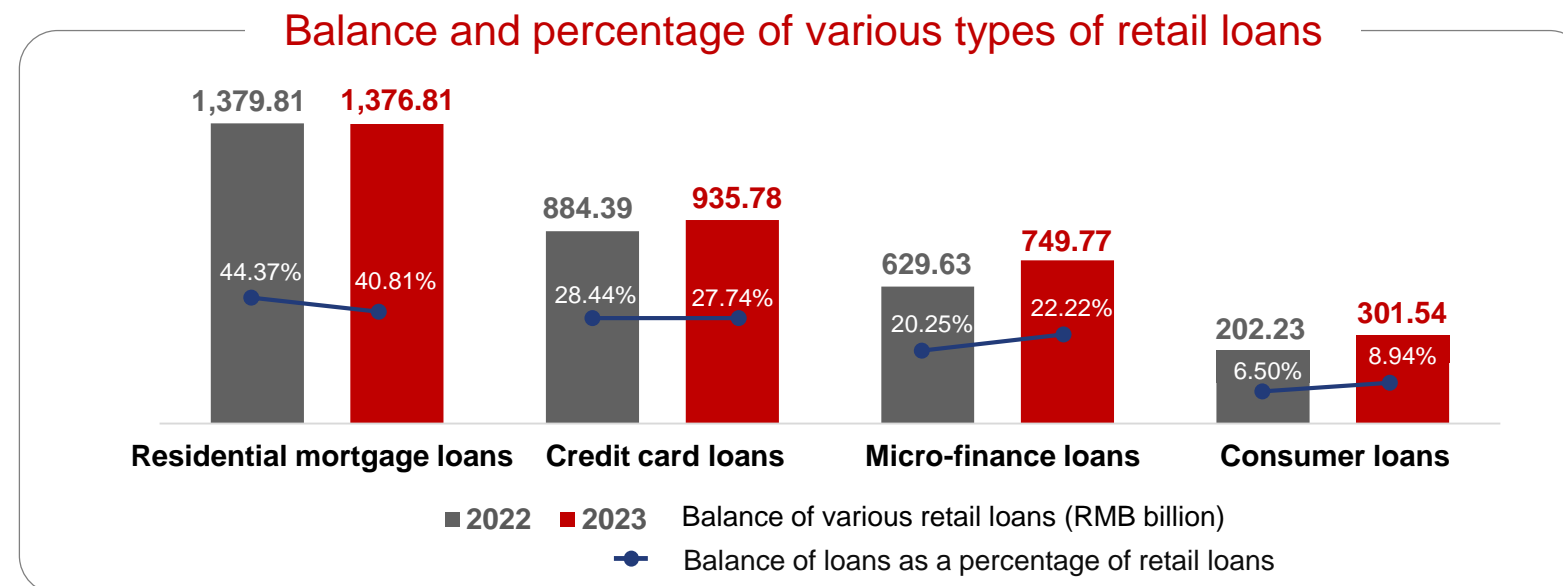
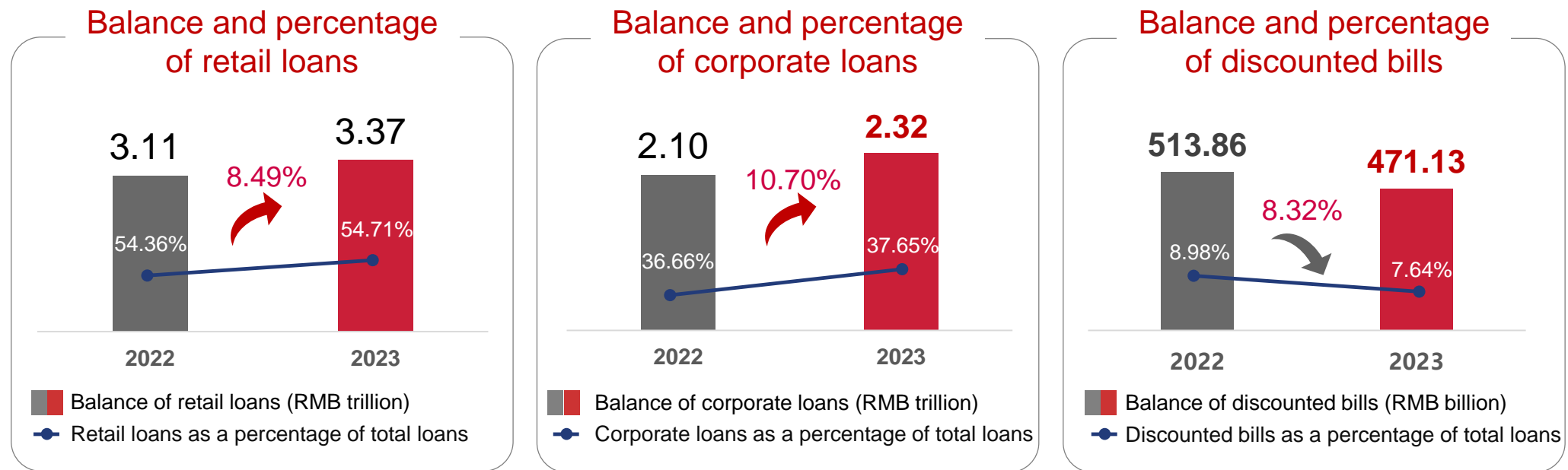


Balance and percentage of the total investment securities and other financial assets



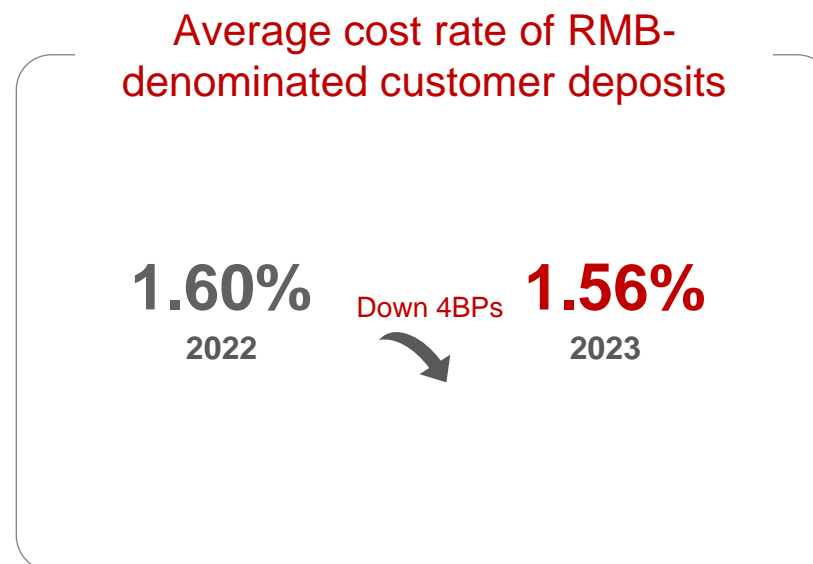
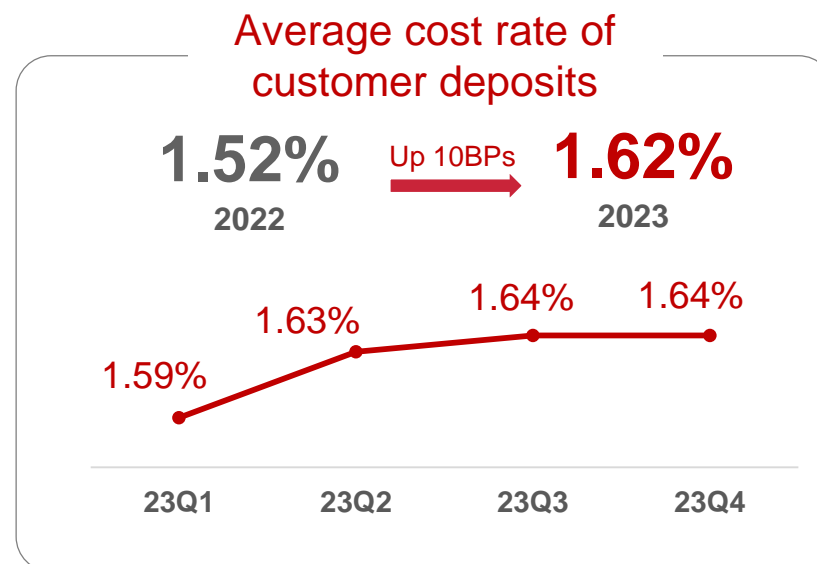
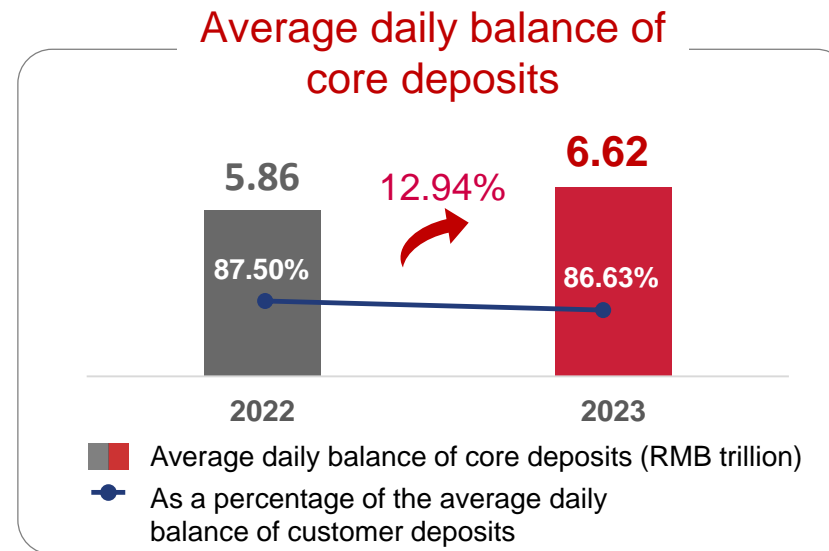
Note: Data on this page are on consolidated group basis and the balance herein excludes accrued interest.

Improved origination of high-quality assets and kept optimizing asset allocation



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

Strengthened management of liability quality to balance between scale and cost of deposit growth



Notes: 1. All data, except for those on average cost rate of customer deposits on this page are on standalone bank basis
2. Core deposit is the Company's internal KPI for deposit management, excluding high-cost deposits such as large-denomination certificates of deposit and structured deposits

Continued growing capital-light business with non-interest income remaining resilient

Assets under management (AUM) for retail customers

AUM for retail customers

RMB **13.32** trillion **↑ 9.88%**

Increased by RMB**1,198.12** billion for the year

AUM for Golden Sunflower and above customers

RMB **10.82** trillion **↑ 9.66%**

Total AUM of asset management business

RMB **4.48** trillion **↑ 1.59%**

Balance of assets under custody

RMB **21.12** trillion **↑ 5.28%**

Note: The 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.

Continued growing capital-light business with non-interest income remaining resilient

Non-interest income and percentage

RMB **124.41** billion

As a percentage of net operating income

36.69%

Net fee and commission income and percentage

RMB **84.11** billion

As a percentage of non-interest income

67.61%

Income from extensive wealth management

RMB **45.27** billion

As a percentage of net fee and commission income **53.82%** ↑ 1.69ppts

Fee and commission income from wealth management
RMB **28.47** billion

Fee and commission income from asset management
RMB **11.47** billion

Commission income from asset custody business
RMB **5.33** billion

Payment and settlement income

Fee Income from bank card

RMB **19.53** billion

Fee Income from settlement and clearing

RMB **15.49** billion

As a percentage of net fee and commission income **41.63%** ↑ 2.97ppts

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

2. Income from extensive wealth management on consolidated group basis, comprising fee and commission income from wealth management, fee and commission income from asset management and commission income from custody business.

Kept enlarging customer base and improving comprehensive service capability

Number of retail
customers

197 million **↑ 7.07%**

Number of Golden Sunflower
and above customers

4.64 million **↑ 12.00%**

Number of customers holding
wealth management products

 **51.38** million

↑ 19.13%

Number of active
credit card users

 **69.74** million

Credit card transaction value
RMB **4.81** trillion

Number of corporate
customers

2.82 million

↑ 11.66%

Number of newly
acquired corporate
customers

481,900

Contributing daily average deposits
of RMB**172.74** billion

Number of corporate
customers for withholding
transactions

1.20 million

↑ 11.36%

Kept enlarging customer base and improving comprehensive service capability

Balance of financing products aggregate to corporate customers (FPA)

RMB5.52 trillion ↑ 8.44%

Balance of non-traditional financing accounted for **42.91%**

Sci-tech finance business

Balance of loans extended to technology enterprises

RMB428.48 billion
↑ 44.95%

Green finance business

Balance of green loans

RMB447.77 billion
↑ 26.00%

Inclusive finance business

Balance of loans granted to inclusive small- and micro-sized enterprises

RMB804.28 billion
↑ 18.56%

Intelligent manufacturing finance business

Balance of the loans extended to the manufacturing industry

RMB555.10 billion
↑ 25.06%

Retirement finance business

Pension funds under custody

RMB1.05 trillion

Kept enlarging customer base and improving comprehensive service capability

Investment banking business

- Debt financing instruments with the Company as the lead underwriter
RMB591.81 billion
↓ 5.28%
- M&A financing business volume
RMB193.35 billion
↑ 3.71%

Bill business

- Volume of direct bill discounting business
RMB1.90 trillion
↑ 24.78%

Transaction banking business

- Number of customers of Treasury Management Cloud services reached **477,600**
↑ 62.15%
- Customers of corporate collection products reached **87,100**
↑ 38.92%

Cross-border finance business


- Balance of payments for corporate customers under trade in goods
USD173.81 billion
↑ 9.92%

Financial markets business

- Hedging services provided to **6,285** companies
- Total transaction volume of derivatives to corporate customers
USD64.78 billion

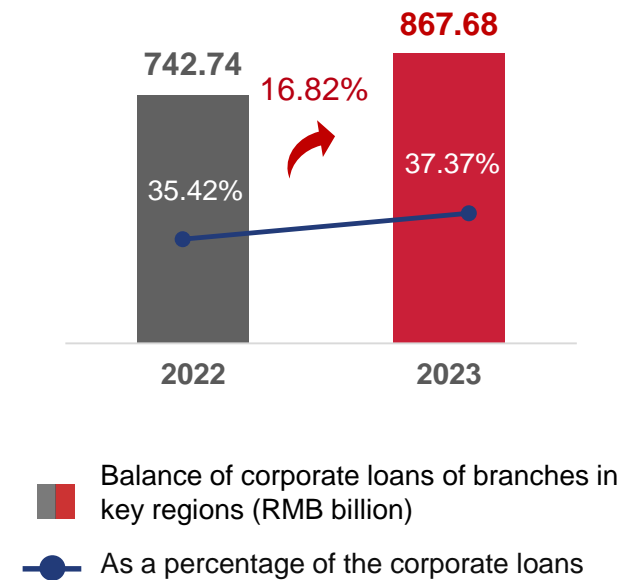
Kept enlarging customer base and improving comprehensive service capability

Business scale of branches in key regions

 Growth rates of core deposits, AUM and corporate loans

All higher than the average level of the Bank

Balance and percentage of corporate loans of branches in key regions



Kept enlarging customer base and improving comprehensive service capability

Synergy within CMB Group



- Balance of wealth management products:
RMB**2.55** trillion ↓ 4.49%



- Scale of asset management business:
RMB**1.55** trillion ↑ 4.73%
- AUM of non-money market mutual funds:
RMB**575.57** billion ↑ 2.62%



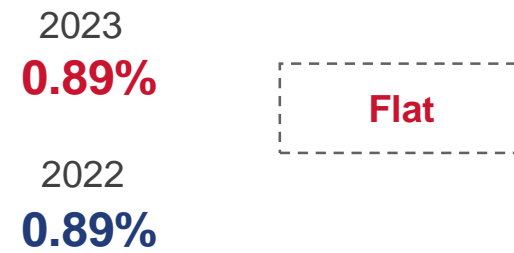
- Total assets: RMB**290.79** billion ↑ 11.76%



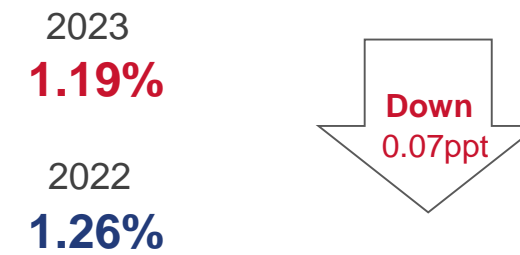
- **30** HK IPOs completed
- Ranked among the top in the investment banking market in Hong Kong

Further enhanced risk management and prevented risks in key areas

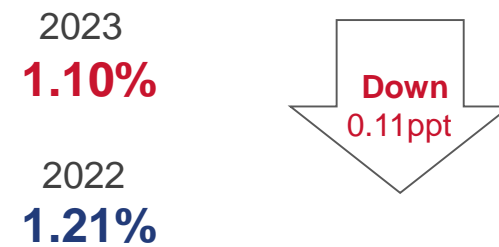
NPL ratio of retail loans



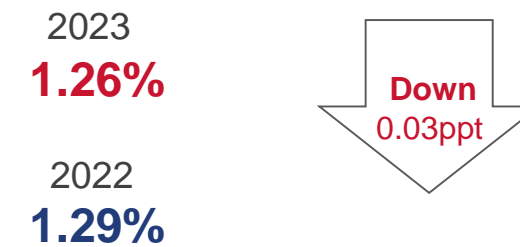
NPL ratio of corporate loans



Percentage of special-mentioned loans



Percentage of overdue loans



Note: Data on this page are on consolidated group basis

Further enhanced risk management and prevented risks in key areas

Prudent asset classification

- Ratio of NPL balance to the balance of loan overdue for 60+ days: **1.19**
- Ratio of NPL balance to the balance of loan overdue for 90+ days: **1.34**

NPL formation ratio

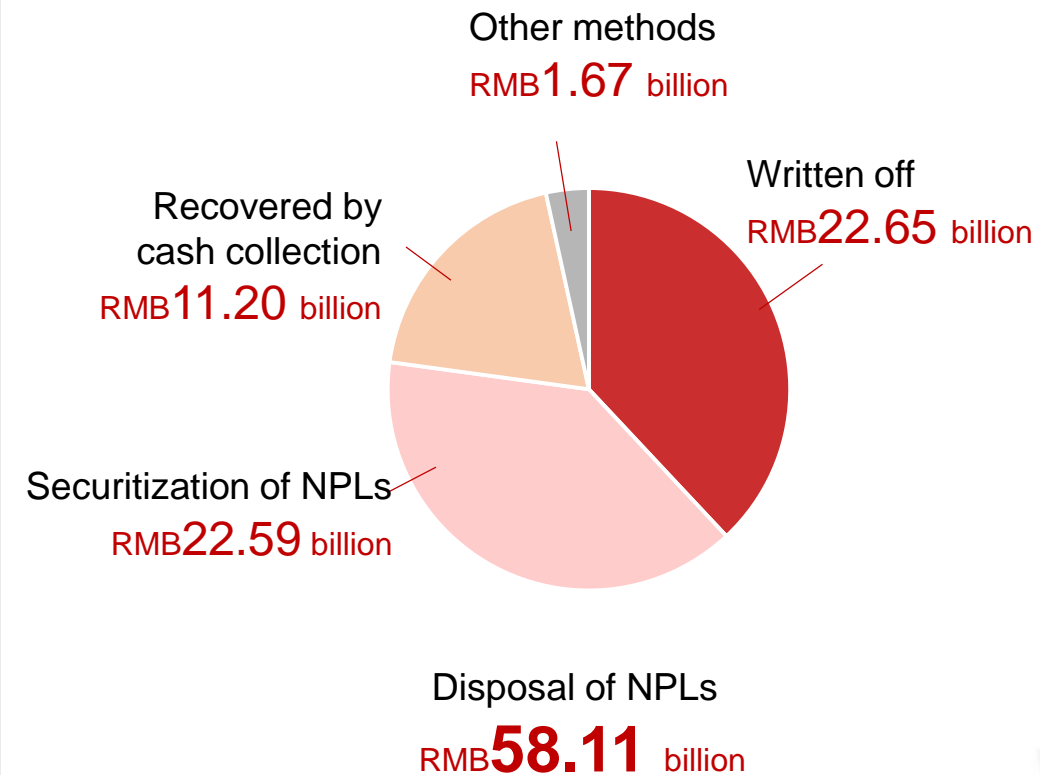
1.03%

Down
0.12ppt

Newly formed NPL : **RMB61.00 billion**

Year-on-year decrease: **RMB1.98 billion**

Disposal of NPLs



Further enhanced risk management and prevented risks in key areas

Risk management and control in the real estate sector


- The Company's balance of loans granted to the real estate industry: **RMB290.74 billion**, accounting for **4.71%** of the Company's total loans and advances to customers
- Total balance of real estate related businesses without credit risk assumed **RMB249.45 billion** ↓ **16.95%**
- 85%+** of the balance of real estate development loans were located in **first-tier and second-tier cities**
- The Company's NPL ratio of real estate loans: **5.01%** ↑ **1.02ppts**


Risk management and control in other key areas

Micro-finance loans		Credit card loans		Consumer loans
NPL ratio: 0.61%	↓ 0.03ppt	NPL ratio: 1.75%	↓ 0.02ppt	NPL ratio: 1.09% ↑ 0.01ppt
Special-mentioned loan ratio: 0.35%	↓ 0.05ppt	Special-mentioned loan ratio: 3.35%	↓ 0.06ppt	Special-mentioned loan ratio: 0.51% ↑ 0.08ppt
Overdue loan ratio: 0.70%	↓ 0.03ppt	Overdue loan ratio: 3.20%	↓ 0.35ppt	Overdue loan ratio: 1.31% ↑ 0.05ppt


Note: Data on this page are on a standalone bank basis except for the total balance of real estate related businesses without credit risk assumed.

Drove business innovation with “AI+” to shift towards “Smart CMB”

 **117 million**
 MAUs of two Apps



CMB
APP



CMB Life
APP



AI+

- ✓ The Company accelerated to develop natural language processing and cognitive computing capabilities in **AI labs**
- ✓ The Company actively carried out the construction and application of the **large language model** and actively explored its application in retail finance, wholesale finance, and middle and back office
- ✓ The **intelligent wealth assistant “Xiao Zhao (小招)”** provided one-stop wealth management services such as financial analysis, product selection strategies, market views and income analysis, as well as personalized and customized consulting services



Digital customer service

- ✓ With the **“Wealth Alpha+” platform**, the Company realized digital and intelligent operation of the whole process of investment research, product selection and post-investment management
- ✓ Micro-finance loans granted through online approval accounted for **66.74%** of the loans granted through omni-channel service system **↑7.13 ppts** YoY
- ✓ Financing business for corporate customer conducted online accounted for **92.28%** **↑10.14ppts**
- ✓ The percentage of foreign exchange business conducted online was **75.34%** **↑9.85 ppts**
- ✓ The service volume via WeCom exceeded **17 million times**

Drove business innovation with “AI+” to shift towards “Smart CMB”



Application in risk management

- ✓ Smart risk control platform “Libra(天秤)” helped reduce the percentage of fraud and account takeover amounts by non-cardholders to **0.1 in ten millionths**
- ✓ The corporate loans newly granted through the online risk control platform amounted to **RMB303.56 billion**, representing a year-on-year increase of **53.58%**
- ✓ By applying digital processes, the Company reduced the average time taken for the granting of an inclusive finance mortgage loan from **one month** to **2.7 days**.



Application in internal operation

- ✓ The Company completed the intelligent transformation and application of over 400 operation processes, and the processing efficiency of key businesses increased by **27%**



Application in digital infrastructure

- ✓ The overall availability of the cloud services exceeded **99.999%** with support for minute-level elastic scaling capability
- ✓ Technology middle office: **1,254** components passed the quality certification, representing a year-on-year increase of **146.85%**
- ✓ Data middle office: the big data services covered **60%** of the employees in the Bank

Agenda



1.
Performance
Overview



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Operational
Information



**3. Outlook and
Strategies**



3 Outlook and Strategies

- Opportunities: Strong resilience and great potential of China's economy
- Challenges: Complex external environment
- Strategies: High-quality development driven by management and innovation



Opportunities: Strong resilience and great potential of China's economy



The coordination of macro policies



Accelerated development of new quality productive forces



New opportunities for the banking industry brought by technology advancements, especially in the AI area



Challenges: Complex external environment



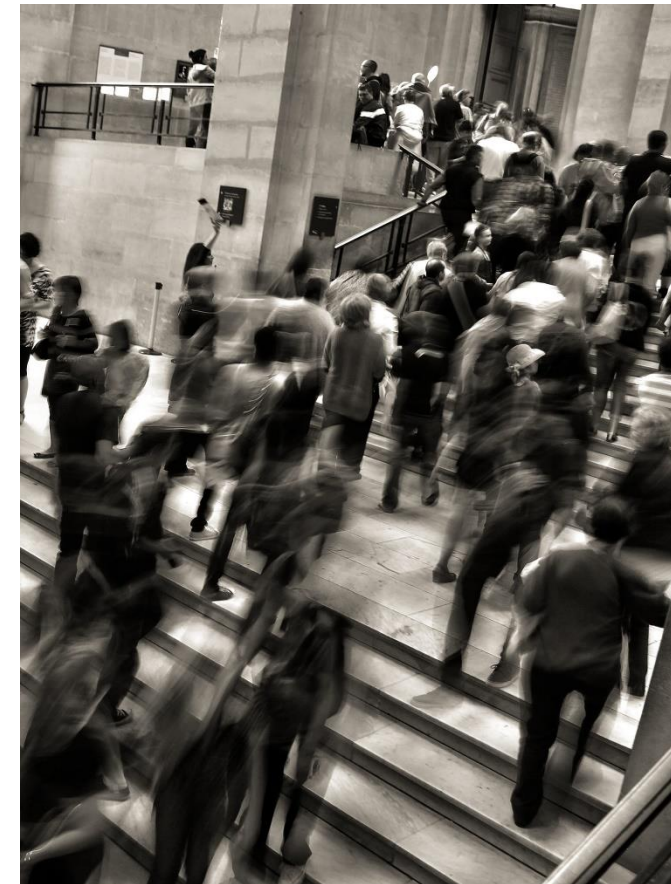
Increasing complexity, challenges and uncertainties associated with international environment



Foundation for domestic economy to achieve sustained recovery is not yet solid enough



Elevated difficulty for banks to improve profitability



Strategies: High-quality development driven by management and innovation



Build up new competitiveness while maintaining existing characteristics and competitiveness



Achieve high-quality development driven by management and innovation



Accelerate the construction of advantages in key regions and explore growth drivers in niche markets



Constantly enhance the “fortress-style” overall risk and compliance management system



Thank You!
Q&A

