招商銀行
CHINA MERCHANTS BANK

招商銀行股份有限公司
CHINA MERCHANTS BANK CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(H Share Stock Code: 03968)
(Preference Share Stock Code: 04614)

FIRST QUARTERLY REPORT OF 2019

Pursuant to the regulations of the China Securities Regulatory Commission, the Company is required to publish a quarterly report for each of the first and third quarters.

The financial information set out in this quarterly report is unaudited and prepared in accordance with the International Financial Reporting Standards.

This announcement is made by the Company pursuant to Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

1 IMPORTANT NOTICE

1.1 The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of the Company confirm that the contents in this report are true, accurate, and complete and have no false representations, misleading statements or material omissions, and they will individually and collectively accept legal responsibility for such contents.

1.2 The 44th meeting of the Tenth Session of the Board of Directors of the Company has unanimously approved the first quarterly report of 2019 of the Company through voting by correspondence. 15 out of 15 eligible directors attended the meeting.

1.3 All financial statements set out in this report are prepared in accordance with the International Financial Reporting Standards and are unaudited. The unaudited quarterly report prepared by the Company in accordance with the PRC Accounting Standards has been published on the website of Shanghai Stock Exchange. Unless otherwise stated, all monetary sums stated in this report are expressed in RMB.

1.4 "China Merchants Bank", "the Company" and "the Bank" mentioned in this report refer to China Merchants Bank Co., Ltd.; and "the Group" refers to China Merchants Bank Co., Ltd. and its subsidiaries.

1.5 Li Jianhong, Chairman of the Board of Directors of the Company, Tian Huiyu, President, Wang Liang, an Executive Vice President and the Chief Financial Officer, and Li Li, the person in charge of the Finance and Accounting Department, hereby make representations in respect of the truthfulness, accuracy and completeness of the financial statements in this report.

2 GENERAL INFORMATION

2.1 Major accounting data and financial indicators of the Group

(Unless otherwise stated, amounts expressed in millions of RMB)

	At the end of the reporting period 31 March 2019	At the end of last year 31 December 2018	Increase/decrease at the end of the reporting period as compared to the end of last year (%)
Total Assets	**6,794,347**	6,745,729	0.72
Equity attributable to shareholders of the Bank	**566,046**	540,118	4.80
Net assets per share attributable to ordinary shareholders of the Bank *(in RMB Yuan)*	**21.09**	20.07	5.08

	The reporting period January to March 2019	Corresponding period of last year January to March 2018	Increase/decrease of the reporting period as compared to the corresponding period of last year (%)
Net cash used in operating activities before income tax payment	**(165,659)**	(48,487)	-241.66
Net cash used in operating activities per share before income tax payment *(in RMB Yuan)*	**(6.57)**	(1.92)	-242.19

	The reporting period January to March 2019	**Corresponding period of last year January to March 2018**	Increase/decrease of the reporting period as compared to the corresponding period of last year (%)
Net operating income	**68,754**	61,310	12.14
Net profit attributable to shareholders of the Bank	**25,240**	22,674	11.32
Basic earnings per share attributable to ordinary shareholders of the Bank *(in RMB Yuan)*	**1.00**	0.90	11.11
Diluted earnings per share attributable to ordinary shareholders of the Bank *(in RMB Yuan)*	**1.00**	0.90	11.11
Annualised weighted average return on net assets attributable to ordinary shareholders of the Bank *(%)*	**19.45**	19.97	Decrease of 0.52 percentage point

2.2 Explanation on the differences between the financial statements prepared in accordance with the PRC Accounting Standards and the International Financial Reporting Standards

In the financial statements prepared by the Group in accordance with the PRC Accounting Standards and the International Financial Reporting Standards, there has been no difference in the net profit attributable to shareholders of the Bank for the reporting period ended 31 March 2019 and the equity attributable to shareholders of the Bank at the end of the reporting period.

2.3 Analysis of capital adequacy ratios

The Group continued to optimise its business structure and enhance capital management, and has satisfied various capital requirements of the Chinese banking regulatory authorities during the reporting period, which are summarised as follows: the minimum capital requirements for the capital adequacy ratio. During the reporting period, the various capital requirements imposed by the regulatory authority on the Group and the Company were that: the minimum capital requirement for capital adequacy ratio, Tier 1 capital adequacy ratio and core Tier 1 capital adequacy ratio were 8%, 6% and 5%, respectively. Based on the above-mentioned minimum capital requirement, further provision shall be made for reserve capital, counter-cyclical capital and additional capital, of which the reserve capital, counter-cyclical capital and additional capital were required to be 2.5%, 0% and 0%, respectively.

As at the end of March 2019, the capital adequacy ratio, Tier 1 capital adequacy ratio and Core Tier 1 capital adequacy ratio of the Group under the advanced approach were 15.86%, 12.72% and 11.92%, respectively.

The Group	**31 March 2019**	31 December 2018	Increase/decrease at the end of the reporting period as compared to the end of last year (%)
	(in millions of RMB, except for percentages)		
The capital adequacy ratios under the advanced approach [(1)]			
Net core Tier 1 capital	**506,916**	482,340	5.10
Net Tier 1 capital	**541,012**	516,433	4.76
Net capital	**674,226**	641,881	5.04
Core Tier 1 capital adequacy ratio	**11.92%**	11.78%	Increase of 0.14 percentage point
Tier 1 capital adequacy ratio	**12.72%**	12.62%	Increase of 0.10 percentage point
Capital adequacy ratio	**15.86%**	15.68%	Increase of 0.18 percentage point
Information on leverage ratio [(2)]			
Total on and off balance sheet assets after adjustment	**7,936,693**	7,812,054	1.60
Leverage ratio	**6.82%**	6.61%	Increase of 0.21 percentage point

Notes:

1. The "advanced approach" refers to the advanced measurement approach set out in the "Capital Rules for Commercial Banks (Provisional)" issued by the former CBRC on 7 June 2012 (same as below). In accordance with the requirements of the advanced approach, the scope of entities for calculating the capital adequacy ratio of the Group shall include China Merchants Bank and its subsidiaries. The scope of entities for calculating the capital adequacy ratio of the Company shall include all the domestic and offshore branches and sub-branches of China Merchants Bank. As at 31 March 2019, the Group's subsidiaries for calculating its capital adequacy ratio included CMB Wing Lung Bank Limited, CMB International Capital Holdings Corporation Limited, CMB Financial Leasing Co., Ltd. and China Merchants Fund Management Co., Ltd.. During the transition period when the advanced capital measurement approaches were implemented, a commercial bank shall use the capital floor adjustment coefficients to adjust the amount of its risk-weighted assets multiplying the sum of its minimum capital requirement and reserve capital requirement, total amount of capital deductions and the provision for excessive loan loss which can be included into capital. The capital floor adjustment coefficients shall be 95%, 90% and 80% respectively in the first year, the second year, and the third and subsequent years during the transition period. 2019 is the fifth year since implementation of the transition period.

2. Since 2015, the Group has calculated the leverage ratio in accordance with the "Measures for Management of the Leverage Ratio of Commercial Banks (Revised)" promulgated by former CBRC on 12 February 2015. The leverage ratio of the Group were 6.61%, 6.56% and 6.25% as at the end of 2018, the end of the third quarter of 2018 and the end of the first half of 2018, respectively.

As at the end of March 2019, the capital adequacy ratio, Tier 1 capital adequacy ratio and Core Tier 1 capital adequacy ratio of the Company under the advanced approach were 15.82%, 12.45% and 11.63%, respectively.

The Company	**31 March 2019**	31 December 2018	Increase/decrease at the end of the reporting period as compared to the end of last year (%)
	(in millions of RMB, except for percentages)		
The capital adequacy ratios under the advanced approach			
Net core Tier 1 capital	**445,292**	420,996	5.77
Net Tier 1 capital	**476,745**	452,449	5.37
Net capital	**605,523**	573,466	5.59
Core Tier 1 capital adequacy ratio	**11.63%**	11.39%	Increase of 0.24 percentage point
Tier 1 capital adequacy ratio	**12.45%**	12.25%	Increase of 0.20 percentage point
Capital adequacy ratio	**15.82%**	15.52%	Increase of 0.30 percentage point

As at the end of March 2019, the capital adequacy ratio, Tier 1 capital adequacy ratio and Core Tier 1 capital adequacy ratio of the Group under the weighted approach were 13.28%, 11.29% and 10.57%, respectively.

The Group	**31 March 2019**	31 December 2018	Increase/decrease at the end of the reporting period as compared to the end of last year
The capital adequacy ratios under the weighted approach (Note)			
Core Tier 1 capital adequacy ratio	**10.57%**	10.31%	Increase of 0.26 percentage point
Tier 1 capital adequacy ratio	**11.29%**	11.04%	Increase of 0.25 percentage point
Capital adequacy ratio	**13.28%**	13.06%	Increase of 0.22 percentage point

Note: The "weighted approach" refers to the weighted approach for credit risk, the standardised approach for market risk and the basic indicator approach for operational risk in accordance with the relevant provisions of the "Capital Rules for Commercial Banks (Provisional)" issued by the former CBRC on 7 June 2012. Same as below.

As at the end of March 2019, the capital adequacy ratio, Tier 1 capital adequacy ratio and Core Tier 1 capital adequacy ratio of the Company under the weighted approach were 12.99%, 10.91% and 10.19%, respectively.

The Company	**31 March 2019**	31 December 2018	Increase/decrease at the end of the reporting period as compared to the end of last year
The capital adequacy ratios under the weighted approach			
Core Tier 1 capital adequacy ratio	**10.19%**	9.82%	Increase of 0.37 percentage point
Tier 1 capital adequacy ratio	**10.91%**	10.55%	Increase of 0.36 percentage point
Capital adequacy ratio	**12.99%**	12.66%	Increase of 0.33 percentage point

2.4 Information on shareholders

2.4.1 Information on the shareholders of ordinary shares

Total number of shareholders as at the end of the reporting period 230,771

Shareholdings of Top 10 shareholders and the top 10 shareholders whose shares are not subject to trading moratorium as at the end of the reporting period

Serial No.	Name of Shareholder	Nature of Shareholder	Percentage of shareholding *(%)*	Number of shares held *(share)*	Type of Shares	Number of shares subject to trading moratorium *(share)*	Shares pledged or frozen *(share)*
1	HKSCC Nominees Ltd.	Offshore legal person	18.05	4,552,423,302	H Shares not subject to trading moratorium	–	Unknown
2	China Merchants Steam Navigation Co., Ltd.	State-owned legal person	13.04	3,289,470,337	A Shares not subject to trading moratorium	–	–
3	China Ocean Shipping Company Limited	State-owned legal person	6.24	1,574,729,111	A Shares not subject to trading moratorium	–	–
4	Hexie Health Insurance Co., Ltd. – Traditional – Ordinary insurance products	Domestic legal person	4.99	1,258,949,171	A Shares not subject to trading moratorium	–	–
5	Anbang Life Insurance Co., Ltd.– Conservative Investment Portfolio	Domestic legal person	4.99	1,258,949,100	A Shares not subject to trading moratorium	–	–
6	Shenzhen Yan Qing Investment and Development Company Ltd.	State-owned legal person	4.99	1,258,542,349	A Shares not subject to trading moratorium	–	–
7	China Merchants Finance Investment Holdings Co. Ltd.	State-owned legal person	4.55	1,147,377,415	A Shares not subject to trading moratorium	–	–
8	Shenzhen Chu Yuan Investment and Development Company Ltd.	State-owned legal person	3.74	944,013,171	A Shares not subject to trading moratorium	–	–
9	HKSCC Ltd.	Offshore legal person	3.28	826,556,639	A Shares not subject to trading moratorium	–	–
10	China Securities Finance Corporation Limited	Domestic legal person	2.99	754,798,622	A Shares not subject to trading moratorium	–	–

Notes:

1. Shares held by HKSCC Nominees Ltd. are the total shares in the accounts of holders of H Shares of the Company trading on the transaction platform of HKSCC Nominees Ltd.. HKSCC Ltd. is an institution designated by others to hold shares on behalf of them as a nominal holder, and the shares held by it are the A shares of China Merchants Bank acquired by investors through Shanghai-Hong Kong Stock Connect.

2. As at the end of the reporting period, of the aforesaid top 10 shareholders, HKSCC Nominees Ltd. is a wholly-owned subsidiary of HKSCC Ltd.; China Merchants Steam Navigation Co., Ltd., Shenzhen Yan Qing Investment and Development Company Ltd., China Merchants Finance Investment Holdings Co. Ltd. and Shenzhen Chu Yuan Investment and Development Company Ltd. are all subsidiaries of China Merchants Group Ltd.; Hexie Health Insurance Co., Ltd. and Anbang Life Insurance Co., Ltd. are both controlled by Anbang Insurance Group Co., Ltd.. The Company is not aware of any affiliated relationships among other shareholders.

3. The above shareholders of A shares did not hold the shares of the Company through credit securities accounts.

2.4.2 Information on the shareholders of preference shares

As at the end of the reporting period, the Company had a total of 13 shareholders of preference shares (or nominee), including 1 shareholder of offshore preference shares (or nominee), and 12 shareholders of domestic preference shares. During the reporting period, the Company did not restore any voting right of the preference shares.

As at the end of the reporting period, the shareholdings of the top 10 shareholders of offshore preference shares (or nominee) of the Company were as follows:

Serial No.	Name of Shareholder	Nature of Shareholder	Type of Shares	Number of shares held at the end of the period *(share)*	Percentage of shareholding *(%)*	Number of shares subject to trading moratorium *(share)*	Number of shares pledged or frozen *(share)*
1	The Bank of New York Depository (Nominees) Limited	Offshore legal person	Offshore preference shares	50,000,000	100	–	Unknown

Notes:

1. The shareholdings of shareholders of preference shares are calculated based on the information listed in the register of shareholders of preference shares maintained by the Company.

2. As the issuance is an offshore non-public issuance, the information listed in the register of shareholders of preference shares is the information on the nominee of the placees.

3. The Company is not aware of any affiliated relationship or party acting in concert among the above shareholders of preference shares and the top 10 shareholders of ordinary shares.

4. "Percentage of shareholding" represents the percentage of the number of offshore preference shares held by shareholders of preference shares to the total number of offshore preference shares.

As at the end of the reporting period, the shareholdings of the top 10 shareholders of domestic preference shares of the Company were as follows:

Serial No.	Name of shareholders	Nature of Shareholders	Type of Shares	Number of shares held at the end of the period *(share)*	Percentage of shareholding *(%)*	Number of shares subject to trading moratorium *(share)*	Number of shares pledged or frozen *(share)*
1	China Mobile Communications Corporation	State-owned legal person	Domestic preference shares	106,000,000	38.55	–	–
2	CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	30,000,000	10.91	–	–
3	BOC Asset Management Co., Ltd.	Other	Domestic preference shares	25,000,000	9.09	–	–
4	China National Tobacco (Henan Province) Company	State-owned legal person	Domestic preference shares	20,000,000	7.27	–	–
	Ping An Property & Casualty Insurance Company of China, Ltd.	Other	Domestic preference shares	20,000,000	7.27	–	–
6	China Everbright Bank Company Limited	Other	Domestic preference shares	19,000,000	6.91	–	–
7	China National Tobacco (Sichuan Province) Company	State-owned legal person	Domestic preference shares	15,000,000	5.45	–	–
	China National Tobacco (Anhui Province) Company	State-owned legal person	Domestic preference shares	15,000,000	5.45	–	–
9	China Construction Bank Corporation, Guangdong Branch	State-owned legal person	Domestic preference shares	10,000,000	3.64	–	–
10	China National Tobacco (Liaoning Province) Company	State-owned legal person	Domestic preference shares	5,000,000	1.82	–	–
	Changjiang Pension Insurance Co., Ltd.	State-owned legal person	Domestic preference shares	5,000,000	1.82	–	–
	China Resources SZITIC Trust Co., Ltd.	State-owned legal person	Domestic preference shares	5,000,000	1.82	–	–

Notes:

1. The shareholdings of shareholders of preference shares are calculated based on the information listed in the register of shareholders of preference shares maintained by the Company.

2. China National Tobacco (Henan Province) Company, China National Tobacco (Sichuan Province) Company, China National Tobacco (Anhui Province) Company and China National Tobacco (Liaoning Province) Company are wholly-owned subsidiaries of China National Tobacco Corporation. Save for the above, the Company is not aware of any affiliated relationship or party acting in concert among the above shareholders of preference shares or between the above shareholders of preference shares and the top 10 shareholders of ordinary shares.

3. "Percentage of shareholding" represents the percentage of the number of domestic preference shares held by shareholders of preference shares to the total number of domestic preference shares.

2.5 Management discussion and analysis

2.5.1 Analysis of operating status of the Group

As at the end of March 2019, total assets of the Group amounted to RMB6,794.347 billion, representing an increase of 0.72% as compared with the end of the previous year; and its total liabilities amounted to RMB6,221.311 billion, representing an increase of 0.31% as compared with the end of the previous year. As at the end of March 2019, the Group's total loans and advances to customers amounted to RMB4,125.847 billion, representing an increase of 4.90% as compared with the end of the previous year. Total deposits from customers amounted to RMB4,427.197 billion, representing an increase of 0.60% as compared with the end of the previous year (the total amount of deposits or loans in this report (excluding the appendices) did not include interest receivable or payable).

For the first quarter of 2019, the Group realised a net profit attributable to shareholders of the Bank of RMB25.240 billion, representing a year-on-year increase of 11.32%, and a net operating income of RMB68.754 billion, representing a year-on-year increase of 12.14%.

For the first quarter of 2019, net interest income of the Group amounted to RMB43.369 billion, representing a year-on-year increase of 14.31% and accounting for 63.08% of the net operating income. For the first quarter of 2019, net interest spread and net interest margin of the Group were 2.59% and 2.72%, respectively, representing a year-on-year increase of 0.16 percentage point and 0.17 percentage point, and a quarter-on-quarter increase of 0.07 percentage point and 0.06 percentage point, respectively, which was mainly attributable to the improvement in the structure of assets and liabilities and VAT exemption upon satisfaction of inclusive finance standards.

For the first quarter of 2019, the Group realised a net non-interest income of RMB25.385 billion, representing a year-on-year increase of 8.62%, accounting for 36.92% of the net operating income. Among the net non-interest income, net fee and commission income amounted to RMB19.158 billion, representing a year-on-year increase of 1.25%, accounting for 27.86% of the net operating income, and representing a year-on-year decrease of 3.00 percentage points; other net income amounted to RMB5.750 billion, representing a year-on-year increase of 39.36%, which was mainly due to an increase in investment gains and exchange gains.

For the first quarter of 2019, the cost-to-income ratio of the Group was 25.90%, representing a year-on-year decrease of 0.85 percentage point, which was mainly due to the improved utilisation efficiency of expenses.

As at the end of March 2019, the balance of non-performing loans of the Group amounted to RMB55.645 billion, representing an increase of RMB2.040 billion as compared with the end of the previous year; the non-performing loan ratio was 1.35%, down by 0.01 percentage point as compared with the end of the previous year; and the allowance coverage ratio of non-performing loans was 363.17%, up by 4.99 percentage points as compared with the end of the previous year; the allowance-to-loan ratio was 4.90%, up by 0.02 percentage point as compared with the end of the previous year.

2.5.2 Analysis of operating status of the Company

Both our deposits and loans grew steadily. As at the end of March 2019, total assets of the Company amounted to RMB6,407.119 billion, representing an increase of 0.94% as compared with the end of the previous year; total liabilities amounted to RMB5,867.989 billion, representing an increase of 0.60% as compared with the end of the previous year. As at the end of March 2019, the Company's total loans and advances to customers amounted to RMB3,829.138 billion, representing an increase of 4.85% as compared with the end of the previous year, among which, corporate loans, retail loans and discounted bills accounted for 39.38%, 54.61% and 6.01%, respectively. As at the end of March 2019, the Company's total deposits from customers amounted to RMB4,249.607 billion, representing an increase of 0.91% as compared with the end of the previous year, among which, demand deposits and time deposits accounted for 64.43% and 35.57%, respectively. Among the demand deposits, corporate deposits accounted for 63.59% while retail deposits accounted for 36.41%; and among the time deposits, corporate deposits accounted for 68.87% while retail deposits accounted for 31.13%.

Our profits grew steadily. For the first quarter of 2019, the Company realised a net profit of RMB23.169 billion, representing a year-on-year increase of 10.04%. The Company realised a net operating income of RMB63.926 billion, representing a year-on-year increase of 10.40%, among which, the value contribution from the retail finance business continued to enhance, and the net operating income from the retail finance business amounted to RMB34.506 billion, representing a year-on-year increase of 17.72%, accounting for 53.98% of the net operating income of the Company.

For the first quarter of 2019, net interest income of the Company amounted to RMB42.011 billion, representing a year-on-year increase of 13.78% and accounting for 65.72% of the net operating income. For the first quarter of 2019, net interest spread and net interest margin of the Company were 2.65% and 2.78%, respectively, representing a year-on-year increase of 0.15 percentage point and 0.16 percentage point, or a quarter-on-quarter increase of 0.06 percentage point and 0.06 percentage point, respectively.

For the first quarter of 2019, the Company realised a net non-interest income of RMB21.915 billion, representing a year-on-year increase of 4.46%, among which, net fee and commission income amounted to RMB17.575 billion, representing a year-on-year decrease of 1.19%, among which, fee and commission income from wealth management business amounted to RMB5.918 billion (mainly including: income from agency distribution of insurance policies amounted to RMB2.664 billion, up by 34.55% year-on-year, mainly due to an increase in the sales of products with all premiums paid in one lump sum; income from agency distribution of trust schemes amounted to RMB1.753 billion, up by 82.04% year-on-year, mainly driven by the increase in the sales of fixed-income products; income from agency distribution of funds amounted to RMB1.111 billion, down by 55.72% year-on-year, which was mainly due to the impact of changes in the accrual system).

For the first quarter of 2019, operating expenses of the Company amounted to RMB17.248 billion, representing a year-on-year increase of 8.72%; the cost-to-income ratio was 26.17%, representing a year-on-year decrease of 0.49 percentage point.

Capital adequacy ratio and utilisation efficiency remained at a relatively satisfactory level. As at the end of March 2019, the capital adequacy ratio and Tier 1 capital adequacy ratio of the Company measured under the advanced approach were 15.82% and 12.45%, respectively, up by 2.83 percentage points and 1.54 percentage points respectively as compared with those under the weighted approach. The risk adjusted return on capital (RAROC) before tax under the advanced approach was 30.72%, maintaining at a high level.

Asset quality remained stable. As at the end of March 2019, the balance of the Company's non-performing loans amounted to RMB53.757 billion, representing an increase of RMB2,120 million as compared with the end of the previous year, and the non-performing loan ratio was 1.40%, down by 0.01 percentage point as compared with the end of the previous year. The Company kept abreast of the macroeconomic and financial development, and continued to build a comprehensive risk management system that is driven by technology and supports its transformation and development.

The provisions for risk-bearing loans were made in a prudent manner. The Company continued to adopt a stable and prudent policy in respect of making provisions. As at the end of March 2019, the balance of allowance for impairment losses on loans of the Company amounted to RMB197.238 billion, representing an increase of RMB9.686 billion as compared with the end of the previous year. The non-performing loan allowance coverage ratio was 366.91%, representing an increase of 3.70 percentage points as compared with the end of the previous year; the allowance-to-loan ratio was 5.15%, representing an increase of 0.01 percentage point as compared with the end of the previous year.

3 SIGNIFICANT EVENTS

3.1 Significant changes in major financial statements items and financial indicators and the reasons thereof

The table below sets out the major consolidated accounting items with a movement rate over 30% and the reasons thereof:

(Unless otherwise stated, amounts expressed in millions of RMB)

Major items	31 March 2019	Changes over the end of last year (%)	Major reasons
Precious metals	3,052	-54.02	Maturity of precious metals to banks and other financial institutions
Interests in associates	813	226.51	Increase in investment in associates
Right-of-use assets	13,269	N/A	New items under the new lease standards
Other assets	48,689	49.50	Increase in funds to be settled
Amounts sold under repurchase agreements	137,985	76.58	Increase in business volume of bills and bonds sold under repurchase agreements
Tax payable	28,993	42.05	Increase in income tax payable
Lease liabilities	12,393	N/A	New items under the new lease standards
Provision	7,582	33.84	Increase in off-balance sheet expected loss provisions
Investment revaluation reserve	7,256	31.16	Increase in valuation of financial assets at fair value through other comprehensive income
Hedging reserve	(10)	N/A	Decrease in fair value of hedging instruments
Exchange reserve	171	-84.87	Decrease in exchange difference of financial statements of overseas subsidiaries resulted from exchange fluctuations during the reporting period
Non-controlling interests	6,990	100.46	Increase in perpetual bonds issued by CMB Wing Lung in the period

Major items	For the period from January to March 2019	Changes over the same period of last year (%)	Major reasons
Other net income	5,750	39.36	Increase in gains or losses on disposal of bills and net gains or losses on exchange differences
Share of profits of joint ventures	441	38.68	Increase in profits of joint ventures
Share of profits of associates	36	500.00	Increase in profits of associates
Net profit attributable to non-controlling interests	257	655.88	Increase in profits attributable to non-controlling interests of subsidiaries
Equity-accounted investees share of other comprehensive income that will be reclassified subsequently to profit or loss	254	N/A	Increase in other comprehensive income of investees
Change in fair value of financial assets at fair value through other comprehensive income	422	-56.89	Decrease in fluctuations in valuation of relevant investments
Expected credit losses on financial assets at fair value through other comprehensive income	402	3,250.00	Increase in impairment loss on investments in debt instruments at fair value through other comprehensive income
Change in fair value of equity investments designated at fair value through other comprehensive income	641	2,274.07	Increase in valuation of equity investments designated at fair value through other comprehensive income
Cash flow hedge: net movement in hedging reserve	(73)	N/A	Decrease in fair value of hedging instruments

3.2 Warning in respect of forecast of a probable loss or a significant change in the accumulated net profit from the beginning of the year to the end of the next reporting period or as compared with that of the corresponding period of last year and the reasons thereof

□ Applicable √ Not applicable

3.3 Implementation of the cash dividend payment policy during the reporting period

During the reporting period, as considered and approved by the 40th meeting of the Tenth Session of the Board of Directors of the Company, the Company proposed to allocate 10% of the audited net profit of the Company for 2018 of RMB75.232 billion, equivalent to RMB7.523 billion, to the statutory surplus reserve, and 1.5% of the total amount of the increased risk assets (equivalent to RMB6.028 billion) to the general reserve. Based on the then total share capital of A Shares and H Shares on the record date for implementation of the profit appropriation, the Company proposes to declare a cash dividend of RMB0.94 (tax included) for every share, denominated and declared in RMB, to all shareholders of the Company whose names appear on the register, payable in Renminbi for holders of A Shares and in Hong Kong Dollars for holders of H Shares. The actual appropriation amount in HKD will be calculated based on the average RMB/HKD benchmark rates to be released by the People's Bank of China for the week before the date of the general meeting (inclusive of the day of the general meeting). The retained profit will be carried forward to the next year. In 2018, the Company did not transfer any capital reserve into share capital. The above proposal of profit appropriation is subject to consideration and approval at the 2018 Annual General Meeting of the Company.

3.4 Update on changes in accounting policy

According to the "International Financial Reporting Standards 16 – Leases" issued by the International Accounting Standards Board and the "Accounting Standards for Business Enterprises 21 – Leases" issued by the Ministry of Finance in 2018 (the "New Standards"), the Group has changed the relevant accounting policies since 2019. A resolution on the changes in accounting policies has been passed at the 32nd meeting of the Tenth Session of the Board of Directors of the Company. For details, please refer to the relevant announcements dated 30 October 2018 published on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company. The Group will disclose its financial statements in accordance with the New Standards from the current period. According to the provisions for the transitional period, the Group did not restate the comparable figures as at the end of 2018 and those for the corresponding period of 2018, which had no effect on the equity at the beginning of the period.

3.5 Uncompleted performance of overdue undertakings for the reporting period

□ Applicable √ Not applicable

3.6 Other significant events requiring explanations and progress thereof

The Company has received the "Approval of China Banking and Insurance Regulatory Commission on the Establishment of CMB Asset Management Company Limited (招銀理財有限責任公司)" (Yin Bao Jian Fu [2019] No. 441). Pursuant to which, the Company has been approved to establish CMB Asset Management Company Limited. Upon completion of the preparatory work, the Company will submit an application for commencement of operation to China Banking and Insurance Regulatory Commission in accordance with relevant regulations and procedures. For details, please refer to the relevant announcements dated 23 March 2018 and 19 April 2019 published on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company. Currently, the Company is steadily promoting relevant preparatory work.

By Order of the Board
China Merchants Bank Co., Ltd.
Li Jianhong
Chairman

29 April 2019

As at the date of this announcement, the executive director of the Company is Tian Huiyu; the non-executive directors of the Company are Li Jianhong, Fu Gangfeng, Sun Yueying, Zhou Song, Hong Xiaoyuan, Zhang Jian, Su Min and Wang Daxiong; and the independent non-executive directors of the Company are Leung Kam Chung, Antony, Pan Chengwei, Zhao Jun, Wong See Hong, Li Menggang and Liu Qiao.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Expressed in millions of Renminbi unless otherwise stated)

	For the period from January to March 2019	For the period from January to March 2018
Interest income	**71,609**	64,589
Interest expense	**(28,240)**	(26,650)
Net interest income	**43,369**	37,939
Fee and commission income	**20,906**	20,363
Fee and commission expense	**(1,748)**	(1,442)
Net fee and commission income	**19,158**	18,921
Other net income	**5,750**	4,126
Of which: profit or loss from derecognition of financial assets measured at amortised cost	**(14)**	(9)
Operating income	**68,277**	60,986
Operating expenses	**(18,877)**	(17,265)
Operating profit before impairment losses	**49,400**	43,721
Expected credit losses	**(16,811)**	(14,759)
Impairment losses on other assets	**1**	–
Share of profits of joint ventures	**441**	318
Share of profits of associates	**36**	6
Profit before tax	**33,067**	29,286
Income tax	**(7,570)**	(6,578)
Net Profit	**25,497**	22,708
Attributable to:		
Shareholders of the Bank	**25,240**	22,674
Non-controlling interests	**257**	34
Earnings per share		
Basic and diluted earnings per share (RMB)	**1.00**	0.90

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in millions of Renminbi unless otherwise stated)

	For the period from January to March 2019	For the period from January to March 2018
Net Profit	**25,497**	22,708
Other comprehensive income, net of tax		
Other comprehensive income that will be reclassified subsequently to profit or loss:		
Equity-accounted investees share of other comprehensive income that will be reclassified subsequently to profit or loss	**254**	(139)
Change in fair value of financial assets at fair value through other comprehensive income	**422**	979
Expected credit losses on financial assets at fair value through other comprehensive income	**402**	12
Cash flow hedge: net movement in hedging reserve	**(73)**	34
Exchange difference on translation of financial statements of foreign operations	**(1,055)**	(1,397)
Other comprehensive income that will not be reclassified subsequently to profit or loss:		
Change in fair value of equity investments designated at fair value through other comprehensive income	**641**	27
Total other comprehensive income for the period	**591**	(484)
Other comprehensive income attributable to shareholders of the Bank	**688**	(485)
Other comprehensive income attributable to non-controlling interests	**(97)**	1
Total comprehensive income for the period	**26,088**	22,224
Comprehensive income attributable to shareholders of the Bank	**25,928**	22,189
Comprehensive income attributable to non-controlling interests	**160**	35

UNAUDITED STATEMENT OF PROFIT OR LOSS

(Expressed in millions of Renminbi unless otherwise stated)

	For the period from January to March 2019	For the period from January to March 2018
Interest income	**68,255**	61,821
Interest expense	**(26,244)**	(24,898)
Net interest income	**42,011**	36,923
Fee and commission income	**19,211**	19,149
Fee and commission expense	**(1,636)**	(1,363)
Net fee and commission income	**17,575**	17,786
Other net income	**4,109**	2,990
Of which: profit or loss from derecognition of financial assets measured at amortised cost	**(16)**	(9)
Operating income	**63,695**	57,699
Operating expenses	**(17,248)**	(15,864)
Operating profit before impairment losses	**46,447**	41,835
Expected credit losses	**(16,348)**	(14,739)
Impairment losses on other assets	**1**	–
Share of profits of joint ventures	**231**	203
Profit before tax	**30,331**	27,299
Income tax	**(7,162)**	(6,244)
Net Profit	**23,169**	21,055

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in millions of Renminbi unless otherwise stated)

	For the period from January to March 2019	For the period from January to March 2018
Net profit for the period	**23,169**	21,055
Other comprehensive income, net of tax		
Other comprehensive income that will be reclassified subsequently to profit or loss:		
Equity-accounted investees share of other comprehensive income that will be reclassified subsequently to profit or loss	**233**	(13)
Change in fair value of financial assets at fair value through other comprehensive income	**511**	877
Expected credit losses on financial assets at fair value through other comprehensive income	**410**	11
Cash flow hedge: net movement in hedging reserve	**2**	34
Exchange difference on translation of financial statements of foreign operations	**(128)**	49
Other comprehensive income that will not be reclassified subsequently to profit or loss:		
Change in fair value of equity investments designated at fair value through other comprehensive income	**470**	27
Total other comprehensive income for the period	**1,498**	985
Total comprehensive income for the period	**24,667**	22,040

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in millions of Renminbi unless otherwise stated)

Item	31 March 2019	31 December 2018
Assets		
Cash	**15,382**	15,814
Precious metals	**3,052**	6,638
Balances with central bank	**475,092**	477,568
Balances with banks and other financial institutions	**92,203**	100,160
Placements with banks and other financial institutions	**231,686**	313,411
Amounts held under resale agreements	**140,052**	199,386
Loans and advances to customers	**3,932,956**	3,749,949
Derivative financial assets	**28,882**	34,220
Investments at fair value through profit or loss	**308,766**	330,302
Debt investments at amortised cost	**935,442**	916,012
Debt investments at fair value through other comprehensive income	**416,389**	421,070
Equity investments designated at fair value through other comprehensive income	**5,155**	4,015
Interest in joint ventures	**9,058**	8,622
Interest in associates	**813**	249
Investment properties	**2,016**	2,061
Property and equipment	**55,187**	56,206
Intangible assets	**9,282**	9,150
Right-of-use assets	**13,269**	N/A
Goodwill	**9,954**	9,954
Deferred tax assets	**61,022**	58,374
Other assets	**48,689**	32,568
Total assets	**6,794,347**	6,745,729

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
(Expressed in millions of Renminbi unless otherwise stated)

Item	31 March 2019	31 December 2018
Liabilities		
Borrowing from central bank	**303,352**	405,314
Deposits from banks and other financial institutions	**456,757**	470,826
Placements from banks and other financial institutions	**186,919**	203,950
Financial liabilities at fair value through profit or loss	**42,628**	44,144
Derivative financial liabilities	**33,784**	36,570
Amounts sold under repurchase agreements	**137,985**	78,141
Deposits from customers	**4,454,862**	4,427,566
Salaries and welfare payable	**9,099**	8,475
Tax payable	**28,993**	20,411
Contract liabilities	**5,755**	5,607
Provision	**7,582**	5,665
Debt securities issued	**456,541**	424,926
Deferred tax liabilities	**1,154**	1,211
Lease liabilities	**12,393**	N/A
Other liabilities	**83,507**	69,318
Total liabilities	**6,221,311**	6,202,124
Equity		
Share capital	**25,220**	25,220
Other equity instruments	**34,065**	34,065
Including: Preference shares	**34,065**	34,065
Capital reserve	**67,523**	67,523
Investment revaluation reserve	**7,256**	5,532
Hedging reserve	**(10)**	63
Surplus reserve	**53,682**	53,682
Regulatory general reserve	**79,282**	78,542
Retained profits	**275,150**	250,654
Proposed profit appropriations	**23,707**	23,707
Exchange reserve	**171**	1,130
Total equity attributable to shareholders of the Bank	**566,046**	540,118
Non-controlling interests	**6,990**	3,487
Including: Non-controlling interest	**3,172**	2,329
Perpetual debt capital	**3,818**	1,158
Total equity	**573,036**	543,605
Total equity and liabilities	**6,794,347**	6,745,729

UNAUDITED STATEMENT OF FINANCIAL POSITION
(Expressed in millions of Renminbi unless otherwise stated)

Item	31 March 2019	31 December 2018
Assets		
Cash	**14,635**	14,997
Precious metals	**2,953**	6,573
Balances with central bank	**471,723**	474,380
Balances with banks and other financial institutions	**74,726**	68,501
Placements with banks and other financial institutions	**238,166**	299,981
Amounts held under resale agreements	**139,565**	199,555
Loans and advances to customers	**3,639,744**	3,471,874
Derivative financial assets	**28,368**	33,582
Investments at fair value through profit or loss	**289,629**	315,000
Debt investments at amortised cost	**934,715**	915,410
Debt investments at fair value through other comprehensive income	**374,557**	380,971
Equity investments designated at fair value through other comprehensive income	**4,526**	3,465
Interests in subsidiaries	**43,901**	43,901
Interests in joint ventures	**5,261**	4,797
Investment properties	**1,260**	1,262
Property and equipment	**23,398**	23,169
Intangible assets	**8,321**	8,157
Right-of-use assets	**12,865**	N/A
Deferred tax assets	**59,469**	56,866
Other assets	**39,337**	25,174
Total assets	**6,407,119**	6,347,615

UNAUDITED STATEMENT OF FINANCIAL POSITION (CONTINUED)
(Expressed in millions of Renminbi unless otherwise stated)

Item	31 March 2019	31 December 2018
Liabilities		
Borrowing from central bank	**303,352**	405,314
Deposits from banks and other financial institutions	**437,674**	452,305
Placements from banks and other financial institutions	**101,562**	116,072
Financial liabilities at fair value through profit or loss	**38,713**	40,175
Derivative financial liabilities	**33,242**	35,795
Amounts sold under repurchase agreements	**132,629**	77,064
Deposits from customers	**4,276,370**	4,237,430
Salaries and welfare payable	**7,314**	6,697
Tax payable	**28,105**	19,512
Contract liabilities	**5,755**	5,607
Provision	**7,553**	5,638
Debt securities issued	**415,053**	375,625
Lease liabilities	**11,983**	N/A
Other liabilities	**68,684**	55,918
Total liabilities	**5,867,989**	5,833,152
Equity		
Share capital	**25,220**	25,220
Other equity instruments	**34,065**	34,065
Including: Preference shares	**34,065**	34,065
Capital reserve	**76,681**	76,681
Investment revaluation reserve	**7,164**	5,540
Hedging reserve	**(25)**	(27)
Surplus reserve	**53,682**	53,682
Regulatory general reserve	**75,818**	75,818
Retained profits	**242,791**	219,622
Proposed profit appropriations	**23,707**	23,707
Exchange reserve	**27**	155
Total equity	**539,130**	514,463
Total equity and liabilities	**6,407,119**	6,347,615

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
(Expressed in millions of Renminbi unless otherwise stated)

	For the period from January to March 2019	For the period from January to March 2018
Cash flows from operating activities		
Profit before tax	**33,067**	29,286
Adjustments for:		
– Impairment losses on loans and advances	**14,044**	14,878
– Impairment losses on investments	**1,096**	213
– (Reversals of)/provisions for impairment losses on other assets	**1,670**	(332)
– Unwind of discount on impaired loans and advances	**(86)**	(96)
– Depreciation of properties and equipments and investment properties	**1,349**	1,219
– Depreciation of right-of-use assets	**1,003**	N/A
– Amortisation of other assets	**262**	219
– Net gain on debt securities and equity investments	**(1,139)**	(2,005)
– Interest income on investments	**(11,934)**	(11,965)
– Interest expense on issued debt securities	**4,091**	3,353
– Share of profits of joint ventures	**(441)**	(318)
– Share of profits of associates	**(36)**	(6)
– Net gains on disposal and retirement of fixed assets	**(1)**	(22)
Changes in:		
Balances with central bank	**(13,507)**	50,422
Balances and placements with banks and other financial institutions with original maturity over 3 months	**57,625**	4,066
Loans and advances to customers	**(207,879)**	(151,548)
Other assets	**(13,083)**	60,833
Deposits from customers	**26,523**	2,549
Deposits and placements from banks and other financial institutions	**29,432**	(25,755)
Borrowings from central bank	**(101,315)**	(47,367)
Other liabilities	**13,600**	23,889
Net cash used in operating activities before income tax payment	**(165,659)**	(48,487)
Income tax paid	**(6,963)**	(5,164)
Net cash used in operating activities	**(172,622)**	(53,651)
Cash flows from investing activities		
Payment for the purchase of investments	**(212,468)**	(170,642)
Proceeds from the disposal of investments	**241,975**	160,985
Gains received from investments	**15,621**	12,369
Payment for purchase of properties and equipments and other assets	**(2,159)**	(5,204)
Proceeds from disposal of properties and equipments and other assets	**667**	221
Net cash generated from (used in) investing activities	**43,636**	(2,271)

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)
(Expressed in millions of Renminbi unless otherwise stated)

	For the period from January to March 2019	For the period from January to March 2018
Cash flows from financing activities		
Proceeds from the issue of debt securities	**2,000**	3,966
Proceeds from the issue of negotiable interbank certificates of deposits	**105,768**	104,958
Proceeds from the issue of certificates of deposits	**4,162**	7,071
Proceeds from the issue of perpetual capital instruments	**2,720**	–
Repayment of debt securities	**(4,570)**	(1,034)
Repayment of negotiable interbank certificates of deposits	**(69,141)**	(127,323)
Repayment of certificates of deposits	**(9,669)**	(4,381)
Interest paid on issued debt securities	**(328)**	(1,882)
Payment made by subsidiaries to non-controlling interests	**–**	(4)
Capital contribution by non-controlling interests to subsidiaries	**613**	–
Net cash generated from (used in) financing activities	**31,555**	(18,629)
Decrease in cash and cash equivalents	**(97,431)**	(74,551)
Effects of foreign exchange rate changes on cash and cash equivalents	**2,085**	2,107
Net decrease in cash and cash equivalents	**(95,346)**	(72,444)
Add: balance of cash and cash equivalents at the beginning of the period	**543,683**	460,425
Balance of cash and cash equivalents at the end of the period	**448,337**	387,981
Cash flows from operating activities include:		
Interest received	**59,658**	51,210
Interest paid	**24,943**	21,404

APPENDIX II INFORMATION ON LIQUIDITY COVERAGE RATIO

The Group prepared and disclosed information on liquidity coverage ratio in accordance with the "Measures for the Disclosure of Information on Liquidity Coverage Ratio by Commercial Banks". The basis used herein may differ from those adopted in Hong Kong or other countries. The average of liquidity coverage ratio of the Group was 132.83% in the first quarter of 2019, representing a decrease of 11.58 percentage points as compared with the previous quarter, which was mainly due to the decrease in cash inflows of financial institution. The Group's liquidity coverage ratio at the end of the first quarter of 2019 was 122.75%, which was in line with the 2019 regulatory requirements of the China Banking and Insurance Regulatory Commission. The breakdown of the Group's average value of each item of liquidity coverage ratio in the first quarter of 2019 is set out below:

(Unit: in millions of RMB, except for percentages)

Serial No.		Unweighted amount (Average value)	Weighted amount (Average value)
Stock of high quality liquid assets			
1	**Total stock of high quality liquid assets**		804,744
Cash outflows			
2	Retail and small business customers deposits, of which:	1,616,673	142,200
3	Stable deposits	389,338	19,467
4	Less stable deposits	1,227,335	122,733
5	Unsecured wholesale funding, of which:	2,815,102	1,031,563
6	Operational deposits (excluding correspondent banks)	1,620,199	403,470
7	Non-operational deposits (including all counterparties)	1,160,500	593,690
8	Unsecured debt issuance	34,403	34,403
9	Secured funding		7,141
10	Additional requirements, of which:	1,268,356	351,002
11	Cash outflows arising from derivative contracts and other transactions arising from related collateral requirements	297,856	297,856
12	Cash outflows arising from secured debt instruments funding	–	–
13	Undrawn committed credit and liquidity facilities	970,500	53,146
14	Other contractual obligations to extend funds	46,882	46,882
15	Other contingent funding obligations	4,423,007	79,045
16	**Total cash outflows**		1,657,833

Serial No.		Unweighted amount (Average value)	Weighted amount (Average value)
Cash inflows			
17	Secured lending (including reverse repo and securities borrowing)	219,668	219,395
18	Contractual inflows from fully performing loans	836,136	540,135
19	Other cash inflows	292,681	292,448
20	**Total cash inflows**	1,348,485	1,051,978
			Adjusted value
21	**Total stock of high quality liquid assets**		804,744
22	**Net cash outflows**		605,855
23	**Liquidity coverage ratio *(%)***		132.83%

Notes:

1. The data of Mainland China in the above table is a simple arithmetic average of the 90-day value for the latest quarter and the monthly average for the date of subsidiaries.

2. The high quality liquid assets in the above table are prepared by the central bank reserve available under cash and pressure conditions, as well as the bond in line with the definition of Tier 1 and Tier 2 assets set by China Banking and Insurance Regulatory Commission on the "Measures for the Liquidity Risk Management of Commercial Banks".