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招商銀行

CHINA MERCHANTS BANK

招商銀行股份有限公司

CHINA MERCHANTS BANK CO., LTD.

(H Share Stock Code: 03968)

FIRST QUARTERLY REPORT OF 2025

The financial information set out in this quarterly report is unaudited and prepared in accordance with the IFRS Accounting 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

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 severally and jointly accept legal responsibility for such contents.

Miao Jianmin, Chairman of the Board of Directors, Wang Liang, President and Chief Executive Officer, Peng Jiawen, Executive Vice President, Chief Financial Officer and Secretary of the Board of Directors and Sun Zhihua, 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.

The Audit Committee under the Board of Directors of the Company has reviewed and approved this report and agreed to submit it to the Board of Directors for consideration. The 49th meeting of the Twelfth Session of the Board of Directors and the 39th meeting of the Twelfth Session of the Board of Supervisors of the Company had reviewed and unanimously approved the first quarterly report of 2025 of the Company, respectively.

All financial statements set out in this report are prepared in accordance with the IFRS Accounting Standards and are unaudited. The unaudited quarterly report prepared by the Company in accordance with the PRC Generally Accepted Accounting Principles has been published on the website of Shanghai Stock Exchange. Unless otherwise stated, all monetary sums stated in this report are expressed in RMB. In the event of any discrepancies in interpretation between the English and Chinese versions, the Chinese version shall prevail.

“China Merchants Bank”, the “Company” and the “Bank” mentioned in this report refer to China Merchants Bank Co., Ltd.; the “Group” refers to China Merchants Bank and its subsidiaries; “CMB Wing Lung Bank” refers to CMB Wing Lung Bank Limited; “CMB Financial Leasing” or “CMBFL” refers to CMB Financial Leasing Co., Ltd.; “CMB International Capital” or “CMBIC” refers to CMB International Capital Holdings Corporation Limited; “CMB Wealth Management” refers to CMB Wealth Management Company Limited; “China Merchants Fund” or “CMFM” refers to China Merchants Fund Management Co., Ltd.; “CIGNA & CMAM” refers to CIGNA & CMB Asset Management Company Limited; and “CMB Europe S.A.” refers to China Merchants Bank (Europe) Co., Ltd.

We have included in this report certain forward-looking statements with respect to the financial position, operating results and business development of the Group. We use words such as “will”, “may”, “expect”, “try”, “strive”, “plan”, “anticipate”, “aim at”, and similar expressions in this report to indicate forward-looking statements. These statements are based on current plans, estimates and projections. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, the Group gives no assurance that these expectations will turn into reality or prove to be correct. Therefore, they should not be deemed as the Group’s commitments. Investors should not place undue reliance on such statements and should pay attention to investment risks. You are cautioned that such forward-looking statements are related to future events or future financial position, business, or other performances of the Group, and are subject to a number of uncertainties which may cause substantial differences from those in the actual results.

2 Major Financial Data

2.1 Major accounting data and financial indicators of the Group

	At the end of the reporting period 31 March 2025	At the end of the previous year 31 December 2024	Increase/decrease at the end of the reporting period as compared with the end of the previous year (%)
<i>(in millions of RMB, unless otherwise stated)</i>			
Total assets	12,529,792	12,152,036	3.11
Equity attributable to shareholders of the Bank	1,246,207	1,226,014	1.65
Net assets per share attributable to ordinary shareholders of the Bank (in RMB Yuan) ⁽¹⁾	42.26	41.46	1.93

	January to March 2025	January to March 2024	Increase/decrease as compared with the corresponding period of the previous year (%)
<i>(in millions of RMB, unless otherwise stated)</i>			
Net operating income	83,731	86,420	-3.11
Net profit attributable to shareholders of the Bank	37,286	38,077	-2.08
Basic earnings per share attributable to ordinary shareholders of the Bank (in RMB Yuan) ⁽¹⁾	1.48	1.51	-1.99
Diluted earnings per share attributable to ordinary shareholders of the Bank (in RMB Yuan) ⁽¹⁾	1.48	1.51	-1.99
Annualised weighted average return on net assets attributable to ordinary shareholders of the Bank (%) ⁽¹⁾	14.13	16.08	Decrease of 1.95 percentage points
Net cash generated from operating activities ⁽²⁾	95,026	(1,208)	N/A

Notes:

- (1) Such indicators are calculated in accordance with the Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No. 9—Calculation and Disclosure of Return on Net Assets and Earnings per Share. The Company did not distribute dividends on preferred shares or interests on perpetual bonds in the first quarter of 2025. Therefore, when calculating basic and diluted earnings per share attributable to ordinary shareholders of the Bank, return on average equity, net assets per share and other indicators, no dividend on preference shares or interest on perpetual bonds were deducted from “net profit attributable to shareholders of the Bank”, while preference shares and perpetual bonds were deducted from both the “average equity” and the “net assets”.
- (2) The increase in the net cash generated from operating activities was mainly due to the year-on-year increase in cash inflow of borrowings from the central bank.

2.2 Explanation on the differences between the financial statements prepared in accordance with the PRC Generally Accepted Accounting Principles and the IFRS Accounting Standards

In the financial statements prepared by the Group in accordance with the PRC Generally Accepted Accounting Principles and the IFRS Accounting Standards, there has been no difference in the net profit attributable to shareholders of the Bank for the reporting period ended 31 March 2025 and the equity attributable to shareholders of the Bank as at the end of the reporting period.

3 Information on Shareholders

3.1 Information on the shareholders of ordinary shares

As at the end of the reporting period, the holders of ordinary shares of the Company are in a total of 434,959, including 407,926 holders of A Shares and 27,033 holders of H Shares. Neither the holders of A Shares nor the holders of H Shares are subject to restrictions on sales.

As at the end of the reporting period, the top 10 holders of ordinary shares and the top 10 holders of ordinary shares whose shareholdings are not subject to restrictions on sales of the Company were as follows.

No.	Name of shareholder	Type of shareholder	Shares held at the end of the period (share)	Percentage of the total share capital (%)	Type of shares	Changes as compared with the end of the previous year (share)	Shares subject to restrictions on sales (share)	Shares pledged, marked or frozen (share)
1	HKSCC Nominees Ltd.	Overseas legal person	4,555,165,557	18.06	H Shares not subject to restrictions on sales	497,059	–	Unknown
2	China Merchants Steam Navigation Co., Ltd.	State-owned legal person	3,289,470,337	13.04	A Shares not subject to restrictions on sales	–	–	–
3	China Ocean Shipping Company Limited	State-owned legal person	1,574,729,111	6.24	A Shares not subject to restrictions on sales	–	–	–
4	Hong Kong Securities Clearing Company Limited	Overseas legal person	1,398,724,178	5.55	A Shares not subject to restrictions on sales	127,604,829	–	–
5	Shenzhen Yan Qing Investment and Development Company Ltd.	State-owned legal person	1,258,542,349	4.99	A Shares not subject to restrictions on sales	–	–	–
6	China Merchants Financial Holdings Co., Ltd.	State-owned legal person	1,147,377,415	4.55	A Shares not subject to restrictions on sales	–	–	–
7	Hexie Health Insurance Co., Ltd. – Traditional – Ordinary insurance products	Domestic legal person	1,130,991,537	4.48	A Shares not subject to restrictions on sales	–	–	–
8	Shenzhen Chu Yuan Investment and Development Company Ltd.	State-owned legal person	944,013,171	3.74	A Shares not subject to restrictions on sales	–	–	–
9	COSCO Shipping (Guangzhou) Co., Ltd.	State-owned legal person	696,450,214	2.76	A Shares not subject to restrictions on sales	–	–	–
10	China Securities Finance Corporation Limited	Domestic legal person	524,229,972	2.08	A Shares not subject to restrictions on sales	–	–	–

Notes:

- (1) Shares held by HKSCC Nominees Ltd. are the total shares in the accounts of holders of H Shares of China Merchants Bank trading on the transaction platform of HKSCC Nominees Ltd. Hong Kong Securities Clearing Company Limited 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 shares of China Merchants Bank acquired by investors through Northbound Trading.
- (2) As at the end of the reporting period, among the aforesaid top 10 shareholders, HKSCC Nominees Ltd. is a subsidiary of Hong Kong Securities Clearing Company Limited; China Merchants Steam Navigation Co., Ltd., Shenzhen Yan Qing Investment and Development Company Ltd., China Merchants Financial Holdings Co., Ltd. and Shenzhen Chu Yuan Investment and Development Company Ltd. are all subsidiaries of China Merchants Group Ltd.; and China Ocean Shipping Company Limited and COSCO Shipping (Guangzhou) Co., Ltd. are both subsidiaries of China COSCO Shipping Corporation Limited. The Company is not aware of any affiliated relationship or action in concert among other shareholders.
- (3) None of the above holders of A Shares have entrusted any proxy or acted as proxy to vote or waived their voting rights.
- (4) During the reporting period, the above holders of A Shares did not participate in the margin trading and short selling business. The number of outstanding A Shares of the Company lent out through securities lending by the above holders of A Shares at the beginning and the end of the reporting period was zero.

3.2 Information on the shareholders of preference shares

As at the end of the reporting period, the Company had a total of 24 holders of preference shares, all of whom were holders of domestic preference shares. During the period from January to March 2025, the Company did not restore any voting right of the preference shares. As at the end of the reporting period, the Company had no holder of preference shares with voting right restored.

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

No.	Name of shareholders	Type of shareholders	Type of shares	Shares held at the end of the period (share)	Percentage of shareholdings (%)	Changes as compared with the end of the previous year (share)	Shares subject to restrictions on sales (share)	Shares pledged, marked or frozen (share)
1	China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	106,000,000	38.55	-	-	-
2	Suyin Wealth Management Co., Ltd. – No. 1 Hengyuan Rongda (恒源融達) of Suyin Wealth Management	Others	Domestic preference shares	23,000,000	8.36	-	-	-
3	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. – Traditional – Ordinary insurance products	Others	Domestic preference shares	20,000,000	7.27	-	-	-
5	China National Tobacco (Anhui Province) Company	State-owned legal person	Domestic preference shares	15,000,000	5.45	-	-	-
	China National Tobacco (Sichuan Province) Company	State-owned legal person	Domestic preference shares	15,000,000	5.45	-	-	-
7	Everbright Securities Asset Management – China Everbright Bank – Xinyou (鑫優) No. 2 Collective Asset Management Scheme of Everbright Securities Asset Management	Others	Domestic preference shares	9,000,000	3.27	-	-	-
8	CSCF – Bank of China – CSCF – Youxiang (優享) No. 33 Collective Asset Management Scheme of Bank of China	Others	Domestic preference shares	8,700,000	3.16	6,000,000	-	-
9	China Credit Trust Co., Ltd. – China Credit Trust – Huiying (匯贏) No. 128 Collective Fund Trust Scheme	Others	Domestic preference shares	8,100,000	2.95	8,000,000	-	-
10	Everbright Securities Asset Management – Bank of China – Xinyou (鑫優) No. 32 Collective Asset Management Scheme of Everbright Securities Asset Management	Others	Domestic preference shares	7,500,000	2.73	-	-	-

Notes:

- (1) The shareholdings of holders of domestic preference shares are presented under separate account according to the register of members of preference shares of the Company.
- (2) China National Tobacco (Henan Province) Company, China National Tobacco (Anhui Province) Company and China National Tobacco (Sichuan Province) Company are all subsidiaries of China National Tobacco Corporation; "Everbright Securities Asset Management – China Everbright Bank – Xinyou (鑫優) No. 2 Collective Asset Management Scheme of Everbright Securities Asset Management" and "Everbright Securities Asset Management – Bank of China – Xinyou (鑫優) No. 32 Collective Asset Management Scheme of Everbright Securities Asset Management" are both managed by Everbright Securities Asset Management Co., Ltd. Save for the above, the Company is not aware of any affiliated relationship or action in concert among the above holders of preference shares or between the above holders of preference shares and the Company's top 10 holders of ordinary shares.
- (3) "Percentage of shareholdings" represents the percentage of the number of domestic preference shares held by the holders of preference shares to the total number of domestic preference shares.

4 Management Discussion and Analysis

4.1 Analysis of overall operation

Taking the strategic target of “building a value creation bank” and adhering to the concept of dynamically balanced development of “Quality, Profitability and Scale”, CMB carried out various businesses in a sound manner during the reporting period. Both the scale of assets and liabilities grew steadily, and the asset quality was generally stable.

From January to March 2025, the Group realised the net operating income of RMB83.731 billion, representing a year-on-year decrease of 3.11%; realised the net profit attributable to shareholders of the Bank of RMB37.286 billion, representing a year-on-year decrease of 2.08%; realised the net interest income of RMB52.996 billion, representing a year-on-year increase of 1.92%; and realised the net non-interest income of RMB30.735 billion, representing a year-on-year decrease of 10.71%. The annualised return on average assets (ROAA) attributable to shareholders of the Bank and annualised return on average equity (ROAE) attributable to ordinary shareholders of the Bank were 1.21% and 14.13%, respectively, down by 0.14 percentage point and 1.95 percentage points year-on-year, respectively.

As at the end of the reporting period, the Group’s total assets amounted to RMB12,529.792 billion, representing an increase of 3.11% as compared with the end of the previous year. The total loans and advances to customers amounted to RMB7,125.479 billion¹, representing an increase of 3.44% as compared with the end of the previous year. Total liabilities amounted to RMB11,275.928 billion, representing an increase of 3.27% as compared with the end of the previous year. Total deposits from customers amounted to RMB9,319.462 billion, representing an increase of 2.45% as compared with the end of the previous year.

As at the end of the reporting period, the Group’s non-performing loans amounted to RMB66.743 billion, representing an increase of RMB1.133 billion as compared with the end of the previous year. The non-performing loan ratio was 0.94%, down by 0.01 percentage point as compared with the end of the previous year. The Group’s allowance coverage ratio was 410.03%, representing a decrease of 1.95 percentage points as compared with the end of the previous year. The allowance-to-loan ratio was 3.84%, representing a decrease of 0.08 percentage point as compared with the end of the previous year.

¹ The amounts of deposits, loans and financial investments in the section headed “Management Discussion and Analysis” of this report exclude accrued interest.

4.2 Analysis of statement of profit or loss

Net interest income

From January to March 2025, the Group's net interest income amounted to RMB52.996 billion, representing a year-on-year increase of 1.92% and accounting for 63.29% of net operating income.

From January to March 2025, the net interest spread and the net interest margin of the Group were 1.82% and 1.91% respectively, representing a year-on-year decrease of 8 basis points and 11 basis points, as well as a quarter-on-quarter decline of 1 basis point and 3 basis points, respectively. Affected by the reduction of Loan Prime Rate (LPR) and interest rates on existing residential mortgage loans, coupled with insufficient effective credit demand, the yield on interest-earning assets declined, which was the primary factor driving down the net interest margin. Meanwhile, the Group continued to seize the opportunity arising from the market-oriented adjustment of interest rates, so as to promote steady improvement in deposit costs, partially offsetting the impact of the decline in asset yields.

The Group	January to March 2025			January to March 2024		
<i>(in millions of RMB, except for percentages)</i>	Average balance	Interest income	Annualised average yield (%)	Average balance	Interest income	Annualised average yield (%)
Interest-earning assets						
Loans and advances to customers	6,914,622	60,152	3.53	6,573,689	66,509	4.07
Financial investments	3,040,804	21,974	2.93	2,650,857	20,894	3.17
Balances with the central bank	572,898	2,347	1.66	585,444	2,480	1.70
Balances and placements with banks and other financial institutions	735,874	4,597	2.53	552,893	4,252	3.09
Total	11,264,198	89,070	3.21	10,362,883	94,135	3.65
<i>(in millions of RMB, except for percentages)</i>	Average balance	Interest expense	Annualised average cost ratio (%)	Average balance	Interest expense	Annualised average cost ratio (%)
Interest-bearing liabilities						
Deposits from customers	8,994,945	28,684	1.29	8,222,348	33,387	1.63
Deposits and placements from banks and other financial institutions	1,105,177	4,803	1.76	968,826	5,447	2.26
Debt securities issued	210,685	1,601	3.08	220,262	1,746	3.19
Borrowings from the central bank	194,741	873	1.82	264,152	1,434	2.18
Lease liabilities	12,562	113	3.65	12,779	121	3.81
Total	10,518,110	36,074	1.39	9,688,367	42,135	1.75
Net interest income	/	52,996	/	/	52,000	/
Net interest spread	/	/	1.82	/	/	1.90
Net interest margin	/	/	1.91	/	/	2.02

Net non-interest income

From January to March 2025, the Group recorded a net non-interest income of RMB30.735 billion, representing a year-on-year decrease of 10.71% and accounting for 36.71% of net operating income. Among the net non-interest income, net fee and commission income amounted to RMB19.696 billion, representing a year-on-year decrease of 2.51%; other net non-interest income amounted to RMB11.039 billion, representing a year-on-year decrease of 22.35%, which was mainly due to the decrease in fair value of bonds investments and funds investments as a result of the increase of market interest rates.

The major items under the Group's net fee and commission income are analysed as follows. **Fee and commission income from wealth management** amounted to RMB6.783 billion, representing a year-on-year increase of 10.45%, of which, income from agency distribution of wealth management products amounted to RMB2.371 billion, representing a year-on-year increase of 39.47%, mainly driven by the growth in the volume of agency distribution and the optimisation of product structure; income from agency distribution of insurance policies amounted to RMB1.826 billion, representing a year-on-year decrease of 27.65%, mainly due to the decrease in the sales volume of insurance policies; income from agency distribution of funds amounted to RMB1.310 billion, representing a year-on-year increase of 27.68%, mainly due to the year-on-year improvement in the holding scale and sales volume of equity funds; income from agency distribution of trust schemes amounted to RMB771 million, representing a year-on-year increase of 32.47%, mainly due to the increase in the volume of agency distribution of trust schemes; income from securities brokerage amounted to RMB421 million, representing a year-on-year increase of 81.47%, mainly due to the increasing demand for securities transactions from customers in Hong Kong capital market. **Fee and commission income from asset management** amounted to RMB2.607 billion², representing a year-on-year decrease of 16.60%, mainly attributable to the fluctuations in the investment market and changes in the scale of asset management business. **Commission income from custody business** amounted to RMB1.287 billion, representing a year-on-year increase of 5.84%, mainly due to the increase in the scale of custody business. **Income from bank card fees** amounted to RMB4.074 billion, representing a year-on-year decrease of 7.83%, mainly due to the decrease in fee income from offline transaction of credit cards. **Income from settlement and clearing fees** amounted to RMB3.760 billion, representing a year-on-year decrease of 6.68%, mainly due to the decline in transaction volume.

² Fee and commission income from asset management mainly includes the income from the issuance and management of various asset management products such as funds, wealth management and asset management plans of China Merchants Fund, CMB International Capital, CMB Wealth Management and CIGNA & CMAM, all being subsidiaries of the Company.

Operating expenses

From January to March 2025, the Group's operating expenses amounted to RMB26.652 billion, representing a year-on-year decrease of 1.16%, among which staff costs amounted to RMB17.326 billion, representing a year-on-year decrease of 0.83%, and other operating expenses amounted to RMB9.326 billion³, representing a year-on-year decrease of 1.77%. During the reporting period, the Group's cost-to-income ratio was 28.65%, representing a year-on-year increase of 0.30 percentage point. The Group adhered to impelling cost reduction and efficiency enhancement, conducted precise allocation of expense resources, and optimised expense structure, thereby enhancing the utilisation of resources. At the same time, the Group maintained its efforts to intensify input in the Fintech, focused on promoting the in-depth application of AI technologies, improved green and low-carbon operations, and consistently implemented the concept of sustainable development.

Expected credit losses

From January to March 2025, the Group's expected credit losses amounted to RMB12.837 billion, representing a year-on-year decrease of 10.02%, of which expected credit losses of loans and advances to customers amounted to RMB13.630 billion, representing a year-on-year increase of RMB359 million. The total expected credit losses of other types of business other than loans and advances to customers amounted to RMB-793 million, representing a year-on-year decrease of RMB1.789 billion, mainly due to the changes in scale and structure of assets and a reversal of expected credit losses resulting from the collection of financial investment assets during the reporting period.

3 Other operating expenses include depreciation, amortisation, leases, taxes and surcharges and other various administrative expenses.

4.3 Analysis of balance sheet

Assets

As at the end of the reporting period, total assets of the Group amounted to RMB12,529.792 billion, representing an increase of 3.11% as compared with the end of the previous year, which was mainly attributable to the increase in loans and advances to customers and financial investments of the Group, etc. As at the end of the reporting period, the Group's total loans and advances to customers amounted to RMB7,125.479 billion, representing an increase of 3.44% as compared with the end of the previous year; total loans and advances to customers accounted for 56.87% of the total assets, representing an increase of 0.19 percentage point as compared with the end of the previous year. In particular, the Group's retail loans amounted to RMB3,658.578 billion, representing an increase of RMB13.953 billion or 0.38% as compared with the end of the previous year, which was mainly due to the fact that the Group promoted the stable operation of retail loans by further enhancing the comprehensive service level for retail customers with the adherence to the principle of stability and prudence during the gradual recovery of consumer market in the first quarter. The corporate loans of the Group amounted to RMB3,049.711 billion, representing an increase of RMB185.971 billion or 6.49% as compared with the end of the previous year, mainly because the Group continued to improve the origination of high-quality corporate assets and continuously enhanced the quality and efficiency of serving the real economy. As at the end of the reporting period, the balance of the Group's financial investments amounted to RMB3,814.482 billion, representing an increase of 4.73% as compared with the end of the previous year, which was mainly due to the rational adjustment of the scale of financial investments in response to interest rate trends and asset-liability allocation requirements.

Liabilities

As at the end of the reporting period, total liabilities of the Group amounted to RMB11,275.928 billion, representing an increase of 3.27% as compared with the end of the previous year, which was mainly attributable to the increase in deposits from customers. As at the end of the reporting period, the Group's total deposits from customers amounted to RMB9,319.462 billion, representing an increase of 2.45% as compared with the end of the previous year and accounting for 82.65% of total liabilities of the Group. Among them, the balance of the deposits from corporate customers amounted to RMB5,144.916 billion, representing an increase of 1.61% as compared with the end of the previous year; and the balance of deposits from retail customers amounted to RMB4,174.546 billion, representing an increase of 3.51% as compared with the end of the previous year. As at the end of the reporting period, among the Group's deposits from customers, the demand deposits accounted for 51.80% while the time deposits accounted for 48.20%. As at the end of the reporting period, among the Group's demand deposits, the deposits from corporate customers accounted for 58.06% while the deposits from retail customers accounted for 41.94%. Among the time deposits, the deposits from corporate customers accounted for 52.14% while the deposits from retail customers accounted for 47.86%. From January to March 2025, among the daily average balance of deposits from customers of the Group, demand deposits accounted for 50.46%, up by 0.12 percentage point as compared with the previous year, mainly because the proportion of demand deposits rebounded as a result of the eased sluggish real estate market and capital market since a series of incremental policies were introduced at the end of September 2024.

Owner's equity

As at the end of the reporting period, the Group's equity attributable to shareholders of the Bank was RMB1,246.207 billion, representing an increase of 1.65% as compared with the end of the previous year, among which retained profits amounted to RMB671.193 billion, representing an increase of 5.85% as compared with the end of the previous year; investment revaluation reserve amounted to RMB21.904 billion, representing a decrease of 42.94% as compared with the end of the previous year, mainly due to the decrease in the valuation of bond investments measured at fair value through other comprehensive income; exchange reserve was RMB4.274 billion, representing a decrease of 11.25% as compared with the end of the previous year, which was mainly due to fluctuations in RMB exchange rate.

4.4 Risk management and control in the real estate sector

During the reporting period, in line with the national policy guidance and regulatory requirements, and under the premise of controllable risks, the Company carried out business in the key regions with a focus on high-quality projects. At the same time, the Company actively participated in the urban real estate financing coordination mechanism, implemented the coordination mechanism's requirements to expand the scope of the "whitelist" and increase its effect, and promoted the inclusion of compliant commercial housing development loan projects in the "whitelist", so as to meet the reasonable financing needs of real estate projects, thereby facilitating the stable and healthy development of the real estate market.

As at the end of the reporting period, the Group's total balance of real estate related businesses which were subject to credit risks, such as the actual and contingent credit, proprietary bond investments, and proprietary investment of non-standardised assets amounted to RMB370.864 billion, representing a decrease of 0.87% as compared with the end of the previous year. The Group's total balance of businesses which were not subject to credit risks, such as wealth management fund financing, entrusted loans, agency distribution of trust schemes under the active management by cooperative institutions, and debt financing instruments with the Group as the lead underwriter amounted to RMB206.407 billion, representing a decrease of 7.41% as compared with the end of the previous year. As at the end of the reporting period, the Company's balance of loans granted to the property development industry was RMB287.298 billion, representing an increase of RMB933 million as compared with the end of the previous year, accounting for 4.24% of the Company's total loans and advances to customers, representing a decrease of 0.13 percentage point as compared with the end of the previous year, among which over 85% of the balance of loans for real estate development was located in the first-tier and second-tier cities and the regional structure remained sound. As at the end of the reporting period, the Company's non-performing loan ratio of the property development industry was 4.79%, representing an increase of 0.05 percentage point as compared with the end of the previous year.

In the future, the Company will closely follow the national policy direction and changes in market situation, and actively cooperate in the establishment of new model of real estate development, fully leverage the urban real estate financing coordination mechanism, and continuously increase its support for "whitelist" projects. At the same time, by implementing the policy direction of "project-centric approach", the Company will continue to reasonably differentiate between the risks of project subsidiaries and those of the holding companies of the groups, continuously strengthen centralised risk management and post-investment and post-loan management, and strictly enforce the requirements for the closed management of real estate loans, so as to effectively prevent and control project risks. In accordance with the principles of compliance with laws and regulations, controllable risk and commercial sustainability, the Company will promote the risk resolution and disposal of real estate enterprises, so as to maintain an overall stable quality of real estate assets.

4.5 Analysis of loan quality

During the reporting period, the Group adhered to classification of asset risks in a strict manner to truly reflect the quality of assets. As at the end of the reporting period, the balance of the Group's non-performing loans amounted to RMB66.743 billion, representing an increase of RMB1.133 billion as compared with the end of the previous year, and non-performing loan ratio was 0.94%, representing a decrease of 0.01 percentage point as compared with the end of the previous year; the balance of special-mentioned loans amounted to RMB97.195 billion, representing an increase of RMB8.115 billion as compared with the end of the previous year, and the special-mentioned loan ratio was 1.36%, representing an increase of 0.07 percentage point as compared with the end of the previous year; the balance of overdue loans amounted to RMB98.325 billion, representing an increase of RMB6.450 billion as compared with the end of the previous year, and the overdue loan ratio was 1.38%, representing an increase of 0.05 percentage point as compared with the end of the previous year. As at the end of the reporting period, the Group's ratio of non-performing loans to the loans overdue for more than 90 days was 1.28, and the Company's ratio of non-performing loans to the loans overdue for more than 60 days was 1.14.

Distribution of the Company's loans and non-performing loans by industry

The Company	31 March 2025				31 December 2024			
<i>(in millions of RMB, except for percentages)</i>	Balance of loans and advances	Percentage of the total (%)	Balance of non- performing loans	Non- performing loan ratio % ⁽¹⁾	Balance of loans and advances	Percentage of the total (%)	Balance of non- performing loans	Non- performing loan ratio % ⁽¹⁾
Corporate loans	2,766,868	40.88	26,419	0.95	2,590,409	39.56	26,132	1.01
Manufacturing	684,827	10.12	3,262	0.48	641,476	9.80	3,194	0.50
Transportation, storage and postal services	479,539	7.08	1,080	0.23	465,129	7.10	1,071	0.23
Production and supply of electric power, heat, gas and water	300,280	4.44	337	0.11	280,675	4.29	388	0.14
Property development	287,298	4.24	13,768	4.79	286,365	4.37	13,587	4.74
Wholesale and retail	239,489	3.54	2,474	1.03	223,739	3.42	2,431	1.09
Leasing and commercial services	196,789	2.91	734	0.37	181,427	2.77	731	0.40
Information transmission, software and IT service	144,262	2.12	384	0.27	122,375	1.87	374	0.31
Finance	128,387	1.90	89	0.07	112,367	1.72	87	0.08
Construction	127,735	1.89	1,374	1.08	106,744	1.63	1,340	1.26
Mining	55,620	0.82	524	0.94	50,494	0.77	550	1.09
Water conservancy, environment and public utilities	33,581	0.50	47	0.14	32,658	0.50	52	0.16
Others ⁽²⁾	89,061	1.32	2,346	2.63	86,960	1.32	2,327	2.68
Discounted bills	411,037	6.07	10	–	379,392	5.80	–	–
Retail loans	3,590,602	53.05	36,125	1.01	3,577,919	54.64	34,985	0.98
Total loans and advances to customers	6,768,507	100.00	62,554	0.92	6,547,720	100.00	61,117	0.93

Notes:

- (1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.
- (2) Primarily consists of scientific research and technological service industries, sanitation and social work industries, culture, sports and entertainment industries, and other industries.

Asset quality of the Company's loans and advances by product type

The Company		31 March 2025					
(in millions of RMB, except for percentages)	Balance of	Balance	Non-	Balance	Special-	Balance	Overdue
	loans and	of non-	performing	of special-	mentioned	of overdue	loan ratio
	advances	performing	loan ratio	mentioned	loan ratio	loans	(%)
		loans	(%)	loans	(%)		
Corporate loans	2,766,868	26,419	0.95	22,598	0.82	30,811	1.11
Discounted bills	411,037	10	–	–	–	–	–
Retail loans	3,590,602	36,125	1.01	67,263	1.87	61,678	1.72
Micro-finance loans	830,328	6,929	0.83	4,371	0.53	8,484	1.02
Residential mortgage loans	1,417,721	7,396	0.52	18,889	1.33	12,131	0.86
Consumer credit business	1,336,762	20,807	1.56	43,972	3.29	40,060	3.00
Credit card loans	916,609	16,038	1.75	41,435	4.52	33,916	3.70
Consumer loans	420,153	4,769	1.14	2,537	0.60	6,144	1.46
Others ^(Note)	5,791	993	17.15	31	0.54	1,003	17.32
Total loans and advances to customers	6,768,507	62,554	0.92	89,861	1.33	92,489	1.37

The Company		31 December 2024					
(in millions of RMB, except for percentages)	Balance of	Balance	Non-	Balance	Special-	Balance	Overdue
	loans and	of non-	performing	of special-	mentioned	of overdue	loan ratio
	advances	performing	loan ratio	mentioned	loan ratio	loans	(%)
		loans	(%)	loans	(%)		
Corporate loans	2,590,409	26,132	1.01	18,562	0.72	24,375	0.94
Discounted bills	379,392	–	–	42	0.01	–	–
Retail loans	3,577,919	34,985	0.98	63,891	1.79	62,291	1.74
Micro-finance loans	823,893	6,538	0.79	4,038	0.49	8,016	0.97
Residential mortgage loans	1,403,755	6,761	0.48	17,933	1.28	11,383	0.81
Consumer credit business	1,343,870	20,673	1.54	41,875	3.12	41,855	3.11
Credit card loans	947,709	16,557	1.75	39,564	4.17	36,663	3.87
Consumer loans	396,161	4,116	1.04	2,311	0.58	5,192	1.31
Others ^(Note)	6,401	1,013	15.83	45	0.70	1,037	16.20
Total loans and advances to customers	6,547,720	61,117	0.93	82,495	1.26	86,666	1.32

Note: Primarily consists of commercial housing loans, automobile loans, house decoration loans, education loans and other personal loans secured by monetary assets.

As at the end of the reporting period, the balance of non-performing retail loans of the Company amounted to RMB36.125 billion, representing an increase of RMB1.140 billion as compared with the end of the previous year, and the non-performing loan ratio was 1.01%, up by 0.03 percentage point as compared with the end of the previous year; the balance of special-mentioned loans amounted to RMB67.263 billion, representing an increase of RMB3.372 billion as compared with the end of the previous year, and the special-mentioned loan ratio was 1.87%, up by 0.08 percentage point as compared with the end of the previous year; and the balance of overdue loans amounted to RMB61.678 billion, representing a decrease of RMB613 million as compared with the end of the previous year, and the overdue loan ratio was 1.72%, down by 0.02 percentage point as compared with the end of the previous year.

During the reporting period, the amount of residential mortgage loans newly granted by the Company in the first-tier and second-tier cities accounted for 91.44% of the total amount of residential mortgage loans newly granted by the Company, representing an increase of 0.59 percentage point year-on-year. As at the end of the reporting period, the Company's balance of residential mortgage loans in the first-tier and second-tier cities accounted for 87.80% of the balance of residential mortgage loans of the Company, representing an increase of 0.17 percentage point as compared with the end of the previous year. Meanwhile, the Company had always been insisted on regularly monitoring and revaluating the value of the existing collaterals and adjusting the value of mortgaged assets in a timely manner. As at the end of the reporting period, the weighted average loan-to-value ratio of residential mortgage loans was 37.35%, representing an increase of 0.20 percentage point as compared with the end of the previous year, and the collaterals were sufficient and stable. Therefore, the overall risk of residential mortgage loans was controllable.

The formation and disposal of non-performing loans of the Company

During the reporting period, the Company recorded newly formed non-performing loans of RMB16.652 billion, representing a year-on-year increase of RMB387 million, with a non-performing loan formation ratio (annualised) of 1.00%, down by 0.03 percentage point year-on-year. Among them, the amount of newly formed non-performing corporate loans was RMB998 million, representing a decrease of RMB2.086 billion year-on-year; the amount of newly formed non-performing retail loans (excluding credit cards) was RMB5.647 billion, representing an increase of RMB2.438 billion year-on-year; and the amount of newly formed non-performing loans of credit cards was RMB10.007 billion, representing a slight increase of RMB35 million year-on-year.

The Company continued to dispose of non-performing assets actively. During the reporting period, the Company disposed of non-performing loans amounting to RMB15.211 billion, of which RMB7.508 billion was written off; RMB1.550 billion was recovered by collection; RMB5.476 billion was securitised; and RMB677 million was disposed of by repossession, transfer, upward migration after restructuring and other means.

The allowances for impairment losses on loans of the Company

As at the end of the reporting period, the balance of allowances for impairment losses on loans of the Company amounted to RMB263.063 billion, representing an increase of RMB3.178 billion as compared with the end of the previous year; the allowance coverage ratio of the Company was 420.54%, representing a decrease of 4.69 percentage points as compared with the end of the previous year; and the allowance-to-loan ratio of the Company was 3.89%, representing a decrease of 0.08 percentage point as compared with the end of the previous year. During the reporting period, the credit cost ratio (annualised) of the Company was 0.78%, down by 0.02 percentage point year-on-year.

Outlook of asset quality and countermeasures

Since the beginning of this year, the external environment has become increasingly complex and challenging. The global economic growth has remained weak, the performance of major economies has shown divergence, and uncertainty regarding inflation trends and monetary policy adjustments has risen. China's economy generally remained stable, making progress while maintaining stability, with solid progress in high-quality development, but still faced difficulties and challenges such as insufficient domestic demand and numerous hidden risks. The Company will closely monitor changes in the macro-economic landscape, and constantly enhance the agility, foresight, initiative and systematicness of risk management and continue to improve the quality and efficiency of risk compliance management. Focusing on the strategy of "dynamic rebalancing" of industries, regions and customer bases, the Company will implement the "one branch, one policy" list-based operation for asset business, so as to optimise the asset allocation and increase the quality asset placement. The Company will focus on risk monitoring in key areas, rigorously implement the urban real estate financing coordination mechanism and conduct operation based on the project-centric approach to promote the stable and healthy development of the real estate market. The Company will securely resolve risks brought by existing debts by virtue of a package of debt resolution proposals with insistence on market-oriented and rule-of-law principle, while strictly controlling new debts. The Company will conduct risk screening for customers granted with large credit facility, strengthen the monitoring and management of loans overdue in early stage, strictly classify assets, and make adequate allowances. The Company will actively dispose of non-performing assets in multiple ways to maintain overall stability of asset quality.

4.6 Capital adequacy ratios

The Group continued to optimise its business structure and enhance capital management. In accordance with various capital requirements of financial regulatory authorities as well as the supplementary capital and leverage ratio requirements under the “Ancillary Regulatory Provision for Systematically Important Banks (Trial)”, the capital adequacy ratio, Tier 1 capital adequacy ratio and core Tier 1 capital adequacy ratio of the Group and the Company shall not be less than 11.25%, 9.25% and 8.25%, respectively, and the leverage ratio shall not be less than 4.375%. As at the end of the reporting period, the Group and the Company have been constantly meeting the various capital and leverage ratio regulatory requirements.

Capital adequacy ratios under the Advanced Measurement Approach

As at the end of the reporting period, the core Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Group under the Advanced Measurement Approach were 14.86%, 17.43% and 19.06% respectively.

The Group (in millions of RMB, except for percentages)	31 March 2025	31 December 2024	Increase/decrease at the end of the reporting period as compared with the end of the previous year (%)
Capital adequacy ratios under the Advanced Measurement Approach ⁽¹⁾			
Net core Tier 1 capital	1,042,252	1,023,048	1.88
Net Tier 1 capital	1,222,698	1,203,494	1.60
Net capital	1,337,100	1,311,742	1.93
Core Tier 1 capital adequacy ratio	14.86%	14.86%	–
Tier 1 capital adequacy ratio	17.43%	17.48%	Decrease of 0.05 percentage point
Capital adequacy ratio	19.06%	19.05%	Increase of 0.01 percentage point
Information on leverage ratio ⁽²⁾			
Balance of adjusted on- and off-balance sheet assets	14,650,332	14,218,773	3.04
Leverage ratio	8.35%	8.46%	Decrease of 0.11 percentage point

Notes:

- (1) The “Advanced Measurement Approach” refers to the “Internal Ratings-Based (IRB) Approach for Credit Risk”, the “Standardised Approach for Market Risk” and the “Standardised Approach for Operational Risk” set out in the “Rules on Capital Management of Commercial Banks” (hereinafter referred to as the “Rules on Capital Management”) issued by the National Financial Regulatory Administration on 1 November 2023 (same as below). A commercial bank shall use both the Advanced Capital Measurement Approach and other approach to calculate capital adequacy ratios in parallel, and comply with the capital floor requirements.
- (2) Starting from 2024, the leverage ratio shall be calculated based on the provisions of the Rules on Capital Management. The leverage ratios of the Group were 8.46%, 8.27% and 7.88% respectively as at the end of 2024, the end of the third quarter of 2024 and the end of the first half of 2024.

As at the end of the reporting period, the core Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Company under the Advanced Measurement Approach were 14.77%, 17.42% and 19.11%, respectively. The Company’s risk-adjusted return on capital (RAROC, before tax) under the Advanced Measurement Approach was 24.12%, continuing to maintain at a high level.

The Company (in millions of RMB, except for percentages)	31 March 2025	31 December 2024	Increase/decrease at the end of the reporting period as compared with the end of the previous year (%)
Capital adequacy ratios under the Advanced Measurement Approach			
Net core Tier 1 capital	930,147	914,275	1.74
Net Tier 1 capital	1,097,017	1,080,144	1.56
Net capital	1,203,403	1,180,786	1.92
Core Tier 1 capital adequacy ratio	14.77%	14.84%	Decrease of 0.07 percentage point
Tier 1 capital adequacy ratio	17.42%	17.53%	Decrease of 0.11 percentage point
Capital adequacy ratio	19.11%	19.17%	Decrease of 0.06 percentage point

Capital adequacy ratios under the Weighted Approach

As at the end of the reporting period, the core Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Group under the Weighted Approach were 12.39%, 14.54% and 15.62%, respectively.

The Group	31 March 2025	31 December 2024	Increase/decrease at the end of the reporting period as compared with the end of the previous year (%)
Capital adequacy ratios under the Weighted Approach ^(Note)			
Core Tier 1 capital adequacy ratio	12.39%	12.43%	Decrease of 0.04 percentage point
Tier 1 capital adequacy ratio	14.54%	14.63%	Decrease of 0.09 percentage point
Capital adequacy ratio	15.62%	15.73%	Decrease of 0.11 percentage point

Note: The "Weighted Approach" refers to the Weighted Approach for credit risk, the Standardised Approach for market risk and the Standardised Approach for operational risk in accordance with the provisions of the Rules on Capital Management. Same as below.

As at the end of the reporting period, the core Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Company under the Weighted Approach were 12.09%, 14.26% and 15.34%, respectively.

The Company	31 March 2025	31 December 2024	Increase/decrease at the end of the reporting period as compared with the end of the previous year (%)
Capital adequacy ratios under the Weighted Approach			
Core Tier 1 capital adequacy ratio	12.09%	12.19%	Decrease of 0.10 percentage point
Tier 1 capital adequacy ratio	14.26%	14.40%	Decrease of 0.14 percentage point
Capital adequacy ratio	15.34%	15.49%	Decrease of 0.15 percentage point

4.7 Other significant business metrics

As at the end of the reporting period, the Company had 212 million retail customers (including debit and credit card customers), representing an increase of 0.95% as compared with the end of the previous year. The balance of total assets under management (AUM) from retail customers amounted to RMB15,568.330 billion, representing an increase of RMB641.616 billion or 4.30% as compared with the end of the previous year.

As at the end of the reporting period, the number of customers in the level of Golden Sunflower and above of the Company (being retail customers of the Company with minimum daily average total assets of RMB500,000 for each month) reached 5,474,700, representing an increase of 4.56% as compared with the end of the previous year. Among which, the number of private banking customers (being retail customers of the Company with minimum daily average total assets of RMB10 million for each month) was 176,588, representing an increase of 4.43% as compared with the end of the previous year.

As at the end of the reporting period, the total scale of asset management business of CMB Wealth Management, China Merchants Fund, CIGNA & CMAM and CMB International Capital, all being subsidiaries of the Company, amounted to RMB4.38 trillion⁴, representing a decrease of 2.05% as compared with the end of the previous year, among which the balance of wealth management products under management by CMB Wealth Management amounted to RMB2.36 trillion, representing a decrease of 4.45% as compared with the end of the previous year; the scale of asset management business of China Merchants Fund amounted to RMB1.57 trillion, remaining at the same level as compared with the end of the previous year; the scale of asset management business of CIGNA & CMAM amounted to RMB312.899 billion, representing an increase of 2.36% as compared with the end of the previous year; the scale of asset management business of CMB International Capital amounted to RMB141.423 billion, representing an increase of 8.51% as compared with the end of the previous year.

4 The scale of asset management business of China Merchants Fund and CMB International Capital both included the data of their respective subsidiaries.

5 Financial Statements

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Expressed in millions of RMB unless otherwise stated)

	January to March 2025	January to March 2024
Interest income	89,070	94,135
Interest expense	(36,074)	(42,135)
Net interest income	52,996	52,000
Fee and commission income	21,830	22,296
Fee and commission expense	(2,134)	(2,092)
Net fee and commission income	19,696	20,204
Other net income	10,200	13,470
Operating income	82,892	85,674
Operating expenses	(26,652)	(26,965)
Operating profit before impairment losses and taxation	56,240	58,709
Expected credit losses	(12,837)	(14,267)
Share of profits of joint ventures	481	371
Share of profits of associates	358	375
Profit before taxation	44,242	45,188
Income tax	(6,729)	(6,746)
Profit for the period	37,513	38,442
Attributable to:		
Equity holders of the Bank	37,286	38,077
Non-controlling interests	227	365
Earnings per share		
Basic and diluted (RMB Yuan)	1.48	1.51

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in millions of RMB unless otherwise stated)

	January to March 2025	January to March 2024
Profit for the period	37,513	38,442
Other comprehensive income after tax		
Items that may be reclassified subsequently to profit or loss:		
Net fair value gain/(loss) on debt instruments measured at fair value through other comprehensive income	(13,998)	2,867
Net changes in expected credit losses of debt instruments measured at fair value through other comprehensive income	(2,747)	(403)
Net movement in cash flow hedge reserve	(61)	(12)
Share of other comprehensive income/(expense) from equity-accounted investees	(393)	636
Exchange difference on translation of financial statements of foreign operations	(544)	822
Items that will not be reclassified subsequently to profit or loss:		
Net fair value gain on equity instruments designated at fair value through other comprehensive income	619	650
Other comprehensive income for the period, net of tax	(17,124)	4,560
Attributable to:		
Equity holders of the Bank	(17,093)	4,518
Non-controlling interests	(31)	42
Total comprehensive income for the period	20,389	43,002
Attributable to:		
Equity holders of the Bank	20,193	42,595
Non-controlling interests	196	407

This financial statement was approved by the Board of Directors on 29 April 2025.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in millions of RMB unless otherwise stated)

	31 March 2025	31 December 2024
Assets		
Cash	13,971	16,622
Precious metals	8,160	9,415
Balances with central banks	562,072	557,443
Balances with banks and other financial institutions	144,734	220,231
Placements with banks and other financial institutions	426,343	408,955
Amounts held under resale agreements	262,632	271,329
Loans and advances to customers	6,864,448	6,632,548
Financial investments at fair value through profit or loss	628,030	617,018
Derivative financial assets	25,325	32,533
Debt investments at amortised cost	1,990,466	1,941,580
Debt investments at fair value through other comprehensive income	1,206,757	1,092,127
Equity investments designated at fair value through other comprehensive income	23,125	22,315
Interests in joint ventures	19,558	19,310
Interests in associates	12,413	11,705
Investment properties	1,058	1,117
Property and equipment	127,447	128,761
Right-of-use assets	16,501	16,890
Intangible assets	2,081	2,196
Goodwill	9,954	9,954
Deferred tax assets	83,388	83,674
Other assets	101,329	56,313
Total assets	12,529,792	12,152,036

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(Expressed in millions of RMB unless otherwise stated)

	31 March 2025	31 December 2024
Liabilities		
Borrowing from central banks	238,214	189,934
Deposits from banks and other financial institutions	767,919	699,975
Placements from banks and other financial institutions	259,117	235,376
Financial liabilities at fair value through profit or loss	85,490	67,461
Derivative financial liabilities	23,500	31,583
Amounts sold under repurchase agreements	126,910	84,042
Deposits from customers	9,406,230	9,195,329
Salaries and welfare payable	35,928	34,512
Tax payable	16,363	11,713
Contract liabilities	4,058	4,193
Lease liabilities	12,359	12,778
Provisions	17,122	16,762
Debt securities issued	166,843	222,921
Deferred tax liabilities	1,579	1,592
Other liabilities	114,296	110,390
Total liabilities	11,275,928	10,918,561
Equity		
Share capital	25,220	25,220
Other equity instruments	180,446	180,446
– Preference shares	27,468	27,468
– Perpetual bonds	152,978	152,978
Capital reserve	65,429	65,429
Investment revaluation reserve	21,904	38,385
Hedging reserve	(5)	56
Surplus reserve	122,652	122,652
General reserve	155,094	154,932
Retained earnings	620,753	583,638
Proposed profit appropriation	50,440	50,440
Exchange reserve	4,274	4,816
Total equity attributable to shareholders of the Bank	1,246,207	1,226,014
Non-controlling interests	7,657	7,461
– Minority interests of ordinary shareholders	7,657	7,461
Total equity	1,253,864	1,233,475
Total equity and liabilities	12,529,792	12,152,036

This financial statement was approved by the Board of Directors on 29 April 2025.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

(Expressed in millions of RMB unless otherwise stated)

	January to March 2025	January to March 2024
Operating activities		
Profit before taxation	44,242	45,188
Adjustments for:		
– Impairment losses on loans and advances	13,630	13,271
– Impairment losses on investments and others	(793)	996
– Unwinding of discount on the allowances of loans and advances	(39)	(58)
– Depreciation of property and equipment and investment properties	2,775	2,606
– Depreciation of right-of-use assets	930	1,005
– Amortisation of other assets	171	241
– Net gain on investments in debt securities and equity instruments	(5,483)	(4,239)
– Interest income on investments	(21,974)	(20,894)
– Interest expense on issued debt securities	1,601	1,746
– Share of profits of associates	(358)	(375)
– Share of profits of joint ventures	(481)	(371)
– Net gains on disposal of property and equipment and other assets	(154)	(62)
– Interest expense on lease liabilities	113	121
Changes in:		
Balances with central banks	22,890	43,295
Loans and advances to customers	(244,305)	(321,655)
Other assets	(129,847)	(7,890)
Deposits from customers	222,875	284,662
Amounts due to banks and other financial institutions	134,615	111,757
Amounts due from banks and other financial institutions with original maturity over 3 months	(2,812)	(55,048)
Borrowings from central banks	48,111	(124,203)
Other liabilities	15,479	33,384
Net cash generated from operating activities before income tax payment	101,186	3,477
Income tax paid	(6,160)	(4,685)
Net cash generated from operating activities	95,026	(1,208)
Investing activities		
Payment for the purchases of investments	(515,015)	(533,044)
Proceeds from disposals and redemptions of investments	289,062	512,737
Investment income received	28,021	27,274
Payment for the purchases of property and equipment and other assets	(3,096)	(10,971)
Proceeds from the disposals of property and equipment and other assets	1,666	5,123
Payment for the acquisition of subsidiaries, associates or joint ventures	(571)	–
Net cash generated from/(used in) investing activities	(199,933)	1,119

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(Expressed in millions of RMB unless otherwise stated)

	January to March 2025	January to March 2024
Financing activities		
Proceeds from the issuance of negotiable interbank certificates of deposit	19,156	142,353
Proceeds from the issuance of certificates of deposit and other debt securities	20,364	12,471
Proceeds from the issuance of debt securities	5,000	18,213
Proceeds from other financing activities	9,196	2,095
Repayment of negotiable interbank certificates of deposit	(76,260)	(4,350)
Repayment of certificates of deposit and other debt securities	(20,148)	(9,528)
Repayment of debt securities	(3,993)	(25,431)
Payment for lease liabilities	(1,106)	(1,117)
Payment for redemption of perpetual debt capital	–	(2,863)
Distribution paid on perpetual debt capital	–	(93)
Interest paid on financing activities	(864)	(1,796)
Net cash generated from/(used in) financing activities	(48,655)	129,954
Net increase/(decrease) in cash and cash equivalents	(153,562)	129,865
Cash and cash equivalents as at 1 January	756,527	599,019
Effect of foreign exchange rate changes	(74)	195
Cash and cash equivalents as at 31 March	602,891	729,079
Cash flows from operating activities include:		
Interest received	67,856	72,745
Interest paid	46,340	31,940

This financial statement was approved by the Board of Directors on 29 April 2025.

6 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 and regions. The average liquidity coverage ratio of the Group was 165.68% in the first quarter of 2025, representing a decrease of 8.17 percentage points as compared with the previous quarter, which was mainly due to the decrease of cash inflows from financial institutions. The Group’s liquidity coverage ratio at the end of the first quarter of 2025 was 161.25%, which was in compliance with the regulatory requirements. The breakdown of the Group’s average value of each item of liquidity coverage ratio in the first quarter of 2025 is set out below.

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

No.		Unweighted amount	Weighted amount
Stock of high-quality liquid assets			
1	Total stock of high-quality liquid assets	/	2,386,393
Cash outflows			
2	Retail and small business customers deposits, of which:	4,445,128	394,926
3	Stable deposits	991,742	49,587
4	Less stable deposits	3,453,386	345,339
5	Unsecured wholesale funding, of which:	4,684,311	1,664,585
6	Operational deposits (excluding correspondent banks)	2,546,493	628,679
7	Non-operational deposits (including all counterparties)	2,107,996	1,006,084
8	Unsecured debt issuance	29,822	29,822
9	Secured funding	/	1,233
10	Additional requirements, of which:	2,382,655	603,729
11	Cash outflows arising from derivative contracts and other transactions arising from related collateral requirements	487,418	487,418
12	Cash outflows arising from secured debt instruments funding	–	–
13	Undrawn committed credit and liquidity facilities	1,895,237	116,311
14	Other contractual obligations to extend funds	118,275	118,275
15	Other contingent funding obligations	3,694,627	120,930
16	Total cash outflows	/	2,903,678
Cash inflows			
17	Secured lending (including reverse repo and securities borrowing)	159,907	158,640
18	Contractual inflows from fully performing loans	1,177,417	806,091
19	Other cash inflows	487,588	487,304
20	Total cash inflows	1,824,912	1,452,035
			Adjusted value
21	Total stock of high-quality liquid assets		2,386,393
22	Net cash outflows		1,451,642
23	Liquidity coverage ratio		165.68%

Notes:

- (1) Data in the above table is a simple arithmetic average of the 90-day value in the latest quarter.
- (2) The high-quality liquid assets in the above table comprise cash, central bank reserve available under pressure conditions, as well as the bonds in line with the definition of Tier 1 and Tier 2 assets set out in the “Measures for the Liquidity Risk Management of Commercial Banks”.

The Board of Directors of China Merchants Bank Co., Ltd.

29 April 2025

As at the date of this announcement, the executive directors of the Company are Wang Liang, Zhong Desheng and Zhu Jiangtao; the non-executive directors of the Company are Miao Jianmin, Shi Dai, Sun Yunfei, Zhu Eric Liwei and Huang Jian; and the independent non-executive directors of the Company are Li Menggang, Liu Qiao, Tian Hongqi, Li Chaoxian, Shi Yongdong and Li Jian.