

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



招商銀行股份有限公司
CHINA MERCHANTS BANK CO., LTD.
(H Share Stock Code: 03968)

FIRST QUARTERLY REPORT OF 2024

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

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.

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 Zhang Dong, the person in charge of the Finance and Accounting Department, hereby make representations in respect of the truthfulness, accuracy and completeness of the financial information in this report.

The Audit Committee under the Board of Directors of the Company has reviewed this report and agreed to submit the same to the Board of Directors for consideration. The 32nd meeting of the Twelfth Session of the Board of Directors and the 27th meeting of the Twelfth Session of the Board of Supervisors of the Company had reviewed and unanimously approved the first quarterly report of 2024 of the Company, respectively.

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. 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 Co., Ltd. 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

<i>(in millions of RMB, unless otherwise stated)</i>	At the end of the reporting period 31 March 2024	At the end of last year 31 December 2023	Increase/decrease at the end of the reporting period as compared to the end of last year (%)
Total assets	11,520,226	11,028,483	4.46
Equity attributable to shareholders of the Bank	1,118,965	1,076,370	3.96
Net assets per share attributable to ordinary shareholders of the Bank (in RMB Yuan) ⁽¹⁾	38.40	36.71	4.60

<i>(in millions of RMB, unless otherwise stated)</i>	January to March 2024	January to March 2023	Increase/decrease as compared to the corresponding period of last year (%)
Net operating income	86,420	90,625	-4.64
Net profit attributable to shareholders of the Bank	38,077	38,839	-1.96
Basic earnings per share attributable to ordinary shareholders of the Bank (in RMB Yuan) ⁽¹⁾	1.51	1.54	-1.95
Diluted earnings per share attributable to ordinary shareholders of the Bank (in RMB Yuan) ⁽¹⁾	1.51	1.54	-1.95
Annualised weighted average return on net assets attributable to ordinary shareholders of the Bank (%) ⁽¹⁾	16.08	18.43	Decrease of 2.35 percentage points
Net cash generated from operating activities ⁽²⁾	(1,208)	(12,618)	90.43

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 2024. 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 involved to be 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 deposits from banks and other financial institutions and cash inflow of deposits from customers.

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 2024 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 597,008, including 568,738 holders of A Shares and 28,270 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 ordinary shareholders and the top 10 ordinary shareholders 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 to the end of last year (share)	Shares subject to restrictions on sales (share)	Shares pledged, marked or frozen (share)
1	HKSCC Nominees Ltd.	Offshore legal person	4,554,142,794	18.06	H Shares not subject to restrictions on sales	88,953	-	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	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	-	-	-
5	Hong Kong Securities Clearing Company Limited	Offshore legal person	1,170,375,388	4.64	A Shares not subject to restrictions on sales	109,880,997	-	-
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	Dajia Life Insurance Co., Ltd. – Universal products	Domestic legal person	776,574,735	3.08	A Shares not subject to restrictions on sales	-	-	-
10	COSCO Shipping (Guangzhou) Co., Ltd.	State-owned legal person	696,450,214	2.76	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 the Company trading on the transaction platform of HKSCC Nominees Ltd.. Hong Kong Securities Clearing Company 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 Northbound Trading.
- (2) As at the end of the reporting period, of the aforesaid top 10 shareholders, HKSCC Nominees Ltd. is a subsidiary of Hong Kong Securities Clearing Company Ltd.; 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.; 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 relationships or action in concert among other shareholders.
- (3) The above shareholders of A shares had no proxy, trustee nor waiver of 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 22 holders of preference shares, all of whom were holders of domestic preference shares. During the period from January to March 2024, 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 to the end of last 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	BOC Asset - Bank of China - Bank of China Limited, Shenzhen Branch	Others	Domestic preference shares	14,300,000	5.20	-1,600,000	-	-
8	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	-	-	-
9	CCB Trust Co., Ltd. - CCB Trust - Jianyue Changhong (建粵長虹) No. 1 single fund trust	Others	Domestic preference shares	8,570,000	3.12	8,570,000	-	-
10	BOCI Securities - Bank of China - BOCI Securities China Hong - Hui Zhong No. 32 Collective Asset Management Scheme	Others	Domestic preference shares	8,500,000	3.09	-100,000	-	-

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; "BOC Asset - Bank of China - Bank of China Limited, Shenzhen Branch" and "BOCI Securities - Bank of China - BOCI Securities China Hong - Hui Zhong No. 32 Collective Asset Management Scheme" are related parties. 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 ten 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 “building a value creation bank” as its strategic objective and adhering to the philosophy of achieving dynamically balanced development of “Quality, Profitability and Scale”, CMB carried out various businesses in a sound manner during the reporting period, whereby the scale of assets and liabilities has grown steadily, and the asset quality has been generally stable.

From January to March 2024, the Group realised a net operating income of RMB86.420 billion, representing a year-on-year decrease of 4.64%; a net profit attributable to shareholders of the Bank of RMB38.077 billion, representing a year-on-year decrease of 1.96%; a net interest income of RMB52.000 billion, representing a year-on-year decrease of 6.15%; and a net non-interest income of RMB34.420 billion, representing a year-on-year decrease of 2.26%. The annualised return on average asset (ROAA) attributable to shareholders of the Bank and annualised return on average equity (ROAE) attributable to ordinary shareholders of the Bank was 1.35% and 16.08%, respectively, representing a year-on-year decrease of 0.15 percentage point and a year-on-year decrease of 2.35 percentage points, respectively.

As at the end of the reporting period, the Group’s total assets amounted to RMB11,520.226 billion, representing an increase of 4.46% as compared with the end of the previous year. The total loans and advances to customers amounted to RMB6,815.827 billion¹, representing an increase of 4.72% as compared with the end of the previous year. Total liabilities amounted to RMB10,394.735 billion, representing an increase of 4.55% as compared with the end of the previous year. Total deposits from customers amounted to RMB8,440.100 billion, representing an increase of 3.49% 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 RMB62.630 billion, representing an increase of RMB1.051 billion as compared with the end of the previous year. The non-performing loan ratio was 0.92%, down by 0.03 percentage point as compared with the end of the previous year. The allowance coverage ratio was 436.82%, representing a decrease of 0.88 percentage point as compared with the end of the previous year. The allowance-to-loan ratio was 4.01%, representing a decrease of 0.13 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 2024, the Group's net interest income amounted to RMB52.000 billion, representing a year-on-year decrease of 6.15% and accounting for 60.17% of net operating income.

From January to March 2024, the net interest spread and the net interest margin of the Group were 1.90% and 2.02% respectively, representing a respective year-on-year decrease of 28 and 27 basis points, and down by 3 basis points and 2 basis points, respectively, as compared with the previous quarter. Affected by the reduction of Loan Prime Rates (LPR) and interest rates on existing residential mortgage loans, coupled with insufficient effective credit demand, the yield on new businesses declined year-on-year, leading to a decrease in the yield on interest-earning assets, which was the primary factor driving down the net interest margin. Meanwhile, the Group has been optimising the structure of interest-earning assets and interest-bearing liabilities, which has partially offset the impact arising from the narrowed interest spread to some extent.

The Group <i>(in millions of RMB, except for percentages)</i>	January to March 2024			January to March 2023		
	Average balance	Interest income	Annualised average yield (%)	Average balance	Interest income	Annualised average yield (%)
Interest-earning assets						
Loans and advances to customers	6,573,689	66,509	4.07	6,183,215	67,279	4.41
Financial investments	2,650,857	20,894	3.17	2,421,339	19,529	3.27
Balances with the central bank	585,444	2,480	1.70	579,922	2,357	1.65
Balances and placements with banks and other financial institutions	552,893	4,252	3.09	616,065	4,179	2.75
Total	10,362,883	94,135	3.65	9,800,541	93,344	3.86
<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	8,222,348	33,387	1.63	7,735,110	30,288	1.59
Deposits and placements from banks and other financial institutions	968,826	5,447	2.26	975,123	4,731	1.97
Debt securities issued	220,262	1,746	3.19	244,707	1,853	3.07
Borrowings from the central bank	264,152	1,434	2.18	178,586	932	2.12
Lease liabilities	12,779	121	3.81	12,931	131	4.11
Total	9,688,367	42,135	1.75	9,146,457	37,935	1.68
Net interest income	/	52,000	/	/	55,409	/
Net interest spread	/	/	1.90	/	/	2.18
Net interest margin	/	/	2.02	/	/	2.29

Net non-interest income

From January to March 2024, the Group recorded a net non-interest income of RMB34.420 billion, representing a year-on-year decrease of 2.26% and accounting for 39.83% of net operating income. The year-on-year decrease in net non-interest income was mainly due to fee reduction of certain products and weak investment willingness of customers, which resulted in a decrease in fee and commission income. Among the net non-interest income, net fee and commission income amounted to RMB20.204 billion, representing a year-on-year decrease of 19.44%; other net non-interest income amounted to RMB14.216 billion, representing a year-on-year increase of 40.24%, which was mainly due to the increase in income from bonds investments and funds investments.

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 RMB6.141 billion, representing a year-on-year decrease of 32.59%, of which, income from agency distribution of insurance policies amounted to RMB2.524 billion, representing a year-on-year decrease of 50.28%, mainly due to the downward adjustment of fee rates of agency distribution of insurance policies; income from agency distribution of wealth management products amounted to RMB1.700 billion, representing a year-on-year increase of 25.83%, mainly due to the year-on-year increase in the sales volume of wealth management products; income from agency distribution of funds amounted to RMB1.026 billion, representing a year-on-year decrease of 32.68%, mainly due to the reduction in fee rates of funds and the decrease in the holding scale and sales volume of equity funds; income from agency distribution of trust schemes amounted to RMB582 million, representing a year-on-year decrease of 32.48%, mainly due to the decrease in the scale of agency distribution of trust schemes; income from securities brokerage amounted to RMB232 million, representing a year-on-year increase of 7.91%. **Fee and commission income from asset management** amounted to RMB3.126 billion², representing a year-on-year decrease of 6.27%, mainly attributable to the decrease in management fee income from its subsidiaries CMB Wealth Management and China Merchants Fund. **Commission income from custody business** amounted to RMB1.216 billion, representing a year-on-year decrease of 15.79%, mainly due to the decrease in the custody scale and fee rates of equity funds. **Income from bank card fees** amounted to RMB4.420 billion, representing a year-on-year decrease of 15.79%, which was mainly due to the decrease in the fee income from offline transaction of credit cards. **Income from settlement and clearing fees** amounted to RMB4.029 billion, representing a year-on-year increase of 5.22%, which was primarily attributable to the increase in the income of e-payment.

² Fee and commission income from asset management mainly include 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 2024, the Group's operating expenses amounted to RMB26.965 billion, representing a year-on-year decrease of 1.31%, among which staff costs amounted to RMB17.471 billion, representing a year-on-year decrease of 0.69%, and other operating expenses amounted to RMB9.494 billion³, representing a year-on-year decrease of 2.43%. During the reporting period, the Group's cost-to-income ratio was 28.35%, representing a year-on-year increase of 0.76 percentage point. The Group continuously promoted cost reduction and profitability enhancement, refined the allocation of expense resources, and optimised expense structure. At the same time, the Group maintained the scale of its input in the development of Fintech, actively promoted the application of AI technologies, and advocated for green and low-carbon operations.

Expected credit losses

From January to March 2024, the Group's expected credit losses amounted to RMB14.267 billion, representing a year-on-year decrease of 13.12%, of which expected credit losses of loans and advances to customers amounted to RMB13.271 billion, representing a year-on-year decrease of RMB3.279 billion, which was mainly because the Group increased the placement of high-quality credit assets, thereby maintaining stable asset quality. The total expected credit losses of other types of business other than loans and advances to customers amounted to RMB996 million, representing a year-on-year increase of RMB1.125 billion, mainly due to the increase in the scale such as financial assets held under resale agreements, credit commitments, etc.

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 RMB11,520.226 billion, representing an increase of 4.46% as compared with the end of the previous year, which was mainly attributable to the increase in loans and advances to customers and balances with the central bank of the Group, etc. As at the end of the reporting period, the Group's total loans and advances to customers amounted to RMB6,815.827 billion, representing an increase of 4.72% as compared with the end of the previous year; total loans and advances to customers accounted for 59.16% of the total assets, representing an increase of 0.14 percentage point as compared with the end of the previous year. In particular, the retail loans of the Group amounted to RMB3,500.248 billion, representing an increase of RMB62.365 billion or 1.81% as compared with the end of the previous year, mainly because the Group drove steady growth in retail loans by maintaining its intensity in granting micro-finance loans and consumer loans as adjustment and transformation continued in the real estate market. The corporate loans of the Group amounted to RMB2,791.882 billion, representing an increase of RMB192.027 billion or 7.39% compared to the end of the previous year, mainly because the Group continuously strengthened the organisation of high-quality corporate assets to effectively support the high-quality development of the real economy, and the financing demand of enterprises was relatively high in the first quarter, thereby driving the rapid growth in corporate loans. As at the end of the reporting period, the balance of the Group's financial investments amounted to RMB3,169.874 billion, representing an increase of 0.18% as compared with the end of the previous year.

Liabilities

As at the end of the reporting period, total liabilities of the Group amounted to RMB10,394.735 billion, representing an increase of 4.55% 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 RMB8,440.100 billion, representing an increase of 3.49% as compared with the end of the previous year and accounting for 81.20% of total liabilities of the Group, and were the major funding source of the Group. Among the demand deposits, the corporate deposits accounted for 57.05% while the retail deposits accounted for 42.95%. Among the time deposits, the corporate deposits accounted for 55.50% while the retail deposits accounted for 44.50%. From January to March 2024, among the daily average balance of deposits from customers of the Group, demand deposits accounted for 52.13%, down by 4.95 percentage points as compared with the previous year, mainly due to the high demand from customers for investments in time deposit products as a result of the decline in the risk appetite of customers and insufficient allocation of the corporate fund to demand deposit, leading to a decrease in the proportion of demand deposits.

Owner's equity

As at the end of the reporting period, the Group's equity attributable to shareholders of the Bank was RMB1,118.965 billion, representing an increase of 3.96% as compared with the end of the previous year, among which retained earnings amounted to RMB606.361 billion, representing an increase of 6.68% as compared with the end of the previous year; investment revaluation reserve amounted to RMB17.370 billion, representing an increase of 27.20% as compared with the end of the previous year, mainly due to the increase in the valuation of bond investments measured at fair value through other comprehensive income; exchange reserve was RMB3.728 billion, representing an increase of 27.06% 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 for the real estate sector

During the reporting period, the Group followed the national policy guidance and regulatory requirements, and adhered to the overall strategy of “defining positioning, selecting promising regions, focusing on projects, and tightening management”. Under the premise of controllable risks, by seizing the structural opportunities, the Group managed to tap into high-quality regional markets and select high-quality businesses. It focused on the merits of projects, carrying out business with selected high-quality projects that can be covered by project cash flow, so as to support 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 RMB417.271 billion, representing an increase of 4.59% 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 RMB244.606 billion, representing a decrease of 1.94% 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 real estate industry was RMB310.942 billion, representing an increase of RMB20.200 billion as compared with the end of the previous year, accounting for 4.83% of the Company’s total loans and advances to customers, representing an increase of 0.12 percentage point as compared with the end of the previous year. As at the end of the reporting period, the customer structure and regional structure of the Company in respect of real estate related loans have remained stable in general, among which the balance of loans granted to customers featuring high credit-rating accounted for over 70%; in terms of regions where the projects were located, over 85% of the Company’s balance of loans for real estate development was located in the urban areas of first-tier and second-tier cities. As at the end of the reporting period, the Company’s non-performing loan ratio of real estate loans was 4.82%, representing a decrease of 0.19 percentage point as compared with the end of the previous year.

In the future, the Group will firmly implement the relevant national policies for the real estate sector, support the rigid and improving housing demands, fully cooperate in implementing the long-term mechanism for the real estate market, and meet the reasonable financing needs of real estate enterprises of different ownerships with fair and equal treatment. At the same time, the Group will continue to reasonably identify risks of project’s subsidiaries and the holding companies of the groups, further strengthen centralised risk control and post-investment and post-loan management, and firmly implement the requirements of close-loop management for real estate loans to effectively manage and control project risks. Based on the principles of legal compliance, controllable risks, and commercial sustainability, the Group will promote the market-oriented resolution of risks of real estate enterprises to maintain the overall stability of the quality of the real estate assets.

4.5 Analysis of loan quality

During the reporting period, adhering to the requirements of the new regulations on the classification of financial asset risks, the Group identified classification of asset risks in a strict manner to truly reflect the quality of assets. Although the Chinese economy rebounded and gained momentum, it still faced challenges such as insufficient effective demand and weak social expectations. Under this circumstance, the Group's special-mentioned and overdue loan indicators saw slight fluctuations, but remained within a controllable range overall. As at the end of the reporting period, the Group's non-performing loans amounted to RMB62.630 billion, representing an increase of RMB1.051 billion as compared with the end of the previous year, and non-performing loan ratio was 0.92%, representing a decrease of 0.03 percentage point as compared with the end of the previous year; special-mentioned loans amounted to RMB78.017 billion, representing an increase of RMB6.689 billion as compared with the end of the previous year, and the special-mentioned loan ratio was 1.14%, representing an increase of 0.04 percentage point as compared with the end of the previous year; overdue loans amounted to RMB89.300 billion, representing an increase of RMB7.317 billion as compared with the end of the previous year, and the overdue loan ratio was 1.31%, 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 ratio of the Group's non-performing loans to the loans overdue for more than 90 days was 1.27, and the ratio of the Company's non-performing loans to the loans overdue for more than 60 days was 1.13.

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

The Company <i>(in millions of RMB, except for percentages)</i>	31 March 2024				31 December 2023			
	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	2,500,595	38.87	27,176	1.09	2,321,585	37.65	26,694	1.15
Transportation, storage and postal services	450,948	7.01	1,308	0.29	435,071	7.06	1,320	0.30
Property development	310,942	4.83	14,998	4.82	290,742	4.71	14,569	5.01
Manufacturing	601,373	9.35	2,813	0.47	555,102	9.00	3,008	0.54
Production and supply of electric power, heat, gas and water	236,129	3.67	408	0.17	220,797	3.58	425	0.19
Leasing and commercial services	173,999	2.70	1,475	0.85	165,793	2.69	1,445	0.87
Wholesale and retail	211,466	3.29	1,403	0.66	193,801	3.14	1,326	0.68
Finance	107,700	1.67	87	0.08	101,588	1.65	87	0.09
Construction	134,728	2.09	802	0.60	109,227	1.77	333	0.30
Information transmission, software and IT service	109,817	1.71	547	0.50	93,609	1.52	545	0.58
Water conservancy, environment and public utilities	35,121	0.55	77	0.22	34,680	0.56	77	0.22
Mining	46,979	0.73	565	1.20	45,052	0.73	567	1.26
Others ⁽²⁾	81,393	1.27	2,693	3.31	76,123	1.24	2,992	3.93
Discounted bills	498,661	7.75	–	–	471,127	7.64	–	–
Retail loans	3,434,227	53.38	31,112	0.91	3,373,633	54.71	30,539	0.91
Total loans and advances to customers	6,433,483	100.00	58,288	0.91	6,166,345	100.00	57,233	0.93

Notes:

- (1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.
- (2) Consists primarily of scientific research and technological service industries, sanitation and social work industries, culture, sports and entertainment industries, agriculture, forestry, animal husbandry and fishery industries and other industries.

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

The Company <i>(in millions of RMB, except for percentages)</i>	31 March 2024						
	Balance of loans and advances	Balance of non-performing loans	Non-performing loan ratio (%)	Balance of special-mentioned loans	Special-mentioned loan ratio (%)	Balance of overdue loans	Overdue loan ratio (%)
Corporate loans	2,500,595	27,176	1.09	20,141	0.81	26,285	1.05
Discounted bills	498,661	–	–	61	0.01	–	–
Retail loans	3,434,227	31,112	0.91	51,458	1.50	51,856	1.51
Micro-finance loans	792,500	4,772	0.60	2,883	0.36	5,589	0.71
Residential mortgage loans	1,361,952	5,212	0.38	14,381	1.06	8,159	0.60
Credit card loans	916,623	16,345	1.78	32,313	3.53	32,384	3.53
Consumer loans	354,448	3,655	1.03	1,834	0.52	4,598	1.30
Others ^(Note)	8,704	1,128	12.96	47	0.54	1,126	12.94
Total loans and advances to customers	6,433,483	58,288	0.91	71,660	1.11	78,141	1.21

The Company <i>(in millions of RMB, except for percentages)</i>	31 December 2023						
	Balance of loans and advances	Balance of non-performing loans	Non-performing loan ratio (%)	Balance of special-mentioned loans	Special-mentioned loan ratio (%)	Balance of overdue loans	Overdue loan ratio (%)
Corporate loans	2,321,585	26,694	1.15	18,071	0.78	25,862	1.11
Discounted bills	471,127	–	–	12	–	–	–
Retail loans	3,373,633	30,539	0.91	48,739	1.44	47,706	1.41
Micro-finance loans	749,773	4,592	0.61	2,648	0.35	5,211	0.70
Residential mortgage loans	1,376,814	5,113	0.37	13,107	0.95	7,466	0.54
Credit card loans	935,777	16,381	1.75	31,373	3.35	29,905	3.20
Consumer loans	301,538	3,285	1.09	1,539	0.51	3,946	1.31
Others ^(Note)	9,731	1,168	12.00	72	0.74	1,178	12.11
Total loans and advances to customers	6,166,345	57,233	0.93	66,822	1.08	73,568	1.19

Note: Others consist primarily of commercial housing loans, automobile loans, house decoration loans, education loans and other personal loans secured by monetary assets.

From January to March 2024, the asset quality of retail loans of the Company remained relatively stable. As at the end of the reporting period, the balance of non-performing retail loans amounted to RMB31.112 billion, representing an increase of RMB573 million as compared with the end of the previous year, and the non-performing loan ratio was 0.91%, flat with the end of the previous year; the balance of special-mentioned loans amounted to RMB51.458 billion, representing an increase of RMB2.719 billion as compared with the end of the previous year, and the special-mentioned loan ratio was 1.50%, up by 0.06 percentage point as compared with the end of the previous year; and the balance of overdue loans amounted to RMB51.856 billion, representing an increase of RMB4.150 billion as compared with the end of the previous year, and the overdue loan ratio was 1.51%, up by 0.10 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 90.85% of the total amount of residential mortgage loans newly granted by the Company, representing an increase of 2.72 percentage points 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 87.14% of the balance of residential mortgage loans of the Company, representing an increase of 0.10 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 of the end of the reporting period, the weighted average loan-to-value ratio of residential mortgage loans was 32.80%, representing a decrease of 0.13 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 RMB16.265 billion, representing a year-on-year increase of RMB242 million, with a non-performing loans formation ratio (annualised) of 1.03%, down by 0.06 percentage point year-on-year. Among them, the amount of newly formed non-performing corporate loans was RMB3.084 billion, representing a slight increase of RMB14 million year-on-year; the amount of newly formed non-performing retail loans (excluding credit cards) was RMB3.209 billion, representing an increase of RMB742 million year-on-year; and the amount of newly formed non-performing loans of credit cards was RMB9.972 billion, representing a decrease of RMB514 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 RMB15.288 billion, of which RMB7.072 billion was written off; RMB2.125 billion was recovered by collection; RMB4.870 billion was securitised; and RMB1.221 billion was disposed of by repossession, transfer, upward migration after restructuring, remission and other means.

The allowances for loan losses of the Company

In accordance with the Financial Instruments Standards, the Company made adequate allowances for impairment losses on loans by using the expected credit loss model and the risk quantification parameters such as the probability of customer defaults and the loss given defaults, after taking into consideration the adjustments in macro perceptiveness, and based on the changes in loan structure and actual risks, so as to ensure adequate credit risk compensation. As at the end of the reporting period, the balance of allowances for impairment losses on loans of the Company amounted to RMB264.762 billion, representing an increase of RMB3.360 billion as compared with the end of the previous year; the allowance coverage ratio of the Company was 454.23%, representing a decrease of 2.50 percentage points as compared with the end of the previous year; the allowance-to-loan ratio of the Company was 4.12%, representing a decrease of 0.12 percentage point as compared with the end of the previous year. Credit cost ratio (annualised) of the Company was 0.80%, up by 0.08 percentage point as compared with the previous year.

Outlook of asset quality and countermeasures

Since the beginning of the year, the external environment has become increasingly complex and challenging. Global economic growth remained sluggish, high inflation showed signs of falling back but still lingered, and interest rates in developed economies stayed elevated. China's economy continued its upward trend with solid progress in high-quality development, but still faced challenges such as insufficient effective demand and weak social expectations. The Company will closely monitor changes in the macro-economic landscape, proactively make response, continuously enhance mechanism, and constantly fortify the "Six All" comprehensive risk management system. The Company will continue to focus on key risk areas, strengthen closed-loop management of real estate business, and conduct risk screening targeting key industries and customer base. Focusing on the strategy of "dynamic rebalancing" of industries, regions and customer bases, the Company will enhance research on key industries through industry self-organisation, improve professional capabilities, enhance policy adaptability, promote the implementation of the "one branch, one policy" principle of list-based customer management system in asset business, and optimise asset portfolio. The Company will enhance its efforts in disposal of non-performing assets, focus on key risk items, implement different measures based on different categories, expand the channels for disposal of non-performing assets, and improve the quality and efficiency of collection and disposal. The Company will strengthen the management of special-mentioned loans and overdue loans, make adequate allowances, and effectively prevent and mitigate potential risks, so as to maintain the overall stability on 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 the China banking regulatory authorities as well as the supplementary capital and leverage ratio requirements under the “Ancillary Regulatory Provision for Systematically Important Banks (Trial)” 《(系統重要性銀行附加監管規定(試行))》, 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 of the end of the reporting period, the Group and the Company have been 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 14.07%, 16.30% and 18.20%, respectively.

The Group <i>(in millions of RMB, except for percentages)</i>	31 March 2024	31 December 2023	Increase/decrease at the end of the reporting period as compared to the end of last year (%)
The capital adequacy ratios under the Advanced Measurement Approach⁽¹⁾			
Net core Tier 1 capital	948,069	907,308	4.49
Net Tier 1 capital	1,098,515	1,057,754	3.85
Net capital	1,226,629	1,181,487	3.82
Core Tier 1 capital adequacy ratio	14.07%	13.73%	Increase of 0.34 percentage point
Tier 1 capital adequacy ratio	16.30%	16.01%	Increase of 0.29 percentage point
Capital adequacy ratio	18.20%	17.88%	Increase of 0.32 percentage point
Information on leverage ratio⁽²⁾			
Balance of on- and off-balance sheet assets after adjustment	13,549,939	12,806,260	5.81
Leverage ratio	8.11%	8.26%	Decrease of 0.15 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 “Capital Rules for Commercial Banks” issued by the National Financial Regulatory Administration on 1 November 2023 (same as below). In accordance with the provisions of the “Capital Rules for Commercial Banks”, the scope of entities for calculating the capital adequacy ratios of the Group shall include China Merchants Bank and its subsidiaries. The scope of entities for calculating the capital adequacy ratios of the Company shall include all the domestic and overseas branches and sub-branches of China Merchants Bank. As at the end of the reporting period, the Group’s subsidiaries for calculating its capital adequacy ratios included CMB Wing Lung Bank, CMB International Capital, CMB Financial Leasing, CMB Wealth Management, China Merchants Fund, CIGNA & CMAM and CMB Europe S.A.. 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) Since 2024, the leverage ratio shall be calculated based on the “Capital Rules for Commercial Banks” issued by the National Financial Regulatory Administration on 1 November 2023. The leverage ratios of the Group were 8.26%, 7.93% and 7.70% respectively as at the end of 2023, the end of the third quarter and the end of the second quarter of 2023.
- (3) As the “Capital Rules for Commercial Banks” came into effect on 1 January 2024, the data as of 31 March 2024 in the above table was calculated in accordance with the provisions of the “Capital Rules for Commercial Banks”, while the data as of 31 December 2023 was still calculated in accordance with the 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 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 14.11%, 16.47% and 18.47%, respectively. The Company’s risk-adjusted return on capital (RAROC, before tax) under the Advanced Measurement Approach was 26.47%, continuing to maintain at a high level.

The Company <i>(in millions of RMB, except for percentages)</i>	31 March 2024	31 December 2023	Increase/decrease at the end of the reporting period as compared to the end of last year (%)
The capital adequacy ratios under the Advanced Measurement Approach			
Net core Tier 1 capital	845,146	801,565	5.44
Net Tier 1 capital	986,494	944,349	4.46
Net capital	1,106,369	1,059,697	4.40
Core Tier 1 capital adequacy ratio	14.11%	13.32%	Increase of 0.79 percentage point
Tier 1 capital adequacy ratio	16.47%	15.70%	Increase of 0.77 percentage point
Capital adequacy ratio	18.47%	17.62%	Increase of 0.85 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 12.01%, 13.92% and 15.01%, respectively.

The Group	31 March 2024	31 December 2023	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	12.01%	11.86%	Increase of 0.15 percentage point
Tier 1 capital adequacy ratio	13.92%	13.82%	Increase of 0.10 percentage point
Capital adequacy ratio	15.01%	14.96%	Increase of 0.05 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 relevant provisions of the "Capital Rules for Commercial Banks" issued by the National Financial Regulatory Administration on 1 November 2023 (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 11.82%, 13.80% and 14.89%, respectively.

The Company	31 March 2024	31 December 2023	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	11.82%	11.38%	Increase of 0.44 percentage point
Tier 1 capital adequacy ratio	13.80%	13.40%	Increase of 0.40 percentage point
Capital adequacy ratio	14.89%	14.52%	Increase of 0.37 percentage point

4.7 Other significant business metrics

As at the end of the reporting period, the Company had 199 million retail customers (including debit and credit card customers), representing an increase of 1.02% as compared with the end of the previous year. The balance of total assets under management (AUM) from retail customers amounted to RMB13,857.187 billion, representing an increase of RMB536.056 billion or 4.02% 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 4,869,100, representing an increase of 4.92% 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 153,167, representing an increase of 2.91% as compared with the end of the previous year. The Company's balance of AUM from the customers in the level of Golden Sunflower and above amounted to RMB11,243.057 billion, representing an increase of 3.91% 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 RMB4.36 trillion⁴, representing a decrease of 2.68% 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 RMB2.40 trillion, representing a decrease of 5.88% as compared with the end of the previous year; the scale of asset management business of China Merchants Fund amounted to RMB1.54 trillion, representing a decrease of 0.65% as compared with the end of the previous year; the scale of asset management business of CIGNA & CMAM amounted to RMB308.071 billion, representing an increase of 15.13% as compared with the end of the previous year; the scale of asset management business of CMB International Capital amounted to RMB115.115 billion, representing an increase of 1.45% 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 2024	January to March 2023
Interest income	94,135	93,344
Interest expense	(42,135)	(37,935)
Net interest income	52,000	55,409
Fee and commission income	22,296	27,317
Fee and commission expense	(2,092)	(2,238)
Net fee and commission income	20,204	25,079
Other net income	13,470	9,344
Operating income	85,674	89,832
Operating expenses	(26,965)	(27,323)
Operating profit before impairment losses	58,709	62,509
Expected credit losses	(14,267)	(16,421)
Share of profits of joint ventures	371	529
Share of profits of associates	375	264
Profit before taxation	45,188	46,881
Income tax	(6,746)	(7,655)
Profit for the period	38,442	39,226
Attributable to:		
Equity holders of the Bank	38,077	38,839
Non-controlling interests	365	387
Earnings per share		
Basic and diluted (RMB Yuan)	1.51	1.54

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(Expressed in millions of RMB unless otherwise stated)

	January to March 2024	January to March 2023
Profit for the period	38,442	39,226
Other comprehensive income after tax		
Items that may be reclassified subsequently to profit or loss:		
Net fair value gain/(loss) on financial assets measured at fair value through other comprehensive income	2,867	(1,473)
Net changes in expected credit losses of financial assets measured at fair value through other comprehensive income	(403)	(1,626)
Net movement in cash flow hedge reserve	(12)	(36)
Share of other comprehensive income/(expense) from equity-accounted investees	636	466
Exchange difference on translation of financial statements of foreign operations	822	(935)
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	650	277
Other comprehensive income for the period, net of tax	4,560	(3,327)
Attributable to:		
Equity holders of the Bank	4,518	(3,255)
Non-controlling interests	42	(72)
Total comprehensive income for the period	43,002	35,899
Attributable to:		
Equity holders of the Bank	42,595	35,584
Non-controlling interests	407	315

This financial statement was approved by the Board of Directors on 29 April 2024.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in millions of RMB unless otherwise stated)

Item	31 March 2024	31 December 2023
Assets		
Cash	16,129	14,931
Precious metals	2,209	2,321
Balances with central bank	797,211	667,871
Balances with banks and other financial institutions	92,427	100,769
Placements with banks and other financial institutions	294,182	287,694
Amounts held under resale agreements	224,494	172,246
Loans and advances to customers	6,555,072	6,252,755
Financial investments at fair value through profit or loss	524,686	526,145
Derivative financial assets	19,463	18,733
Debt investments at amortised cost	1,739,594	1,749,024
Debt investments at fair value through other comprehensive income	916,465	899,102
Equity investments designated at fair value through other comprehensive income	20,117	19,649
Interests in joint ventures	16,649	15,707
Interests in associates	11,574	10,883
Investment properties	1,139	1,160
Property and equipment	119,210	115,348
Right-of-use assets	17,215	17,041
Intangible assets	2,535	2,709
Goodwill	9,954	9,954
Deferred tax assets	89,978	90,557
Other assets	49,923	53,884
Total assets	11,520,226	11,028,483

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(Expressed in millions of RMB unless otherwise stated)

Item	31 March 2024	31 December 2023
Liabilities		
Borrowing from central bank	254,270	378,621
Deposits from banks and other financial institutions	561,995	508,378
Placements from banks and other financial institutions	277,693	247,299
Financial liabilities at fair value through profit or loss	48,765	43,958
Derivative financial liabilities	17,413	17,443
Amounts sold under repurchase agreements	162,679	135,078
Deposits from customers	8,533,902	8,240,498
Salaries and welfare payable	28,346	28,679
Tax payable	16,308	13,597
Contract liabilities	5,251	5,486
Lease liabilities	12,907	12,675
Provisions	21,142	19,662
Debt securities issued	311,560	176,578
Deferred tax liabilities	1,638	1,607
Other liabilities	140,866	113,195
Total liabilities	10,394,735	9,942,754
Equity		
Share capital	25,220	25,220
Other equity instruments	150,446	150,446
Including: Preference shares	27,468	27,468
Perpetual bonds	122,978	122,978
Capital reserve	65,432	65,432
Investment revaluation reserve	17,370	13,656
Hedging reserve	80	92
Surplus reserve	108,737	108,737
General reserve	141,591	141,481
Retained profits	556,627	518,638
Proposed profit appropriation	49,734	49,734
Exchange reserve	3,728	2,934
Total equity attributable to shareholders of the Bank	1,118,965	1,076,370
Non-controlling interests	6,526	9,359
Including: Non-controlling interest	6,526	6,521
Perpetual debt capital	–	2,838
Total equity	1,125,491	1,085,729
Total liabilities and equity	11,520,226	11,028,483

This financial statement was approved by the Board of Directors on 29 April 2024.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

(Expressed in millions of RMB unless otherwise stated)

	January to March 2024	January to March 2023
Operating activities		
Profit before taxation	45,188	46,881
Adjustments for:		
– Impairment losses on loans and advances	13,271	16,550
– Impairment losses on investments and others	996	(129)
– Unwinding of discount on the allowances of loans and advances	(58)	(53)
– Depreciation of property and equipment and investment properties	2,606	2,446
– Depreciation of right-of-use assets	1,005	1,026
– Amortisation of other assets	241	290
– Net gain on investments in debt securities and equity instruments	(4,239)	(2,460)
– Interest income on investments	(20,894)	(19,529)
– Interest expense on issued debt securities	1,746	1,853
– Share of profits of associates	(375)	(264)
– Share of profits of joint ventures	(371)	(529)
– Net gains on disposal of property and equipment and other assets	(62)	(82)
– Interest expense on lease liabilities	121	131
Changes in:		
Balances with central bank	43,295	11,021
Loans and advances to customers	(321,655)	(267,788)
Other assets	(7,890)	(53,704)
Deposits from customers	284,662	236,136
Deposits and placements from banks and other financial institutions	111,757	(13,512)
Balances and placements with banks and other financial institutions with original maturity over 3 months	(55,048)	(26,497)
Borrowings from central bank	(124,203)	65,216
Other liabilities	33,384	(4,735)
Net cash generated from operating activities before income tax payment	3,477	(7,732)
Income tax paid	(4,685)	(4,886)
Net cash generated from operating activities	(1,208)	(12,618)

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(Expressed in millions of RMB unless otherwise stated)

	January to March 2024	January to March 2023
Investing activities		
Payment for the purchase of investments	(533,044)	(449,172)
Proceeds from the disposal of investments	512,737	340,191
Investment gains received from investments	27,274	25,584
Payment for the purchases of property and equipment and other assets	(10,971)	(9,313)
Proceeds from the disposal of properties and equipment and other assets	5,123	835
Net cash flows used in investing activities	1,119	(91,875)
Financing activities		
Proceeds from the issue of negotiable interbank certificates of deposits	142,353	49,322
Proceeds from the issue of certificates of deposits and others	12,471	9,859
Proceeds from the issue of debt securities	18,213	31,127
Proceeds from other financing activities	2,095	5,350
Repayment of negotiable interbank certificates of deposits	(4,350)	(22,210)
Repayment of certificates of deposit and others	(9,528)	(8,124)
Repayment of debt securities	(25,431)	(19,189)
Payment on lease liabilities	(1,117)	(1,127)
Payment on redemption of perpetual debt capital	(2,863)	–
Distribution paid on perpetual debt capital	(93)	(90)
Interest paid on financing activities	(1,796)	(974)
Net cash generated from financing activities	129,954	43,944
Increase/(decrease) in cash and cash equivalents	129,865	(60,549)
Cash and cash equivalents as of 1 January	599,019	567,198
Effects of foreign exchange rate changes on cash and cash equivalents	195	(1,709)
Cash and cash equivalents as of 31 March	729,079	504,940
Cash flows from operating activities include:		
Interest received	72,745	73,496
Interest paid	31,940	29,794

This financial statement was approved by the Board of Directors on 29 April 2024.

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 regions. The average liquidity coverage ratio of the Group was 160.96% in the first quarter of 2024, representing an increase of 1.14 percentage points as compared with the previous quarter, mainly due to the increase in the scale of high-quality assets. The Group’s liquidity coverage ratio at the end of the first quarter of 2024 was 160.15%, 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 2024 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	/	2,059,124
Cash outflows			
2	Retail and small business customers deposits, of which:	3,947,616	349,486
3	Stable deposits	905,484	45,273
4	Less stable deposits	3,042,132	304,213
5	Unsecured wholesale funding, of which:	4,300,310	1,463,436
6	Operational deposits (excluding correspondent banks)	2,421,398	597,774
7	Non-operational deposits (including all counterparties)	1,864,404	851,154
8	Unsecured debt issuance	14,508	14,508
9	Secured funding	/	9,834
10	Additional requirements, of which:	2,107,021	458,916
11	Cash outflows arising from derivative contracts and other transactions arising from related collateral requirements	351,408	351,408
12	Cash outflows arising from secured debt instruments funding	95	95
13	Undrawn committed credit and liquidity facilities	1,755,518	107,413
14	Other contractual obligations to extend funds	113,108	113,108
15	Other contingent funding obligations	3,769,541	110,148
16	Total cash outflows	/	2,504,928
Cash inflows			
17	Secured lending (including reverse repo and securities borrowing)	155,367	154,221
18	Contractual inflows from fully performing loans	1,094,133	717,553
19	Other cash inflows	349,210	348,718
20	Total cash inflows	1,598,710	1,220,492
			Adjusted value
21	Total stock of high-quality liquid assets		2,052,110
22	Net cash outflows		1,284,435
23	Liquidity coverage ratio		160.96%

Notes:

- (1) Data in the above table is a simple arithmetic average of the 91-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 2024

As at the date of this announcement, the executive directors of the Company are Wang Liang and Zhu Jiangtao; the non-executive directors of the Company are Miao Jianmin, Sun Yunfei, Zhou Song, Zhang Jian and Chen Dong; and the independent non-executive directors of the Company are Wong See Hong, Li Menggang, Liu Qiao, Tian Hongqi, Li Chaoxian and Shi Yongdong.