



招商銀行

CHINA MERCHANTS BANK

招商銀行股份有限公司

CHINA MERCHANTS BANK CO., LTD.

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

(stock code: 3968)

**CHINA MERCHANTS BANK CO., LTD.
THIRD QUARTERLY REPORT OF 2007
OVERSEAS REGULATORY ANNOUNCEMENT**

Pursuant to the regulations of the China Securities Regulatory Commission (“CSRC”), China Merchants Bank Co., Ltd. (the “Company”) is required to publish a quarterly report for each of the first and third quarters.

All financial information set out in this quarterly report is unaudited and prepared in accordance with the PRC Accounting Standards (“PRC GAAP”).

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1 IMPORTANT NOTICE

- 1.1 The board of directors, the board of supervisors and the directors, supervisors and senior management of the Company hereby confirm that the information contained in this report does not contain any false representations, misleading statements or material omissions and jointly and severally accept full responsibilities for the truthfulness, accuracy and completeness of the information contained in this report.
- 1.2 None of the directors, supervisors and senior management has made any statement that he/she is unable to warrant or object to the truthfulness, accuracy and completeness of the information contained in the quarterly report.
- 1.3 The 9th meeting of the Seventh Session of the Board of Directors has approved the third quarterly report of 2007 of the Company through voting by correspondence. 16 out of the 18 Directors attended the meeting in person. Due to prior business engagement, Mr. Fu Junyuan (Director) and Mr. Song Lin (Independent Non-executive Director) did not attend the meeting for voting.
- 1.4 The financial statements for the reporting period are unaudited.
- 1.5 Mr. QIN Xiao, Chairman of the Company, Mr. MA Weihua, the President, Mr. LI Hao, the Executive Vice President and Chief Financial Officer, and Mr. YIN Xuwen, the person in charge of the Planning and Finance Department, hereby make representations in respect of the truthfulness and completeness of the financial statements contained in this quarterly report.
- 1.6 For the unaudited consolidated balance sheet, balance sheet, consolidated income statement, income statement, consolidated cash flow statement and cash flow statement as at 30 September 2007, please visit the website of Shanghai Stock Exchange: www.sse.com.cn and the website of the Company: www.cmbchina.com.

2 CORPORATE INFORMATION

2.1 Major accounting data and financial ratios (PRC GAAP) (unaudited)

(Amounts expressed in millions of RMB,
unless otherwise stated)

| | 30 September 2007 | 31 December 2006 (Adjusted) | | Increase/(decrease) in this reporting period as compared to the end of last reporting period (%) |
|--|------------------------------|---------------------------------|---|--|
| Total assets | 1,219,366 | 934,102 | | 30.54 |
| Shareholders' equity | 62,946 | 55,160 | | 14.12 |
| Net assets per share (in RMB Yuan) | 4.28 | 3.75 | | 14.13 |
| | | | January to September 2007 | Increase/(decrease) as compared to the corresponding period of last year (%) |
| Net cash flow from operating activities | | | 113,699 | 268.48 |
| Net cash flow from operating activities per share (in RMB Yuan) | | | 7.73 | 262.91 |
| | July to September 2007 | January to September 2007 | January to September 2006 (Adjusted) | Increase/(decrease) in this reporting period as compared to the corresponding period of last year (%) |
| Net profit | 3,850 | 9,970 | 4,371 <i>note 2</i> | 128.09 |
| Basic earnings per share (in RMB Yuan) | 0.26 | 0.68 | 0.30 | 126.67 |
| Diluted earnings per share (in RMB Yuan) | 0.26 | 0.68 | 0.30 | 126.67 |
| Basic earnings per share, net of non-recurring gains or losses (in RMB Yuan) | 0.26 | 0.67 | 0.30 | 123.33 |
| Return on equity (%) <i>note 1</i> | 6.12 | 15.84 | 8.59 | Increased by 7.25 percentage points |
| Return on equity, net of non-recurring gains or losses (%) <i>note 1</i> | 6.02 | 15.64 | 8.50 | Increased by 7.14 percentage points |

**January to September
2007**

Non-recurring gains or losses

| | |
|----------------------------------|-----|
| Non-operating income | 151 |
| Non-operating expenses | 26 |
| Net non-operating income/expense | 125 |

Note: 1. Return on equity is calculated in accordance with “Information Disclosure Rule No. 9 for Companies Which Have Publicly Offered Securities – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (2007 revision)”.

2. Adjustments were made pursuant to the “Accounting Standards for Business Enterprises 2006” promulgated by the Ministry of Finance of the People’s Republic of China as well as the relevant information disclosure rules & requirements of the CSRC and Shanghai Stock Exchange. The net profit before adjustments for January to September of 2006 was RMB4,468,000,000.

2.2 Total number of shareholders and the ten largest shareholders whose shares are not subject to trading moratorium as at the end of the reporting period

| | |
|------------------------------|---------|
| Total number of shareholders | 367,297 |
|------------------------------|---------|

Ten largest shareholders whose shares are not subject to trading moratorium

| No. | Name of shareholder | Number of shares held (in share) | Class of shares |
|-----|--|----------------------------------|-----------------|
| 1 | HKSCC Nominees Limited ^{note 1} | 2,627,954,399 | H share |
| 2 | China Southern Component Selected Stock Securities Investment Fund ^{note 2} | 73,737,862 | A share |
| 3 | China Southern Sustaining Growth Stock Securities Investment Fund ^{note 2} | 70,958,823 | A share |
| 4 | Greatwall Brand Value Equity Securities Investment Fund | 64,708,563 | A share |
| 5 | China AMC Core Bluechip Fund (LOF) | 62,431,688 | A share |
| 6 | Jingshun Great Wall Selective Blue Chip Stock Securities Investment Fund | 57,814,698 | A share |
| 7 | China Southern Stable Growth No. 2 Securities Investment Fund ^{note 2} | 49,639,414 | A share |
| 8 | Yi Fang Da 50 Index Securities Investment Fund | 46,923,579 | A share |
| 9 | YinHua Core Value Equity Fund | 45,052,914 | A share |
| 10 | Rongtong New Blue Chip Securities Investment Fund | 42,014,788 | A share |

- Note:* 1. Shares held by HKSCC Nominees Limited are the total shares in the accounts of holders of CMB H Shares trading on the transaction platform of HKSCC Nominees Limited.
2. Of the aforesaid ten largest shareholders whose shares are not subject to trading moratorium, China Southern Component Selected Stock Securities Investment Fund, China Southern Sustaining Growth Stock Securities Investment Fund and China Southern Stable Growth No. 2 Securities Investment Fund are managed by Southern Fund Management Co., Ltd.. The Company is not aware of any connected relationship among the remaining shareholders whose shares are not subject to trading moratorium.

3 Significant Events

3.1 Disclosure as to, and reason for, material changes in major accounting items and financial ratios of the Company

Applicable Not applicable

Table below sets out the accounting items with change rate over 30% and their reasons (PRC GAAP) (unaudited):

(Amounts expressed in millions of RMB, unless otherwise stated)

| Main items | At the end of the reporting period | Percentage of increase or decrease | Major reasons |
|--|------------------------------------|------------------------------------|---|
| Financial assets at fair value through profit or loss | 13,537 | 70.06% | Increase in trading assets |
| Balances under resale agreements | 181,273 | 364.83% | Increase in resale business |
| Long term equity investment | 239 | 397.92% | Investment on China Merchants Fund |
| Deposits from banks and other financial institutions | 193,415 | 180.91% | Increase in interbank deposits due to stock market boom |
| Placements from banks and other financial institutions | 8,721 | 476.79% | Increase in interbank borrowing |
| Financial liabilities at fair value through profit or loss | 1,642 | 1,449.06% | Increase in derivatives business |
| Balances under repurchase agreements | 19,098 | 206.20% | Increase in repurchased business |

| Main items | At the end of the reporting period | Percentage of increase or decrease | Major reasons |
|--------------------------------|---|---|---|
| Staff cost payable | 3,930 | 53.7% | Increase in staff cost due to higher performance |
| Interests expense payable | 4,558 | 32.08% | Increase in liabilities and interest rates |
| Net interest income | 23,364 | 59.07% | Expansion of interest-earning assets and interest spread |
| Net fees and commission income | 4,386 | 154.37% | Booming stock market and increase in credit card business |
| Operating expenses | -11,548 | 48.73% | Increase in staff cost and tax expenses |
| Income tax | -4,493 | 70.97% | Increase in earnings |

3.2 The progress of significant events and their impact as well as the analysis and explanations for the solutions

Applicable Not applicable

The acquisition of equity in China Merchants Fund Management Co., Ltd. (“China Merchants Fund”) was basically completed in September 2007. Equity investments in China Merchants Fund had been recognized in the financial statements. As China Merchants Fund is currently under valuation, and pursuant to the principle of materiality, its earnings had not been represented in this quarterly report.

During the reporting period, two new branches of the Company, namely Hohhot branch and Taizhou branch, commenced operations.

3.3 Status of performance of undertakings given by the Company, shareholders and de facto controllers

Applicable Not applicable

In February 2006, the Company implemented the Share Reform. During the process of this implementation, the relevant shareholders of shares subject to trading moratorium had given the following undertakings: the Company's shareholders who did not agree to undertake the obligation of the put warrants would not deal or transfer any of their shares within 24 months from the tradable date of the shares; while the shareholders who had undertaken the obligation of the put warrants would not deal or transfer any of their shares within 36 months from the tradable date of the shares. In addition, China Merchants Steam Navigation Company Limited, Shenzhen Yan Qing Investment Development Company Limited and Shenzhen Chuyuan Investment Development Company Limited further undertook not to deal or transfer any of their shares for an additional 12 months after the expiration of the 36-month lock-up period unless the price of A Shares first reaches RMB8.48 or more (ex-right or ex-dividend, as the case may be) for the first time.

Upon completion of the Share Reform, shareholders who had undertaken the obligation of the put warrants would recommend the Board to set up a long-term incentive plan involving share appreciation rights scheme, which would be implemented by the Board either according to related national regulations, or after being put to the Board for consideration and approval by shareholders in the general meeting. The Board has set up the related share appreciation rights scheme, which would be implemented after being put to the shareholders for consideration and approval at the 2007 First Extraordinary General Meeting of the Company.

3.4 Disclosure as to, and reason for, the warning in respect of forecast of a probable loss in respect of the accumulated net profit from the beginning of the financial year to the end of the next reporting period or any significant changes in profit as compared with that of the corresponding period of last year

Applicable Not applicable

3.5 Other significant events requiring disclosure

3.5.1 The Company's shareholding in other listed companies

Applicable Not applicable

3.5.2 The Company's shareholding in non-listed financial institutions or companies proposed to be listed

Applicable Not applicable

| Name of investee companies held | Initial investment ('000) | No. of shares held | Proportion of equity held | Carrying amount at end of Reporting Period (RMB million) |
|---|---------------------------|--------------------|---------------------------|--|
| CMB International Capital Corporation Limited | HK\$250,000 | – | 100% | 313 |
| China UnionPay Co., Ltd. | RMB80,000 | – | 4.8% | 38 |
| EPS Company (Hong Kong) Limited | HK\$8,150 | – | 0.7% | 8 |
| China Merchants Fund Management Co., Ltd. | RMB190,914 | – | 33.4% | 191 |

Board of Directors
China Merchants Bank Co., Ltd.

22 October 2007

As at the date of this announcement, the executive directors of the Company are Ma Weihua, Zhang Guanghua and Li Hao; the non-executive directors of the Company are Qin Xiao, Wei Jiafu, Fu Yuning, Li Yinquan, Hong Xiaoyuan, Ding An Hua Edward, Sun Yueying, Wang Daxiong and Fu Junyuan; and the independent non-executive directors of the Company are Wu Jiesi, Yan Lan, Song Lin, Chow Kwong Fai, Edward, Liu Yongzhang and Liu Hongxia.