

*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.**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock code: 03968)**

**FIRST QUARTERLY REPORT OF 2014**

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

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

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

**§1 IMPORTANT NOTICE**

- 1.1 The Board of Directors, the Board of Supervisors and the directors, supervisors and senior management of China Merchants Bank Co., Ltd. hereby confirm that the information contained in this report is true, accurate and complete, does not contain any false representations, misleading statements or material omissions and individually and jointly accept full legal responsibilities for 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 objects to the truthfulness, accuracy and completeness of the information contained in the quarterly report.
- 1.3 The 15th meeting of the Ninth Session of the Board of Directors of the Company has approved the first quarterly report of 2014 of the Company through voting by correspondence. 17 out of the 17 directors attended and voted at the meeting.
- 1.4 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 the Shanghai Stock Exchange. Unless otherwise stated, all monetary sums stated in this report are expressed in RMB.

- 1.5 Hereinafter the Company, the Bank and China Merchants Bank mentioned in this report are all referred to China Merchants Bank Co., Ltd.; and the Group is referred to China Merchants Bank Co., Ltd. and its subsidiaries.
- 1.6 Mr. FU Yuning, Chairman of the Company, Mr. TIAN Huiyu, the President, Mr. LI Hao, the First Executive Vice President and Chief Financial Officer, and Mr. ZHOU Song, who is in charge of the Planning and Finance Department, hereby make representations in respect of the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

## §2 GENERAL INFORMATION

### 2.1 Major accounting data and financial indicators of the Group

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

	At the end of the reporting period 31 March 2014	At the end of last year 31 December 2013	Increase/decrease at the end of the reporting period as compared to the end of last year (%)
Total assets	<b>4,404,549</b>	4,016,399	9.66
Equity attributable to shareholders of the Bank	<b>283,335</b>	265,465	6.73
Net assets per share attributable to shareholders of the Bank <i>(in RMB Yuan)</i>	<b>11.23</b>	10.53	6.65
	Reporting period January to March 2014	Corresponding period of last year January to March 2013	Increase/ decrease in the reporting period as compared to the corresponding period of last year (%)
Net cash flow from operating activities	<b>60,242</b>	5,748	948.05
Net cash flow from operating activities per share <i>(in RMB Yuan)</i>	<b>2.39</b>	0.27	785.19

	Reporting period January to March 2014	Corresponding period of last year January to March 2013	Increase/ decrease in the reporting period as compared to the corresponding period of last year (%)
Net operating income <i>(note)</i>	<b>40,979</b>	30,978	32.28
Net profit attributable to the Bank's shareholders	<b>14,945</b>	13,021	14.78
Basic earnings per share attributable to shareholders of the Bank <i>(in RMB Yuan)</i>	<b>0.59</b>	0.60	(1.67)
Diluted earnings per share attributable to shareholders of the Bank <i>(in RMB Yuan)</i>	<b>0.59</b>	0.60	(1.67)
Annualized return on equity attributable to shareholders of the Bank – weighted average (%)	<b>21.79</b>	25.11	Decrease of 3.32 percentage points

*Note:* Net operating income is the sum of net interest income, net fee and commission income and other net income as well as share of profits in associates and joint ventures.

## 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 in accordance with the PRC Accounting Standards and the International Financial Reporting Standards, there is no difference between the net profit attributable to the Bank's shareholders for the reporting period ended 31 March 2014 and the equity attributable to shareholders of the Bank at the end of the reporting period.

## 2.3 Our capital adequacy ratios as at the end of the reporting period

Due to adjustments in the regulatory policies for capital measurement in respect of the bills sell-off in 2014 as well as the acceleration of the business expansion on the asset side in the first quarter of the year, our risk bearing assets grew rapidly. As at the end of March 2014, the capital adequacy ratio of the Group was 10.90%, representing a decrease of 0.24 percentage point as compared with the beginning of the year, and its core tier 1 capital adequacy ratio was 9.09%, representing a decrease of 0.18 percentage point as compared with the beginning of the year.

<b>The Group</b>	<b>At the end of the reporting period 31 March 2014</b> <i>(in millions of RMB, excluding percentages)</i>	<b>At the end of last year 31 December 2013</b>	<b>Increase/decrease at the end of the reporting period as compared to the end of last year (%)</b>
1. Net core tier 1 capital	<b>273,500</b>	254,393	7.51
2. Net tier 1 capital	<b>273,500</b>	254,393	7.51
3. Net capital	<b>327,798</b>	305,704	7.23
4. Risk-weighted assets	<b>3,007,771</b>	2,744,991	9.57
5. Core tier 1 capital adequacy ratio	<b>9.09%</b>	9.27%	Decrease of 0.18 percentage point
6. Tier 1 capital adequacy ratio	<b>9.09%</b>	9.27%	Decrease of 0.18 percentage point
7. Capital adequacy ratio	<b>10.90%</b>	11.14%	Decrease of 0.24 percentage point

As at the end of March 2014, the capital adequacy ratio of the Company was 10.56%, representing a decrease of 0.29 percentage point as compared with the beginning of the year, and its core tier 1 capital adequacy ratio was 8.80%, representing a decrease of 0.24 percentage point as compared with the beginning of the year.

<b>The Company</b>	<b>At the end of the reporting period 31 March 2014</b> <i>(in millions of RMB, excluding percentages)</i>	<b>At the end of last year 31 December 2013</b>	<b>Increase/decrease at the end of the reporting period as compared to the end of last year (%)</b>
1. Net core tier 1 capital	<b>246,807</b>	231,379	6.67
2. Net tier 1 capital	<b>246,807</b>	231,379	6.67
3. Net capital	<b>296,237</b>	277,710	6.67
4. Risk-weighted assets	<b>2,804,533</b>	2,560,011	9.55
5. Core tier 1 capital adequacy ratio	<b>8.80%</b>	9.04%	Decrease of 0.24 percentage point
6. Tier 1 capital adequacy ratio	<b>8.80%</b>	9.04%	Decrease of 0.24 percentage point
7. Capital adequacy ratio	<b>10.56%</b>	10.85%	Decrease of 0.29 percentage point

## 2.4 Total number of shareholders, the top ten shareholders and the top ten shareholders whose shares are not subject to trading moratorium as at the end of the reporting period

Total number of shareholders **535,269**

### Top ten shareholders and the top ten shareholders whose shares are not subject to trading moratorium

No.	Name of shareholder	Nature of shareholder	Percentage of Shareholding (%)	Number of shares held (Share)	Class of Shares	Number of shares subject to trading moratorium (Share)	Shares pledged or frozen (Share)
1	HKSCC Nominees Limited ( <i>Note 1</i> )	/	18.00	4,539,804,079	H shares	–	–
2	China Merchants Steam Navigation Company Limited	State-owned legal person	12.54	3,162,424,323	A Shares not subject to trading moratorium	–	–
3	An-Bang Insurance Group Co., Ltd. – Conventional insurance products	Domestic non-state-owned legal person	6.25	1,576,266,406	A Shares not subject to trading moratorium	–	–
4	China Ocean Shipping (Group) Company	State-owned legal person	6.24	1,574,729,111	A Shares not subject to trading moratorium	–	–
5	Sino Life Insurance Co., Ltd. – Universal Insurance H	Domestic non-state-owned legal person	4.09	1,031,787,433	A Shares not subject to trading moratorium	–	–
6	Shenzhen Yan Qing Investment and Development Company Limited	State-owned legal person	2.96	747,589,686	A Shares not subject to trading moratorium	–	–
7	Guangzhou Maritime Transport (Group) Company Limited	State-owned legal person	2.65	668,649,167	A Shares not subject to trading moratorium	–	–
8	Shenzhen Chu Yuan Investment and Development Company Limited	State-owned legal person	2.59	653,135,659	A Shares not subject to trading moratorium	–	–
9	China Communications Construction Company Limited	State-owned legal person	1.78	450,164,945	A Shares not subject to trading moratorium	–	–
10	SAIC Motor Corporation Limited	Domestic non-state-owned legal person	1.71	432,125,895	A Shares not subject to trading moratorium	–	–

*Note 1:* Shares held by HKSCC Nominees Limited are the total shares in the accounts of holders of H Shares of China Merchants Bank trading on the transaction platform of HKSCC Nominees Limited.

*Note 2:* Except that China Merchants Steam Navigation Company Limited, Shenzhen Yan Qing Investment and Development Company Limited and Shenzhen Chu Yuan Investment and Development Company Limited are subsidiaries of China Merchants Group Limited, the Company is not aware of any other related relationship among the above top ten shareholders not subject to trading moratorium.

*Note 3:* The above shareholders do not hold the shares of the Company through margin transaction securities accounts.

## 2.5 Management discussion and analysis

### 2.5.1 Analysis of operating status of the Group

As at the end of March 2014, total assets of the Group amounted to RMB4,404.549 billion, representing an increase of 9.66% as compared with the beginning of the year; and its total liabilities amounted to RMB4,120.707 billion, representing an increase of 9.87% as compared with the beginning of the year. Total deposits from customers amounted to RMB3,057.360 billion, representing an increase of 10.16% as compared with the beginning of the year. Total loans and advances amounted to RMB2,349.185 billion, representing an increase of 6.92% as compared with the beginning of the year.

For the period from January to March 2014, the Group realized a net profit attributable to shareholders of the Bank of RMB14.945 billion, representing an increase of 14.78% as compared with the corresponding period of the previous year, and an operating income of RMB40.979 billion, among which, net interest income increased by 13.62% to RMB26.183 billion from that of the corresponding period of the previous year, accounting for 63.89% of the operating income. Affected by the rising cost ratio of deposits and placements from banks and other financial institutions and deposits from customers, for the period from January to March 2014, net interest spread and net interest margin were 2.44% and 2.65% respectively, representing a decrease of 0.34 percentage point and 0.28 percentage point respectively as compared with the corresponding period of the previous year, and both representing a decrease of 0.14 percentage point as compared with the fourth quarter of 2013. Net fee and commission income of the Group increased by 79.38% to RMB11.611 billion from that of the corresponding period of the previous year, and accounted for 28.33% of the operating income, representing an increase of 7.43 percentage points as compared with the corresponding period of the previous year. Other net income amounted to RMB3.137 billion, representing an increase of 116.49% as compared with the corresponding period of the previous year. The cost-to-income ratio (excluding business tax and surcharges) of the Group decreased by 3.81 percentage points to 27.21% from that of the corresponding period of the previous year.

As at the end of March 2014, the balance of non-performing loans of the Group amounted to RMB19.870 billion, representing an increase of RMB1.538 billion as compared with the beginning of the year; the non-performing loan ratio was 0.85%, representing an increase of 0.02 percentage point as compared with the beginning of the year; and the allowance coverage ratio of our non-performing loans was 268.04%, representing an increase of 2.04 percentage points as compared with the beginning of the year; the allowance-to-loan ratio was 2.27%, representing an increase of 0.05 percentage point as compared with that at the beginning of the year.

## **2.5.2 Analysis of operating status of the Company**

For the period from January to March 2014, the domestic economic growth slowed down. The Company accelerated the adjustment of its operation model and the promotion of its operation transformation, thus maintaining a steady development momentum as a whole:

**Our assets and liabilities grew moderately.** As at the end of March 2014, total assets of the Company amounted to RMB4,154.367 billion, representing an increase of 9.27% as compared with the beginning of the year; and its total liabilities amounted to RMB3,871.453 billion, representing an increase of 9.50% as compared with the beginning of the year. Total loans and advances amounted to RMB2,129.987 billion, representing an increase of 6.01% as compared with the beginning of the year, among which, corporate loans accounted for 58.89%, retail loans accounted for 38.10% and discounted bills accounted for 3.01%. Deposits from customers totalled at RMB2,924.531 billion, representing an increase of 10.16% as compared with the beginning of the year, among which, demand deposits accounted for 50.81% and time deposits accounted for 49.19%. Among the demand deposits, corporate deposits accounted for 59.90% while retail deposits accounted for 40.10%; and among the time deposits, corporate deposits accounted for 72.84% and retail deposits accounted for 27.16%.

**Our profits grew steadily.** For the period from January to March 2014, the Company realized a net profit of RMB13.969 billion, representing an increase of 13.61% as compared with the corresponding period of the previous year. The Company realized an operating income of RMB38.923 billion, among which, net interest income increased by 13.49% from that of the corresponding period of the previous year to RMB25.202 billion, accounting for 64.75% of the operating income. Affected by the rising cost ratio of deposits and placements from banks and other financial institutions and deposits from customers, net interest spread and net interest margin decreased to 2.50% and 2.71% respectively, representing a decrease of 0.35 percentage point and 0.29 percentage point respectively as compared with the corresponding period of the previous year, and both representing a decrease of 0.14 percentage point as compared with the fourth quarter of 2013.

**Our overall risk in asset quality was under control, and our allowance coverage ratio kept rising.**

The Company proactively responded to deceleration in domestic economic growth, dynamically adjusted its credit policies, decreased or declined loans to uncompetitive small enterprises, overcapacity industries, group companies with large amounts of risk-bearing loans and privately-owned guarantee agencies, enhanced comprehensiveness and consistency in risk management of emerging financing businesses, proactively prevented the risk of loans to real estate enterprises, local government financing platforms, overcapacity industries, cross-border arbitrage commodities and other key fields, strengthened the monitoring, pre-warning and control of regional risk, accelerated the disposal of non-performing assets, and carried out investigations and identified responsibilities



in respect of non-performing loans on a timely basis, thus effectively preventing deterioration in asset quality. As at the end of March 2014, the balance of the non-performing loans of the Company amounted to RMB19.618 billion, representing an increase of RMB1.549 billion as compared with the beginning of the year, and the non-performing loan ratio was 0.92%, representing an increase of 0.02 percentage point as compared with the beginning of the year.

The Company continued to adopt a stable and prudent policy in respect of making provisions. In the first quarter of the year, the Company increased provisions for its risk-bearing loans granted to overcapacity industries. As at the end of March 2014, the balance of allowances for impairment losses on loans of the Company amounted to RMB51.554 billion, representing an increase of RMB4.332 billion as compared with that at the beginning of the year. The non-performing loan allowance coverage ratio was 262.79%, representing an increase of 1.45 percentage points as compared with the beginning of the year; the allowance-to-loan ratio was 2.42%, representing an increase of 0.07 percentage point as compared with the beginning of the year.

### **Our operation transformation achieved satisfactory results**

**Our retail business maintained steady growth.** As at the end of March 2014, the total amount of assets under management (AUM) from our retail customers exceeded RMB3 trillion, with a balance amount reaching RMB3,011.8 billion, representing an increase of 6.60% as compared with that at the beginning of the year. Among which, the balance of assets under management of the Company from its sunflower-level and above customers (retail customers of the Company with minimum total daily average assets of RMB500,000 per month) amounted to RMB2,216.3 billion, an increase of 7.98% from the beginning of the year, and the balance of assets under management of the Company from its private banking customers (retail customers of the Company with minimum total daily average assets of RMB10 million and above per month) amounted to RMB630.6 billion, an increase of 10.36% from the beginning of the year. Balance of retail deposits amounted to RMB986.581 billion, an increase of 9.74% from the beginning of the year, and balance of retail loans amounted to RMB811.630 billion, an increase of 3.32% from the beginning of the year.

**Our non-interest income increased rapidly.** During the period from January to March 2014, the Company realized a net non-interest income of RMB13.721 billion, representing an increase of 89.91% as compared with the corresponding period of the previous year. Among which, net fee and commission income of the Company increased by 78.70% from that for the corresponding period of the previous year to RMB10.865 billion, which was mainly due to the increase in commissions from credit commitment and loan business, commissions from custody and other trustee businesses and financial advisory income. Net fee and commission income accounted for 27.91% of the operating income, representing an increase of 7.25 percentage points as compared with the corresponding period of the previous year. Other net income amounted to RMB2.856 billion, representing an increase of 149.43% as compared with the corresponding period of the previous year, which was mainly due to the increase in bills spread income and net gain arising from foreign exchanges.



**Our small and micro enterprise businesses continued to grow.** The Company continued to adopt the “Small and Micro Enterprises” development strategies, and gradually improved its professional operation system. The data of our small and micro enterprise businesses was different from that at the end of the previous year due to the change of the Bank’s caliber after further growth of certain enterprises at the beginning of the year, which requires elimination of relevant data, and the Company has adjusted the classification of certain products. As at 31 March 2014, balance of the Company’s loans to small and micro enterprises totalled RMB598.118 billion, representing an increase of RMB33.094 billion or 5.86% over the beginning of the year (calculated on the Bank’s caliber), and accounted for 29.86% of domestic general loans (excluding discounted bills), representing an increase of 0.07 percentage point over the beginning of the year, of which: balance of the small enterprises loans amounted to RMB291.864 billion, up by 3.13% as compared with the beginning of the year, and the proportion of small enterprises loans to domestic corporate loans reached 24.50%, representing a decrease of 0.97 percentage point as compared with the beginning of the year; balance of micro enterprises loans amounted to RMB306.254 billion, up by 8.59% as compared with the beginning of the year, and the proportion of micro enterprises loans to total retail loans reached 37.73%, representing an increase of 1.83 percentage points as compared with the beginning of the year. The non-performing loan ratios of loans granted to small enterprises and micro enterprises were 1.85% and 0.64% respectively.

**Our capability in risk pricing of loans remained stable.** During the period from January to March 2014, the floating range of weighted average interest rates of newly granted corporate loans in RMB (weighted at actual amounts, same as below) was 14.19%, among which, the floating ranges of weighted average interest rate of newly granted small enterprises loans was 23.73%, up by 0.95 percentage point as compared with the previous year. The floating range of weighted average interest rates of newly granted retail loans in RMB was 27.08%, among which, the floating ranges of weighted average interest rate of newly granted micro enterprises loans was 30.09%.

**Our high-net-worth customers increased steadily.** As at the end of March 2014, the number of sunflower-level and above customers increased by 7.51% as compared with the beginning of the year; and the number of private banking customers increased by 9.59% as compared with the beginning of the year.

**Our overall costs remained stable.** During the period from January to March 2014, operating expenses of the Company amounted to RMB13.158 billion. Cost-to-income ratio (excluding business tax and surcharges) was 27.38%, representing a decrease of 3.88 percentage points as compared with the corresponding period of the previous year.

### §3 SIGNIFICANT EVENTS

#### 3.1 Disclosure as to, and reason for, material changes in major accounting items and financial indicators of the Group

The table below sets out the major accounting items with change rate over 30% and their reasons:

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

Major items	As at 31 March 2014	Increase/decrease as compared to the end of last year	Major reasons
Placements with banks and other financial institutions	55,718	43.42%	Increase in scale of domestic placements with other banks
Financial assets at fair value through profit or loss	34,864	50.13%	Increase in investments in trading bonds
Investment receivables	327,548	39.14%	Increase in trust beneficiary rights and other investment receivables
Other assets	13,729	42.95%	Increase in amounts due from fixed POS settlements
Deposits from other banks and financial institutions	163,842	30.94%	Increase in placements from banks
Financial assets sold under agreements to repurchase	43,027	(71.91%)	Decrease in bonds sold under repurchase agreement
Financial liabilities at fair value through profit or loss	15,094	(31.05%)	Decrease in paper precious metals from other banks designated at fair value through profit or loss
Salaries and welfare payable	6,984	36.43%	Increase in provision for salaries and welfare
Investment revaluation reserve	(3,059)	44.77%	Increase in valuation of available-for-sale financial assets

Major items	January to March 2014	Increase/ decrease as compared to the corresponding period of last year	Major reasons
Interest income	50,491	30.86%	Increase in interest-earning assets and yield
Interest expense	(24,308)	56.42%	Increase in interest-bearing liabilities and cost ratio
Fee and commission income	12,404	79.69%	Increase in commissions from credit commitment and loan business, commissions from custody and other trustee businesses and financial advisory income
Fee and commission expense	(793)	84.42%	Increase in bank cards fee expense
Other net income	3,137	116.49%	Increase in bills spread income and net gain arising from foreign exchange
Impairment losses on assets	(7,428)	260.23%	Increase in provision for impairment losses on assets

### 3.2 Performance of undertakings given by the Company, shareholders and de facto controllers

In the course of the rights issue of A shares and H shares in 2013, China Merchants Group Limited (“China Merchants Group”), China Merchants Steam Navigation Co., Ltd. and China Ocean Shipping (Group) Company had individually undertaken that, they will not seek for related-party transactions on terms more favourable than those given to other shareholders; they will repay the principal and interest thereon to the Company when falling due; they will not intervene the ordinary operations of the Company; if they participate in the subscription of the rights shares, they will neither transfer or entrust others to manage the allocated shares within five years from the transfer of such shares, nor will they seek for a repurchase by the Company of the allocated shares held by them; upon expiration of the lock-up period of the allocated shares, they will not transfer their allocated shares until they obtain approval from the regulatory authorities on the share transfer and the shareholder qualification of transferees; they will continue to supplement the reasonable capital demand of the Company if an approval is granted by the Board of Directors and the shareholders’ general meeting; they will not impose improper performance indicators on the Company. In the course of the rights issue of H shares, China Merchants Group Limited had also made a number of undertakings to the Company and joint global coordinators. For details of the aforesaid undertakings, please refer to the A Share Rights Issue prospectus dated 22 August 2013 and the H Share Rights Issue prospectus dated 5 September 2013 on the website of the Company ([www.cmbchina.com](http://www.cmbchina.com)). As far as the Company is aware, as at the date of the report, the above shareholders did not violate the aforesaid undertakings.

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

☐ Applicable ☒ Not applicable

**3.4 Implementation of the cash-based dividends policy during the reporting period**

During the reporting period, upon approval at the 14th meeting of the Ninth Session of the Board of Directors of the Company, as stated in the audited PRC financial statements of the Company for 2013, 10% of the profit after tax of RMB48.842 billion, equivalent to RMB4.884 billion, was transferred to the statutory surplus reserve, while 1.5% of the total amount of the increased risk-bearing assets in this reporting period, equivalent to RMB6.913 billion, was appropriated to the general reserve. Based on the total share capital of A Shares and H Shares on the record date for implementation of the profit appropriation, the Company proposed to declare a cash dividend of RMB6.20 (tax included) for every 10 shares to all shareholders of the Company, payable in RMB for holders of A Shares and in HKD for holders of H Shares. The retained profit will be carried forward to the next year. In 2013, the Company did not transfer any capital reserve into share capital. The above proposal of profit appropriation is subject to consideration and approval at the 2013 Annual General Meeting of the Company.

**3.5 Establishment of branches**

During the reporting period, establishment of our branches was steadily under way. Tangshan Branch and Liupanshui Branch of the Company have obtained approvals and commenced operations.

By order of the Board of Directors of  
**China Merchants Bank Co., Ltd.**

28 April 2014

*As at the date of this announcement, the executive directors of the Company are Tian Huiyu, Zhang Guanghua and Li Hao; the non-executive directors of the Company are Fu Yuning, Ma Zehua, Li Yinquan, Fu Gangfeng, Hong Xiaoyuan, Xiong Xianliang, Sun Yueying and Fu Junyuan; and the independent non-executive directors of the Company are Xu Shanda, Wong Kwai Lam, Pan Chengwei, Pan Yingli, Guo Xuemeng and Xiao Yuhuai.*

# UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in millions of Renminbi unless otherwise stated)

	For the period from January to March ended 31 March	
	2014	2013
Interest income	50,491	38,584
Interest expense	(24,308)	(15,540)
<b>Net interest income</b>	<b>26,183</b>	<b>23,044</b>
Fee and commission income	12,404	6,903
Fee and commission expense	(793)	(430)
<b>Net fee and commission income</b>	<b>11,611</b>	<b>6,473</b>
<b>Other net income</b>	<b>3,137</b>	<b>1,449</b>
<b>Total operating income</b>	<b>40,931</b>	<b>30,966</b>
Operating expense	(13,707)	(11,625)
Provision for insurance claims	(83)	(86)
<b>Operating profit before impairment losses</b>	<b>27,141</b>	<b>19,255</b>
Impairment losses on assets	(7,428)	(2,062)
Gains on investment in associates	–	8
Gains on investment in joint ventures	48	4
<b>Profit before tax</b>	<b>19,761</b>	<b>17,205</b>
Less: income tax expense	(4,794)	(4,187)
<b>Net profit</b>	<b>14,967</b>	<b>13,018</b>
Attributable to:		
Equity shareholders of the Bank	14,945	13,021
Non-controlling interests	22	(3)

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)***(Expressed in millions of Renminbi unless otherwise stated)*

	<i><b>RMB</b></i>	<i><b>RMB</b></i>
<b>Earnings per share</b>		
Basic earnings per share	<b>0.59</b>	0.60
Diluted earnings per share	<b>0.59</b>	0.60
	<b><u>0.59</u></b>	<b><u>0.60</u></b>
<b>Other comprehensive income for the period</b>		
Exchange differences	<b>240</b>	(58)
Equity-accounted investees-share of other comprehensive income	<b>5</b>	—
Net movement in fair value reserve of available-for-sale financial assets	<b>2,480</b>	1,235
Effective portion of movements in fair value of cash flow hedge	<b>200</b>	(110)
	<b><u>2,925</u></b>	<b><u>1,067</u></b>
<b>Other comprehensive income for the period</b>	<b>2,925</b>	1,067
	<b><u>2,925</u></b>	<b><u>1,067</u></b>
<b>Total comprehensive income for the period</b>	<b>17,892</b>	14,085
	<b><u>17,892</u></b>	<b><u>14,085</u></b>
<b>Total comprehensive income attributable to:</b>		
Equity shareholders of the Bank	<b>17,870</b>	14,088
Equity shareholders of the non-controlling interests	<b>22</b>	(3)
	<b><u>17,892</u></b>	<b><u>14,085</u></b>



**UNAUDITED CONSOLIDATED INCOME STATEMENTS***(Expressed in millions of Renminbi unless otherwise stated)*

	<b>For the period from January to March ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
Interest income	<b>48,118</b>	36,820
Interest expense	<b>(22,916)</b>	(14,614)
<b>Net interest income</b>	<b>25,202</b>	22,206
Fee and commission income	<b>11,588</b>	6,487
Fee and commission expense	<b>(723)</b>	(407)
<b>Net fee and commission income</b>	<b>10,865</b>	6,080
<b>Other net income</b>	<b>2,856</b>	1,145
<b>Total operating income</b>	<b>38,923</b>	29,431
Operating expense	<b>(13,158)</b>	(11,176)
<b>Operating profit before impairment losses</b>	<b>25,765</b>	18,255
Impairment losses on assets	<b>(7,275)</b>	(1,973)
<b>Profit before tax</b>	<b>18,490</b>	16,282
Less: income tax expense	<b>(4,521)</b>	(3,986)
<b>Net profit</b>	<b>13,969</b>	12,296

**UNAUDITED CONSOLIDATED INCOME STATEMENTS (CONTINUED)***(Expressed in millions of Renminbi unless otherwise stated)***For the period from January  
to March ended 31 March**

	<b>2014</b>	<b>2013</b>
<b>Other comprehensive income for the period</b>		
Exchange differences	<b>3</b>	—
Net movement in fair value reserve of available-for-sale financial assets	<b>2,438</b>	1,188
Effective portion of movements in fair value of cash flow hedge	<b>200</b>	(110)
	<hr/>	<hr/>
<b>Other comprehensive income for the period</b>	<b>2,641</b>	1,078
	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>16,610</b>	13,374
	<hr/>	<hr/>

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

	<b>31 March 2014</b>	31 December 2013
<b>Assets</b>		
Cash	15,718	15,662
Precious metals	7,352	6,633
Balances with central bank	537,553	501,577
Balances with banks and other financial institutions	55,718	38,850
Placements with banks	139,534	148,047
Financial assets purchased under agreements to resell	394,225	318,905
Loans and advances	2,295,925	2,148,330
Interest receivables	21,429	17,699
Financial assets at fair value through profit or loss	34,864	23,223
Derivative financial assets	6,362	5,925
Available-for-sale financial assets	291,499	289,911
Held-to-maturity investments	215,969	208,927
Investment receivables	327,548	235,415
Interest in associates	20	19
Interest in joint ventures	817	759
Fixed assets	24,109	24,199
Investment properties	1,705	1,701
Intangible assets	3,191	2,996
Goodwill	9,953	9,953
Deferred income tax assets	7,329	8,064
Other assets	13,729	9,604
<b>Total assets</b>	<b>4,404,549</b>	<b>4,016,399</b>
<b>Liabilities</b>		
Deposits from banks and other financial institutions	654,610	514,182
Placements from banks	163,842	125,132
Financial assets sold under agreements to repurchase	43,027	153,164
Deposits from customers	3,057,360	2,775,276
Interests payable	33,746	30,988
Financial liabilities as at fair value through profit or loss	15,094	21,891
Derivative financial liabilities	7,620	8,235
Bonds payable	82,216	68,936
Salaries and welfare payable	6,984	5,119
Taxes payable	10,213	8,722
Deferred income tax liabilities	784	770
Other liabilities	45,211	38,028
<b>Total liabilities</b>	<b>4,120,707</b>	<b>3,750,443</b>

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

	<b>31 March 2014</b>	31 December 2013
<b>Shareholders' equity</b>		
Share capital	<b>25,220</b>	25,220
Capital reserve	<b>67,520</b>	67,515
Investment revaluation reserve	<b>(3,059)</b>	(5,539)
Hedging reserve	<b>(751)</b>	(951)
Surplus reserve	<b>23,502</b>	23,502
Regulatory general reserve	<b>46,445</b>	46,347
Retained profits	<b>110,318</b>	95,471
Proposed profit appropriations	<b>15,636</b>	15,636
Foreign currency translation reserve	<b>(1,496)</b>	(1,736)
	<hr/>	<hr/>
Total equity attributable to the Bank's shareholders	<b>283,335</b>	265,465
Minority interests	<b>507</b>	491
	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>283,842</b>	265,956
	<hr/>	<hr/>
<b>Total liabilities and shareholders' equity</b>	<b>4,404,549</b>	4,016,399
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>31 March 2014</b>	31 December 2013
<b>Assets</b>		
Cash	15,164	14,918
Precious metals	7,352	6,633
Balances with central bank	531,348	496,469
Balances with banks and other financial institutions	44,612	28,660
Placements with banks	132,979	144,968
Financial assets purchased under agreements to resell	394,179	318,023
Loans and advances	2,078,433	1,962,035
Interest receivables	20,440	16,819
Financial assets at fair value through profit or loss	32,231	20,394
Derivative financial assets	6,034	5,515
Available-for-sale financial assets	276,506	273,923
Held-to-maturity investments	210,810	203,503
Investment receivables	327,542	236,585
Interest in subsidiaries	35,273	35,273
Interest in joint ventures	171	171
Fixed assets	20,558	20,653
Investment properties	499	507
Intangible assets	2,153	1,973
Deferred income tax assets	7,083	7,820
Other assets	11,000	7,152
	<hr/>	<hr/>
<b>Total assets</b>	<b>4,154,367</b>	<b>3,801,994</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>		
Deposits from banks and other financial institutions	651,233	509,640
Placements from banks	96,702	69,828
Financial assets sold under agreements to repurchase	41,803	151,861
Deposits from customers	2,924,531	2,654,881
Interests payable	32,211	29,779
Financial liabilities as at fair value through profit or loss	14,609	21,360
Derivative financial liabilities	7,258	7,802
Bonds payable	52,948	50,143
Salaries and welfare payable	6,427	4,634
Taxes payable	9,451	8,219
Other liabilities	34,280	27,543
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>3,871,453</b>	<b>3,535,690</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>31 March 2014</b>	31 December 2013
<b>Shareholders' equity</b>		
Share capital	<b>25,220</b>	25,220
Capital reserve	<b>76,681</b>	76,681
Investment revaluation reserve	<b>(3,203)</b>	(5,641)
Hedging reserve	<b>(751)</b>	(951)
Surplus reserve	<b>23,502</b>	23,502
Regulatory general reserve	<b>45,762</b>	45,762
Retained profits	<b>100,068</b>	86,099
Proposed profit appropriations	<b>15,636</b>	15,636
Foreign currency translation reserve	<b>(1)</b>	(4)
	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>282,914</b>	266,304
	<hr/>	<hr/>
<b>Total liabilities and shareholders' equity</b>	<b>4,154,367</b>	3,801,994
	<hr/> <hr/>	<hr/> <hr/>



**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT***(Expressed in millions of Renminbi unless otherwise stated)***For the period from January to  
March ended 31 March**

	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>19,761</b>	<b>17,205</b>
Adjustments for:		
– Impairment losses on loans and advances	<b>7,352</b>	<b>1,978</b>
– Impairment losses on investments	<b>6</b>	<b>1</b>
– Impairment losses on other assets	<b>70</b>	<b>83</b>
– Unwind of discount income on impaired loans	<b>(150)</b>	<b>(65)</b>
– Fixed assets depreciation	<b>834</b>	<b>799</b>
– Amortization of other assets	<b>116</b>	<b>77</b>
– Amortisation of discount and premium of debt investments	<b>19</b>	<b>51</b>
– Amortisation of discount and premium of issued debts	<b>45</b>	<b>5</b>
– Share of profits of joint ventures	<b>(48)</b>	<b>(4)</b>
– Share of profits of associates	<b>–</b>	<b>(8)</b>
– Net gains on debt investment	<b>(1,853)</b>	<b>(1,002)</b>
– Interest income on debt investment	<b>(7,981)</b>	<b>(4,113)</b>
– Interest expense on issued debts	<b>587</b>	<b>896</b>
<b>Changes in:</b>		
Balances with central bank	<b>(33,970)</b>	<b>(7,020)</b>
Balances and placements with banks and other financial institutions with original maturity over 3 months	<b>(119,117)</b>	<b>26,631</b>
Loans and advances	<b>(162,088)</b>	<b>(86,204)</b>
Other assets	<b>(1,609)</b>	<b>(9,580)</b>
Deposits from customers	<b>282,084</b>	<b>196,903</b>
Deposits and placements from banks and other financial institutions	<b>69,001</b>	<b>(132,859)</b>
Other liabilities	<b>7,183</b>	<b>1,974</b>
	-----	-----
<b>Net cash generated from operating activities</b>	<b>60,242</b>	<b>5,748</b>
<b>Income tax paid</b>	<b>(3,593)</b>	<b>(2,965)</b>
	-----	-----

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

	<b>For the period from January to March ended 31 March</b>	
	<b>2014</b>	<b>2013</b>
<b>Cash flows from investing activities</b>		
Cash received from recovery of investments	<b>345,279</b>	384,399
Cash received from return on investments	<b>7,959</b>	4,060
Cash received from disposal of fixed assets and other assets	<b>2</b>	2
Cash paid for investments	<b>(458,636)</b>	(446,644)
Cash paid for purchase and construction of fixed assets and other assets	<b>(375)</b>	(209)
	-----	-----
<b>Net cash flow from investing activities</b>	<b>(105,771)</b>	(58,392)
	-----	-----
<b>Cash flow from financing activities</b>		
Cash received from minority shareholders	<b>—</b>	89
Proceeds from issuance of interbank deposits	<b>2,797</b>	—
Proceeds from issuance of certificates of deposit	<b>18,510</b>	6,802
Repayment of certificates of deposit issued	<b>(7,854)</b>	(3,770)
Interest paid on issued debts	<b>(966)</b>	(925)
Paid in cash to minority interests	<b>(21)</b>	—
	-----	-----
<b>Net cash flow from financing activities</b>	<b>12,466</b>	2,196
	-----	-----
Effect of exchange differences on cash	<b>394</b>	(28)
<b>Net decrease in cash and cash equivalents</b>	<b>(36,262)</b>	(53,441)
	-----	-----
Add: balance of cash and cash equivalents at the beginning of the period	<b>349,949</b>	452,855
<b>Balance of cash and cash equivalents at the end of the period</b>	<b>313,687</b>	399,414
	=====	=====
<b>Cash flows from operating activities include:</b>		
Interest received	<b>46,761</b>	35,811
Interest paid	<b>20,584</b>	13,900
	=====	=====