

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)
OVERSEAS REGULATORY ANNOUNCEMENT
THIRD QUARTERLY REPORT OF 2006

Pursuant to the regulations of the China Securities Regulatory Commission, 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. This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

IMPORTANT NOTICE
 The board of directors (the "Board") and the directors (the "Directors") of the Company hereby confirm that the information contained in this report does not contain any false representations, misleading statements or material omissions. The Directors jointly and severally accept full responsibilities for the truthfulness, accuracy and completeness of the information contained in this report. The 34th meeting of the Sixth Session of the Board has approved the third quarterly report of 2006 of the Company through voting by correspondence.

1.3 The financial statements contained in the third quarterly report of 2006 of the Company are unaudited.
 1.4 Mr. QIN Xiao, Chairman of the Company, Mr. MA Weihua, the President, Mr. CHEN Wei, the Executive Vice President and Chief Financial Officer, and Mr. YIN Xuewen, 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 report.
 1.5 For the unaudited consolidated balance sheet, consolidated income statement and consolidated cash flow statement as at September 30, 2006, please visit the website of Shanghai Stock Exchange: www.sse.com.cn.

2 CORPORATE INFORMATION

2.1 Basic Information of the Company	
Stock Abbreviation	A share (prior to changed)
Stock Code	G CMB 600036
Authorized Representatives of the Board, Joint Company Secretary	Secretary of the Board, Joint representative LAN OI
Name	MA Weihua, CHEN Wei
Correspondence Address	7088 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, China
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2.2 Major accounting data and financial ratios

Item	September 30, 2006		December 31, 2005	
	July - September 2006	January - September 2006	July - September 2006	January - September 2006
Total assets	874,009,111	733,983,030	19,08%	106.30%
Shareholders' equity (excluding minority interests)	50,895,031	24,670,346	3.51	47.48%
Net assets per share (in RMB Yuan)	3.50	2.37		47.68%
Adjusted net assets per share (in RMB Yuan)				

Item	July - September 2006		January - September 2006	
	July - September 2006	January - September 2006	July - September 2006	January - September 2006
Net cash flow from operating activities	6,189,956	34,507,178	0.12	0.31
Earnings per share (in RMB Yuan)	0.12	0.31		
Return on net assets (%)	3.28	8.78		
Return on net assets, net of non-recurring gains or losses (%)	3.25	8.69		

Non-recurring gains or losses
 Non-operating income
 Non-operating expense
 Net non-operating income/(expenses)

1. Reason attributable to substantial increase in shareholders' equity during the reporting period were: (1) Issuance and listing of H shares; (2) Increase in net profits; (3) conversion of convertible bonds.
 2. Reason attributable to decrease in return on net assets was the dilution of return on net assets due to substantial increase in shareholders' equity.

2.2.2 Supplementary financial data at the end of the reporting period and the corresponding period of the previous year

Item	September 30, 2006		September 30, 2005	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
Total liabilities	823,114,080	679,889,117		
Total deposits	604,120,829	621,430,429		
Among: long-term deposits	540,128,738	454,300,582		
Total loans	231,661,600	203,825,455		
Among: Short-term loans	9,083,852	12,543,964		
Import bill advance and export bill purchase	93,661,522	90,897,195		
Discounted Bills	195,324,108	135,224,353		
Medium to long-term loans	10,397,656	11,809,889		

Note: At the end of the reporting period, provision for impairment losses on loans amounted to RMB15,396,532 million. Allowances for impairment losses on loans for the corresponding period of the previous year were RMB13,081,367 million.

2.2.3 Income statements

Item	(Amounts expressed in thousands of RMB unless otherwise stated)	
	July - September 2006	January - September 2006
1. Net interest income	14,687,457	23,890,214
Interest income	5,259,003	8,619,521
Interest expense	(3,360,518)	(9,202,757)
2. Net fee and commission income	6,001,133	7,724,285
Fee and commission income	730,248	(2,243,398)
1. Fee and commission expense	(130,713)	(327,956)
2. Other net operating income	189,549	189,549
Net gains arising from changes in fair value	474,830	474,830
Net profits from other businesses	5,023	(20,393)
Operating expense	(2,915,524)	(7,764,194)
Business tax and other surcharges	(2,404,533)	(6,643,642)
3. Expense on the provision for impairment losses	(454,587)	(1,120,552)
4. Operating profit	2,661,683	7,048,449
Net non-operating income	17,110	47,808
Profit before tax	2,678,793	7,096,257
Less: Income tax	(1,009,549)	(2,627,949)
8. Net profit	1,669,244	4,468,308

2.3 Participants of shareholders and holders of convertible bonds
 2.3.1 Total number of shareholders
 As at the end of the reporting period, the Company had a total of 232,309 shareholders, including 115,529 A Share shareholders and 116,780 H Share shareholders. The Company had 1,521 convertible bonds holders.

2.3.2 Interest in shares for the 10 largest shareholders of shares in circulation not subject to trading moratorium
 No. Name of shareholders Number of shares held Class of shares

1 HNSCC (Nominees) Limited	2,343,093,500	H share
2 China Life Insurance Company Limited - Discretionary Participation - Discretionary Participation for Individual Insurance business-051-TH002HU	88,357,649	A share not subject to trading moratorium
3 Yinhua High Grade Growth Equity Securities Investment Fund	67,922,658	A share not subject to trading moratorium
4 MORGAN STANLEY & CO. INTERNATIONAL LIMITED	67,062,526	A share not subject to trading moratorium
5 The Hongkong and Shanghai Banking Corporation Limited	67,026,122	A share not subject to trading moratorium
6 GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD	66,257,450	A share not subject to trading moratorium
7 UBS LIMITED	61,684,855	A share not subject to trading moratorium
8 Jishi Selected Mix Securities Investment Fund	58,267,770	A share not subject to trading moratorium
9 CITICGROUP GLOBAL MARKETS LIMITED	56,313,677	A share not subject to trading moratorium
10 Ping An Life Insurance Company of China, Ltd. - Traditional-common Insurance Product	55,338,811	A share not subject to trading moratorium

Note:
 1. The Company is not aware whether the above-mentioned 10 largest shareholders of shares not subject to trading moratorium had any connected relationship or they were connected parties.
 2. The HNSCC of Hong Kong Limited is the total number of H Shares of China Merchants Bank held by shareholders which are traded on the mainland stock market in the name of H Share shareholders.

2.3.3 Shareholdings of the 10 largest holders of convertible bonds

No. Name of holders	Class of bonds	Amount of bonds held at the end of the reporting period (in RMB Yuan)	Percentage to the size issued
1 Xigeye Convertible Mixed Securities Investment Fund	Convertible bond	3,240,000	0.238%
2 Shephard Longgan District Investment Management Co., Ltd.	Convertible bond	3,240,000	0.050%
3 ZHANG Yubin	Convertible bond	385,000	0.006%
4 ZHANG Zhibin	Convertible bond	372,000	0.006%
5 ZHANG Wen	Convertible bond	282,000	0.003%
6 Guotai Golden Dragon Bond Securities Investment Fund	Convertible bond	225,000	0.003%
7 China Southern Securities Co., Ltd.	Convertible bond	213,000	0.003%
8 YU Xiaohong	Convertible bond	130,000	0.002%
9 GUO Ya	Convertible bond	130,000	0.002%
10 Shenzhen Xuelongda Industry Development Co., Ltd.	Convertible bond	124,000	0.002%
Total		20,556,000	0.316%

Note: The Company is not aware whether the 10 largest holders of convertible bonds and the 10 largest shareholders of shares not subject to trading moratorium had any connected relationship or they were connected parties.

2.3.4 Price adjustment to convertible bonds

No adjustment has been made to the price of convertible bonds during the reporting period.

2.3.5 Accumulated conversion of convertible bonds

As at the end of the reporting period, a total of "CMB Convertible bonds" (110036) issued by the Company at an amount of RMB6,471,638,000 had been converted into shares of "CMB" (600036). The number of bonds converted into shares was 2,733,467 during the reporting period, with an accumulative number of bonds converted into shares of 1,039,060,149 (including shares from capital reserve). The outstanding amount of "CMB Convertible bonds" was RMB28,362,000, representing 0.44% of the total amount of "CMB Convertible bonds" issued by the Company.

As at September 25, 2006, the remaining outstanding convertible bonds of the Company were less than RMB30,000,000. Pursuant to the relevant regulations, the trading of "CMB Convertible bonds" had been suspended since September 29, 2006. Subsequent to the suspension of trading of "CMB Convertible bonds", and before conversion period expires, the conversion of "CMB Convertible bonds" into shares of "CMB" (600036) in accordance with the agreed conditions. The said convertible bonds remain to be abbreviated "CMB Convertible bonds" with stock code as "190036".

3 MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Brief analysis on the overall operating activities of the Company during the reporting period

As at September 30, 2006, the principal operations of the Company were as follows:

- Total assets amounted to RMB874,009 billion, representing an increase of 19.08% as compared to RMB140,026 billion as at December 31, 2005.
- Total loans amounted to RMB540,129 billion, representing an increase of 14.39% as compared to RMB67,944 billion as at December 31, 2005. Total deposits amounted to RMB732,101 billion, representing an increase of 15.40% as compared to RMB697,697 billion as at December 31, 2005.
- Shareholders' equity was RMB50,895 billion, net assets per share was RMB3.51 and earnings per share was RMB0.31.
- According to the "5-category" loan classification system, non-performing loans amounted to RMB12.4 billion, representing a non-performing loan ratio of 2.30%.

3.1.1 Principal operations or products accounting for more than 10% of principal operating income or profit from principal operating activities

Principal operating income	(Amounts expressed in thousands of RMB unless otherwise stated)	
	July - September 2006	January - June 2006
26,586,752	17,294,905	34.95
Principal operating income = Interest income + fee and commission income + other net operating income		
Principal operating costs = Interest expense + fee and commission expense + operating expense		

3.1.2 Seasonal or cyclical features of the operations of the Company

Applicable Not applicable

3.1.3 Analysis of reasons for material changes in profit ratio during the reporting period as compared to the previous reporting period

During the reporting period, there were no material changes in profit ratio of the Company as compared to the previous reporting period.

3.1.4 Analysis of reasons for material changes in the principal operating activities and their structure as compared to those of the previous reporting period

During the reporting period, there were no material changes in the principal operating activities of the Company and their structure as compared to the previous reporting period.

Item	(Amounts expressed in thousands of RMB unless otherwise stated)	
	January - September 2006	January - June 2006
Principal operating income	26,586,752	16,973,325
Principal operating costs	17,294,905	10,888,748
Gross profit margin %	34.95	35.85

3.2 Significant events and the analysis on their impact and solutions
 3.2.1 Cash arrangement of convertible bonds of the Company in the coming years
 As at the end of the reporting period, the Company had only RMB28,362,000 of "CMB convertible bonds" (110036) remained outstanding, representing 0.44% of the total "CMB convertible bonds" of RMB6.5 billion being issued by the Company. The Company warrants that it will be able to pay for the principal and interest of these convertible bonds.

3.2.2 Other significant events

(1) Non-tradable share reform
 In February 2006, the Company implemented the non-tradable 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 Chuanyuan 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 (as-right or ex-dividend, as the case may be) for the first time.

Upon completion of the non-tradable 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 options incentives, 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 related long-term incentive plan is now under the process of approval by the competent authority of the State.

(2) Issue of H Shares
 The Company has issued a total of 2,200,000,000 H Shares at HK\$5.55 each. Our state-owned shareholders reduced their shareholdings by 220,000,000 shares in share-owned shares and transferred all their shares to the "Shareholders Council for Social Security Fund". The total H Shares issued by the Company amounted to 2,420,000,000, which started trading on the Stock Exchange of Hong Kong on September 22, 2006 (stock code: 3968).

On September 27, 2006, in response to the request of joint bookrunner/lead underwriter to grant for the exercise of over-allotment option of the H Share issue, the Company issued an additional 220,000,000 H Shares at HK\$5.55 each. Due to the exercise of the over-allotment option, the state-owned shareholders of the Company reduced their shareholdings by 22,000,000 shares and transferred them all to National Council for Social Security Fund for conversion into H Shares. The above 242,000,000 H Shares in total commenced trading on the Stock Exchange of Hong Kong on October 5, 2006. Upon completion of the share allotment on October 5, 2006, the Company had a total of 14,702,562,450 shares, with 2,662,000,000 H Shares and 12,040,562,450 A Shares.

(3) Deduction policy of taxable salaries before tax
 The Company applied for a policy revision to the statutory threshold on taxable salaries deduction before tax for its domestic employees to the State Administration of Taxation. In accordance with the "Letter from the State Administration of Taxation in respect of the deduction of taxable salaries before tax subsequent to the overseas share listing of China Merchants Bank Co., Ltd." (Guo Shui Han [2006] No. 843), the State Administration of Taxation agreed in principle that the Company could deduct taxable salaries before tax with respect to "performance-based" policy after its overseas listing. The Company would adopt a proactive approach in pursuing the successful implementation of such policy.

3.3 Analysis of reasons for and disclosure of differences in accounting policies, accounting estimates, consolidations and significant accounting errors
 During the reporting period, the Company implemented requirements of "Provisional Guidelines on Recognition and Measurement of Financial Instruments" promulgated by the Ministry of Finance (Caihan [2005] No. 14), and made adjustments to the assets, liabilities, and equity owners' interests retrospectively. During the reporting period, the Company consolidated the financial statements of CMB International Capital Corporation Limited, a company wholly-owned by the Company, with adjustments made on the figures at the beginning of the period retrospectively.

3.4 Relevant explanations by the board and the supervisory committee in respect of "qualified" and audit opinion

- 3.4 Applicable Not applicable
- 3.5 Profit warning and reasons for accumulated net loss expected to be recorded from the beginning of the year to the end of the next reporting period and material changes as compared to the same period of last year
 Applicable Not applicable
- 3.6 Adjustments to the annual operating plan or budget disclosed
 Applicable Not applicable

Board of China Merchants Bank Co., Ltd.
 October 26, 2006

As at the date of this announcement, the executive directors of the Company are Ma Weihua and Chen Wei; the non-executive directors of the Company are Qin Xiao, Wei Jifeng, Fu Yanning, Li Jinyuan, Huang Dejian, Tan Yuehong, Wang Dongsheng, Wang Dongsheng, Wang Dongsheng, and the independent non-executive directors of the Company are Wu Jiesi, Lin Chunze, Austin Hu Ching Tan, Chow Kwong Fai, Edward Lin Hongshang and Lin Hongxiang.