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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you shall consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Merchants Bank Co., Ltd., you shall at once hand this circular and the related proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

(H Share Stock Code: 03968)

(Preference Share Stock Code: 04614)

**MEDIUM-TERM CAPITAL MANAGEMENT PLAN FOR 2020-2022,
EXTENSION OF THE GENERAL MANDATE TO
ISSUE FINANCIAL BONDS AND CERTIFICATES OF DEPOSIT (CD),
GENERAL MANDATE TO ISSUE SHARES AND/OR
DEAL WITH SHARE OPTIONS
AND
NOTICE OF 2019 AGM**

The Company will convene the AGM at 9:30 a.m. on Tuesday, 23 June 2020 at the Conference Room, 5/F, China Merchants Bank Tower, No. 7088 Shennan Boulevard, Futian District, Shenzhen, Guangdong, the PRC. A notice convening the AGM is set out on pages 15 to 21 of this circular.

A form of proxy for use at the AGM are enclosed herewith and are also published on the websites of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.cmbchina.com). Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the AGM (i.e. not later than 9:30 a.m. on Monday, 22 June 2020) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the AGM and voting in person if you so wish.

25 May 2020

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”, “2019 AGM” or “General Meeting”	the 2019 Annual General Meeting of the Company to be held at the Conference Room, 5/F, China Merchants Bank Tower, No. 7088 Shennan Boulevard, Futian District, Shenzhen, Guangdong, the PRC on Tuesday, 23 June 2020 at 9:30 a.m.
“Articles of Association”	the Articles of Association and the Rules of Procedures of the Company, as amended from time to time
“Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“Company Law”	the Company Law of the People’s Republic of China (as amended from time to time)
“China Merchants Bank”, “Company” or “Bank”	China Merchants Bank Co., Ltd., a joint stock company incorporated in the PRC with limited liability and the H Shares and Offshore Preference Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (H Share Stock Code: 03968; Offshore Preference Share Stock Code: 04614)
“CBIRC”	China Banking and Insurance Regulatory Commission
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“Domestic Preference Shares”	the 275,000,000 non-cumulative perpetual preference shares of an aggregate amount of RMB27,500,000,000 issued by the Company in the domestic market on 22 December 2017 and listed on the Shanghai Stock Exchange (Preference Share Stock Code: 360028) on 12 January 2018
“Domestic Shares”, “A Shares”	the ordinary shares in the Company’s capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Shares”	overseas listed foreign shares in the Company’s ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
“Independent Non-executive Director(s)” or “Independent Director(s)”	independent non-executive director(s) of the Company
“Latest Practicable Date”	18 May 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the H Share(s) and Domestic Share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Supervisor(s)”	supervisors of the Company

LETTER FROM THE BOARD OF DIRECTORS



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)

(H Share Stock Code: 03968)

(Preference Share Stock Code: 04614)

Executive Directors:

Tian Huiyu
Liu Jianjun
Wang Liang

Non-executive Directors:

Li Jianhong
Fu Gangfeng
Zhou Song
Hong Xiaoyuan
Zhang Jian
Su Min
Wang Daxiong
Luo Sheng

Independent Non-executive Directors:

Leung Kam Chung, Antony
Zhao Jun
Wong See Hong
Li Menggang
Liu Qiao
Tian Hongqi

Registered address:

China Merchants Bank Tower
No. 7088 Shennan Boulevard
Futian District
Shenzhen 518040
Guangdong
PRC

*Principal place of business
in Hong Kong:*

31F, Three Exchange Square
8 Connaught Place
Central
Hong Kong

25 May 2020

To the Shareholders

Dear Sir or Madam,

**MEDIUM-TERM CAPITAL MANAGEMENT PLAN FOR 2020-2022,
EXTENSION OF THE GENERAL MANDATE TO
ISSUE FINANCIAL BONDS AND CERTIFICATES OF DEPOSIT (CD),
GENERAL MANDATE TO ISSUE SHARES AND/OR
DEAL WITH SHARE OPTIONS
AND
NOTICE OF 2019 AGM**

1. INTRODUCTION

The purpose of this circular is to give you the Notice of AGM and provide you with relevant information regarding the proposals to be considered at the General Meeting.

LETTER FROM THE BOARD OF DIRECTORS

2. MEDIUM-TERM CAPITAL MANAGEMENT PLAN FOR 2020-2022

In order to continuously promote the “Light-operation Bank” strategy and promote the dynamic and balanced development of the “Quality, Efficiency and Scale” of the Company, in accordance with the trend of international financial regulatory reform and the standards set out in the capital regulatory policy of the Chinese banking industry, the Company has prepared the Medium-term Capital Management Plan for 2020-2022 of China Merchants Bank Co., Ltd. after taking into consideration its actual operating conditions and the changes in external environment.

Please refer to Appendix I to this Circular for details of the Medium-term Capital Management Plan for 2020-2022.

3. EXTENSION OF THE GENERAL MANDATE TO ISSUE FINANCIAL BONDS AND CERTIFICATES OF DEPOSIT (CD)

In order to meet the demand for liquidity management, in 2017, the Company applied to adjust the issuance calibre of financial bonds and manage separately the issuance of certificates of deposit (CD) and financial bonds, of which, the balance of financial bonds in issue shall not exceed 10% of the balance of liabilities and there is no limit for certificates of deposit (CD) in issue. The Company may opt to make issuance when it deems fit in its sole discretion based on its liquidity situation to the extent permitted by regulatory requirements, and extend the validity of the mandate to issue certificates of deposit (CD) and financial bonds to 30 June 2020. This proposal was reviewed and approved by the Board of Directors and the 2016 Annual General Meeting.

The issuance size of financial bonds and negotiable interbank certificates of deposit of the Company achieved an overall improvement since the proposal came into effect, which has played a very positive role in liquidity management and optimisation of liability structure. As of the end of 2019, the Company had the balance of financial bonds (denominated in RMB) in issue of approximately RMB132.0 billion, accounting for 2.1% of total liabilities, and the balance of certificates of deposit (CD) (denominated in RMB) in issue of approximately RMB376.7 billion, accounting for 5.9% of total liabilities.

It is expected that in the next few years, the demand for the issuance of the financial bonds will still fall within the required proportion of the original proposal while the issuance size of certificates of deposit (CD) will further increase due to the flexible issuance period and issuance method. Therefore, it is proposed to continue with the original proposal and only extend the maturity date to 30 June 2026.

LETTER FROM THE BOARD OF DIRECTORS

In conclusion, the proposal is intended to be submitted for consideration of the followings:

1. As of 30 June 2026, the balance of financial bonds in issue (excluding various certificates of deposit (CD)) shall not exceed 10% of the balance of liabilities, which is determined based on the balance of liabilities (denominated in RMB) of the Company as at the end of the previous year. The variety of financial bonds (excluding various certificates of deposit (CD)) shall include the bonds denominated in RMB and the bonds denominated in foreign currencies in issue in domestic, overseas and offshore markets.
2. As of 30 June 2026, the Company may opt to issue certificates of deposit (CD) when it deems fit in its sole discretion to replenish liquidity to the extent permitted by regulatory requirements. The variety of certificates of deposit (CD) shall include the certificates of deposit (CD) denominated in RMB and the certificates of deposit (CD) denominated in foreign currencies in issue in domestic, overseas and offshore markets.
3. The management is authorised to decide on the types of markets, currencies, timing, issuing size, types of interest rates, duration, method of issue and use of proceeds from issuance of bonds and certificates of deposit (CD) in accordance with the need for assets/liabilities allocation of the Company and market conditions. The mandate shall remain valid until 30 June 2026.

The above resolution shall be submitted to the General Meeting for consideration and the passing of such resolution shall be approved by more than two-thirds of the voting rights held by the Shareholders (including their proxies) with voting rights attending the General Meeting.

4. GENERAL MANDATE TO ISSUE SHARES AND/OR DEAL WITH SHARE OPTIONS

In order to safeguard the sustainable development of the Company's business operation and the long-term interests of Shareholders, enhance the capital management in consideration of domestic and overseas capital regulatory trends on banks, and improve the flexibility of the capital replenishment of the Company, the general mandate to issue shares of the Company is now submitted for consideration. The detailed plan is set out as follows:

1. Subject to the conditions set out in (1), (2) and (3) under this paragraph and in accordance with all applicable laws and regulations of the PRC, the Hong Kong Listing Rules (as amended from time to time) and the Articles of Association of the Company, the Company unconditionally approves the grant of a general mandate to the Board of Directors to allot, issue and/or deal with, separately or concurrently, additional ordinary A Shares and/or H Shares, Domestic and/or Offshore Preference Shares convertible into ordinary A Shares and/or H Shares (together the "Shares") and to make or grant offers, agreements and/or share options (including share

LETTER FROM THE BOARD OF DIRECTORS

warrants, convertible bonds and other securities which carry rights to subscribe for or are convertible into Shares) requiring or probably requiring the allotment of Shares during the Relevant Period (as defined below):

- (1) Such mandate shall not extend beyond the Relevant Period save that the Board of Directors, during the Relevant Period, make or grant offers, agreements, share options and/or conversion rights which might require the exercise of such offers, agreements, share options and/or conversion rights upon or after the end of the Relevant Period;
 - (2) The number of Shares to be allotted, issued and/or dealt with or agreed conditionally or unconditionally to be allotted, issued and/or dealt with (Preference Shares are calculated at the number of ordinary A Shares and/or H Shares upon full conversion at the mandatory conversion price) and the number of Shares underlying the offers, agreements and/or share options (including share warrants, convertible bonds and other securities which carry rights to subscribe for or are convertible into Shares) made or granted by the Board of Directors (the securities above are calculated at the number of allotted A Share(s) and/or H Share(s) upon conversion) shall not exceed 20% of the total number of each of ordinary A Shares and/or H Shares of the Company in issuance as at the date of the proposal being passed at the General Meeting, respectively;
 - (3) The Board of Directors will only exercise such mandate in accordance with the Company Law (as amended from time to time), the Hong Kong Listing Rules or applicable laws, regulations and rules of any other government or regulatory bodies, and only if all necessary approvals from China Securities Regulatory Commission and/or other relevant PRC government authorities are obtained.
2. For the purpose of this proposal, “Relevant Period” means the period from the date of the proposal being passed at the General Meeting until the earliest of:
- (1) the conclusion of the next annual general meeting of the Company; or
 - (2) the date of expiration of twelve months following the date of the proposal being passed at the General Meeting; or
 - (3) the date on which the mandate granted to the Board of Directors set out in the proposal is revoked or varied by the shareholders of the Company with a special resolution at a general meeting.

LETTER FROM THE BOARD OF DIRECTORS

3. Contingent on the Board of Directors resolving to issue Shares pursuant to Item 1 of the proposal, the Board of Directors is authorised to increase the registered capital of the Company to reflect the number of shares mandated to be issued under Item 1 of the proposal; and to make amendments to the Articles of Association of the Company it deems appropriate and necessary so as to reflect the increase in registered capital (if relevant); and to take all such actions and to complete all such procedures as necessary or expedient in order to give effect to the resolution on issuance of shares under Item 1 of the proposal and the increase of the registered capital of the Company.
4. For the purpose of enhancing efficiency of the decision making process and ensuring the success of any issuance, the Board of Directors may delegate such authorisation to one or more directors to take charge of all matters related to the issuance of shares or share options (including share warrants, convertible bonds and other securities which carry rights to subscribe for or are convertible into Shares).

The above resolution shall be submitted to the General Meeting for consideration and the passing of such resolution shall be approved by more than two-thirds of the voting rights held by the Shareholders (including their proxies) with voting rights attending the General Meeting.

5. AGM

A notice convening the AGM to be held at the Conference Room, 5/F, China Merchants Bank Tower, No. 7088 Shennan Boulevard, Futian District, Shenzhen, Guangdong, the PRC on Tuesday, 23 June 2020 at 9:30 a.m. is set out on pages 15 to 21 of this circular. No shareholder is required to abstain from voting in connection with the matters to be resolved at the AGM.

All votes of resolutions at the AGM will be taken by poll pursuant to the Hong Kong Listing Rules.

Closure of register of members for the AGM

In order to determine the Shareholders of H Shares who will be entitled to attend the AGM, the register of members of the H shares of the Company will be closed from Wednesday, 3 June 2020 to Tuesday, 23 June 2020 (both days inclusive), during which period no transfer of shares will be registered.

In order to qualify to attend the AGM, holders of H shares of the Company whose transfer documents have not been registered must lodge the transfer documents accompanied by share certificates with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Tuesday, 2 June 2020. Shareholders of H Shares whose names are recorded in the register of members of the Company on Tuesday, 16 June 2020 are entitled to attend the AGM.

LETTER FROM THE BOARD OF DIRECTORS

A form of proxy for use at the AGM is enclosed herewith and is also published on the websites of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.cmbchina.com). Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the AGM (i.e. not later than 9:30 a.m. on Monday, 22 June 2020) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the AGM and voting in person if you so wish.

In accordance with the requirements regarding the prevention and control of the COVID-19 pandemic imposed by governments at all levels recently, the Company recommends Shareholders of H Shares and attorneys duly authorised by Shareholders of H Shares to attend the General Meeting by first appointing the chairman of the AGM to vote.

Closure of register of members for payment of final dividend of 2019

In order to determine the Shareholders of H Shares entitled to receive the final dividend for the year ended 31 December 2019, the register of members of the H shares of the Company will be closed from Saturday, 4 July 2020 to Thursday, 9 July 2020 (both days inclusive), during which period no transfer of shares will be registered.

In order to qualify to receive the final dividend, holders of H shares of the Company who have not had their transfer documents registered must lodge the transfer documents accompanied by share certificates with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 3 July 2020. Shareholders of H Shares whose names are recorded in the register of members of the Company on Thursday, 9 July 2020 are entitled to receive the final dividend for the year 2019.

6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

LETTER FROM THE BOARD OF DIRECTORS

7. RECOMMENDATION

The Directors consider that the resolutions set out in the Notice of AGM are in the interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the General Meeting. In respect of the other resolutions proposed to be considered and approved by the Shareholders at the General Meeting, the Directors also consider that those resolutions are in the interests of the Company and its Shareholders, and therefore recommend the Shareholders to vote in favour of those resolutions.

Yours faithfully,
By order of the Board of Directors
China Merchants Bank Co., Ltd.
Li Jianhong
Chairman

In order to continuously promote the “Light-operation Bank” strategy and promote the dynamic and balanced development of the “Quality, Efficiency and Scale” of the Company, in accordance with the trend of international financial regulatory reform and the standards set out in the capital regulatory policy of the Chinese banking industry, the Company has prepared its Medium-term Capital Management Plan for 2020-2022 after taking into consideration its actual operating conditions and the changes in external environment.

I. CONSIDERATIONS FOR CAPITAL PLANNING

(I) Complicated and volatile external operation situation

The global economy is currently facing a relatively high degree of uncertainty, and the unprecedented changes of the world is characterised by the significant increase in sources of global turmoil and risk points triggered by it. From the domestic perspective, China’s economic growth continues to face downward pressure, but structural opportunities still exist under the shift in driving forces. Among them, the first stage of trade agreement between China and the U.S. has seen improvement in the margins of external environment for economic growth, but the sudden outbreak of COVID-19 pandemic has also brought a severe short-term impact on the real economy. From the financial industry perspective, the advancement and opening up of financial reforms are gearing up. The central bank has improved the LPR formation and transmission mechanism, and has taken a pivotal step towards the liberalisation of interest rates. The financial industry, including the banking industry, has accelerated its opening up and will be involved in direct international competition.

(II) Stringent regulatory requirements on the banking industry became a norm

Preventing and mitigating major risks, in particular financial risks, is currently the top priority of the central government, and stringent regulatory requirements are important measures for the effective prevention and mitigation of financial risks. In recent years, the regulatory authorities have deepened the rectification of disorders in the banking market, maintained a trend of stringent regulatory requirements, severely punished violations of laws and regulations, urged commercial banks to return to their origins and focus on their main businesses, and enhance the overall ability of the financial system to serve the real economy. In terms of capital, Basel III: Finalising Post-crisis Reforms was completed at the end of 2017, which will be implemented in the PRC. The new regulatory standards as amended with stricter measurement rules and higher capital charges will have a profound impact on the operation model, business structure, risk management, internal control and corporate governance and system data of the commercial banks. In addition, in 2019, the regulatory authorities solicited opinions on the “Assessment Methods for Systemically Important Banks (《系統重要性銀行評估辦法》)” and put forward higher requirements for capital strengths of banks.

(III) High-quality development became the main theme of the era

Over the past years, the Company has adhered to the strategic positioning of “One Body with Two Wings”, pursued the transformation into a “Light-operation Bank” with light capital consumption as the core, continuously adjusted and optimised the business structure, as a result of which various profit indicators have been improving, and the asset quality has been steadily improved to achieve a balanced development of quality, efficiency and scale. In the next few years, the digital transformation of the financial industry is set to advance, and new technologies represented by artificial intelligence, cloud computing and big data will continue to be applied to the financial sector. In order to maintain competitive advantages among its peers, the Company will, as always, maintain strategic foresight, focus on long-term interests, adhere to the strategic positioning of “One Body with Two Wings”, resolutely rely on the power of Fintech to comprehensively improve its opening up and integration capabilities, and serve the high-quality development of the economy and society with its own high-quality development.

(IV) Transformation towards comprehensive management further advanced

As the supply-side structural reform goes deeper and wider, the business environment and regulatory policies faced by commercial banks are undergoing major changes, and the financial service needs of customers are becoming more diversified. By now, the Company has already obtained licenses for non-bank financial businesses such as leasing, insurance, funds, wealth management, investment banks, and its comprehensive operation and service platform is now up and running. At such a new start of development, it is of great significance for the Company to deeply understand the changes in the external business environment, grasp the trend of integrated business operations, improve the comprehensive operation level of the Company, so as to turn the Company into a light and high quality bank and maintain long-term sustainable growth under a new profit-generating model. However, comprehensive operation will result in capital consumption of the Company, therefore it is necessary for the Company to make an adequate capital reserve in advance so as to facilitate our investment decisions and capture of opportunities.

II. CAPITAL PLANNING TARGETS

The Company has set capital planning targets based on the following principles: starting with the minimum capital regulatory requirements to reserve space for capital buffer and setting the optimal capital targets in consideration of the actual situations of the Company and reflecting the specific risk appetite of the Company. Under such a principle, the Company mainly considered the following factors when setting the capital adequacy ratio targets:

(I) Minimum regulatory requirements. According to the prevailing regulatory requirements, the Company needs to at least meet the regulatory requirements of non-systemically important banks before the additional capital requirements for systemically

important banks are clearly defined, i.e. the Common Equity Tier 1 capital adequacy ratio, Tier 1 capital adequacy ratio and total capital adequacy ratio of the Company for each year should be no less than 7.5%, 8.5% and 10.5%, respectively.

(II) Capital buffer. Reasonable capital buffer is a necessary guarantee for stable operation. During the planning period, with comprehensive consideration of the additional capital requirements of the second pillar of the Company, stress test and response to uncertainties in regulation and operation, the Company reserves 2 percentage points of buffer in addition to the capital floor requirements.

In comprehensive consideration of the capital floor requirements and the capital buffer requirements, the capital planning targets for 2020 to 2022 are defined as follows: **Common Equity Tier 1 capital adequacy ratio, Tier-1 capital adequacy ratio and total capital adequacy ratio shall reach and remain above 9.5%, 10.5% and 12.5%, respectively, during the plan period.** After that, the Company will conduct retrospective testing and dynamic assessment on the impact of the risk situation, model adjustment or regulatory policies when preparing capital planning on a rolling basis, and adjust measurement standards and planning targets when necessary.

III. CAPITAL REPLENISHMENT PLANNING

The Company adheres to the principle of replenishing capital mainly through internal supply and partially through external supply and raising funds through multi-channels in multiple ways, so as to maintain a sound capital adequacy. In the next few years, the Company will continue to reinforce its capital strength and optimise its capital structure to achieve a balanced organic growth.

(I) Internal supply

Enhancing profitability. Profitability is a key factor for the accumulation of self-generated capital. During the plan period, the Company will adhere to the strategic orientation of becoming a “Light-operation Bank” while constantly building differentiated competitive advantages through service upgrading with the aim of upholding the strategic positioning of “One Body with Two Wings”, and further optimizing its business structure and customer structure. With importance attached to the further exploration on existing customers and the expansion of new customers, the Company exerts great efforts on the management and control of liabilities and costs, improves risk pricing ability and continuously increases the proportion of non-interest income to reasonably control financial costs and improve cost-effectiveness, maintain relatively sufficient provision and ensure the sustainable supply of self-generated capital.

Maintaining stable dividend distribution policy. The Company will formulate reasonable dividend policies to balance the relationship between dividends and long-term returns to shareholders and properly enhance capital accumulation, on the premise of ensuring maximum shareholders’ interests, to meet the need for maintaining capital adequacy. On the

premise of complying with the then prevailing laws and regulations as well as the regulatory authorities' requirements on capital adequacy ratio, the Company's annual cash dividend will, in principle, not be lower than 30% of net profit after tax attributable to holders of ordinary shares after audited pursuant to Chinese Accounting Standards in the same year, and will be flexibly adjusted in accordance with the profit for the period and implementation of the capital planning, to practically enhance the reasonable investment returns of shareholders and keep the consistency and stability of the dividend distribution policy.

(II) External supply

Considering various capital instruments for capital replenishment. The Company has been striving to broaden its financing channels and balance the structure and timing of capital instrument replenishment, to constantly enlarge its gross capital as a whole as well as optimise and improve its capital structure. During the plan period, in line with the regulatory requirements and capital market conditions, the Company will continue with the issuance of Undated Additional Tier 1 Capital Bonds (i.e. perpetual bonds) of RMB50 billion as approved by the Board of Directors and the general meeting in 2019, closely follow up the policies and practices related to capital instruments at home and aboard, and conduct in-depth study of various financing methods, including but not limited to Common Equity Tier 1, Additional Tier 1 or Tier 2 capital instruments such as ordinary shares, preference shares, perpetual bonds, Tier 2 capital instruments, to form a diversified capital replenishment mechanism and enhance its loss-absorbing capacity.

Substantial shareholders' promises on and support for capital replenishment. According to regulatory requirements and the Articles of Association, the substantial shareholders of the Company have made written promises to support the Board of Directors in preparing a reasonable capital planning to ensure that the Company's capital constantly meet the regulatory requirements. When the Company's capital adequacy ratio is below the statutory standards, the substantial shareholders of the Company will support the measures that the Board of Directors proposed for improving the capital adequacy ratios, i.e. increasing Tier-1 capital and other ways of capital replenishment to ensure the capital adequacy ratios meet the regulatory requirements within the time limit.

IV. CAPITAL MANAGEMENT STRATEGY

In order to ensure that the business development, profit growth and capital constraints in the next few years all meet the planning targets, the Company plans to take the following management supporting measures:

The first is to closely keep abreast of the implementation of the international regulatory rules, and reinforce the connection between capital planning and budget management. The Company is to carefully estimate the asset quality, profit growth and capital market volatility in accordance with the external business environment, and the implementation for Basel III taken into account; it will prepare and implement a medium-term plan for capital management on a rolling basis, dynamically balance capital demand and capital

supply, and improve the ability of capital to withstand risks; it will also reinforce the connection between capital planning and comprehensive budget management, and realise optimised capital allocation through comprehensive budget management to guide, regulate, control and restrain the allocation of assets and liabilities and financial resources, and ensure the realisation of annual capital management targets.

The second is to optimize economic capital management, and take full advantage of the critical role of capital management in strategy implementation. The Company will adhere to the strategic orientation of “Light-operation Bank”, maintain reasonable growth speed for risk-weighted assets and implement the requirements of “outrunning the market and outperforming the peers”; it will continuously optimize the capital allocation strategy, strengthen the asset-liability portfolio management, and use the combination optimization strategy to promote business structure adjustment and fully improve capital use efficiency; it will also improve the capital return management mechanism while adhering to the overall customer contribution evaluation system and the performance appraisal mechanism with EVA and RAROC at the core, and promote the value exploitation and potential exertion of the overall business resource portfolio; finally it will continue to enhance the capital management expertise of its subsidiaries and optimize the Group’s resource allocation mechanism.

The third is to master the essence of regulation and strengthen and perfect the internal capital adequacy assessment mechanism. The Company will closely follow the progress of international and domestic capital regulatory reform and comprehend the standards and directions of regulatory policies; it will work out and adopt responsive measures in advance to guarantee the smoothness of capital adequacy ratio, consolidate the basic works for capital measurement to reasonably reflect the nature of various risks, and maintain high efficiency and accuracy of measurement, monitoring and analysis of capital adequacy ratio; it will also regulate and perfect the management process and mechanism of the second pillar, optimize internal capital adequacy assessment procedures, fully identify, measure and assess various risks and regularly assess the capital adequacy and its risk-resistant ability, and monitor risks, capital and liquidity adequacy on a timely basis.

The fourth is to promote the innovation of capital instruments and build a diversified capital replenishment and asset management mechanism. The Company will take an active part in the promotion of the market-based issuance of capital instruments, broaden the diversified financing channels, so as to attract more investors to participate in its capital financing, enhance the liquidity of capital instruments, reduce the difficulty of issuance, and effectively disperse the risks; it will also actively promote the introduction of new approval mechanisms such as parallel approval and Shelf Registration by the regulatory authorities, complete the policies on investment in its capital instruments by different kinds of entities to facilitate its capital replenishment; finally it will closely monitor the development of the industry, actively and steadily carry out research on innovative capital instruments, and appropriately use various capital instruments such as bonds and equity to continuously enhance capital strength and optimize capital structure.

NOTICE OF 2019 ANNUAL GENERAL MEETING



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)

(H Share Stock Code: 03968)

(Preference Share Stock Code: 04614)

NOTICE OF 2019 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Board of Directors of China Merchants Bank Co., Ltd. (hereinafter referred to as the “Company” or “China Merchants Bank”) has decided to hold its Annual General Meeting for 2019 (the “Meeting”) on Tuesday, 23 June 2020. The details of the Meeting are provided as follows:

I. CONVENING OF THE MEETING

(1) Time of the Physical Meeting

The Meeting will commence at 9:30 a.m. on Tuesday, 23 June 2020.

(2) Venue of the Physical Meeting

The Meeting will be held at the Conference Room, 5/F, China Merchants Bank Tower, 7088 Shennan Boulevard, Futian District, Shenzhen, Guangdong, the PRC.

(3) Convenor

The Meeting will be convened by the Board of Directors of the Company.

(4) Way of Conducting the Meeting

The Meeting will be conducted by way of physical voting and online voting (among which, online voting is for the shareholders of A Shares only).

(5) Attendees

1. All shareholders of A Shares of “China Merchants Bank” (600036) whose names appear on the register of members, kept by China Securities Depository and Clearing Corporation Limited, Shanghai Branch, as at the close of A Share trading session on the Shanghai Stock Exchange on the afternoon of Tuesday, 16 June 2020 (hereinafter referred to as “Shareholders of A Shares”);

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2. All shareholders of H shares of “China Merchants Bank” (03968) whose names appear on the register of members of H Shares, kept by Computershare Hong Kong Investor Services Limited, on Tuesday, 16 June 2020 (hereinafter referred to as “Shareholders of H Shares”);
3. The proxies appointed by the above shareholders;
4. The directors, supervisors and senior management of the Company; and
5. The intermediate agents engaged by the Company and the guests invited by the Board of Directors of the Company.

II. MATTERS TO BE CONSIDERED AND APPROVED AT THE MEETING

The following resolutions will be considered and approved at the Meeting:

ORDINARY RESOLUTIONS

1. **Work Report of the Board of Directors for the year 2019;**
2. **Work Report of the Board of Supervisors for the year 2019;**
3. **Annual Report for the year 2019 (including the Audited Financial Report);**
4. **Audited Financial Statements for the year 2019;**
5. **Proposal regarding the Profit Appropriation Plan for the year 2019 (including the distribution of final dividend) (note 1);**
6. **Resolution regarding the Engagement of Accounting Firms for the year 2020 (note 2);**
7. **Related Party Transaction Report for the year 2019;**
8. **Medium-term Capital Management Plan for 2020-2022 (note 3).**

SPECIAL RESOLUTIONS

9. **Proposal regarding the Extension of the General Mandate to Issue Financial Bonds and Certificates of Deposit (CD) (note 3); and**
10. **Proposal regarding the General Mandate to Issue Shares and/or Deal with Share Options (note 3).**

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The special resolutions set out above must be approved by more than two-thirds of the voting rights held by the Shareholders (including their proxies) with voting rights attending the Meeting.

The following reports will be delivered at the Meeting:

1. The evaluation report on duty performance of the Board of Directors and its members for the year 2019;
2. The evaluation report on duty performance of the Board of Supervisors and its members for the year 2019;
3. Independent Directors' annual work and cross-appraisal report for the year 2019;
4. External Supervisors' annual work and cross-appraisal report for the year 2019; and
5. The evaluation report on duty performance of the senior management and its members for the year 2019.

Notes:

1. The Company proposes to declare a cash dividend not less than 30% of the net profit attributable to the ordinary shareholders of the Company of RMB91.197 billion (as shown in the audited consolidated financial statements of the Company for 2019 prepared under the PRC GAAP). Details of the Profit Appropriation Plan are set out below:
 - (1) 10% of the audited net profit of RMB86.085 billion of the Company for 2019, equivalent to RMB8.609 billion, will be appropriated to the statutory surplus reserve in accordance with the relevant requirements of the "Company Law of the People's Republic of China".
 - (2) 1.5% of the total amount of the increased risk-bearing assets of the Company, equivalent to RMB10.002 billion, will be appropriated to the general reserve in accordance with the relevant requirements of the "Administrative Measures for the Provision of Reserves of Financial Enterprises" (金融企業準備金計提管理辦法) promulgated by the Ministry of Finance.
 - (3) Based on the total share capital of A Shares and H Shares on the record date for implementation of the profit appropriation, the Company will pay a cash dividend of RMB1.20 (tax included) for every share to all registered shareholders of the Company. The cash dividend will be denominated and declared in RMB, payable in RMB for the Shareholders of A Shares and in HKD for the Shareholders of H Shares. The actual appropriation amount in HKD will be calculated based on the average RMB/HKD benchmark rates to be released by the People's Bank of China for the week before the date of the general meeting (including the day of the general meeting). The retained profit will be carried forward to the next year.
 - (4) The Company did not transfer any capital reserve into share capital in 2019.
2. The Company proposes to engage Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) as the domestic accounting firm of the Company and its subsidiaries in China for 2020 and Deloitte Touche Tohmatsu Certified Public Accountants, the relevant overseas member of Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership), be engaged as the international accounting firm of the Company and its overseas subsidiaries for 2020. The term of office of the above engagements shall be one year.

The audit fees (including but not limited to all miscellaneous costs such as travelling expenses, accommodation expenses and communication expenses) shall not exceed RMB28.20 million, which are the aggregate of the audit fees of each of the subsidiaries of the Group within the accounting consolidation scope of the financial statements of the Company and the Group for the year 2020. If there are new entities to be included into the scope of consolidation during the year, and in consideration of the impact of exchange rate fluctuations, the final actual payment amount may be slightly different from such amount.

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The Company proposes to engage Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) to conduct financial audit on the public wealth management products which China Merchants Bank acts as the manager since 2020, and the expenses shall be borne by the products in accordance with the product prospectus; relevant audit in relation to wealth management business will be conducted at the same time in accordance with regulatory requirements, the expenses shall be borne by China Merchants Bank and the amount shall be less than RMB1.00 million.

3. For details, please refer to the circular of the Company dated 25 May 2020 (the “Circular”).

III. REGISTRATION OF THE MEETING

Registration Matters for Shareholders of H Shares

1. *Closure of Register of Members of H Shares*

Closure of register of members for the Meeting

In order to determine the Shareholders of H shares who will be entitled to attend the Meeting, the register of members of the Company will be closed from Wednesday, 3 June 2020 to Tuesday, 23 June 2020 (both days inclusive), during which period no transfer of shares will be registered.

In order to qualify to attend the Meeting, the holders of H shares of the Company whose transfer documents have not been registered must lodge the transfer documents accompanied by share certificates with the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Tuesday, 2 June 2020. Shareholders of H Shares whose names are recorded in the register of members of the Company on Tuesday, 16 June 2020 are entitled to attend the Meeting.

Closure of register of members for payment of final dividend of 2019

In order to determine the Shareholders of H shares entitled to receive the final dividend for the year ended 31 December 2019, the register of members of the Company will be closed from Saturday, 4 July 2020 to Thursday, 9 July 2020 (both days inclusive), during which period no transfer of shares will be registered.

In order to qualify to receive the final dividend, holders of H shares of the Company who have not had their transfer documents registered must lodge the transfer documents accompanied by share certificates with the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 3 July 2020.

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Shareholders of H Shares whose names are recorded in the register of members of the Company on Thursday, 9 July 2020 are entitled to receive the final dividend for the year 2019.

2. *Registration of Attendance*

A qualified H share holder or shareholder proxy entitled to attend the Meeting shall produce his/her ID card for registration. In case of corporate shareholder, its legal representative or other authorised representative appointed by resolutions of its board of directors or its governing body can attend the Meeting. Such authorised representative shall produce for registration a copy of the resolutions of the board of directors or the governing body appointing him/her.

In accordance with the requirements regarding the prevention and control of the COVID-19 pandemic imposed by governments at all levels recently, the Company recommends Shareholders of H shares and attorneys duly authorised by Shareholders of H shares to attend the Meeting by first appointing the chairman of the AGM to vote.

3. *Requirements for Proxies on Registration and Documents to be Provided when Voting*

- (1) Any shareholder of H shares entitled to participate in and vote at the Meeting may appoint one or more persons as his/her proxy/proxies to participate in and vote at the Meeting on his/her behalf. A proxy may not necessarily be a shareholder of the Company.
- (2) A shareholder of H shares shall appoint a proxy in writing. The shareholder of H shares or his/her attorney duly authorised in writing shall sign the proxy form. If the shareholder of H shares is a domestic legal entity, the proxy form must be under its company seal and signed by its legal representative; if the shareholder of H shares is an overseas legal entity, the proxy form must be either under its company seal or signed by its director(s) or the attorney(s) duly authorised by its board of directors. If the proxy form is signed by the attorney duly authorised by the shareholder of H shares, the power of attorney authorising that person to sign or other authorisation document(s) shall be notarized.

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- (3) The proxy form, together with the power of attorney or other authorisation document(s) (if any) must be delivered by the shareholder of H shares to the H Share Registrar of the Company no later than 24 hours before the time designated for holding the Meeting (i.e. not later than 9:30 a.m. on Monday, 22 June 2020) or any adjournment thereof (as the case may be). The H Share Registrar of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (4) Completion and return of the proxy form shall not preclude an H Share Shareholder from attending and voting in person at the Meeting with the documents listed in the above Item 2 "Registration of Attendance". If an H Share Shareholder attends and votes in person at the meeting after he/she appointed a proxy, the appointment shall be deemed to have been terminated and the proxy form held by his/her proxy shall be deemed to be invalid.

IV. OTHER MATTERS

1. Contact Details of the Company

Address: 49/F, China Merchants Bank Tower, No.7088
Shennan Boulevard, Futian District, Shenzhen,
Guangdong, the PRC
Postcode: 518040
Tel: +86 4008595555
Fax: +86 4008595555

2. All shareholders and proxies of the shareholders attending the Meeting shall take care of their own transportation fee, accommodation and other related expenses.
3. In order to strictly implement the requirements regarding the prevention and control of the COVID-19 pandemic imposed by governments at all levels, shareholders and their proxies who attend the physical meeting, in addition to carrying relevant registration documents, please pay particular attention to the following matters:

Please be cautious for personal protection on the way to and from the venue on the date of the Meeting. When you arrive at the venue, please follow the staff's arrangements and guidance, and take initiative to cooperate with the relevant pandemic prevention requirements. Those who meet the requirements can enter the venue where they are required to keep necessary social distance.

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4. As at the date of this notice, the executive directors of the Company are Tian Huiyu, Liu Jianjun and Wang Liang; the non-executive directors of the Company are Li Jianhong, Fu Gangfeng, Zhou Song, Hong Xiaoyuan, Zhang Jian, Su Min, Wang Daxiong and Luo Sheng; and the independent non-executive directors of the Company are Leung Kam Chung, Antony, Zhao Jun, Wong See Hong, Li Menggang, Liu Qiao and Tian Hongqi.

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

Li Jianhong

Chairman

25 May 2020