

# **China Merchants Bank Corporate Social Responsibility Report 2017**

H Share Stock Code: 03968

Preference Share Stock Code: 04614

# Contents

About this Report .....	4
Chairman's Message .....	5
President's Message.....	6
About CMB .....	8
Company Profile.....	8
Organizational Structure .....	9
Honors and Recognition .....	10
Our Achievements in 2017 .....	<b>错误！未定义书签。</b>
Key Performance .....	11
Social Responsibility Performance Actions .....	13
1 Embracing Fintech and Leading the Smart Revolution .....	15
Feature: Promoting Fintech Strategy and Building a Fintech Bank.....	16
1.1 Enhancing Mobile Finance .....	19
1.2 Promoting Integrated Services.....	21
1.3 Enriching Financial Scenarios .....	25
1.4 Building Smart Cities .....	27
1.5 Protecting Financial Security.....	28
2 Deepening Inclusive Finance and Sharing a Wonderful Life .....	30
2.1 Improving People's Lives .....	31
2.2 Boosting the Development of Small and Micro Enterprises.....	33
2.3 Helping Modern Agriculture.....	37
2.4 Serving Special Groups .....	37
2.5 Protecting Customers' Rights and Interests .....	39
3 Providing Financial Kinetic Energy and Supporting the Real Economy .....	44
3.1 Promoting Regional Development.....	45
3.2 Assisting Industrial Transformation.....	48

3.3 Serving Cross-border Enterprises .....	49
3.4 Deepening Interbank Cooperation .....	52
4 Innovating Green Finance and Promoting Ecological Civilization .....	55
4.1 Developing Green Credit .....	56
4.2 Implementing Low-carbon Operation .....	59
4.3 Spreading Green Concepts .....	61
5 Accelerating the Poverty Alleviation Program .....	62
5.1 Converging on Poverty Alleviation Force .....	63
5.2 Taking Root in Yongren County and Wuding County .....	64
5.3 Expanding Poverty Alleviation Achievements .....	66
6 Devoted to Public Welfare and Repaying Society with Love .....	69
6.1 Advocating Public Welfare .....	70
6.2 Encouraging Volunteer Services .....	72
7 Growing up Hand-in-hand with Employees and Creating a Happy Future .....	75
7.1 Optimizing the Professional Platform .....	76
7.2 Supporting Training and Development .....	78
7.3 Strengthening Care for Employees .....	81
GRI Report .....	85
Strategy and Management .....	85
Economic Performance .....	89
Environmental Performance .....	91
Social Performance .....	93
Future Prospects .....	98
Relevant Content Index .....	99
Independent Limited Assurance Report .....	107
Reader Feedback .....	109

## About this Report

This report is the 12th corporate social responsibility (CSR) report released by the China Merchants Bank Co., Ltd. (hereinafter referred to as CMB, the Bank, or We) since 2007. It features CMB's efforts in facilitating balanced development of the economy, society and environment while providing financial services.

### Reporting Scope

Organizational scope of the report: The report is primarily about CMB, covering the head office, branches throughout China, CMB International and Wing Lung Bank.

Reporting period: From January 1, 2017 to December 31, 2017.

Reporting cycle: This is an annual report. The previous report was released in March 2017.

### Reporting Standards

This report is prepared in accordance with the *Global Reporting Initiative (GRI Standards)* guidelines issued by the Global Sustainability Standards Board (GSSB). For details about indicators described in this report, see the GRI Content Index Table on pages 97 to 100.

CMB is a listed company (stock code: 03968) on the main board of the Stock Exchange of Hong Kong (HKEx or the Hong Kong Stock Exchange), and the preparation of this report also made reference to Appendix 27 "*Environmental, Social and Governance Reporting Guide*" of the Main Board Listing Rules of the Hong Kong Stock Exchange. For details about indicators described in this report, see the "Environmental, Social and Governance Reporting Guide" Content Index of the HKEx on pages 101 to 104.

### Data and Information Disclosure

Data and information disclosed in this report was obtained using the following methods:

- CMB internal data collection systems and related statistical statements
- Excellent social responsibility practices sorted out and summarized in daily work
- Qualitative and quantitative information collection tables based on the report frame.

The financial data disclosed in this report is from the *2017 Annual Report of China Merchants Bank*. In addition, some historical data was added for data and information comparison. The currency in this report is RMB, unless otherwise specified.

### Report Assurance

In order to ensure the authenticity and reliability of this report, this report has been submitted to Ernst & Young Hua Ming LLP (Special General Partnership), which provided third-party assurance in accordance with *International Standard on Assurance Engagements 3000 (ISAE3000): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and AA1000 Accountability Principles*, as well as an independent limited assurance report, which can be found on pages 105 to 106.

### Report Format

This report is released in both print and electronic versions. You can read and download the report on our website (website: <http://www.cmbchina.com/>).

## Chairman's Message

With the mild recovery of the global economy in 2017, the overall business situation of the banking industry has improved. Meanwhile, cloud computing, big data and AI technology are reshaping the global economy with irresistible momentum, bringing unprecedented opportunities and challenges to the banking industry. Having just celebrated its 30th birthday, China Merchants Bank took a firm stance, adhered to the business philosophy of "change due to the situation, we are here just for you", officially launched the Fintech strategy to accelerate the strategic transformation to a "Light-operation Bank" through Fintech and continuously enhance the ability of value creation and value contribution.

**Focusing on origin and repaying society.** We give full play to the guiding role of credit investment; strengthen credit support for people's welfare projects; support the green environmental protection industry and strategic emerging industry, and promote the high-quality development of China's economy. CMB continues to promote the "Qianying Zhanyi(千鹰展翼)" program, reduce corporate financing costs by adopting innovative service modes, increase credit investment and provide more preferential policies, improve the inclusiveness of financial services, promote "entrepreneurship and innovation" and the healthy growth of small and micro enterprises, and leverage financial strength to promote the development of the real economy.

**Never forget our original aspiration, we are here just for you.** In the early 1987, we established the business philosophy of "we are here just for you", and nowadays it has spread by word-of-mouth services. Being customer-oriented, we pay close attention to changes in customer behavior, speed up Fintech innovation, enrich financial products, promote business model transformation, take mobile banking as the core, and provide customers with a more intelligent, convenient and personalized integrated financial service platform to meet customers' financial requirements in the era of mobile Internet.

**Caring for employees and growing together.** We always adhere to the belief of "letting employees be their own masters", provide employees with considerate care, diverse training opportunities and broad career development platform. We have launched the employee family care program, constructed professional colleges, improved the "One Verticality & One Horizontality(一纵一横)" personnel training system, and constantly created a healthy work-life atmosphere, while growing together with our employees.

While embarking on this new journey in 2018, we will continue to inherit and carry forward the fine tradition of China Merchants Bank, stay vigilant and forge ahead, carry the banner of "Time-honored China Merchants Bank", firmly fulfill the tenet of "coming from society, repaying society", and cooperate with stakeholders to create a brighter future.

Li Jianhong,  
Chairman of the Board of Directors  
China Merchants Bank

## President's Message

In 2017, China Merchants Bank ushered into its 30th anniversary in a new wave of technology. At the same time, our "Light-operation Bank" strategic transformation has entered the second stage, where we position ourselves as a Fintech Bank and embrace Fintech strategy from all aspects. We continue to adhere to the strategic positioning of "One Body with Two Wings", accelerate product and service innovation, lower the threshold of financial services through Fintech, and achieve sustainable development of the Bank and value sharing for stakeholders.

**Embracing Fintech.** In 2017, we set up a bank-level Fintech Committee, established the Fintech Equity Investment Fund, and increased financial investment in Fintech. With the plan of taking 1% of pre-tax profits as Fintech innovation fund each year, we are committed to further improving customer experience through professional services and financial technology advantages, and enhancing our ability to create value continuously. We launched the new China Merchants Bank Mobile Banking 6.0, achieved the online and offline integration mode of "outlet + app + scenario", and met retail financial customers' increasing needs for a customized digital experience in the digital era.

**Developing inclusive finance.** We constantly promote the "Qianying Zhanyi (千鹰展翼)" program, support the construction of key socially beneficial projects in education, transportation and other fields, strengthen support for agriculture and small and micro enterprises, and improve the coverage and availability of financial services. This enables more people to share in the development results of the social economy and technology. In 2017, we granted loans of RMB 21.73 billion for shanty town renovation, and the balance of loans to small and micro enterprises reached RMB 467.943 billion.

**Taking part in social public welfare.** While creating value for shareholders, customers, employees and other stakeholders, we also actively respond to social demands, and strive to provide rich rewards for society. We have carried out poverty alleviation activities in Yongren County and Wuding County for the past 19 years. In 2017, we contributed RMB 11.42 million to these two counties. We give full play to our financial advantages. By improving an online public welfare platform and carrying out volunteer activities, we participate in public welfare undertakings with employees, the public and public institutions. In 2017, the "Get More Fun from Monthly Donations (月捐悦多)" platform raised a total of RMB 3,487,800. Cardholders donated nearly 40 million bonus points through the "Small Bonus Points · Tiny Charity (小积分 微慈善)" platform.

**Implementing green development.** We proactively assume the financial industry's social responsibility in dealing with climate change; vigorously provide credit for green environmental protection and new energy industries and disseminate the concept of environmental protection to the public by promoting the green office and paperless business process. We are committed to achieving energy-saving and emission-reduction goals along with society as a whole. In 2017, the Bank's green loan balance was RMB 157.103 billion, representing an increase of 9.35% compared with the previous year, and the loan balance of renewable energy and clean energy projects was RMB 25.759 billion, up 37.55% compared with the previous year.

Despite what we have achieved so far, we will step ahead unswervingly just like how we had kicked off at the very beginning. The year 2018 will be essential for successfully building an affluent society and alleviating poverty. We will bear our responsibility and focus on our mission, further promote transformation development and service upgrading, grasp the development opportunities of the new era, boldly undertake social responsibility and continue to create value.

Tian Huiyu

President of China Merchants Bank

## About CMB

### Company Profile

Founded on April 8, 1987, CMB was the first joint-stock commercial bank in China established and wholly owned by business entities. It is also the first pilot bank (other than state-owned bank) for financial reforms in the Chinese banking sector promoted by the Chinese government. CMB was listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange in 2002 and 2006 respectively.

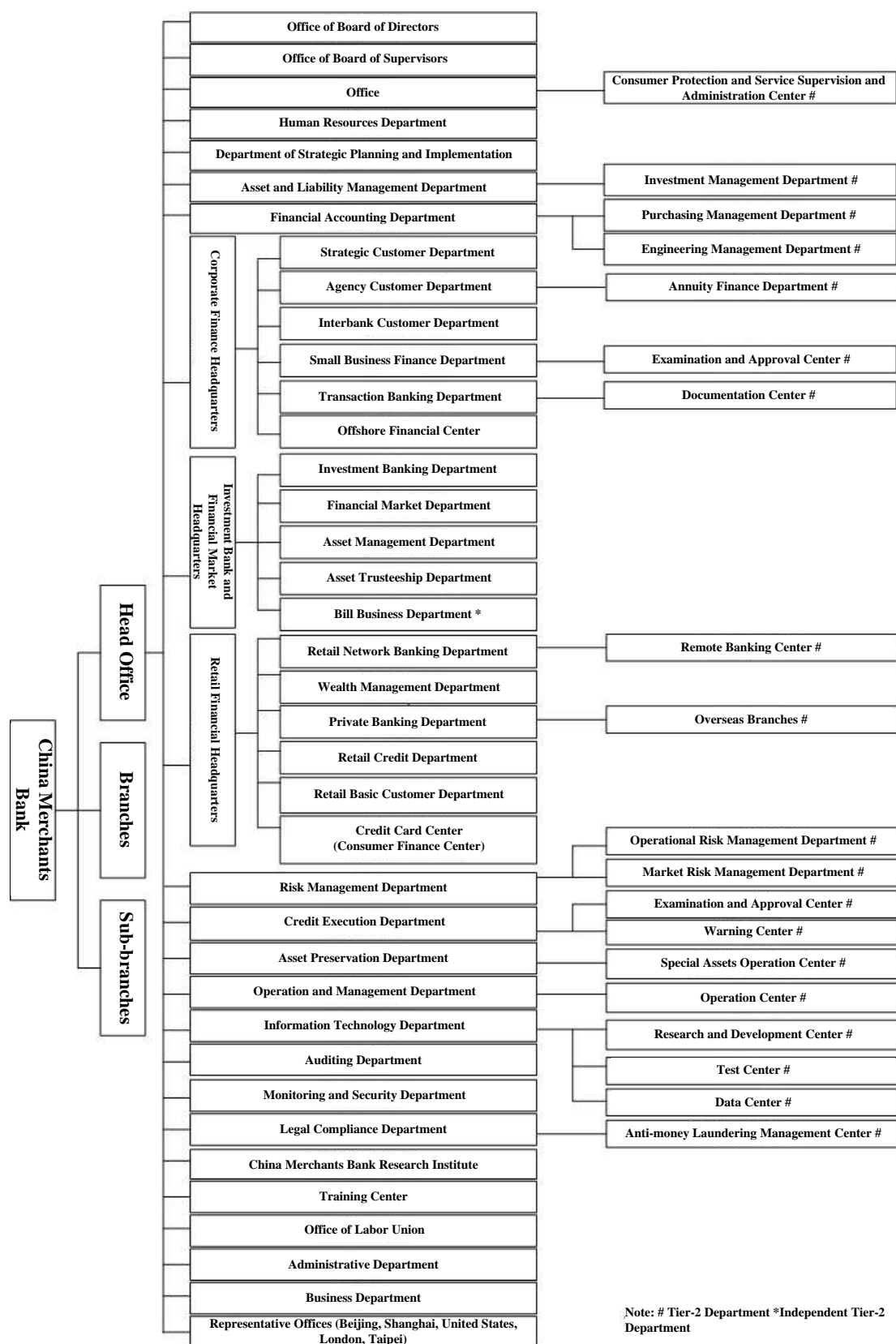
Over the past 30 years, adapting to the changes in the internal and external business environments, and adhering to the principle of "we are here just for you", we have adjusted our business development strategies, transformed our business management model, and devoted much effort to provide customers with better financial services. By virtue of continuous financial innovation, high-quality customer service, prudent management style, good business performance and a strong sense of social responsibility, we have become one of the commercial banks with the highest brand influence in China.

In 2017, we continued to adhere to the strategic goal of becoming a "Light-operation Bank" and the strategic positioning of "One body with Two Wings", and embarked on the journey to light-operation bank. We take Fintech as the driving force of transformation, actively promote the "internet-based, data-oriented, smart" Fintech strategy, create a digital-oriented CMB, achieve data-oriented thinking and comprehensive leadership ability to strive to be the "Best Commercial Bank in China Driven by Innovation, with Leading Retail and Bright Features", so as to enable stakeholders to share in our development fruits, and jointly make contributions to the sustainable development of economy, society and the environment.

No.1	No.12	No.216
In the "2017 Competitiveness Ranking of Chinese Commercial Banks" organized by <i>The Chinese Banker</i> magazine, we were ranked No. 1 for "Financial Evaluation of National Commercial Banks".	In the "2017 Top 500 Banking Brands" list published by the British magazine <i>The Banker</i> , we rose from No. 25 to No. 12.	Selected for the Fortune Global 500 ranking list for six consecutive years, and ranked No. 216 in 2017.



## Organizational Structure



## Honors and Recognition

Award authority	Awards
<i>Euromoney</i>	"Best Private Bank in China"
<i>The Banker</i>	Ranked No. 12 in the 2017 Top 500 Banking Brands with a brand value of USD 14.269 billion Ranked No. 23 in the 2017 Top 1000 World Banks with USD 55.94 billion in tier-1 capital
<i>The Asian Banker</i>	"Best Retail Bank in China" "Best Joint-stock Retail Bank in China" "Best Joint-stock Transaction Bank in China" "Best Joint-stock Cash Management Bank in China" "Best Sub-Custodian Bank in China" "Best Financial Supply Chain Management Project in China" "Best Cash Management Project in China" "Best Fund Management Service Center in China" "Best Private Bank" "Best Private Joint-stock Private Bank"
<i>The Asset magazine</i>	"Best Joint-stock Bank of the Year" "Best Bank of Credit Card of the Year" "Best Custodian Bank of the Year" "Best Private Bank of the Year"
<i>The Chinese Banker</i>	"Best Financial Innovation Award" "Best Commercial Bank" "Best Wealth Management Bank"
<b>China Banking Association</b>	"Annual Best Public Charity Contribution Award for Social Responsibility"
<i>Fortune Global 500 list</i>	Selected for 6 consecutive years, ranked No. 216 in 2017
<i>Fortune China 500 list</i>	Ranked No. 30 with an operating income of RMB 209.025 billion
<i>Global Finance</i>	"Best Private Bank" "Best Bank For Intergenerational Wealth Management" "Best Bank for BRI" (Belt and Road Initiative)
<i>Daily Economic News</i>	"Best Social Responsibility Award"
<i>Financial Times</i>	"Best Joint-stock Bank of the Year"
<i>Asiamoney</i>	2017 "Fintech China Leader: Best National Commercial Bank"
<i>XINHUANET</i>	"Outstanding Chinese Enterprise in CSR in 2017"
<i>China Foundation for Poverty Alleviation</i>	"Outstanding Contribution Award"
<i>Zhaopin.com</i>	"Top 30 Best Employers in China" "2017 Most Popular Employer among Women in China"
<i>Wallstreetcn</i>	"Outstanding Credit Card Bank of the Year"

## Our Achievements in 2017

### Key Performance

#### Economy

Indicator	2015	2016	2017
Total assets (RMB million)	5,474,978	5,942,311	6,297,638
Net profit (RMB million)	58,018	62,380	70,638
Non-performing loan rate (%)	1.68	1.87	1.61
Number of retail customers (ten thousand)	6,694	9,106	10,663
Percentage of business handled via electronic channels (%)	97.26	97.51	98.24
Mobile banking transaction volume (RMB 100 million)	—	121,036	178,675
95555 hotline comprehensive customer satisfaction (%)	99.27	99.62	99.68

#### Environment

Indicator	2015	2016	2017
Total power consumption at Head Office (kilowatt-hour)	13,512,858	13,474,394	13,422,238
Total water consumption at Head Office (ton)	117,589	122,134	103,626
Average power use efficiency (PUE) of data center	1.85	1.76	1.74
Number of paperless retail business projects	90	130	181
Green credit loan balance (RMB 100 million)	1,565.03	1,436.64	1,571.03

Energy saving and emission reduction achieved through green loan projects	2017
Water (ten thousand tons)	593.05
Standard coal (ten thousand tons)	353.40
Carbon dioxide (ten thousand tons)	879.63

#### Society

Indicator	2015	2016	2017
Value of social contribution per share (RMB)	8.57	7.98	9.08
Total amount of public welfare donations (RMB ten thousand)	3,646.58	2,457.10	2,628.32
Targeted poverty alleviation funds donated to Yongren county and Wuding county (RMB ten thousand)	1,137	1,092.68	1,141.96

thousand)			
Number of employees	76,192	70,461	72,530
Employee turnover rate (%)	6.73	6.70	6.69
Number of employees who participated in online learning (ten thousand person-time)	390	290	579
Per capita employee learning time (class hour)	61	61.5	125

## **Social Responsibility Performance Actions**

### **Celebrated the 30th anniversary of China Merchants Bank**

We organized the celebration meeting for the Bank's 30th anniversary, and launched special activities featuring "the future comes because of you". Our 30th anniversary commercial "China Merchants Bank is outstandingly popular" appeared on CCTV.



### **Launched our first employee family caring program - Sunny Day Program**

We established employee the "Sunny Day Program" to eliminate staff worries and enhance their sense of belonging and being part of the team.

### **Fully launched Fintech strategy**

We took 1% of the total pre-tax profits of the previous year as a special fund for financial and technological innovation, encouraged and supported all bank employees in adopting innovative technologies and innovating financial services.

### **The number of our retail customers exceeded 100 million**

In October 2017, the number of China Merchants Bank retail customers officially exceeded 100 million. In other words, one out of every 13 Chinese people has a China Merchants Bank card.

### **Reached a strategic cooperation with Tencent in the field of financial security**

By virtue of the technology and data resources of both parties in the field of Fintech, we partnered with Tencent to identify fraudulent activities in financial business and build an Internet financial safety ecosystem.

### **Released the CMB Mobile Banking 6.0 - "Every Cent is Worthy" mobile financial brand**

With a professional and rigorous financial orientation, CMB Mobile Banking 6.0 reverts to the essence of finance and integrates intelligent technology, uses "core" app to manage customer's money and create value for them.

### **Signed a strategic cooperation agreement on the innovative application of resident health cards**

We cooperated with the Statistics Information Center of the National Health and Family Planning Commission to promote the cooperation and technological innovation between banks and medical

institutions, and established a new mode for resident health cards – the "e-health account" plus "bank's second-category account", so as to provide residents with coordinated and convenient health financial services.




**Formulated financial poverty alleviation plans to boost the development of poor areas**

In response to the 20 measures issued by the Central Government to alleviate poverty through finance, we formulated the China Merchants Bank Financial Poverty Alleviation Plan. As of the end of 2017, we had granted a total of RMB 20.031 billion as financial aids for targeted poverty alleviation.

# 1 Embracing Fintech and Leading the Smart Revolution

## Sustainable Development Background

From the slash-and-burn farming society to the intelligent era of "Internet of Things", technology has become an important driving force behind the development of human society. It not only brings earth-shaking changes to people's lives, but also shows them its huge potential. As one of the industries closely related to people's life, the banking industry has encountered both new opportunities and challenges in the wave of science and technology. The key to enabling commercial banks to create long-term value in the future has been promoting the deep integration of finance and technology, improving financial service efficiency and reshaping customer experience through innovation.

United Nations Sustainable Development Goals	What We Did	What We Achieved
	<ul style="list-style-type: none"> <li>Promoted the implementation of Fintech strategy, set up the Fintech Committee, and established a financial innovation mechanism</li> <li>Continuously upgraded the CMB Mobile Banking and CMB Life(掌上生活) apps to create a smart, convenient and personalized mobile finance service platform.</li> </ul>	<ul style="list-style-type: none"> <li>Established the Fintech Innovation Fund with an initial amount of RMB 790 million</li> <li>The number of CMB Mobile Banking app users reached 55.79 million. The number of registered CMB Life(掌上生活) users reached 47.44 million.</li> </ul>
	<ul style="list-style-type: none"> <li>Made use of Fintech to provide financial solutions for different scenarios to help people improve their quality of life</li> <li>Expanded smart city projects, helped cities to provide more intelligent and convenient public services.</li> </ul>	<ul style="list-style-type: none"> <li>Took the lead in launching QR code payments that meet Union Pay standards</li> <li>Signed more than 150 smart project contracts with campuses, medical institutions, and communities nationwide.</li> </ul>
	<ul style="list-style-type: none"> <li>Cooperated with merchants to expand financial scenarios and deepen cooperation in financial security and other fields</li> </ul>	<ul style="list-style-type: none"> <li>Got more than 500 new online merchants through "All-in-one Net" payment products</li> </ul>

## Feature: Promoting Fintech Strategy and Building a Fintech Bank

In 1987, China Merchants Bank was founded on the original site of former finance company in the Shekou Industrial Zone. At a time when abacuses were still needed for calculation in some places, the Board of Directors determined at the very beginning that "there are two things that we should never save. First, the money spent on computers, and second, the money spent on training". As a result, we took the lead in realizing networked nationwide deposit and withdrawal in China in 1996.

With 30 years of development, China Merchants Bank has become one of the most influential commercial banks in China. Faced with the rise of emerging technologies such as mobile technology, cloud computing, big data, artificial intelligence and blockchain, we remain committed to the business philosophy of "we are here just for you", fully grasp the changes in customer behavior, drive innovation and transformation through Fintech, speed up the construction of a data-oriented China Merchants Bank, and meet the financial service needs of people from all walks of life in a more advanced, flexible and efficient manner.

In 2017, we officially launched the Fintech strategy; deepened our cooperation with Fintech enterprises, increased the innovation and application of Fintech, promoted the transformation of various business areas to be "networked, data-oriented and intelligent", explored new business models, and created the future-oriented "Fintech Bank".

### Evolution Path of China Merchants Bank Fintech Strategy



With the aid of mobile Internet, cloud computing, and other technologies, we process the financial activities of customers and employees online through mobile platforms such as "Mobile Banking", "CMB Life" and "ZhaoHu", to establish a wide connected network.

We integrate internal and external online scenario data, adopt big data analysis and a machine-learning model to constantly explore the value of data; and make use of data to develop better business decisions and achieve data-driven operation.

We continuously enhance our online intelligent business service capability, achieve automatic business feedback, model self-reinforcing and self-learning, and build intelligent competitiveness.

We creatively set up the "Special Fund for Fintech Innovation" and continuously strengthen investment



in Fintech by establishing a Fintech innovation mechanism; actively cultivate and introduce Fintech talents, encourage all staff members to adopt innovative technologies to innovate financial services, and provide a steady flow of power to build the Fintech Bank.

<b>Capital Investment</b>	1% of pre-tax profits of the previous year were set aside as special fund for Fintech innovation. The Fintech Innovation Project Fund's sole focus is on supporting and nurturing Fintech innovation projects.
<b>Organizational Structure</b>	We established the Fintech Committee, which is responsible for coordinating the development of the Bank's "Fintech Strategic Planning" and decisions management.
<b>Incubation Platform</b>	We adopted a lean innovation and agile development mode to incubate Fintech innovation projects, provided vigorous IT support and various mechanism guarantees for relevant teams.
<b>Talent Pool</b>	We introduced and cultivated Fintech talents, developed the Fintech Management Trainee program, and constructed a professional personnel-training system.
<b>External Cooperation</b>	We carried out exchanges and cooperation with leading technology companies to explore innovative applications of new technologies in the financial field, such as content recommendation, natural language processing, machine learning and virtual reality.

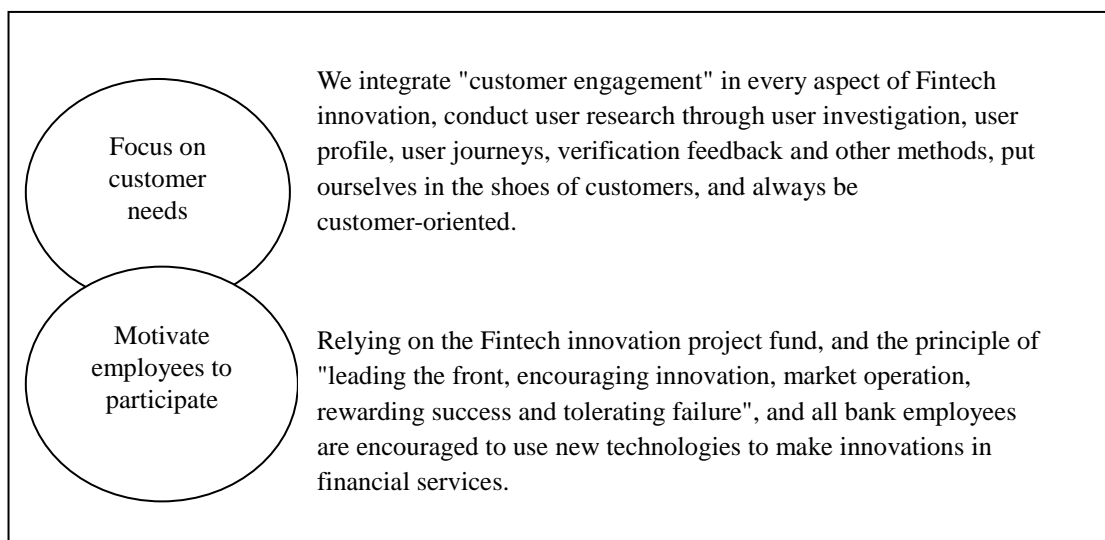
As of the end of 2017, we have incubated 50 Fintech innovation projects in our bank, and established cooperation with more than 30 technology companies in mobile Internet, quantitative transaction, virtual reality and other fields. We successfully launched an artificial intelligence financial service "Machine Gene Investment (摩羯智投)", the "Lightning Credit" based on big data and cloud computing, and other innovative financial products and services.

With groundbreaking exploration in the Fintech field, we were awarded the 2017 "Fintech China Leader: Best National Commercial Bank" title by *Asiamoney*.

## People-oriented Technology, We Are Here Just for You

In the past, people often got anxious for having to queue up for a long time at bank counters, or deeply annoyed for forgetting to bring their cards with them when withdrawing money. Nowadays, mobile banking enables people to transfer money, carry out wealth management and other businesses anytime at any place as users can withdraw money simply by having their faces scanned... With the development of Fintech, people's lives are getting much easier and better.

People are the main component of all financial activities and the most direct participants and beneficiaries of financial technology. In the process of building a Fintech Bank, we always adhere to our original aspiration of "we are here just for you". The focus is on customer needs, expanding technology applications in key areas, encouraging employees to participate in Fintech innovation, stimulating innovation and vitality throughout the Bank, and providing customers with more high quality, efficient services and experience.



### "Fintech" Open Class, Promoting Universal Access to Fintech Education

In November 2017, the "Fintech Open Class" was officially launched at the app client terminal of China Merchants Bank University. The course covers 93 micro-courses and eight major topics, such as the global Fintech development trends, the "terminal-to-terminal" digital transformation of the industry, blockchain, risk identification and big data. While giving consideration to the completeness and systematization of course content, we also take into account young employees' diversified learning environments and fragmented learning time. We deliver the courses to all bank employees through a mobile phone platform, help them master Fintech knowledge, and enhance their overall Fintech understanding.



In 2017, we also held a small team innovation competition of the Fintech dream program.

### Deepening Exchanges and Cooperation and Building an Open Ecology

The in-depth integration of finance and technology not only greatly expands the boundaries of financial services, but also accelerates the cross-border cooperation between financial institutions and technology enterprises. In view of this, CMB conducts extensive exchanges and cooperation with technology enterprises and peers in financial industry. We keep an open mind and a long-term vision to explore mutual complementation and integration of resources with each other, and jointly establish an open and win-win Fintech eco-system.

### Brought Together Elites in the Industry to Discuss Fintech

On November 15, 2017, CMB co-hosted the "China Retail Banking Fintech Forum" with *Retail Banking* magazine. We invited a number of leading enterprises, experts and scholars in the global

financial technology field, as well as more than 600 senior members from about 120 banks and 100 financial technology companies. Focusing on the theme of "New Species, New Ecology and New Retailing," we discussed the development trends of the retail banking industry in the context of "Fintech", "artificial intelligence" and the emerging consumer payment and credit environment, and promote the exchanges and cooperation between Fintech enterprises and retail banks.

In the future, we will actively embrace Fintech, constantly innovate and change, and promote the all-round integration of processes, products and business channels. By building a Fintech Bank, we will expand new business models and look for impetuses for sustainable development to provide more inclusive, personalized and intelligent financial services and continuously create value for customers.

## 1.1 Enhancing Mobile Finance

In the mobile Internet era, phones have become smart terminals that people carry around with them. They not only provide people with convenient access to financial services anytime, anywhere, but also provide more possibilities for financial institutions to change business models and promote service upgrading. In view of customers' increasing online and mobile behaviors, we start from the customer's perspective, make integrated use of Fintech technologies such as big data, cloud computing and artificial intelligence, constantly iterate CMB Mobile Banking and CMB Life(掌上生活) apps, and create smart, convenient and a personalized mobile finance service platform for customers.

### CMB Mobile Banking 6.0--"Every Cent Is Worthy"

We take a professional and rigorous financial attitude to meet customers' demands for cash flow management and wealth management, integrate smart financial technology, and commit ourselves to building the China Merchants Bank app into an intelligent personal financial assistant. The new Mobile Banking 6.0 optimizes 145 functions, comprehensively upgrades intelligent financial services from the three aspects of connectivity, intelligence and style, and carefully manages the customer's money.



- **Connectivity:** As a unified support platform, it connects the account manager, provides the ZhaoHu(招乎) service number and other functions, connects mobile banking with the client manager, branch and off-line scenarios, and provides one-stop services such as information distribution and online consulting ;
- **Intelligence:** We upgraded the single intelligent function of the "Machine Gene Investment(摩羯智投)" to platform-wide intelligent functions, and made use of big data to create three innovative functions: intelligent reminders, intelligent recommendations and intelligent customer service, while enhancing our ability to provide individualized services.
- **Style:** We introduced a brand new interactive design to the CMB UI, and used a simple and smart interface to bring customers a more humanized user experience.



55.79 million

customers downloaded the  
China Merchants Bank  
Mobile Banking app

RMB 17,867.5 billion

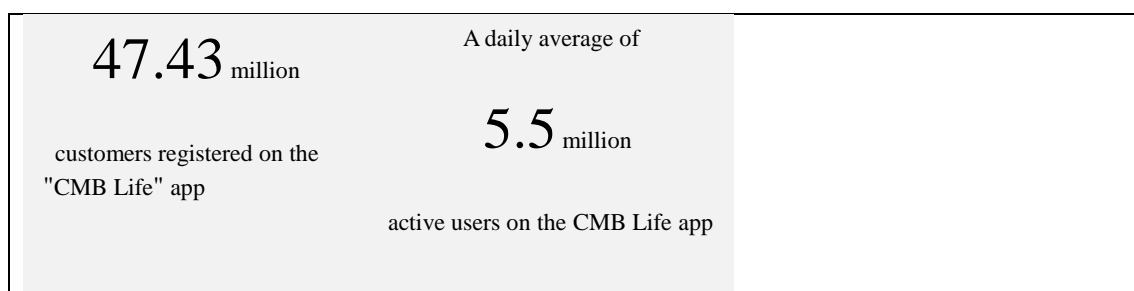
in mobile banking  
transaction volume

### CMB Life 6.0-- "A National Consumption Financial App That Knows You Better"

After many iterations, the CMB Life app 5.0 already removed the barrier of the banking sector and was open to all users. Taking Fintech as core power, the new version 6.0 provides customers with more open, intelligent and reliable consumption financial services by combining customer segmentation scenarios and consumption credit requirements, and making full use of advanced technologies such as big data, cloud computing and AR. The aim is to be a "national consumption financial app that knows you better"

- **Panoramic Intelligent Credit Limit:** We introduced the "Panoramic Intelligent Limit" service system, which can investigate customer preferences and demand time based on intelligent scenario recognition, combine internal and external information from multiple sources, evaluate customers' credit status and solvency, and provide butler-type quota services that can better meet customer needs.
- **Intelligent Recommendation:** We developed "Intelligent e-Credit", which is an intelligent engine that can recommend consumption credit products based on customer credit line, chosen amount and repayment preferences. Then it can automatically recommend related products and support "one-click application", thus simplifying customers' operation procedure;
- **AI Customer Service:** Equipped with AR technology, the APP allows users to awaken the 3D AR customer service cat by simply scanning the logo of China Merchants Bank. The 3D cat provides customers with account checking, credit limit and other services with a visualized, intelligent image.





In view of the fact that customers need the "fastest and simplest" services, we actively made use of WeChat, Alipay, the mobile phone official website and other mobile Internet platforms for ensuring compliance with regulatory requirements and ensuring the safety of funds. CMB brings the lightweight, flexible features of a WeChat public account and a WeChat applet into full play, and provides customers with a wide range of service channels, as well as a convenient and efficient financial experience.

### **The WeChat Applet Makes Financing Much Easier**

We launched the China Merchants Bank Small Enterprise Finance + WeChat applet, which connected online and offline services based on relevant scenarios about small enterprise asset business. From booking an account to applying for financing, customers can complete all the operations on the WeChat platform simply by moving their fingers.

Mr. Wu was one of the first users of the "China Merchants Bank Small Enterprise Finance+" WeChat applet. At the end of the year, Mr. Wu's company had a problem of capital turnover. He wanted to get a loan from the bank, but did not know which financial products were suitable, or how much he could get. Mr. Wu simply input his company information, and got the credit line calculation results instantly by using China Merchants Bank Small Enterprise Finance+. A few minutes after he submitted a loan application, our Account Manager contacted him to learn more about his loan needs and help him choose a suitable financing product.

### **Intelligent WeChat Customer Service, Using Cards More Easily**

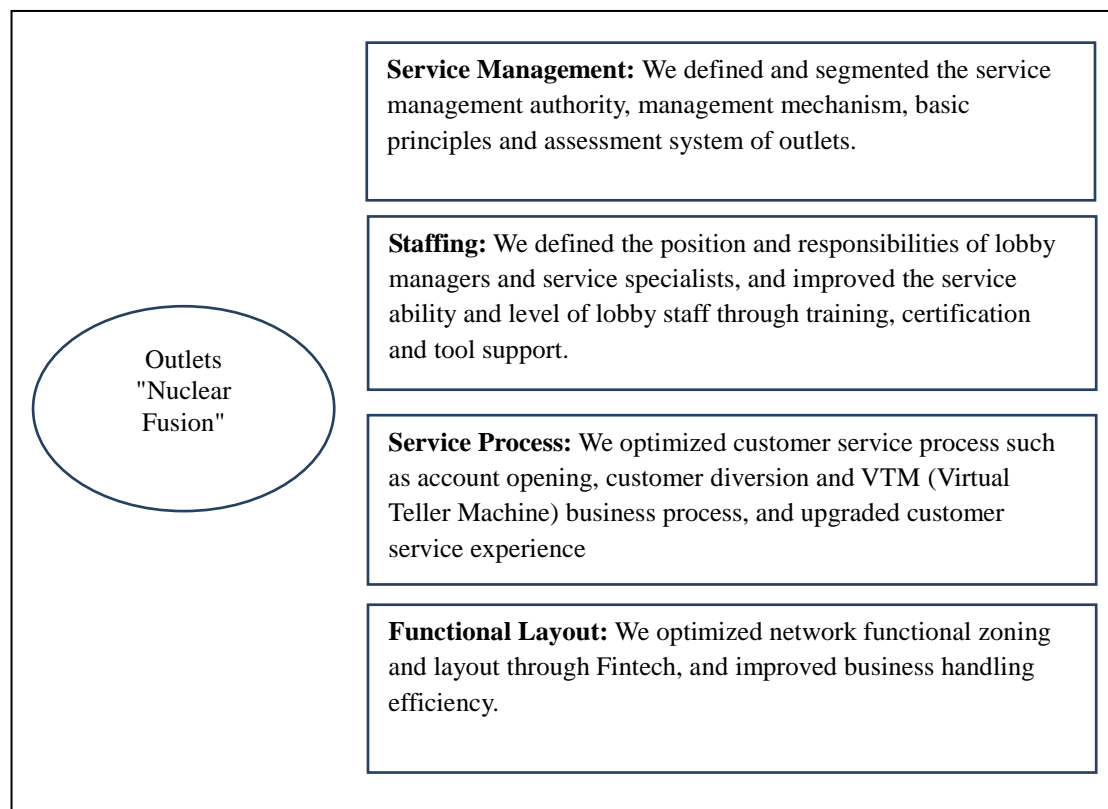
As early as 2013, CMB took the lead in connecting credit card services with WeChat public accounts and created a smart WeChat customer service platform. After achieving self-service consulting, inquiry, business handling and other function, we activated automatic reminders for bills, consumption and repayment, and developed the intelligent animated "tiny CMB cat" character that can quickly and accurately answer customers' questions.

As of the end of 2017, the number of third-channel followers of the intelligent WeChat service platform had exceeded 100 million, with 427.8 million registered users. China Merchants Bank credit card also won the technology innovation award - "Award for Mobile Social Media Best Experience" by the *Asian Banker* magazine.

## **1.2 Promoting Integrated Services**

CMB believes that face-to-face communication can help build a bond of trust with customers more effectively, and provide customers with a professional, sincere and warm service experience. This is why we insist on using outlets as an important conduit for enhancing customer service. In addition, we take Fintech as a driving force to promote the digital transformation of outlets and the integrated development of online and offline channels to create an integrated, intelligent and humanized customer service.

In 2017, we launched the "Outlets Fusion" project. Based on a comprehensive review of customer needs, we adopted intelligent means to re-position outlet functions, achieved efficient coordination among different channels, focused on solving the pain points of customer experience and promoted the transformation and upgrading of the customer service model.



## Online-offline Integration

We vigorously promote the O2O service process at outlets. By integrating online and offline channels, we use mobile phones as an important portal to outlets and achieve the interconnection of information between a customer's handset and the outlets' equipment and system. While developing customized, personalized and localized online service capability, we also actively promote the transformation and upgrading of the outlet service process, and achieve the integration of online and offline services.

<b>CMB Mobile Banking app</b>	<ul style="list-style-type: none"> <li>• With the CMB Mobile Banking app 6.0, Account Manager can provide customers with one-stop services, including information delivery, consulting service, product recommendation and purchasing through the connection function.</li> <li>• Branches at different places can provide customers with localized featured activities, rights, information, services and products through the ZhaoHu(招呼) Service Account and the branches' "online business hall".</li> <li>• With the scanning function of the Mobile Banking app, customers can enter community and life scenarios by using an exclusive QR code to connect outlets and featured services.</li> </ul>
-------------------------------	---

<p><b>Outlets</b></p>	<ul style="list-style-type: none"> <li>• Allow customers to make a reservation in advance, gain remote access to service numbers and pre-fill forms on their mobile phone to significantly save queuing time.</li> <li>• Provide value-added services such as reservation and activation reminders, smart service number reminders and online satisfaction evaluations, which effectively improve customer experience.</li> <li>• By identifying visiting customers, we can accurately recommend information; service personnel can then distribute relevant products or functions to customers' mobile phone via a PAD, thus providing personalized services with different features.</li> </ul>
-----------------------	---

As of the end of 2017, all of our business outlets supported the O2O service process. By December 2017, more than 430,000 customers received service numbers through the Mobile Banking app each month. In the future, we will also reconstruct and upgrade the self-service equipment of outlets, build the mobile finance Internet of Things (IoT), enable customers' mobile phones to interact with multiple channels such as the VTM, counter and ATM, so that customers can use self-service for all kinds of business with their mobile phones.



### Creating Special Areas of Branches to Connect Online and Offline Activities

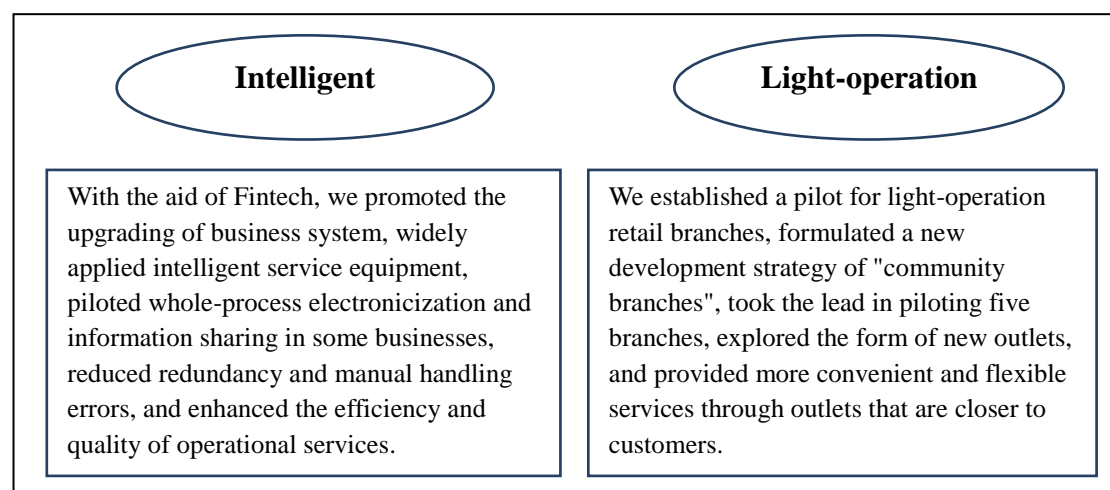
In 2017, we supported branches all over the world in setting up a special online area on the Bank's Mobile Banking app. Additionally, branches were encouraged to integrate the needs and characteristics of local customers' wealth management and consumption, conducted featured business activities through online platforms, helped customers to connect with outlets and their surrounding communities, while promoting communication and interaction with local customers.

Since May 9, 2017 when our Beijing special online area was launched, the Beijing Branch has launched many activities such as "Deposit on Tuesdays" and "Wealth Management on Fridays" for target customers that are precisely identified, and promoted personalized financial products from the branch. The Beijing Branch also set up a surrounding community preferential business circle, and carried out "Purchase by 1 Cent(1 分购)", "Buy together on Wednesdays(周三一起 buy)", "Gathering Thumbs ups on the Weekends(周末集赞日)" and other activities to provide local customers with localized, personalized content and services.



## Promoting Outlet Transformation

With the wide application of mobile banking, VTM and other self-service devices, many businesses are gradually shifting from traditional counter services to online services. In view of this, we proactively adapted to Fintech's innovation and changes in customer needs, optimized outlets' customer service and operation management models, promoted the intelligent and light-operation transformation of outlets, and enhanced the quality of outlet services.



Wuai Community Sub-branch of Wuxi Branch

## Self-service Receipt Printing, Without Queuing up for a Long Time

In view of the large amount and cumbersome procedure of counter business receipt processing, we launched a new self-service receipt-printing machine throughout the bank network in 2015, and took the lead in realizing self-service receipt printing, transaction statement printing, transaction inquiries and other self-service functions for corporate customers. In addition, we further launched the receipt printing and transaction statement printing and other self-service functions for retail customers, thus



effectively shortening customer's waiting time.

In 2017, 170 million self-service corporate customers' receipts were printed and the amount of printed retail customer transaction statements reached 3.85 million, their self-service replacement rates reached 90% and 69% respectively.



### 1.3 Enriching Financial Scenarios

With the increasing consumption demands of people, the boundary between finance and everyday living has become blurred. Online shopping, shared travel, take-away meals and other forms of consumption have greatly enriched people's life, and raised higher requirements for the bank in meeting their consumption needs. With the aid of Fintech, we actively identify people's financial needs in different life scenarios, and promote products and services to help people improve their quality of life.

#### Easy Mobile Payments

We paid close attention to the People's Bank of China's policy on hierarchical account management; reconstructed the hierarchical individual account system throughout the bank; effectively connected the All-in-One-Net account opening, inquiry, recharging, payment and other functions with external scenarios; and flexibly adapted to different cooperative partners' needs for multi-scenario cooperation, thereby making better use of the connections between consumers and merchants.

We continued to optimize the All-in-One-Net payment product system, and supported users in binding bankcards from multiple banks for mobile payment. Based on this, we took the lead in launching QR code payment products that meet Union Pay standards, and added PC-terminal scanning code for payments, fingerprint payments and Facial ID payment functions. When user experience is consistent with the mainstream third-party payment platform, our transaction security becomes more trustworthy.



### Taking the Subway with Mobile Phone, Without Buying Tickets

On September 26, 2017, the Guangzhou Metro supported customers using their Apple Pay to pay for their ride, making Guangzhou the first city in China that fully applied mobile flash payment in subway scenarios. After customers bind their China Merchants Bank saving account or credit card with Apple Pay, they can take Guangzhou Metro just by putting their mobile phone close to the gate sensor area, and pass the gate after verification quickly, enabling them to "take the metro before making payment". Without having to top up metrocards and buy a ticket first, passengers can now pass the gate much faster.



### Connecting Life Scenarios

Since the issuance of our first credit card in 2002, we have followed the concept of connecting millions of people's lives, consumption and finance, focused on life scenarios. CMB has remained devoted to connecting clothing, food, housing, transportation, shopping and other aspects to make credit card use a habitual part of our customers' lifestyle.

Online	Relying on the CMB Life(掌上生活) app, we focused on consumer needs for food, drink, play and entertainment, introduced online cinema seat selection, flash food sales, real-time bonus points exchange. The app also allows booking of air tickets and hotels, salary and service payments, and other consumption services in one click. We also created the "Overseas Travel Shopping" channel, and provided one-stop overseas travel e-services.
Offline	We launched a series of products including "All in One Mobile · Quick Pass(一闪通 云闪付)", "CMB Life Scan & Pay(掌上生活扫码付)" and "Pay by Bonus Points(积分付)" to meet the diversified payment preferences of users and make offline consumption more convenient.

### Working Together with Mobike, Advocating Green Travel

In 2017, we reached a strategic cooperation with Mobike and issued Mobike credit cards. By combining the cycling needs of urban young people, we offered a customized exclusive backpack suit for Mobike riders, gave Mobike cycling discounts, and encouraged customers to choose this more convenient, comfortable and environmentally friendly travel mode.



## 1.4 Building Smart Cities

The city is the conduit of people's lives, and houses the residents' feelings and great expectations. To achieve sustainable development, building a smart city and improving public services have become the development direction of future cities. Among them, finance, as the life blood of the city, connects all aspects of residential life, and has become a key area for smart city construction.

Relying on the rich achievements accumulated in the construction of smart projects, we can provide comprehensive financial solutions for education, medical care, transportation and other fields, meet citizens' payment needs, handle inquiries and financial management in various areas, and help cities to provide more intelligent, convenient public services, while providing residents with a brand new and better life experience.

### Using Fintech Advantages in Constructing A Smart City

In Jinan City, we actively explored the "Internet +" smart city business, combined our own products and services with Fintech to provide rich scenario support for smart city construction. CMB also assisted the department of municipal administration in planning and constructing smart city projects, and established public service and government service terminal application cloud platform in colleges, healthcare centers and communities. All this effort paid off and enabled the public to experience fully the intelligent and convenient life brought by a smart city.

- **Smart Healthcare:** We assisted Jinan Maternity and Child Health Care Hospital in constructing an online supplementary medical service platform that can provide patients and their families with remote registration, payment for consultation fees, physical examination results inquiry, pre-payment for hospitalization, and other services;
- **Smart Health:** We established the Jinan Residents Health Cloud Platform that takes "e-health files as the core" to guarantee medical treatment, and provide chronic disease management and disease prevention and control for the residents in the city;
- **Smart Transportation:** We cooperated with the traffic control department, and launched the "Easy Payment for Traffic Fines" app to help citizens use their mobile phones to pay traffic fines; connected the "Shandong All-in-One" app with "All-in-One Net" payments, and enabled rapid payment at expressways and other ETCs;
- **Smart Community:** We researched and developed the "Smart Community" app to provide functions such as the "Preferential Merchants Experience Area" and "One-stop Life Services"; and participated in the Binzhou Jingbo Property Smart Community Project to provide residents with convenient payment services;
- **Smart Campus:** We assisted the Qilu University of Technology in establishing the first cross-bank payment integration system for a university in China. After students pay on a mobile terminal, the money is automatically accounted for. The data is then synchronized, aggregated, and counted in the university's financial department.

As of the end of 2017, we had signed more than 150 smart programs with colleges, medical institutions and communities in China, and carried out strategic cooperation with government departments such as the Statistics Information Center of National Health and Family Planning Commission and the Ministry of Education Examination Center to provide people with smart financial solutions.

## 1.5 Protecting Financial Security

Financial business scenarios have penetrated into every aspect of life, which poses more challenges to financial security while bringing more efficiency and convenience to people. Particularly in recent years, the increasingly rampant telecommunications fraud and bank card fraud not only exert unfavorable social impacts, but also become a top priority in bank security management.

In the process of building a Fintech bank, we attach great importance to the safety of our customers' capital and information security, improve the security control architecture to ensure cyber security and data security during "networked and data-oriented" development, and vigorously safeguard Fintech security innovation. CMB makes use of big data and artificial intelligence technologies and innovate risk control measures to enhance our ability to ensure security.

We actively develop financial technology, drive product design with technology, and prevent credit fraud. By using cloud computing, big data and artificial intelligence as the core and focusing on the big data risk control of "data+ model + algorithm", we can identify customer qualifications in a "wider, faster and more efficient" manner, and make more accurate credit judgments. In addition, we monitor the flow of funds to prevent clients from using the funds for private lending.

- Liu Jianjun, Vice President of China Merchants Bank

### **Multiple Security Guarantees Contribute to Your Worry-Free Consumption**

In view of the widespread concern over credit card fraud, we created a smart risk control system based on the mobile Internet ecosystem when first developing the CMB Life app, and achieved real-time risk management by introducing the "transaction + behavior" data for strategy deployment.

- Based on device identification and behavior analysis, we identify the risks in handling consumer financial products and distribute different traffic management and payment date strategies in a real-time manner to ensure the safety of customer accounts;
- In the transaction and payment process, customers can use voiceprint, face and fingerprint recognition methods for risk intervention, and lock the card with one click for independent risk management.
- We established a new "safety center", which can send targeted alert against risk events by setting dynamically recommended safety functions to enable customers to conduct face-scanning verification and apply for quick card replacement, plus support other functions.

In 2017, we also introduced transaction risk solution and dispute solution – the Smart Transaction Butler, which enables integrated services on the mobile Internet including risk card exchanges, self-service transaction confirmation, regulation and deregulation, dispute solution demonstration, self-service dispute feedback and real-time dispute progress query on the mobile internet. Additionally, customers can be effectively guided into participating in risk management, thus achieving a dynamic balance between risk management and the customer payment experience.

In November 2017, we signed a strategic cooperation agreement with Tencent on Internet financial security. By virtue of the data foundation and anti-fraud experience accumulated by Tencent Financial Cloud and Tencent Anti-fraud Lab in the financial security field, we can better identify fraudulent behavior in financial business and jointly establish the Internet financial security ecosystem.

### **Publicizing Cyber Security and Promoting Public Awareness**

We organized the "National Cyber Security Week" which ran from September 16 to September 24 in 2017. The activity was organized to be close to the public, easy to understand and integrated online and offline resources. The focus was on the theme of "cyber security for the people and by the people", and its aim was to popularize cyber security knowledge to the public and enhance public cyber security awareness and risk prevention skills. Some of our measures are:


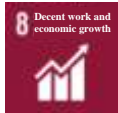

- CMB Mobile Banking app sends security tips to prevent telecommunications fraud.
- The WeChat public account platform: releases security education materials to prevent bank card fraud, and analyzes typical cases of fraud;
- Business Outlets circularly broadcast cyber security publicity videos, displays posters and promotional brochures themed "*Cyber Security Knowledge Handbook*" and "*Guide for China Merchants Bank Safe Bank Card Payments*".

- Offline Campaign: We go to enterprises, colleges and universities, and communities to disseminate basic bankcard anti-fraud knowledge.

## 2 Deepening Inclusive Finance and Sharing a Wonderful Life

### Sustainable Development Background

Inclusive finance refers to providing appropriate and effective financial services to the sectors and groups of society that have financial service needs at an affordable cost and based on the principle of equal opportunity and commercial sustainability. By increasing the coverage and availability of financial services, reducing the financing costs of small and micro enterprises and agro-related enterprises, and enabling poor people, the disabled, the elderly and other special groups to share financial services, we will help more people enjoy a better life and realize both social benefits and business benefits. This is not only a requirement for building an affluent society in an all-around way, but also an important responsibility of commercial banks.

United Nations Sustainable Development Goals	What We Did	What We Achieved
	<ul style="list-style-type: none"> <li>• Strengthened financial support for strengthening people's livelihood and municipal infrastructure construction</li> <li>• Continuously improved the pension product system and provided professional pension services for many enterprise employees</li> </ul>	<ul style="list-style-type: none"> <li>• Granted loans of RMB 21.73 billion for shanty town renovation; signed "Smart Healthcare" products with more than 200 hospitals, served more than 200 million patients;</li> <li>• Provided pension services for more than 1.76 million enterprise employees</li> </ul>
	<ul style="list-style-type: none"> <li>• Vigorously supported small and micro enterprises, and helped them achieve growth, and promoted social employment</li> </ul>	<ul style="list-style-type: none"> <li>• The total loan balance of "small and micro enterprises" (calculated on the Bank's statistical caliber) reached RMB 467.943 billion. The small enterprises' loan balance reached RMB 156.974 billion, and the micro enterprises' loan balance reached RMB 301.969 billion.</li> </ul>
	<ul style="list-style-type: none"> <li>• Provided exclusive financial services for special groups of customers;</li> <li>• Conducted Golden Sunflower FQ (Financial Quotient) education and public education on financial knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• Carried out 15,566 publicity activities and educated nearly 20 million consumers</li> </ul>

## 2.1 Improving People's Lives

As the hub of the national economy, the banking industry is closely related to people's daily lives. China Merchants Bank continuously explores the effective integration of financial products and services with people's livelihood, deepens financial services to improve people's lives, supports the construction of municipal public welfare projects with specialized financial solutions, and enhances people's income and well-being.

We have paid close attention to people's needs for housing, medical care, pensions and other necessary life services. By integrating the Bank's advantageous resources, we strengthen our support for shantytown reconstruction and Smart Healthcare projects, continuously improve our pension product system, and provide people with high-quality livelihood financial services to meet their desire for a better life.

<b>Protect People's Livelihood</b>	Provided credit service for key shantytown reconstruction projects in Beijing, Shanghai, Tianjin and Chongqing, Wuhan, Changchun, Hangzhou and cooperated with China Development Bank to carry out special cooperation on shantytown reconstruction loans. In addition, CMB provided integrated financial services for shantytown reconstruction projects. In 2017, the Bank granted a total of RMB 21.73 billion of loans for shantytown reconstruction projects to help millions of families realize their dream of settling down in nice home.
<b>Share Smart Healthcare</b>	Since 2014 when the "Smart Healthcare" project was launched, we created online and offline closed-loop services for medical scenarios by organically integrating the Internet, medical care and financial services, and effectively solved the problems of long registration hours, long waiting times, long times for taking medicine, and short visiting time. By the end of 2017, we had signed the "Smart Healthcare" project contract with more than 200 hospitals, and provided services for more than 200 million patients.
<b>Enjoy a Golden Life</b>	As the first domestic bank to offer enterprise annuity management services, we are committed to providing enterprise annuity and other pension financing services for corporate, institutional and individual clients. By the end of 2017, we had provided excellent pension services for more than 2,000 large, medium and small-sized enterprises and more than 1.71 million employees.



Supported the reconstruction of No.118 street blocks in Huangpu District, Shanghai



**Innovative Resident Health Card, Easier Access to Doctors**

In November 2017, we signed the "Strategic Cooperation Agreement on the Innovative Application for Resident Health Cards" with the Statistics Information Center of the National Health and Family Planning Commission. The two parties cooperated with each other to establish a new mode of resident health card construction: the "e-health account" plus the "bank's second-category account". The cards provided residents with coordinated and convenient health services throughout China by sharing medical card, diagnosis and treatment information among medical institutions at different locations.

As of the end of 2017, we had officially implemented virtual resident health card pilot projects in Wuxi City and Hefei City, and continuously carried out pilot projects in a number of provinces and cities. In the future, residents can apply for virtual resident health cards using their mobile phones, and can register at any hospital as long as they bring their phones.

We took municipal infrastructure such as transportation, water conservancy, electricity and sanitation as key areas to grant credit loans, actively guided credit funds flow to people's sustenance infrastructure projects, helped municipal departments improve public services and enhanced the quality of people's lives.

**Hohhot Branch: Supported the Traffic Network Construction of Inner Mongolia**

Inner Mongolia is sparsely populated, making basic traffic construction extremely important in people's lives, tourism and other aspects. To meet the construction needs of local transport projects, the Hohhot Branch strengthened credit support for the Beijing-Urumqi High-speed Expressway and other projects that pass through Inner Mongolia. As of the end of 2017, the Hohhot Branch granted RMB 2.802 billion in loans to the Inner Mongolia Transport Department. Additionally, it granted a total of RMB 600 million of working capital loans to the Inner Mongolia High-grade Highway Co., Ltd. and underwrote 1 billion in perpetual debt, which is used for routine maintenance and repair of existing roads.

**Guangzhou Branch: Supported the Construction of Qingyuan Jiangnan Waterworks**

As a major sustenance project planned and constructed by Qingyuan City, Qingyuan Jiangnan Waterworks was designed to solve the water demand gap and meet the water consumption demands of residents in the downtown area of Qingyuan City before 2020. In 2017, the Qingyuan Branch provided RMB 521 million in credit loans for the project and gradually granted the loans according to project progress. This provided strong support for Qingyuan City to meet people's needs for water and ensure the water supply in the downtown area.

**Nantong Branch: Supported Rudong Tianying Domestic Waste Incineration Power Generation Project**

Located in Nantong City of Jiangsu Province, the Nantong Branch provided RMB 200 million of fixed asset loans to Rudong Tianying Green Energy Co., Ltd., who developed the Rudong Waste Incineration



Power Generation Project. This substantially helped the enterprise to implement project construction smoothly. By the end of 2017, the enterprise's balance of credit loan granted by the Nantong Branch was RMB 92 million. The domestic waste incineration power generation project can help Nantong City to achieve centralized disposal of municipal domestic wastes, reduce waste by 85% after disposing of garbage by incineration, thus greatly facilitating domestic waste disposal of surrounding urban areas.

## 2.2 Boosting the Development of Small and Micro Enterprises

Small and micro enterprises are the cornerstones of the real economy and play an important role in expanding employment, increasing income and improving people's livelihood. However, due to short lifecycle, lack of information transparency, and lack of mortgage and credit, it has been difficult and expensive for small and micro enterprises to get financing, which restricts their development.

To keep pace with the diversity in industries and operating procedures of small and micro enterprises, we constantly innovate financial products, actively expand financing channels, and provided about 150 tailor-made specialized financial solutions for small and micro enterprises. This helps small and micro enterprises overcome obstacles and achieve sustainable healthy growth. As of the end of 2017, the total loan balance of "small and micro enterprises" reached RMB 467.943 billion, in which the small enterprises' loan balance was RMB 156.974 billion, and the micro enterprises' loan balance was RMB 301.969 billion.

### Innovative Services for Small and Micro Enterprises, Solving Financing Problems

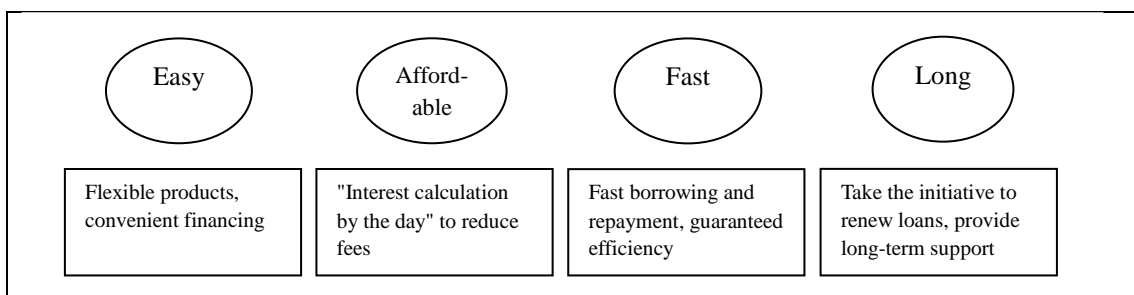
In 2017, we implemented a paperless, large-scale and streamlined retail credit approval procedure, and created a "data-driven + human-machine integration" risk control management system, and fully upgraded our loan services for small and micro enterprises.

Expectations of Small and Micro Enterprises	What We Did
Flexible Guarantees	<ul style="list-style-type: none"> <li>Supported credit, guarantee, mortgage and other flexible guarantee methods</li> </ul>
Rich Credit Products	<ul style="list-style-type: none"> <li>Introduced various types of credit products such as Lightning Loan, Easy Loan and Assistance Loan.</li> <li>Introduced "Bank-Tax Interaction" to provide affordable and convenient financing services for small and micro enterprises with high-quality operations and good taxation records.</li> <li>Introduced "monthly repayment" loan products, and provided automatic renewal services for well-qualified well-operated customers.</li> </ul>

Expectations of Small and Micro Enterprises	What We Did
Preferential Service Fees	<ul style="list-style-type: none"> <li>Lowered loan interest, provided "interest calculation by day" services, and reduced loan costs for small and micro enterprises.</li> <li>Took the initiative to reduce the fees, charged zero advisory or consulting fees in the loaning process; cancelled account-opening fees and reduced corporate online banking material fees in some branches.</li> <li>"All-in-One Business Card" counter remittance fees were reduced by 50%; remittances through online banking or mobile banking were free.</li> </ul>
Efficient Approval Procedure	<ul style="list-style-type: none"> <li>Set up a small business credit approval center in the Head Office, implemented centralized approval for certain standard credit granting business, and completed all the business within 3 working days.</li> <li>Implemented a bank-wide centralized credit approval mode, constantly optimized the credit approval procedure, shortened the time for loan approval, and granted loans to small and micro enterprises within "T+2 days" when complete materials are submitted;</li> <li>Opened up a "green channel" for small and micro enterprises to get loans, accelerated the credit approval procedure through data-based and intelligent approval</li> </ul>
Convenient Service Channels	<ul style="list-style-type: none"> <li>Introduced the "Easy Turnover" loan that allows customers to borrow and repay at any time, and get 24-hour self-service loans through online banking, mobile banking, etc.;</li> <li>Implemented differentiated financing services for small and micro enterprises, arranged for service windows and service specialists for small enterprises at outlets, and regularly invited financial experts to provide integrated financial services such as settlement, agency delivery, and credit card and wealth management for small and micro enterprises</li> </ul>

#### **"Business Loan + "--A One-stop Station to Meet Enterprise Needs**

We use Fintech to continuously upgrade our integrated "business loan" financial products for small and micro enterprises, the loan financing is characterized by "long-term support, fast borrowing and repayment" and "easy, affordable" capital turnover, and can meet the financial needs of small and micro enterprises in their development process.



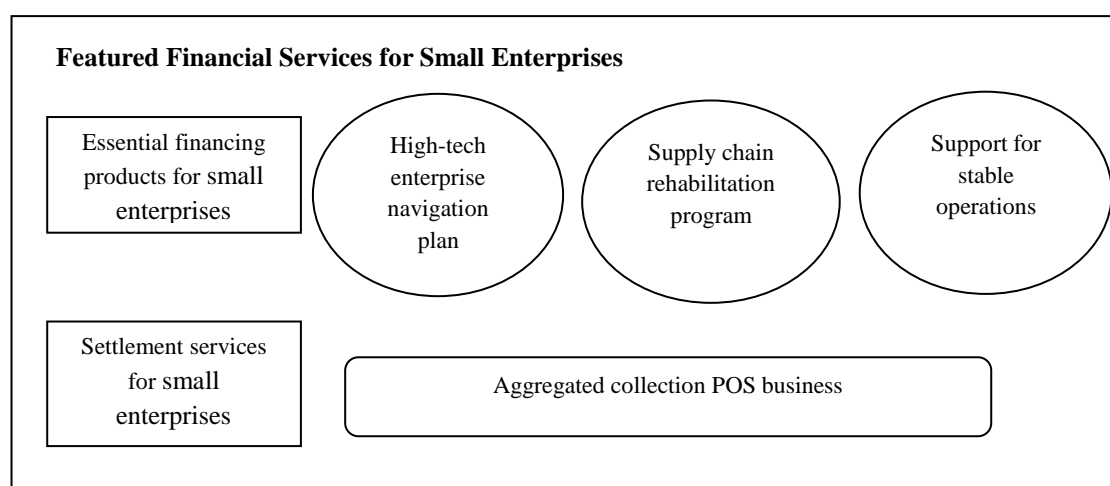
### Green Channel for Retail Loan Approval Meets Urgent Needs for Capital

Mr. Zhang wanted to open a milky teashop in Shenzhen. After selecting a site, renting and purchasing equipment, Mr. Zhang encountered capital flow problems on the eve of the opening ceremony. The decoration costs had to be paid as soon as possible; otherwise, he would face a large amount of penalty. Mr. Zhang was upset and felt helpless. Then he suddenly remembered that he had handled a house mortgage at China Merchants Bank, and perhaps he could apply for a credit loan there.

After knowing the situation of Mr. Zhang, our account manager immediately reported to the branch and applied for the loan approval green channel. The approval process was expedited by the Credit Approval Center. Mr. Zhang received a message that his loan was approved one working day after the information was entered into the system. He paid the shop renovation costs on the eve of the agreed payment deadline, thus solving his pressing needs.

### Supporting Innovative Enterprises, and Helping Them to Make Great Achievements

We constantly make essential innovative financing products for small enterprises, and provide customized, integrated financial solutions for small enterprises according to their characteristics at different growth stages, which helps them grow and develop.



We abided by the concept of inclusive finance, and continued to strengthen our support for "innovation and entrepreneurship", took innovative and growth-oriented small enterprises as main service targets, vigorously promoted the "Qianying Zhanyi(千鹰展翼)" program and set up a special investment fund to conduct investment loan linkage activities. In 2017, the Bank launched a new equity investment

service-- "Zhanyi Zhitou" to directly make small-value equity investments in those companies that need equity financing, and support the growth of innovative enterprises through the model of "creditor's rights + equity".

As of the end of 2017, the "Qianying Zhanyi(千鹰展翼)" program had served more than 30,000 companies with "entrepreneurship and innovation", including 300 companies that were listed domestically and abroad and 3,500 companies listed on the New Third Board.

#### **"Growth-oriented Enterprises ·Flying Dreams"--Helping Innovative Small and Medium-sized Enterprises to Enter Capital Markets**

In 2017, we organized eight "Growth-oriented Enterprises ·Flying Dreams" activities in major cities across China. Focusing on the demands of growth-oriented enterprises, we provided "Qianying Zhanyi(千鹰展翼)" enterprises with many services, including introduction to financial products, interpretation of technology policies, capital market analysis and industry research and assessment. By integrating government and social resources, we established the "Qianying Zhanyi" customer service system that integrates the functions of China Merchants Bank with the functions of the government and other institutions, and promoted win-win cooperation among the government, enterprises and institutions.



#### **Supported the "Innovation and Entrepreneurship" Competition for Six Consecutive Years, and Provided Integrated Financial Services**

In order to support entrepreneurship and business innovation, we donated RMB 10 million in 2012 to set up the "China Merchants Bank Innovation and Entrepreneurship Foundation", and collaborated with the China Innovation and Entrepreneurship Competition for six consecutive years. We provided in-depth services in competition publicity, contest evaluation, and training of participating enterprises. Over the past six years, we have provided various forms of financial services for more than 73,000 participating enterprises. We carried out in-depth cooperation with 12,000 participating enterprises, and provided 1,600 participating enterprises with a total of more than RMB 20 billion in financing assistance.



## 2.3 Helping Modern Agriculture

Issues regarding "agriculture, rural areas and farmers" are fundamental problems concerning the national economy and people's livelihood. Industrial prosperity is the precondition for promoting the development and modernization of agriculture in rural areas and rejuvenating the countryside. Focusing on the agricultural and rural industrial chain, we constantly strengthen financial services and vigorously support new agricultural management entities, such as leading enterprises, professional cooperatives and family farms; and promote the supply-side structural reform of agriculture and the development of agricultural modernization.

### Harbin Branch: Making Use of Credit Resources to Support the Development of Modern Agriculture

Heilongjiang is a big agricultural province in China, and a "ballast stone" for maintaining national food safety and a vanguard in agricultural modernization. In order to support modern agriculture in Heilongjiang Province, the Harbin Branch has constantly deepened financial innovation, expanded the area of credit investment, and lent more financial support to "strengthen the foundation of agriculture, benefit the development of rural areas and enrich farmers".

- **Supporting leading agricultural enterprises:** In recent years, the Harbin Branch has provided a credit line of RMB 3.4 billion to leading enterprises such as the Oriental Group, Beidahuang Agriculture and Xiangyu Co, Ltd.
- **Innovating agricultural credit products:** The Harbin Branch enriched agriculture-related loan products, launched "rice joint insurance loan", "batch loans for pasture", "supply and marketing flow loans" and other credit products, and supported agricultural product processing and agricultural supply chain projects;
- **Expanding rural financial services:** The Harbin Branch developed the "Fu Nong Tong" product, which is designed for grain storage and settlement, effectively solved problems caused by grain sales made in cash such as unsafety and low efficiency; paid RMB 25 billion for 50,000 grain farmers in three years; carried out cooperation with the Heilongjiang Food Exchange and Harbin Grain Exchange to provide an online trading platform for the circulation of agricultural products in Heilongjiang Province;
- **Providing loan guarantee channels:** Given the low risk resistance and shortage of collaterals of agricultural loans, the Harbin Branch cooperated with guarantee agencies to increase credit lines for agro-related enterprises and solve their financing problems.

## 2.4 Serving Special Groups

By its definition, inclusive finance refers to providing appropriate and effective financial services to the sectors and groups of society that have financial service needs at an affordable cost. However, some

special groups often have obstacles in getting financial services due to illness, disability or language barriers. In view of this, we actively provide exclusive services to customers that have special difficulties, enhance financial inclusion and meet the financial needs of special groups.

- **Minority customers and foreigners:** We put bilingual or even tri-lingual signs in our outlets and set up ethnic language service counters.
- **People with disabilities:** We have built or renovated barrier-free ramps, and provide support equipment such as wheelchairs at our outlets.
- **Middle-aged and elderly people:** We put some reading glasses at outlets, develop special procedures to deal with the business of elderly people with limited mobility, and provide attentive door-to-door services.
- **Parents and householders:** We optimize the layout of outlets, set up a children's play area, and arrange for childcare when they are handling their banking business.

#### **Tianjin Branch: Providing Exclusive Services for Elderly Customers**

In 2017, the Tianjin Branch cooperated with the Tianjin Social Security Center to issue approximately a thousand pension card accounts. The majority of cardholders were elderly citizens. Due to limited mobility, mental confusion, physical discomfort and other reasons, it is often inconvenient for them to activate the account in person. Mrs. Xu for example, was hospitalized due to respiratory failure and pneumonia and other serious diseases. As a result, she failed to activate her account.

After knowing the actual difficulties of aged customers, the Tianjin Branch formulated a special handling procedure to activate these accounts, minimized the supporting materials that need to be provided by aged customers, and simplified the handling procedure. Mrs. Xu's family member successfully activated her card after providing a certificate of relationship, certificate of diagnosis and letter of commitment, thereby helping the woman to draw upon pension. As of the end of 2017, the Tianjin Branch had helped about 240 customers aged 80-90 to draw their pensions in a timely manner by adopting special handling procedure.

#### **Jinan Branch: Promoting Sign Language Services and Delivering Sincere Care**

In order to better serve deaf-mute customers and enhance the overall service level of staff in the business hall, the Jinan Branch invited professional teachers from deaf-mute schools to provide sign language training for employees in the business hall.

They learned in sign language how to say "Hello, what can I do for you?" and "Please show your card." Even though it was the first time for these employees to use sign language, they followed the teacher's instruction and practiced repeatedly, constantly striving to make every gesture smooth and standardized. The Jinan Branch also required branches to set up a barrier-free lane at the front of the building, provide disabled service facilities such as special cards and wheelchairs for the deaf-mute and blind people, and show their understanding, respect and care for the disabled in all aspects of their daily work.



#### Urumqi Branch: Ethnic Characteristic Services - Care for Uyghur Customers

Given that some Uyghur customers cannot understand Chinese, the Urumqi Branch arranged bilingual service staff at service outlets, summarized customers' needs and translated them into Uyghur, bilingual cards were placed in the business halls for customer use. To further enhance the service experience for ethnic customers, the Urumqi Branch continuously launched "ethnic characteristic services" and organized employees to learn common Uyghur phrases and etiquette, and sent Uyghur greetings and exquisite gifts to customers during the festival.

## 2.5 Protecting Customers' Rights and Interests

We are always customer-oriented, and consider protecting customers' rights and interests as an important part of our business management strategy along with actively promoting the implementation of activities to effectively protect customers' rights and interests. This is done by really listening to customers, optimizing customer service, safeguarding financial security and popularizing financial knowledge, while continuously creating value for customers

### Listening to Customers

<b>Customer Experience Survey</b>	We enriched the customer investigation content and implementation methods, and actively introduced data analysis of Internet financial services comparison and customer behavior. With the help of CMB Mobile Banking app, CMB Life(掌上生活) app, corporate online banking and other channels, we expanded the scale of surveyed customers, and distributed more than 15 million customer questionnaires throughout the year.
<b>Upgrading Service Monitoring</b>	We promoted the transformation of service quality monitoring mode, adopted cross-checking method, optimized the inspection questionnaire, developed mobile terminal inspection system, organized inspection skills training and carried out examination before taking the job, and completed the service quality monitoring at 1,522 outlets.
<b>Improving Complaint Handling</b>	We provided various effective means and contact information for customers who might want to lodge a complaint, such as our outlets, portal site, mobile banking app platform and WeChat public account, and helped customers understand and skillfully use these channels; established rapid and timely internal complaint handling office system to ensure that their communication is accepted and handled as soon as possible, and help them get a timely response and reply.
<b>Paying Attention to Problem Improvement</b>	Starting from the fundamental causes of problems, we solve the key problems in consumer complaints, analyze complaints and identify the pain points in services at regular basis, organize relevant departments to develop measures for improvement, and strive to fundamentally solve the

problems and risks, so as to avoid reoccurrence of similar problems.
--

### **"You Are the Best Customer Service Representative I Have Ever Met"**

Late at night on January 25, 2017, Mr. Liu had a problem with his online payment limit, and called 95555 for help. Our customer service representative Peng Delin answered his phone call, carefully listened to his question, patiently gave instructions, and so impressed Mr. Liu with her professionalism and sincerity that Mr. Liu made a special note of her employee number.

On March 17, Mr. Liu met with another problem and called 95555 again, he specifically asked for Peng Delin to help him. This time, Mr. Liu had a more complicated situation, involving an expired UKey and other problems. Peng Delin first contacted the outlet, arranged customer service personnel to update the UKey, and then gave Mr. Liu instructions on online banking settings. Mr. Liu finally solved the problems after six phone calls. In Mr. Liu's opinion, Mrs. Peng at the other end of the phone is a benchmark for customer service. On May 18, Mr. Liu came to Shenzhen from Wenzhou, and expressed his thanks to Mrs. Peng for her invaluable help.

"You are the best customer service representative I have ever met, and I want to thank you in person!"

- Mr. Liu



## **Providing Services with Feeling**

We constantly deepened and promoted the service-upgrading project, with a "scene-based caring service" all over China. Focusing on 8 "caring service scenes" and 25 "caring service initiatives", we further optimized the overall service of outlets, and provided customers with warm services.

### **8 Touching Service Scenes**

Warm reception, personalized recognition, best room temperature, care for those waiting, predicting demands, warm good-byes, extending services, and customer rewards.

### **Wuxi Branch: A Most Beautiful Letter From Home - Filled with Emotion**

A letter from home often reminds people of folklore and festivals. A few words can trigger sincere emotions. In April 2017, the Wuxi Branch carried out the "Most Beautiful Letters from Home" campaign, printed postcards at traditional festivals and important days of the year, and placed them at outlets to give away to our customers. These postcards carried words of profound friendship and the



love of customers. They also carried the sincere care of China Merchants Bank that flew from Wuxi to all parts of the country, and transferred sincere or loving feelings as the words below suggest.



#### Customer Reviews:

"I would never know this if I hadn't written the letter, I'm touched. Thanks China Merchants Bank for providing such warm service."

-- Netizen Summer

"It was 16 years ago that I wrote my last letter. Thank you, and applause for China Merchants Bank's attentive service!"

-- Netizen Xin'an

"Seeing the words is like seeing the face, I really like the feeling of writing, the faded letters also seem like my footprints. My mother will certainly save this postcard after receiving it."

-- Netizen CC

## Protecting the Safety of Funds

We actively encourage our employees to enhance their business learning and awareness of safety risks, improve their ability to identify and deal with various kinds of telecommunications fraud, continue to deepen the cooperation between the bank and police, do their best to protect customers against telecommunications fraud, and protect the safety of customers' funds and property.

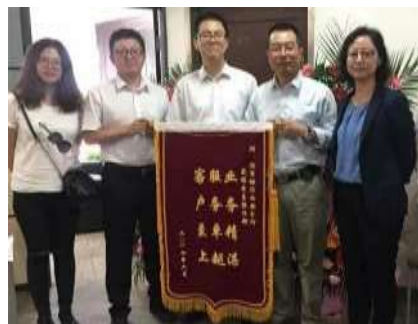
In 2017, we carried out the re-identification of offshore customers and other due diligence investigation according to the requirements of the *Notice of the People's Bank of China on Strengthening the Client Identification of Anti-Money Laundering (No. 235 [2017] of the People's Bank of China)*. This established an emergency response mechanism to deal with major offshore anti-money laundering incidents, respond to fraud-related transactions as soon as possible, follow up fraudulent funds inquiries, contact overseas banks, manage and control accounts, notify branches, contact the customer, return funds and carry out other work. In 2017, the number of offshore customers' suspected of fraudulent transactions and the amount of money involved decreased by 63% and 81% respectively.

### Intercepted a Cross-border Fraud and Retrieved the Customer's Losses

On May 19, 2017, the Xi'an Branch received an urgent call from a customer named Mr. Sun, who said that he had remitted about 300,000 US dollars to the United States through online banking two days ago, but a hacker intercepted his email, altered the recipient information, and his money was

mistakenly transferred to the wrong party. He hoped that we could help him retrieve the money.

After receiving the message, we immediately started the emergency mechanism. We found that the money had been remitted, and immediately contacted the overseas recipient bank by phone, by e-mail and other means. After authorization by Mr. Sun, we sent an urgent application for return of remittance to the overseas recipient bank, hoping that the recipient bank could return remittance as soon as possible, and we helped the client to report the case to the public security organization. After continuous follow-up and communication, we successfully helped Mr. Su retrieve his money.



## Popularizing Financial Knowledge

We carry out financial knowledge publicity and financial risk education activities in various ways and through various channels to enhance customer awareness on preventing financial risks. We make use of the China Merchants Bank website, Weibo, WeChat public accounts and other new media platforms to compile and disseminate easy-to-understand financial knowledge, and enhance the width, depth and participation degree of financial knowledge publicity activities.

<b>Youth Groups</b>	We paid attention to improving the financial literacy of young people, and carried out Golden Sunflower FQ (Financial Quotient) education activities, in order to help young people master financial knowledge by the method of "teaching goes together with pleasure", cultivate wealth management concept and financial practice capability, and establish the correct attitudes towards money and values.
<b>College Students</b>	In view of the hot topics such as telecommunications fraud and bad campus loans, the Bank conducted "financial knowledge into campus" activities to deepen students' understanding of financial knowledge, enhance their awareness of financial prevention and improve their self-protection ability.
<b>Community People, Middle-aged and Elderly Groups</b>	We continued to carry out "Financial Knowledge Popularization Month", "Long March for Financial Knowledge Popularization" and other activities, organized activities to bring financial knowledge into communities, enterprises and commercial districts in major cities across China, and regularly carry out financial knowledge publicity activities.

## Golden Sunflower Index Helps Residents to Achieve Scientific Financial Management

We shoulder the responsibility of "guiding people to establish a scientific outlook on financial management". Relying on rich wealth management experience and asset allocation practices, we released the Golden Sunflower assets allocation index in April 2017. The Bank organized domestic and foreign experts to study and analyze the global market situation, industry and the trend of main asset

prices, and present the index in a visualized form. The index can provide assets allocation advice for people with different risk preferences. This prevented some people from being duped by a single investment, short-term speculation and other ill-informed practices, and guided people towards establishing a scientific outlook on financial management.



### Golden Sunflower FQ (Financial Quotient) Education Series Activities

The year 2017 marks the 15th anniversary of the Golden Sunflower brand and marks the 7th anniversary of Golden Sunflower Future Elite FQ Growth Program. We have held a variety of Golden Sunflower FQ Education series activities in a number of cities throughout the country, and helped young people acquire financial knowledge through practices and develop good wealth management habits.

**In Chongqing City**, we carried out "Lucky Money Battle" FQ class activities. From "where does money come from" to "smartly use your money" and "pocket money combat", we made sure that the children knew that their parents' money is earned through hard work, and they should make wise use of their lucky money, avoid spending more than the budget, record expenditures, and develop the good habit of reasonable expenditure.

**In Guangzhou City**, we launched the "Little Wealth Manager" FQ class, took parent-child FQ education as the theme, and adopted system interaction, games and simulation of business models to teach clients' children wealth knowledge, money and correct wealth management concepts. Nearly 200 clients and their children participated in these activities.

**In Ningbo City**, we carried out 28 rounds of Sunflower Future Elites Practice and Growth Camp, 717 families participated in these activities. We combined theoretical courses with practical courses, and set banking business analysis, identification of real and fake currencies, asset allocation concept, investment games and other sectors, in order to help young people cultivate financial knowledge, expand their business vision and gain deeper investment insight.

"This activity helped children to establish a correct view of money, and enabled them to know that 'it's much easier to spend money than to earn money', to know how to delay their gratification, and distinguish "necessity" from "desire", and gave children a very practical wealth planning class".

- Customer Ms. Lee



#### **Wuhan Branch: Walking into Campus to Publicize Financial Knowledge**

On September 21, 2017, staff from the Wuhan Branch walked into Zhongnan University of Economics and Law to carry out the 2017 Financial Knowledge on Campus activity. The aim was to promote college students' values and consumption views, and give warnings by analyzing the "illegal campus loans" and illegal pyramid schemes. The activity adopted promotional video, on-site presentation, scanning code to answer questions, interaction QA and other forms, more than 3,200 students participated in the activity. By carrying out education of basic financial knowledge and concept of good faith, we effectively enhanced students' awareness of risk and integrity. This is conducive to controlling illegal campus loans from the source and creating a safe and harmonious campus environment.

#### **Shaoxing Branch: Walking into Communities to Popularize Financial Knowledge**

Actively responding to the call of "Long March for Financial Knowledge Popularization", the Shaoxing Branch set up a publicity podium at the outlet during the "Payment and Settlement Account Usage Safety Publicity Month" in July 2017. They distributed financial knowledge materials to customers who were waiting to conduct business, and explained safekeeping and proper use of bank cards, the online banking UKey, payment passwords and personal identification information and other payment risk prevention measures. On the evening of July 14, the Shaoxing Branch also set up a publicity station at Tashan Cultural Square and distributed publicity materials on payment and settlement, bankcards and anti-counterfeiting for the public. They thoroughly introduced financial knowledge about preventing financial fraud, proper use of e-banking equipment and anti-money laundering, and provided on-site consulting services to remove residents' doubts.



Dongguan Branch's activity of "walking into Huang Qi Shan to teach financial knowledge"






Nanning Branch's activity of "walking into community to publicize financial knowledge"

### **3 Providing Financial Kinetic Energy and Supporting the**

## Real Economy

### Sustainable Development Background

Serving the real economy is the duty of finance and the fundamental requirement for preventing systemic financial risks. Under the new economic normal, the banking industry should shoulder an important responsibility to return to the source of finance and provide momentum to develop real economy. This is also an inevitable requirement for promoting the high-quality development of China's economy and meeting people needs for a better life. To promote coordinated economic development, financial institutions should play a guiding role in allocating resources and respond positively to the requirements of China's regional development strategies, promote balanced regional development throughout China, and achieve the linked and coordinated development of eastern, central and western regions.

United Nations Sustainable Development Goals	What We Did	What We Achieved
	<ul style="list-style-type: none"> <li>Innovated service mode, optimized the allocation of credit resources, and increased investment in advanced manufacturing industries, strategic emerging industries and the reconstruction and upgrading of traditional industries</li> </ul>	<ul style="list-style-type: none"> <li>The loan balance of strategic emerging industries increased by 33.46% compared with the previous year.</li> </ul>
	<ul style="list-style-type: none"> <li>In response to national strategies, we expanded branches in key regions to provide financial power for regional economic development;</li> <li>Innovated cross-border financial products and services to support enterprises to "go global"</li> </ul>	<ul style="list-style-type: none"> <li>Organized a total of about RMB 73.7 billion of M&amp;A syndicated loans, up 118% compared with the previous year;</li> <li>Handled a total of 71 cross-border financing businesses for 60 corporate customers, with total project volume of RMB 24 billion;</li> </ul>
	<ul style="list-style-type: none"> <li>Continuously deepened inter-bank cooperation, and promoted innovation in financial products and services through mutual complementarity and exchange of resources among financial institutions in the banking industry</li> </ul>	<ul style="list-style-type: none"> <li>Held the 2017 Symposium on Cooperation with Foreign Banks;</li> <li>Established cooperation with a total of 1,338 financial institutions on the Inter-bank financial cooperation platform ZhaoYingTong (招赢通), the cumulative online business volume reached RMB 1.36 trillion.</li> </ul>

### 3.1 Promoting Regional Development

China is a major developing country with a vast territory and a large population. Currently huge regional differences and unbalanced development are the basic national conditions. The 19th CPC

National Congress proposed that China should implement the strategy of regional coordinated development, make new plans for regional development. In addition, the country should strive to establish a multi-center, networked and open regional development pattern that connects the Eastern, Central and Western regions, as well as Northern and Southern regions, and constantly narrow the regional development gap.

China Merchants Bank has proactively responded to the national coordinated development strategy. We have continuously deepened financial services in Beijing, Tianjin and Hebei, the Yangtze River Economic Belt, Guangdong-Hong Kong-Macao Greater Bay Area, the Midwest and other areas, and comprehensively promote coordinated regional development by carrying out bank-government cooperation, strengthening key projects and weak processes, and supporting other key initiatives.

## Promoting Beijing-Tianjin-Hebei Coordinated Development

Relying on the Beijing Branch, Tianjin Branch, Tangshan Branch, Shijiazhuang Branch and other first-tier branches, we focus on relieving non-capital functions, building modern traffic networks, and improving the ecological environment. By granting special credit lines to key projects, establishing green channels for approval and launching innovative financing products, we provide efficient approval services and sufficient credit support for key projects such as urban infrastructure construction, shantytown reconstruction projects, education and healthcare projects, and boost the coordinated development of Beijing-Tianjin-Hebei region.

**In Beijing City:** We formulated comprehensive financial service programs in terms of urban construction and development fund and PPP financing to relieve Beijing of non-capital functions. As of the end of 2017, the Bank had granted a credit line of RMB 50 billion to the Beijing Urban Sub-Center Project.

**In Tianjin City:** We constantly provided financial support to key construction projects in Tianjin, carried out cross-border financial innovation and cooperation in the free trade zone, and vigorously developed PPP-based financing to effectively improve Tianjin's financial service level and remove non-capital functions.

**In Hebei Province:** In the interbank market, we successfully landed the first debt financing instrument for Beijing-Tianjin-Hebei coordinated development in 2017 - the first tranche medium-term notes from the Tangshan Caofeidian Development Investment Group Co., Ltd., with a scale of RMB1 billion and a term of 5 years. The funds are dedicated to relieving Beijing's non-capital functions, constructing Beijing-Tianjin-Hebei coordinated development projects and transferring major industries in Beijing and Tianjin.

## Yangtze River Economic Belt

We actively follow the *Development and Planning Outline of The Yangtze River Economic Belt*, implement ecological environment protection, integrate three-dimensional traffic corridors, and take industrial restructuring and upgrading, and new urbanization construction as major tasks. In addition, CMB further strengthens its credit support for key areas, key projects and key enterprises, and promotes the coordinated and all-round balanced development of the Yangtze River Economic Belt.

### Chongqing Branch: Promoting the Rapid Development of the Yangtze River Economic Belt

Chongqing City is the western hub of the Yangtze River Economic Belt. In order to facilitate the construction of integrated three-dimensional traffic corridor, the Chongqing Branch has supported the



construction of some key projects, such as the Yangtze River Dongshuimen Bridge, Jialing River Qiansimen Bridge, Shapingba Railway Hub, bonded port wharfs and Chongqing Port Logistics Supply Chain in recent years. The Chongqing Branch promotes the upgrading of traditional manufacturing industries such as automobile, motor and electrical machinery into modern industries and service industries, supports and creates electronic information, automobile, high-end equipment and other internationally competitive manufacturing clusters, and supports the development of strategic emerging industries such as integrated circuits, LCD panels, Internet of Things, shale gas, and new materials. As of the end of 2017, the Chongqing Branch had provided over RMB 10 billion for infrastructure projects in Chongqing City. The financing balance for strategic emerging industries exceeded RMB 1 billion.

## Guangdong-Hong Kong-Macao Greater Bay Area

With a firm foothold in Shenzhen and being adjacent to Hong Kong and Macao, we enjoy great geographic advantages. We have actively integrated all the resources of the Bank, strengthened our support to infrastructure construction and other key projects and key enterprises, strengthened information sharing and business cooperation among regional branches and subsidiaries, and accelerated the cultivation of Fintech projects and innovative cooperation mode. All these financial activities have made substantial contributions to the connectivity and innovative development of the Guangdong-Hong Kong-Macao Greater Bay Area.

### Guangzhou Branch: Supporting the Construction of Guangzhou North Railway Station and Optimizing the Regional Traffic Network

Good transport infrastructure is essential to guaranteeing the inter-connectivity between Guangdong, Hong Kong and Macao. This is why the Guangzhou Branch has actively assisted Guangzhou City in building a national-level comprehensive transportation hub. In May 2017, the Guangzhou Branch provided a loan of RMB 1 billion for the Guangzhou North Station integrated transport hub development project. Upon completion, the Guangzhou North Railway Station will become a large-scale comprehensive transport hub project that integrates ordinary railway, high-speed rail, urban rail and subway. This jointly forms the "air and railway transport" with the Guangzhou Baiyun International Airport, optimizes the layout of the Guangzhou hub and improves the traffic network of the Guangdong-Hong Kong-Macao Greater Bay Area.



### Wing Lung Bank: Carrying out Win-win Cooperation and Promoting Service Connectivity

Wing Lung Bank teamed up with Tencent in 2017 to launch the "Tencent Portfolio" stock exchange platform and connect Wing Lung Bank's mobile stock exchange platform with the "Tencent Portfolio" information platform. Customers can use "Tencent Portfolio" to make real-time inquiries on stock quotes and market information in Shanghai, Shenzhen, Hong Kong and the United States, and directly login to a Wing Lung Bank securities account to buy and sell stocks, thus providing customers with richer and more convenient investment experience.

## Midwest Regions

As the center of China's economic growth continues to expand into the Midwest regions, the key areas in the Midwest have played an increasingly important role in supporting regional development. In this regard, we actively respond to relevant national policies and guidelines, develop customized innovative financial products and services that are suitable for the economic development of Midwest regions, and constantly strengthen financial support in the Midwest regions.

#### **Support for building Chongqing City into a National Central City**

In January 2017, we signed a strategic cooperation agreement with the Chengdu Municipal People's Government. Relying on the advantages of both sides, we established and improved a strategic cooperation mechanism by combining government promotion with market-oriented operation. By integrating financial and industrial resources and using a variety of financial instruments, we guided and mobilized social capital, sped up new-type urbanization and optimized urban infrastructure, promoted the optimization and upgrading of the industrial structure, and robustly promoted Chengdu as a national central city.

The Chengdu Branch also signed strategic cooperation framework agreements with Chengdu Industrial Investment Group, Chengdu Communications Investment Group, Chengdu Metro Company and Chengdu Public Transport Group; cooperated with municipal engineering enterprises in other fields, and provided high-quality efficient financial services and support for Chengdu's economic and social development.



### **3.2 Assisting Industrial Transformation**

At present, China's economy has shifted from a stage of rapid growth to a stage of high-quality development. It is at a key stage of transforming its development mode, optimizing its economic structure and transforming its growth momentum. With the all-around deepening of supply-side structural reform, it has become an important mission for the banking industry to promote industrial restructuring and upgrading and fostering dynamic energy for innovation and development.

We give full play to the leading role of finance, make use of differentiated credit policies, advance certain sectors while controlling others, and actively carry out overall industrial layout planning. By optimizing the allocation of credit resources, we allocate more credit resources to strategic emerging industries, advanced manufacturing industries and innovative industries, vigorously support the transformation and upgrading of traditional industries and foster more high-quality development momentum for the real economy.



<p><b>Supporting The Transformation Of Traditional Industries</b></p>	<p>We strictly observe national requirements for cutting overcapacity, actively push back high-risk customers in the industry, and promote structural adjustment of industries with excess production capacity. Additionally, we provide credit support for traditional enterprises and their information and green transformation projects, and help enterprises gradually improve their independent innovation capability, resource utilization rate, industrial structure, informatization degree, and mass effect.</p>
<p><b>Assisting Strategic Emerging Industries</b></p>	<p>We continued to strengthen our credit support for strategic emerging industries such as energy conservation and environmental protection, new generation of information technologies, biology, high-end equipment manufacturing, new energy sources, new materials and new energy vehicles. CMB also provided credit support for the technological innovation and upgrading of leading enterprises and regionally dominant enterprises in the manufacturing industry that are related to the "Made in China 2025". As of the end of 2017, the loan balance for strategic emerging industries was RMB 78.321 billion, an increase of 33.46% compared with the previous year.</p>

#### **Sparing no effort to support the "Made in China 2025" strategy**

We have thoroughly implemented the "Made in China 2025" strategy of the State Council, issued a number of industry credit policies, and formulated the *Corporate Finance Head Office and Branches' Strategic Customers Management Program*. Guided by "Made in China 2025", we gave precedence to bringing enterprises into our Head Office and branches that meet the right conditions and are engaged in high-end equipment manufacturing, energy saving and environmental protection, new materials, new generations of information technology and other industries, and turning them into strategic customers. Additionally, we established a special management team, assessment methods, business models, resources allocation and management system, employed specialized financial services to help enterprises enhance their competitiveness, and guided the transformation and development of manufacturing enterprises.

#### **Xining Branch: Developing Strategic Customers and Supporting the Development of Lithium Battery Enterprises**

Qinghai Taifeng Pulead Lithium-Energy Technology Co., Ltd. is mainly engaged in the R&D, production and sales of lithium batteries, battery management systems and lithium-ion battery materials. Its products are mainly mobile phone battery, notebook battery, power battery, energy storage battery and so on. Its clients are advanced in new energy development, utilization and production enterprises in China and the world. At the end of 2016, Xining Branch reported this enterprise as a branch-level strategic customer and got approval from the Head Office. According to our credit policy for branch-level strategic customers, the credit line can be two times the original credit line approved by the branch. As of the end of 2017, the balance of working capital loans granted by the Xining Branch to the enterprise reached RMB 104 million, effectively supporting the innovation and development of the new energy industry.

### **3.3 Serving Cross-border Enterprises**

At present, China's economy is highly integrated with the world economy. As China is accelerating the

construction of the "The Belt and Road" and building a new open pattern, more and more high-quality enterprises are accelerating the pace of "going global".

Relying on the four-in-one cross-border financial operation platform that integrates "domestic and foreign currencies, domestic and overseas branches, onshore and offshore RMB, investment commercial banks", we constantly optimize the layout of overseas institutions, expand our global service network, and spare no effort to create a comprehensive financial service brand - "One Road Finance". We are committed to meeting customers' business needs, ranging from production and operation to capital operation and wealth management, and assisting enterprises in overseas investment, financing and global operation.

## Improving Global Financial Services

In June 2017, the China Merchants Bank Sydney Branch was established and became the sixth branch that was set up overseas after Hong Kong, New York, Singapore, Luxembourg and London. With our "One Road Finance" one-stop integrated financial services can meet "global-oriented" enterprises' needs in many aspects, such as issuing guarantees, non-recourse accounts receivable financing, export buyer credit financing, cross-border lease financing, cross-border M&A financing, offshore bonds and overseas syndications.

In 2017, we handled 71 cross-border financing businesses for 60 corporate customers by integrating globally dominant resources. The total project volume reached RMB 24 billion.

### Six Service Areas of Our "One Road Finance"

- Global trade and supply chain financial services
- Global project financing services
- Global cash and treasury management services
- Global Forex trading Services
- Global investment banking services
- Customized financial services for corporate employees

### Global Cash Management(GCM) Business Provides Support for Enterprises' Cross-border Capital Operation

A large logistics company is a leading warehousing and logistics group in China, Japan, Brazil and the United States with more than 600 warehousing and logistics parks already in use. In its global expansion process, it not only needs safe and convenient collection and payment of global funds, but also wants to achieve centralized management of the funds for its member companies at home and abroad. The aim is to achieve rapid allocation of cross-border funds. Based on the global cash management platform, we provided the client with a customized comprehensive service program covering multiple product portfolios such as unified review of cross-border accounts, cross-border settlement and cross-border cash pooling. Our procedures helped the client's headquarters to achieve centralized management of more than 1,000 accounts worldwide and real-time monitoring of global capital flows, and enabled it to allocate cross-border funds quickly and achieve optimal allocation of funds globally.

As of the end of 2017, we provided global cash management platform services for more than 600 large multinational corporations. By providing integrated global cash management services that cover both

domestic and foreign currencies, onshore and offshore, domestic and overseas capital settlement and centralized operation and management, we help enterprises to go global and implement global operations.



### **Sydney Branch: Helping Asia-Pacific Investment Group to Acquire Australia's Largest Pet Food Company**

In November 2017, the Sydney Branch cooperated with New York Branch and CMB International, successfully helped a buyer group, which consisted of Hosen Capital, New Hope Group, China Investment Corporation, Temasek and Jingdong, etc., to complete the cross-border M&A of Australia's largest pet food company (Real Pet Food Company) with a total amount of 1 billion Australian dollars. We took the lead in providing 400 million Australian dollars of priority loan funds and 25 million Australian dollars of mezzanine debt for the transaction, provided strong support for Chinese companies to go global, and promoted the economic and trade exchanges between China and Australia.

### **Supporting the Construction of the "Belt and Road"**

According to the "Belt and Road" Chinese Enterprise Roadmap" issued by the State Council, we follow China's industrial layout in countries along the "Belt and Road", make use of the development of global finance, investment banking, financial leasing and other financing business, deeply participate in the key "Belt and Road" projects, promote international cooperation on production capacity and assist advantageous production capacity in going global.

#### **Discussing the "Belt and Road" and Improving Overseas Services**

Chinese enterprises have financing needs for the general contracting of infrastructure and capacity cooperation and overseas financing in countries along the "Belt and Road". We constantly improve our capability to provide financing services for offshore projects. In April 2017, we organized the "Belt and Road Symposium on Offshore Financial Services" and invited dozens of Chinese enterprises that had invested in and contracted overseas projects to discuss the financial service needs and solutions in the construction of "Belt and Road".

In 2017, we successively provided overseas project financing services for 40 related enterprises, covering Indonesia, Bangladesh, Vietnam, Zambia and other countries

### **Shanghai Branch: Providing support for COSCO Shipping - Accelerating the Global Layout of the "Belt and Road"**

COSCO Group and China Shipping Group reconstructed and established China COSCO Shipping

Corporation, which ranks No.1 in the world in terms of overall ship transport capacity. COSCO Shipping Corporation invested in 20 ports overseas, 11 of which are located in countries and regions along the "Belt and Road". It is an important pillar enterprise that promotes the construction of the "Marine Power" and "Belt and Road".

As a major cooperative bank for China COSCO Shipping Group Corporation, the Shanghai Branch actively supports the corporation to participate in "Belt and Road" construction. After learning that the corporation needed RMB 2 billion in financing, the Shanghai Branch responded to the client's demand instantly, and had multiple discussions with the client about financing programs. The special loan was approved after 7 working days, and the loan granted within one week after the credit line was approved, thereby supporting the construction of the corporation's relevant projects.

## Supporting Free Trade Zone Construction

Since September 2013 when the first pilot free trade zone was established in Shanghai, the innovative achievements made in the free trade zone have been continuously replicated all over China. The free trade zone has become the core engine for a new round of China's opening up and internal reform. We pay great attention to the development opportunities in free trade zones, and set up a free trade financial team in the Head Office to promote the Bank's free trade financial business, and encourage branches across the country to expand free trade innovative products and provide financial support to enterprises in free trade zones.

As of the end of 2017, we provided customers in FTAs with cross-border financing of RMB 4.952 billion, and direct cross-border loans amounted to RMB 13.749 billion.

### Successfully Completed the First Cross-Border Payment from a Free Trade Account Through Blockchain Technology

We have integrated free trade finance with Fintech, and innovatively linked the Shanghai free trade unit as an independent node with overseas settlement banks through blockchain technology. In September 2017, we helped an overseas customer make a cross-border payment in Hong Kong dollars from his FTN (non-resident free trade) account opened at a Shanghai free trade ledger accounting unit, to his account of the same name in Hong Kong. This successfully completed its first FT (free trade) cross-border payment via blockchain.

In this business, we made use of the technical advantages of blockchain decentralization, and abandoned the traditional mode of relying on the Head Office to clear and forward, which achieved all-around isolation and separate accounting of free trade units and the Head Office's foreign currency payment system. By doing so, we not only satisfied Shanghai Free Trade Zone's regulatory requirements, but also allowed cross-border foreign currency funds flow through the high-speed channel to enjoy transmission in seconds. In this way, enterprises can effectively experience the efficient and convenient construction of the free trade zone.

## 3.4 Deepening Interbank Cooperation

We launched the ZhaoYingTong(招赢通) inter-bank Internet service platform for domestic and foreign financial organizations, with the aim of using Fintech as a means to create an inter-bank financial ecosystem, complement each other's advantages and exchange resources between inter-bank financial organizations, and promote win-win cooperation in the same industry.

As of the end of 2017, we officially signed cooperation with 1,338 financial institutions through the ZhaoYingTong(招赢通) platform. The cumulative online transaction volume reached RMB 1.6 trillion, and the online business replacement rate exceeded 80%.

The ZhaoYingTong platform innovatively adopts the online-offline integrated whole-process service model, achieves intelligent operation of platform based on big data technology, and innovates scene-based inter-bank financial services based on the mobile app. By opening up the channel resources and platform resources of China Merchants Bank, we can provide financial institutions with interbank wealth management services, interbank deposits, bond investment, and the purchase of third-party managed products such as funds and stock brokerages, and meet interbank customers' needs in a comprehensive manner.



### Boosting the Development of Small and Medium-sized Banks

In September 2017, we held a special seminar on "Wealth Managers: Keeping Promises", and invited nearly one hundred guests from 44 urban commercial banks and rural commercial banks to discuss the development of the asset management business of small and medium-sized banks. At the seminar, we introduced the development history, organizational structure and configuration strategy of our own asset management business, and demonstrated a comprehensive trusteeship service system and ZhaoYingTong(招赢通) interbank financial cooperation platform. In addition, we invited experts in the industry to analyze the economic trends at the scene, share business experience and make suggestions for the development of small and medium-sized banks in various ways.



### Popularizing Cross-border Interbank Payment System




As one of the earliest banks that carried out cross-border RMB settlement, we have accumulated rich experience in providing cross-border RMB agency settlement services for overseas banks, and formed business models and business processes that are in line with international standards. To promote interbank exchanges and cooperation, we cooperated with the CIPS (Cross-border Interbank Payment System) operators in both May and December 2017, jointly organized CIPS business promotion, business promotion conferences, and strengthened the CIPS business and cross-border interbank

business cooperation with interbank customers.
--

## 4 Innovating Green Finance and Promoting Ecological Civilization

### Sustainable Development Background

As the backbone of social resource allocation, finance can effectively guide the flow of social resources through leveraging, supporting and promoting green development, and advance the improvement of ecological environment. As the first economy in the world that established a complete green financial policy system, with the robust support of national policies, green finance is gaining unprecedented attention, and not only serves as a source to promote green transformation of economy and cultivate new growth points, but also becomes an important development area for the future banking industry.

United Nations Sustainable Development Goals	What We Did	What We Achieved
	<ul style="list-style-type: none"> <li>Promoted green credit business, strictly controlled the credit input to industries with “high pollution, high energy consumption and overcapacity”, and promoted the green transformation of traditional industries.</li> <li>Innovated green financial products to support the development of energy-saving and environmental protection industries.</li> <li>Promoted paperless business process, and carried out energy-saving technical renovation at workplace and data center to reduce resource consumption.</li> <li>Carried out the "Reforestation in One Hundred Years for China Merchants Bank(百年招银林)" activity,</li> </ul>	<ul style="list-style-type: none"> <li>The balance of loans to industries with “high pollution, high energy consumption and overcapacity” reached RMB 83.082 billion, a decrease of 6.33% compared with the previous year.</li> <li>The balance of green loans reached RMB 157.1 billion, an increase of 9.35% compared with the previous year.</li> <li>There were 181 paperless retail business projects.</li> </ul>
	<ul style="list-style-type: none"> <li>Supported municipal water supply, water environment governance and industrial water saving projects to promote the rational utilization and protection of water resources;</li> <li>Managed and reduced water consumption in office space</li> </ul>	<ul style="list-style-type: none"> <li>Green loan projects promoted water conservation, and saved 5.93 million tons of water;</li> <li>The total water consumption of the Head Office decreased by 15.15% compared with the previous year</li> </ul>
	<ul style="list-style-type: none"> <li>Strengthened credit support for new energy industries such as photovoltaic and wind power generation</li> </ul>	<ul style="list-style-type: none"> <li>The loan balance of renewable energy and clean energy projects reached RMB 25.759 billion, an increase of 37.55% compared with</li> </ul>

		the previous year
--	--	-------------------

## 4.1 Developing Green Credit

In the process of vigorously constructing a green financial system, banks are the most important participants in the market, and green credit is the most important green financing method. China Merchants Bank follows the guidance of national policies and domestic economic restructuring trends, promotes green finance from the Bank's strategic perspective, continuously improves green credit policies based on the principle of controllable risk and sustainable operation, and guides credit resources flow into green areas in priority to create green value.

<b>Supporting green industry and energy conservation and environmental protection projects</b>	<ul style="list-style-type: none"> <li>We incorporate green industries such as strategic emerging industry, enterprise transformation and upgrading and technological transformation, energy saving and emission reduction, recycling economy, clean energy, green ecology, green building and clean development mechanism projects into supporting industries, and promote the delivery of credit resources to green fields.</li> <li>Timely tracking of national energy-saving projects, renewable energy projects, water pollution control projects, water conservation and utilization, comprehensive utilization of resources, utilization of waste resources, research and development of energy saving and emission reduction technologies, industrialization demonstration and promotion, energy-saving technical service system and other key projects.</li> </ul>
<b>Strengthening environmental and social risk management</b>	<ul style="list-style-type: none"> <li>We strictly control credit lines and loans from flowing into industries with high pollution, high energy consumption and overcapacity, and accelerate the withdrawal of credit loans from enterprises with backward production capacity; strictly prevent credit loans from entering enterprises and projects that violate environmental protection rules, adhere to the one-vote veto system of environmental assessment; and pay close attention to the compliance risk of expanding production capacity projects in industries with overcapacity;</li> <li>The bank will not grant credit lines to projects and enterprises that are banned by the country or do not meet the requirements for environmental protection; the Bank will take back the loans already granted. No credit line shall be issued for law-violating projects under construction, and no working capital loan shall be granted for any projects that were completed illegally.</li> </ul>

## Supporting Green Industry

In 2017, we continued to increase support for green industries such as the low-carbon economy, circular economy, energy conservation and environmental protection, and guided credit resources to further flow into industries and enterprises with low energy consumption, low resource consumption, low pollution and low emission. In 2017, the balance of green loans reached RMB 157.1 billion, an increase of RMB 13.439 billion compared with previous year.

### Capital Investment in Green Loan Projects

- The balance of loans for industrial energy-saving and water-saving projects was RMB 3.7 billion, a decrease of 39.75% compared with the previous year;



- The balance of loans for energy-saving and green building was RMB 1.18 billion, a decrease of 7.01% compared with the previous year;
- The balance of loans for green transport projects was RMB 29.637 billion, an increase of 18.96% compared with the previous year;
- The balance of loans for energy saving and environmental protection service projects was RMB 0.71 billion, a decrease of 35.20% compared with the previous year
- The balance of loans for renewable energy and clean energy projects was RMB 25.759 billion, an increase of 37.55% compared with the previous year

### Energy saving and emissions reduction realized through China Merchants Bank Green Loan Projects in 2017

Indicator	Unit	Data
Water	Ten thousand tons	593.05
Standard coal	Ten thousand tons	353.40
Carbon dioxide	Ten thousand tons	879.63
Chemical oxygen demand	Ten thousand tons	53.82
Ammonia nitrogen	Ten thousand tons	7.66
Sulfur dioxide	Ten thousand tons	1.69
Nitrogen oxides	Ten thousand tons	1.50

#### Beijing Branch: Innovating Green Finance to Support Carbon Trading Market Development

Carbon trading is a new means of using market mechanisms to reduce greenhouse gas emissions. Carbon emissions can be effectively reduced through the allocation and trading of carbon allowances. Since 2017, China has officially launched a nationwide carbon trading emission system. To promote the construction of China's carbon market, the Beijing Branch has opened up a green channel for enterprises that are engaged in carbon allowance trading, carbon asset management, energy conservation and emission reduction projects under the premise of strictly controlling risks. By expediting the operation and providing credit loan for trading, the Beijing Branch helps enterprises to revitalize carbon assets and reduce financial pressure. This not only injects new vitality into the development of carbon market, but also provides financial institutions with valuable reference for the carbon trading practice.

#### Guangzhou Branch: Contributing to the Successful Landing of the First Securitization Product in the Renewable Resources Industry

In August 2017, the China Gezhouba Group carried out financing based on the accounts receivable arising from the Group's renewable resources business, and successfully issued the first green ABS (asset-backed security) in the renewable resources industry on the Shanghai Stock Exchange. As a cooperating financial institution, the Guangzhou Branch helped the project successfully land RMB 50 million of asset securitization business. The project's basic assets are all green assets and all funds raised are used for only green projects.

#### Harbin Branch: Supporting the Biomass Power Generation Project in Qitaihe City

The traditional straw burning method in rural areas not only causes air pollution, but also affects people's living environment. However, straw itself is a good material for renewable energy, and is an important source material for biomass power generation.

In Heilongjiang province, the Harbin Branch granted RMB 48 million of working capital loans for the

Qitaihe Xingfa Biomass Thermal Power Plant Project in 2017, meeting the working capital requirements for normal project operations. Since 2015 when the project was put into operation, the project has used corn stalks to produce biomass fuels, which are used to generate electricity and supply heat. It generates more than 200 million kilowatt-hours of electricity and 2 million square meters of heating capacity each year, saving an annual average of 80,000 tons of standard coal. It not only turns biological straw and combustible garbage into useful energy materials, but also significantly improves the air quality of Qitaihe City, making contribution to the protection of clear water and blue skies.

### Strict Control over Industries with “High Pollution, High Energy Consumption and Overcapacity”

In the process of promoting the development of green finance, we strictly control credit input to industries with high pollution, high-energy consumption and overcapacity. The Bank will not give a credit line to projects and enterprises that are banned by the country or do not meet the requirements for environmental protection; the Bank will take back the loans already granted.

1. Projects that are established without approval, or projects that are constructed without complete approval documents.
2. Steel and coal enterprises that increase production capacity without going through legal formalities or are otherwise operating illegally.
3. Enterprises that do not meet environmental protection, quality, safety production, technology standards, and issues cannot be rectified.
4. Housing and commercial projects that are redeveloped on the site of high-pollution industrial enterprises and do not pass site environmental investigation and risk assessment.
5. Small enterprises that violate national industrial policies, have backward production process, low quality equipment, poor environmental protection facilities and demonstrate a serious waste of resources and environmental pollution. These are mainly ten kinds of small enterprises that are engaged in papermaking, leather making, printing and dyeing, dyestuff, coking, smelting, arsenic refining, electroplating and pesticide production.
6. Enterprises that produce or operate radioisotope products, dangerous chemical goods and other products containing highly toxic pollutants that are not easily degraded in the natural environment or can accumulate in living organisms, as well as carcinogenic, teratogenic and mutagenic products, unless approved by the environmental protection department.
7. Small and medium-sized enterprises (SMEs) in petrochemicals, paints, inks, adhesives, packaging and printing, rubber products (mainly tires), furniture, footwear, pesticide formulation and other industries that are not environmentally-friendly and emit high levels of VOCs; especially enterprises that are close to residential areas, farmland and water sources and have a significant impact on the life and health of residents;
8. Enterprises and projects that introduce and use technologies and equipment that does not meet China's requirements for environmental protection.

#### Loans of Industries with High Pollution and High-energy Consumption

Unit: RMB(100 Million)	2015		2016		2017	
Industries with high pollution and high energy consumption	Balance	Proportion in public loans in	Balance	Proportion in public loans in China	Balance	Proportion in public loans in China

Unit: RMB(100 Million)	2015		2016		2017	
		China				
Petroleum processing, coking and nuclear fuel processing	111.23	0.9	98.35	0.79	59.87	0.56
Chemical raw materials and chemical products manufacturing industry	185.18	1.49	179.95	1.45	193.56	1.83
Non-metallic mineral products manufacturing industry	156.23	1.26	110.45	0.89	110.20	1.04
Ferrous metal smelting and rolling processing industry	134.5	1.09	153.45	1.23	112.71	1.06
Non-ferrous metal smelting and rolling processing industry	128.67	1.04	118.55	0.95	68.47	0.65
Thermal power generation	213.21	1.72	226.22	1.82	286.00	2.70
Sub-total	929.03	7.5	886.98	7.14	830.82	7.84

## 4.2 Implementing Low-carbon Operation

Having energy-saving operation and business modes is an important trend in today's business operations. In the banking industry business process, resource consumption mainly arises from the use of paper such as vouchers and receipts. For conservation purposes, we strongly promote paperless business processes, and continue to expand its application scope. We strive to deliver the green concept throughout the office and thoroughly implement energy conservation and emission reduction in our bank.

### Promoting Green Services

Focusing on electronic, paperless and intelligent business process, we make use of Fintech to constantly improve our online service platform, encourage customers to handle business via mobile banking and online banking, and promote the counter business diversion at some branches. At the same time, we promote and popularize intelligent equipment at outlets, guide our customers to handle their own business electronically, and further reduce the consumption of seals, paper and other resources caused by manual filling in forms and printing receipts.

In 2017, we continued to promote the "Mobile Service Platform", "Electronic Bills" and "App Bills" and other products, thus achieving electronic and information-oriented entire business process. As of the end of 2017, the number of retail paperless business projects reached 181, and we completed a total of 71 million retail paperless businesses, accounting for more than 90% of the retail counter business.

### Promoting Online Services and Paper Conservation

In the traditional business processes of banks, corporate customers often need to visit an outlet for many times to handle their business due to the complexity and diversity of business and high ID verification requirements. In business processes such as opening an account, making reservations and checking transactions, a large amount of paper needs to be used, and is a waste of resources. We actively expanded our online service model for customers, reducing the need for customers to visit outlets, and effectively reduced the paper used in service processes by transferring offline services to online services.

- **Easy Account Opening:** We provide account opening online application service and embedded "CMB remote expert review and approval" functionality to corporate customers. Enterprise operators can submit business application and business materials for online pre-reviews through a mobile phone, tablet, or computer. The verification process can be completed before customers visit the outlet. Upon approval, customers can go to the outlet to go through the entire business procedure.
- **Easy Reservation:** We set up an "Easy Reservation" online customer service platform, provide customers with online application forms for remote number-taking, online reservations and common business.
- **Easy Access to Account Statement:** In order to broaden electronic statement channels and provide convenience for customers, we have developed corporate mobile banking and WeChat account checking modes, and adapted to customers' operating habits on mobile phone.

#### **Dalian Branch: Electronic Filing, Attentive Upgrading Service**

The corporate account opening procedure is complicated and the application form needs to be clearly and accurately filled in. If one character is wrong, the form needs to be filled in again or corrected and stamped with their company seal. It is very common that multiple application forms are used when opening an account and the process is a headache for customers.

In order to solve these problems, the Dalian Branch adopted an electronic filing method for account opening. Before opening an account, customers only need to provide a full set of account opening materials, contact information and other relevant information. Then they can quickly fill in the form with the help of bank staff. They can correct errors at any time. This not only improves customer experience, but also saves a lot of paper. As of the end of 2017, the corporate customer e-filing rate at the Dalian Branch exceeded 99%.

### **Advocating Green Offices**

We adhere to the principle of energy saving and environmental protection in our daily work, continuously carry out energy-saving technological transformation in the office space, proactively advocate the concept of office environmental protection, reduce the waste of resources in the workplace, improve the utilization rate of resources and energy, reduce operating costs and create a green and efficient work environment .

#### **Promoting Energy Conservation in Data Centers**

As the traditional banking business is transforming into an online-oriented and intelligent banking business, it is imperative to construct and expand data centers. In this regard, we started with the data center's full lifecycle, using natural cooling sources and other energy-saving technologies to promote energy efficiency and reduce energy consumption. In 2017, the total power consumed by our data

centers reached 22.51 million kWh, a decrease of 3.4% compared with the previous year.

- We added a natural cooling source plate heat exchanger into the chilled water system of our Shanghai Data Center. In winter, the natural cooling source plate can convert and utilize the natural cold source in the environment to shorten the running time of the refrigeration compressor, drastically reducing the power consumption in winter and improving the energy efficiency of our data center;
- For the new branches in high-latitude regions, we promote the application of energy-saving fluorine pump air-conditioners, and use fluorine pump natural energy-saving technologies during the cold season to shorten compressor run time and reduce power consumption.

### 4.3 Spreading Green Concepts

Over the years, we have persisted in carrying out environmental protection and public welfare activities, and actively disseminated environmental protection concepts to employees, customers and the public, encouraging more people to participate in green public welfare to create a green future.

By 2017, we have conducted the "Reforestation in One Hundred Years for China Merchants Bank(百年招银林)" environmental public welfare activities for the thirteen consecutive years, and encouraged employees to participate in tree planting activities to enhance their sense of environmental protection and to shoulder their social responsibilities through reforestation and repaying society. We have planted hundreds of "China Merchants Bank Forests" throughout the country. We have also combined the voluntary planting activities with the ecological growing of forests, urban and rural roads greening, and industrial parks by means of building, cultivation, joint planting and donations, so as to restore and regenerate large forests.



Chongqing Branch - "Reforestation in One Hundred Years for China Merchants Bank" tree planting activity





Urumqi Branch - "Reforestation in One Hundred Years for China Merchants Bank" tree planting activity

## 5 Accelerating the Poverty Alleviation Program

### Sustainable Development Background

Eradicating poverty is the basic requirement and historic task of comprehensively building a harmonious, affluent society. It also ranks the first in the UN's Sustainable Development Goals (UN SDGs). The 19th CPC National Congress Report said that China must resolutely win the battle against poverty and ensure that by 2020, China will have eradicated rural poverty-stricken population under the current standards and all poverty-stricken counties will have been lifted out of poverty, and that poverty alleviation reaches those who truly need it and delivers genuine outcomes. In this regard, financial poverty alleviation is an important component of state-led poverty alleviation, and plays an important role in promoting poverty eradication, improving people's livelihood and gradually realizing common prosperity.

United Nations Sustainable Development Goals	What We Did	What We Achieved
	<ul style="list-style-type: none"> <li>Improved the workflow for poverty alleviation, integrated the advantages and resources of the entire bank and strengthened efforts to help poor counties.</li> <li>Expanded targeted poverty alleviation programs through finance, promoted local comprehensive development by combining microfinance and investment promotion.</li> <li>Created the "Internet + agriculture industrialization" mode and expanded the sales channel of "CMB Charity(招仁爱)" featured agricultural products</li> </ul>	<ul style="list-style-type: none"> <li>Provided RMB 11.4196 million of poverty alleviation funds for Wuding County and Yongren in Yunnan Province.</li> <li>The total amount of loans for targeted poverty alleviation reached RMB 20.031 billion.</li> <li>Sold over 60,000 boxes of pomegranates on the fresh foods e-commerce platform, with a total sales volume of nearly RMB 7 million.</li> </ul>
	<ul style="list-style-type: none"> <li>Dispatched poverty alleviation teams to help local people change their development concepts and acquire industrial knowledge and skills.</li> <li>Carried out activities to help students in their studies, introduced high-quality learning resources, prevented students from "being broke after paying tuition fees" and reserved excellent talents.</li> </ul>	<ul style="list-style-type: none"> <li>A total of 19 batches and 73 poverty alleviation leaders were dispatched to Yongren and Wuding County to work.</li> <li>Established 30 Hope Primary Schools, and donated 84,000 books.</li> <li>The "one-to-one" pairing activity helped 26,986 poor students.</li> </ul>

## 5.1 Converging on Poverty Alleviation Force

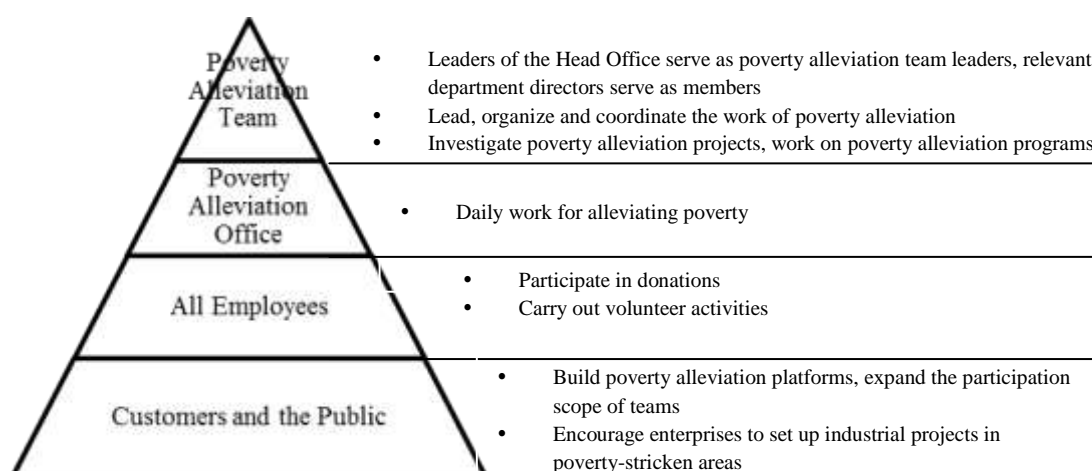
The year 2017 is essential to implementing the "13th Five-Year" plan, and marks the final period of war against poverty. China Merchants Bank has carefully studied and implemented the targeted poverty alleviation policies and work plans of the Party Central Committee, the State Council and the People's Bank of China. We have combined our own advantages with the actual situation in poverty-stricken regions, gradually improved the poverty alleviation mechanism and fixed-site poverty alleviation mode in practice. This has formed the concept of "education-based poverty alleviation is the foundation, industry-based poverty alleviation is the key, and civilized poverty alleviation is the ultimate goal".

"I volunteered to help the poor people in remote mountainous regions. I believe I can overcome all kinds of difficulties in work and life, and I'm determined to contribute my love to the poor people by real actions to alleviate poverty. I have no regrets for my choice."

-- Zang Jingui, one of the first poverty alleviation team leaders from China Merchants Bank

In 2017, we further clarified our thinking and strengthened our responsibilities for alleviating poverty, and established a poverty alleviation system that covers all the employees of the Bank, laying a solid foundation for effective poverty alleviation.

### Our poverty alleviation system

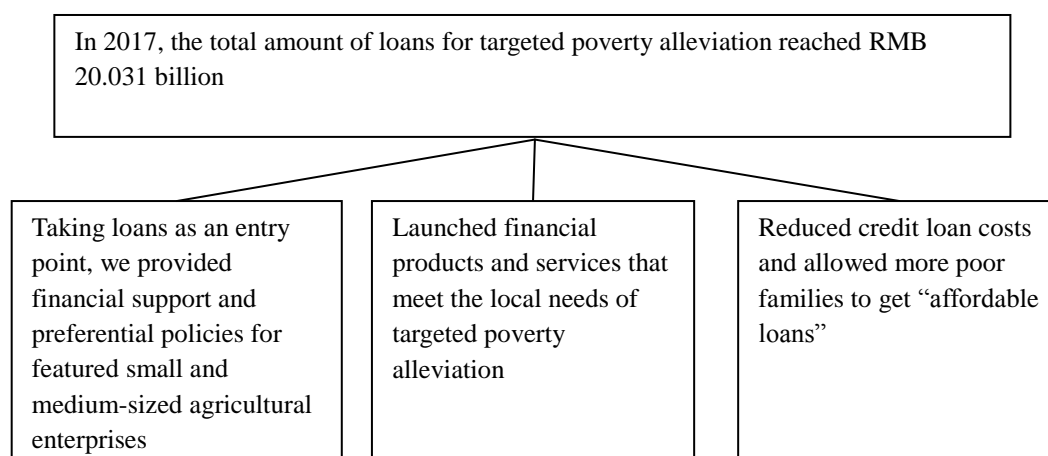


Meanwhile, we fully integrated our advantages and resources, gave full play to the "blood creating" function of finance-based poverty alleviation while "transfusing blood" to poverty-stricken regions, supported the dominant industries, key customers and key projects in poor areas, and stimulated internal economic development power, thus enabling finance to bring real benefits to the registered poor families.

<b>Capital advantage</b>	After conducting in-depth market research on the agriculture, industry, service industry, infrastructure construction, featured planting and aquaculture of poverty-stricken regions, we developed corresponding financial poverty alleviation programs, formed credit/loan schemes, and granted loans to promote the transformation and upgrading of local dominant industries.
--------------------------	--

<b>Talent advantage</b>	We actively promoted the exchange between teams, selected outstanding teams throughout the Bank to participate in the poverty alleviation in poor regions, and encouraged them to integrate their financial expertise with the local realities of poor areas with the aim of helping local poor families to cast off poverty and set out on a road to prosperity.
<b>Channel network advantage</b>	Taking advantage of our channel network, we have built a poverty alleviation platform for customers and the public. We actively mobilize our customers to participate in poverty alleviation, and invite appropriate business customers to participate in the investment promotion project in the target areas.

### Our financial targeted poverty alleviation program



## 5.2 Taking Root in Yongren County and Wuding County

Yunnan Wuding and Yongren County are located on the Yunnan Dianzhong Plateau. The mountainous areas and cold higher elevations account for 97% of the total area. It is a harsh natural environment with frequent natural disasters, weak infrastructure, inconvenient transportation and poor sanitary conditions. These are agricultural areas with ethnic minorities and poverty, and designated as national key poverty alleviation counties. At the beginning of 2017, there were 65,178 and 11,619 impoverished people in Wuding County and Yongren County respectively.

In 1999, our first group of poverty alleviation teams took up a temporary post in Yongren and Wuding Counties to begin our fixed-point mission to alleviate poverty. Over the past 19 years, we have kept our solemn promise -- "overcoming difficulties for poverty alleviation, working with perseverance". We have continuously dispatched poverty alleviation teams to investigate local conditions and take appropriate measures, constantly consolidated and supported the "combined programs". Our focus has been on poverty alleviation through education, industry, and culture, and motivating the local residents to pull themselves out of poverty.

<b>Education</b>	<b>Stimulating ambition and wisdom, changing ideological concepts</b>	The Poverty Alleviation Team goes deep into the grassroots and conducts in-depth exchanges with local people. It helps poor families overcome their limitations and builds confidence for them to rise above poverty. We have intensified education and training for local people, raised their awareness of economic development and learning how to adapt to industry, helped them master scientific knowledge and skills, and accelerated the pace of getting them on the road to becoming prosperous.
------------------	---	---



	<b>Carrying out pairing learning activity, implementing targeted poverty alleviation</b>	In conjunction with local education, we take high school students at a non-compulsory educational stage as the targets of pairing activity; and ensure that families are not poor because their children have started school. By supporting these students in their studies, we nurture talents to change these underdeveloped regions.
<b>Industry</b>	<b>Developing microfinance and consolidating value-creation function</b>	We increased microfinance loans and strengthened management. Based on "repayment and re-loan, and recycling use", we increased the amount of loans according to the schedule, supported farmers in making use of local resources, carried out industrial adjustments, and developed agriculture, forestry, animal husbandry, side-line businesses, aquaculture and other industries, in order to increase income.
	<b>Assist in attracting investment and promoting comprehensive development</b>	By introducing new industrial projects, we have opened up ways for poor farmers in two counties to become more affluent. We assisted the local government in improving the "enterprise + farmer" production and operation model, and transformed the potential resource advantages into realistic market advantages through industrialization and large-scale production.

As the poverty alleviation project enters the critical stage, we actively use new technologies, new ideas and the Internet to explore new models for improving the effectiveness of poverty alleviation work.

#### **The "Internet + Agricultural Industrialization", Opening the Market for Agricultural Products**

To solve the bottleneck of "good wine needs no bush", we explore new modes of wealth generation through industry. This includes "Internet + Agricultural Industrialization", and implementing the "CMB Charity(招仁爱)" e-commerce platform, adopting the approach of "local high-quality agricultural products + government policy support + college e-commerce platform + China Merchants Bank's employee purchases" to help the residents sell local featured agricultural products such as green pomegranates.

In 2017, based on the spontaneous purchases of employees, we cooperated with the well-known fresh e-commerce platform "benlai.com", and expanded the marketing channels of specialty agricultural products. More than 60,000 boxes of pomegranates were sold through this platform, achieving a total sales volume of nearly RMB 7 million, and effectively motivating local farmers in planting and marketing.



#### **"Internet+ Education" - Introducing Quality Learning Resources**

In 2017, combining the current situation of local education development and under the guidance of Yan Guangde, a poverty alleviation group in the village, we introduced the Boxfish Internet English

educational tool to the Wuding County Primary School. Boxfish is used as English textbook by Beijing No.4 High School, The High School Affiliated to Renmin University of China and other famous schools in China. We provided learning equipment such as basic hardware and computers to schools, and the Boxfish English Training Institute donated free accounts to students and teachers, thereby providing teachers and students with free English training and learning opportunities.

As of the end of 2017, Wuding County Primary School had set up two English learning experimental classes hosting a total of 80 students. In the future, we will set up English learning experimental classes in junior high schools and plan to implement the project across the county in 2019.

### **Wuding and Yongren's Poverty Alleviation Donations**

- Accumulatively dispatched 19 groups of 73 poverty alleviation teams;
- In 2017, we donated a total of RMB 11.4196 million for the two counties, and over the past 19 years, donated about RMB 106 million.
- Accumulatively built 30 Hope Primary Schools, donated 84,000 books, 2,366 computers, and 213,000 pieces of stationery.
- Donated more than 550,000 pieces of clothing and more than 200 TV sets.
- The "1+1 Pairing" activity has financially aided 26,986 students, with 2,759 students admitted by polytechnic schools.

After 19 years of hard work, the economies of Wuding and Yongren counties have shown considerable progress. The focus of the poverty alleviation work has also shifted from the basic food and clothing problems, and has entered the crucial stage of preventing and alleviating poverty.

## **5.3 Expanding Poverty Alleviation Achievements**

When implementing poverty alleviation work, we insist on joint action between the Head Office and branches. We actively carry out the work by dispatching teams, donating money and materials, establishing industrial funds, constructing photovoltaic power stations, assisting in opening online "micro-stores", timely detection of natural disasters in low-income areas, continuously expand the scope of poverty alleviation in all regions, and sincerely ensure that "we truly help the real poor people".

### **Urumqi Branch: In-depth "Visit for Gathering" to Strengthen Poverty Alleviation in Villages**

In 2017, Yikankule Village, which is located at Sahan Town, Yengisar County, Kashi, Xinjiang, became the Urumqi Branch's new target for poverty alleviation. To ensure the smooth implementation of alleviation work, the Urumqi Branch dispatched the Southern Xinjiang Village Working Team which consisted of 7 teams. During the poverty alleviation period, the branch insisted on combining poverty alleviation with promoting intelligence. While carrying out the "Visit for Gathering" clothing donation activities, the branch also established a "paired and befriended" donation assistance fund to help poor students in Yikankule Village, in order to improve the accuracy of targeted poverty alleviation.

By visiting villagers, the Working Team learned that Uighur clothing in Kashgar is unique, but there is no large, high-quality clothing processing enterprises in the area. After research, Urumqi Branch established the China Merchants Bank Garment Training Department in Ikankule Village. The branch financed the equipment purchase and renovation of a clothing training site, then selected people from poverty-stricken families and used training as a basis to enhance poor villagers' employment skills.

**Chengdu Branch: “Galsang Flower - Growing up With Law” Training Program**

Abiding by the principle of “poverty alleviation should start from improving intelligence”, the Chengdu Branch actively explored new methods and ideas, and signed cooperation agreements with the Department of Justice, Sichuan and Ganzi Xinlong County People's Government for the training program, and further improved local work. In the “Galsang Flower - China Merchants Bank Summer Camp” held in August 2017, the Chengdu Branch invited 15 poor student representatives in Ganzi Xinlong County to participate in the activity in Chengdu. During the four-day summer camp, youngsters broadened their horizons, increased their knowledge, and opened their minds through colorful and meaningful activities, helping them establish sound awareness of striving for a bright future through knowledge and hard work.

In addition to summer camp activity, the program also included 10 other activities, including the “Galsang Flower - Let Your Dreams Fly” financial aid for students, “Galsang Flower - Virtue Juvenile” selection event, and “Galsang Flower - Little Family Financial Planner”, etc. By carrying out “Small Hands and Big Hands”, we enhanced young people’s awareness of laws and their sense of integrity, and helped the steady development of local people’s livelihood and society.



In 2018, we will further combine the national poverty alleviation policy with the actual situation in these impoverished areas, focus on the issue of deep poverty, solidly promote poverty alleviation work, and continue to make contributions to winning the fight against poverty.

**Our Prospects for Poverty Alleviation**

Improve thinking and awareness	Strengthen the momentum for poverty alleviation	Carry out poverty relief innovation
<ul style="list-style-type: none"> <li>• Incorporate related topics of poverty alleviation work into important meetings such as Party Committee Center, Party committee meeting, President's Office meeting.</li> <li>• Use publicity platforms to publicize cases and figures about poverty alleviation, enhance the sense of honor and mission for poverty alleviation</li> </ul>	<ul style="list-style-type: none"> <li>• Systematically sort out existing poverty alleviation measures, make up short boards and maintain advantages.</li> <li>• Expand poverty alleviation scope and encourage young employees to participate in poverty alleviation.</li> <li>• Improve the statistical system for poverty alleviation and provide information support for poverty alleviation work.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase information exchange between poverty-stricken regions, give full play to their business advantages, and innovate poverty alleviation model.</li> <li>• Expand "Internet+ Poverty Alleviation," "E-commerce poverty alleviation", "green ecology poverty alleviation", "poverty alleviation through featured industries", "poverty alleviation through education", and other new forms and methods to lay a foundation for long-term poverty alleviation in the region.</li> </ul>





Nanning Branch's Trade Union visited the poverty-stricken village and gave condolences

## 6 Devoted to Public Welfare and Repaying Society with Love

### Sustainable Development Background

Under the framework of global integration and United Nations Sustainable Development Goals, participating in public welfare undertakings and responsible corporate citizenship are important aspects of corporate development. Closely related to the national economy and people's livelihood, the financial industry should not only play a major role in the development of the national economy, but also actively participate in public welfare undertakings and make contributions to building a more prosperous, harmonious and beautiful society.

United Nations Sustainable Development Goals	What We Did	What We Achieved
	<ul style="list-style-type: none"> <li>Expanded the "Get More Fun from Monthly Donations (月捐悦多)" and "Small Bonus Points - Tiny Charity" charity donation platforms, and promoted the charitable idea that "everyone can do a charity"</li> </ul>	<ul style="list-style-type: none"> <li>The "Get More Fun from Monthly Donations (月捐悦多)" platform accumulatively raised RMB 3.4878 million in 2017; "Small Bonus Points - Tiny Charity (小积分 微慈善)" raised 39.84 million charity bonus points throughout the year.</li> </ul>
	<ul style="list-style-type: none"> <li>Established a volunteer team consisting of employees, carried out "Sunflower Garden Full of Love" series public welfare activities, and strengthened support for education, students and in other fields.</li> </ul>	<ul style="list-style-type: none"> <li>We established volunteer teams in many cities across China.</li> </ul>

## 6.1 Advocating Public Welfare

Good public welfare is inseparable from the public's participation. China Merchants Bank is committed being a bridge that constantly improves the public service platform, advocates the concept that "everyone can do a charity", and adopts an open attitude and professional operating mechanism to support the long-term development of various charitable projects such as disaster relief, caring for children and environmental protection.

### "Get More Fun from Monthly Donations (月捐悦多)"

"Get More Fun from Monthly Donations" is a monthly donation plan for small-amounts of money that we have jointly launched with multiple public welfare organizations.

How can I participate?

The public may sign a monthly donation agreement through the public version or professional version of personal online banking, or mobile banking app.

- Signing in process for the personal online banking public version: Login personal online banking public version -- click "Self-service Transfer" -- China Merchants Bank Monthly Donation Program. Select the corresponding project to complete the contract.
- Signing in process for the personal online banking professional version: Login personal online banking professional version -- click "Featured Transfer" -- China Merchants Bank Monthly Donation Program.
- Signing in process at mobile terminals: Login to the China Merchants Bank mobile banking app -- Life Assistant -- China Merchants Bank Public Welfare - Get More Fun from Monthly Donation

### What kinds of projects can I support?

- One Family donation plan
- Hope Project Library
- Children's happy home
- Care for Veterans program - Salute gifts
- 220 km Green Great Wall Catch Plan
- Universal fraternity education plan
- Hope Kitchen
- Sunflower Children Growth Fund
- "A Rose Willow" project

### "Small Bonus Points - Tiny Charity (小积分 微慈善)"

"Small Bonus Points - Tiny Charity" is a bonus point charitable donation platform that we jointly established with One Foundation. The bonus points earned by credit card holders through daily card spending can be used to exchange different public benefit products.

**How can I participate?**

Users can donate bonus points either through the mobile phone or website.

- Mobile terminal: Login with China Merchants Bank's official credit card app CMB Life(掌上生活). Select the directed donation of bonus points on the "Points and Benefits" channel.
- Webpage: Login to the China Merchants Bank credit card "Small Bonus Points - Big Fun" interface, enter "Small Bonus Points - Tiny Charity" and select the public welfare projects that you want to support.

**What kinds of projects can I support?**

- "Free lunch": 99 bonus points = 1 lunch for 1 child
- "Yang Fan Book Donation": 199 bonus points = 1 book for 1 child
- "Turning on the Blue Light": 500 bonus points = 1 hour social integration lesson for children with autism

**"Get More Fun from Monthly Donations(月捐悦多)"**

- The "Get More Fun from Monthly Donations" platform accumulatively raised RMB 3.4878 million in 2017

**"Small Bonus Points - Tiny Charity (小积分 微慈善)"**

- Raised 39.84 million charity bonus points
- Exchanged 183,114 healthy lunches
- Exchanged 33,166 hours of autism children course

**"Sharing Love with You", Upgraded Bonus Points Crowdfunding Model**

Before 2017 Autism Day, the Credit Card Center took the theme of "1+1 Bonus Point, Double Warmth", and launched the "1+1 Autism Curricular Bonus Point Crowdfunding" activity in collaboration with One Foundation. Users can login to the exclusive activity page of "Small Bonus Points - Tiny Charity" in the mobile banking app and click "I want to donate love" to participate in the activity. In this activity, the China Merchants Bank credit cards and users are participants:

If one bonus point is donated by the user, China Merchants Bank credit card will also donate 1 bonus point in the name of the user, bringing double warmth to children with autism. This is "Share Love with You" in action. In addition, the credit card center also set up a WeChat crowdfunding channel that makes use of the communication power of the social platform to gather even more love.

As of the end of 2017, the "Small Bonus Points - Tiny Charity" public welfare platform has donated 280,000 hours of social integration courses to children with autism.



### Monthly Donation Platform Removes People's Worries

In the 1990s, the big-eyed girl with the caption, "I want to read" on the Hope Project publicity pictures left people with a very deep impression. The "post-90s" Ms. Zhang is no exception. She came from the city and joined the school's teaching team during her college years, experienced the hardships of life in poor areas and felt those children's desire for knowledge. After the end of her teaching tenure, she failed to find an effective way to continue to help those children.

Despite of her care for public welfare, Ms. Zhang (with a science background) worked at a scientific research institute in 2017 after graduating. After having a stable source of income, Ms. Zhang began to pay more attention to her own income and expenditures, and discovered that the China Merchants Bank card, which she had held since college times, provided users with a "Get More Fun from Monthly Donation" public welfare platform. What makes her happier is that one of the monthly donation items provided on the platform is the Hope Project Library that tugs at her heartstrings. Without any hesitation, Ms. Zhang immediately signed a contract with the "Project Hope Library" project. The Bank will automatically deduct RMB 200 from her card and donate it to the project each month.

Although RMB 200 per month is not much, it represents Ms. Zhang's full sincerity. And her most recent goal is to increase the amount of monthly donations as her income continues to increase, so as to donate RMB 10,000 as early as possible. By then, a Hope Project Library carrying Ms. Zhang's love will be built and bring unlimited hope to the children in poverty-stricken areas.

### Bonus Points Charity, Exploring the Unlimited Potential of Charity

As a planner of the One Foundation's "Marine Paradise" program, Ms. Liu always remembers the dilemma of financing at the beginning of implementation. Since the public in general lacks understanding of autistic children, it is extremely difficult to find companies that are willing to provide funds. Fortunately, one day in 2013, Ms. Liu met China Merchants Bank, which was exploring an innovative charity mode. After further dialogues, the two parties came up with the "Small Bonus Points - Tiny Charity" bonus point crowdfunding charity model. Over the past five years, "Small Bonus Points - Tiny Charity" has brought stable donations for the "Ocean Paradise" program by encouraging China Merchants Bank cardholders to use their consumption bonus points for charity. The "Ocean Paradise" program spreads the warmth to increasingly more autistic children and their families.

## 6.2 Encouraging Volunteer Services

Since 2013 when we started the volunteer activities themed at "Sunflower Garden Full of Love" to provide care for children, China Merchants Bank has established many volunteer teams in many cities, and carried out volunteer activities in various forms and with various features, making the whole country immersed in the enthusiasm of "China Merchants Bank Volunteers" for public welfare.





### Shanghai Branch: Introducing Network Courses into "Sunflower Garden Full of Love" Aid Education

"Dream Bank" is one of Shanghai Branch's long-term "Sunflower Garden Full of Love" volunteer activities. It is geared towards growing up with calligraphy and painting, and committed to enrich the curriculum for children in mountainous regions by delivering teaching aids, teachers and other resources to support the growth of students and the development of schools.

In September 2017, Shanghai Branch's "Sunflower Garden Full of Love" volunteers cooperated with [hujiang.com](http://hujiang.com) to go deep into the mountains of Yunnan Province. They established network course classes for students and teachers at the Zhetu Jiulong Primary School, Guangnan Wenwu Primary School, Banna Manbang Primary School, Chuxiong Shizishu Primary School, and other primary schools. Free access to the Internet at any time was provided and innovative teaching methods were adopted to break the limits of space. This enabled local students to have more opportunities to develop their own interests and feel the warmth from thousands of miles away.

At the Guangnan Wenwu Primary School, the volunteers lived under the same roof and ate at the same table with students of the school. They provided children with colorful offline courses such as painting, calligraphy, music, blackboard newspapers and more. While online volunteers not only brought consumer financial knowledge and financial education to the children, they also offered a remote ukulele music course, which greatly pleased the children.



Shanghai Branch "Sunflower Garden Full of Love" volunteers go to the mountainous regions of Yunnan Province to provide aid education

### Urumqi Branch: "China Merchants Bank Care for the Elderly with the Yinling Beadhouse" activity

On December 2, 2017, the Urumqi Branch launched the campaign "China Merchants Bank Care for the Elderly campaign in the Shengshi Yinling Beadhouse" in Shihezi, and transmitted warmth to the lovely elderly people in the cold winter.

The volunteers made full preparations and provided the elderly people with living supplies, and presented a show for the elderly people: The show features a dance called the "Little Apple" that enabled the elderly and volunteers to experience the rhythm of youth. The poetry recitation "Young City", song accompanied by sign language "Grateful Heart", and other programs quickly brought the volunteers closer to the elderly.

#### **Yantai Branch: Creating a Blue Sky with Sanitation Workers**

In order to repay sanitation workers for their hard work, the Yantai Branch launched a voluntary service of "Gratitude for Society - Care for Sanitation Workers" in July 2017. Outside its business outlets, the branch displayed an LED rolling banner that said, "Welcoming the sanitation workers to rest in the business hall". In the business hall, a rest area was set up to provide seats, drinking water and mung bean soup for sanitation workers who came to have a rest. The employees also took time to walk out of the business outlet in the morning and noon to provide drinking water, food, wet wipes and sun visors for sanitation workers on the street.

The activity was carried out in Yantai during the rainy season. The arrival of people also increased the difficulty and risk factor of sanitation workers in cleaning the waste on pavements. After finding out about this problem, the Yantai Muping District Bank staff immediately invited sanitation workers to take shelter from the rain and take a rest. This warm caring gesture touched many sanitation workers.

"Thanks to China Merchants Bank. Whenever I am tired or want to drink hot water, I come in. I feel satisfied from the bottom of my heart! "

- Mrs. Li

"Thanks to China Merchants Bank for providing us with water and a resting place, we all feel warm and you have my gratitude from the bottom of my heart!"



- Mrs. Yang

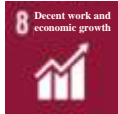




The staff of the Changsha Branch participated in flood fighting and disaster relief, and removed the silting from the head of Orange Island

## 7 Growing up Hand-in-hand with Employees and Creating a Happy Future

Sustainable Development Background		
<p>The realization of self-value for employees is also the fundamental driving force behind the development of enterprises. The development of enterprises depends on the joint efforts of all employees. In today's increasingly fierce competition for talents, enterprises should establish a fair and efficient talent management mechanism to help employees grow and achieve personal value, and accumulate strength for their business development.</p>		
United Nations Sustainable Development Goals	What We Did	What We Achieved
	<ul style="list-style-type: none"> <li>Started a staff family member care-funding program called the "Sunny Day Program" to provide care and assistance for accidentally disabled employees or employees with severe illness, and their families.</li> <li>Carried out the "Run for Love", "Running China Merchants Bank" and other healthy running activities, which advocates a healthy lifestyle</li> </ul>	<ul style="list-style-type: none"> <li>Raised RMB 32.39 million of staff family member care fund for "Sunny Day Program"</li> <li>74,292 people joined the "RUN(悦跑圈)", 46,242 employees completed the "Run for Love" theme activity</li> </ul>
	<ul style="list-style-type: none"> <li>Developed the <i>Development Plan of China Merchants Bank University</i>, continuously improved the personnel training experience, and expanded the online learning platform for employees.</li> </ul>	<ul style="list-style-type: none"> <li>72,374 employees participated in the training, 5.79 million employees participated in online learning, with each employee recording 125 hours of learning on average.</li> </ul>

	<ul style="list-style-type: none"> <li>Optimized the "One Verticality &amp; One Horizontality(一纵一横)" talent development system, cleared talent development channels, upgraded quality personnel training projects.</li> </ul>	<ul style="list-style-type: none"> <li>Won the "Best Employer Award 2017" and "Most Popular Employer among Women in China" in 2017.</li> </ul>
---	---	--

## 7.1 Optimizing the Professional Platform

Employees are the core of enterprise value creation and can provide source power for the continuous development of enterprises. China Merchants Bank attaches great importance to the value of talents team, continuously optimizes the talent introduction mechanism and employee occupational development system, and creates a career platform for employees to achieve unlimited growth while building a vibrant and innovative team of talents with strong cohesion.

### Expanding Talent Recruitment Channels

We constantly strengthened the role of practice in campus talent recruitment, launched a bank-wide "Dream Workplace - New Experience, Flying Heart" internship program in 2017, innovated the intern-training program through Head Office-branch joint actions, and selected outstanding graduates. In 2017, a total of 3,649 interns participated in our internship program.

Meanwhile, we officially launched the 2018 Management Trainee (Fintech) Recruitment Program in March 2017. The program focused on outstanding students with IT and DT backgrounds in advance by holding Fintech elite training camp. This laid a solid foundation for Fintech talent reserves and promoted our strategic transformation through talents.

#### Innovating Campus Recruitment and Strengthening the Backup Pool of Excellent Talents

We innovated the entire campus recruitment process, ranging from recruitment management to recruitment modes, and strived to provide a quality job experience for students.

- We launched a new campus recruitment system, screened the resumes from targeted colleges and universities, realized real-time updates of recruitment data, statistics and summaries, real-time inquiries of the recruitment process and other functions, and enhanced the intelligence of the campus recruitment process.
- Created a brand new campus recruitment promo called, "China Merchants Bank Is Recruiting", and selected four typical characters for documentary shooting to fully demonstrate our business atmosphere, culture and values.
- Established "Drama Publicity Crew", innovatively using a dramatic publicity mode, and actively carried out publicity on the air and overseas dissemination.
- In terms of the leaderless group interview, we innovatively adopted operative interview jargon such as --"one-sided viewpoint" and "hook-ups", in order to fuel the enthusiasm of candidates.
- Organized interviewer certification training to create a professional team of interviewers.

Through the recruitment process innovation, we made the following achievements in 2017:

- More than 12,000 people attended the career talk. Nearly 10,000 people enrolled in our special overseas registration sites.

- 74 interviewers attended the interviewer certification training.
- 45 branches (including the Credit Card Center) employed 7,294 people in total.

In terms of social recruitment, we started the "Talents' Morning Newspapers" project. In 2017, we issued 44 "Talents' Morning Newspapers", and accurately recommended 244 compound transboundary talents. In addition, we also continuously broaden the breadth and depth of talent recruitment by searching for talents and conducting interviews through social networking channels such as LinkedIn and Zhihu.

#### **Optimizing the "YOU Talent Scout" Talent Referral Plan to Improve the Quality and Efficiency of Recruitment**

To further expand the influence of the "YOU Talent Scout" talent referral plan, we launched the "JiJiTui" publicity plan in January 2017, made full use of China Merchants Bank's official WeChat recruitment account, China Merchants Bank micro journal and other media publicity channels to improve the efficiency and coverage of publicity. By upgrading the "YOU Talent Scout" award, we are constantly ramping up the enthusiasm level of employees. In addition, we introduced the campus internal recommendation function into "YOU Talent Scout", encouraged the bank's staff and the Fintech trainees enrolled in 2018 to recommend fresh graduates, thus enhancing the efficiency and accuracy of recruitment.

In 2017, the following achievements were made through the "YOU Talent Scout" talent referral plan:

- Recommended 308 people from other industries, 55 of which were successfully recruited.
- Recommended a total of 59 students from the Fintech Elite Training Camp, successfully recruited 11 students, which were IT and DT talents.
- Recommended 450 graduates of 2018, successfully recruited 17 students, 15 of which were IT and DT talents.

### **Deepening Career Development System**

Paving the way for the career development of employees is our life-long pursuit. In this regard, we have established the "One Verticality & One Horizontality(一纵一横)" talent development system, horizontally, we are committed to building a reserve talent pool, encouraging employees to choose posts by themselves and be their own masters; vertically, we have designed a dual-channel system of management and professional development, thus changing the traditional single, narrow promotion channel that fosters fierce competition.

<b>Construction of the Management Channel</b>	<ul style="list-style-type: none"> <li>• We established "six standards" and "three priorities" as the guidelines in selecting teams.</li> <li>• Adhered to "open, fair and impartial" selection modes.</li> <li>• Vigorously promoted the competitive selection of teams.</li> </ul>	<ul style="list-style-type: none"> <li>• We organized six open competitions for 25 leader posts. 36 out of 191 people won the competition for posts at branches and Head Office.</li> <li>• Organized four open competitions for 59 director posts at the Head Office, 259 people enrolled, 49 people won the competition for posts.</li> </ul>
---	--	---

<b>Construction of the Professional Channel</b>	<ul style="list-style-type: none"> <li>• Full coverage: We established 36 professional sequences, covering all the positions in the Bank, and developed assessment rules that meet professional requirements.</li> <li>• Differentiation: We set the upper limit of different professional sequences according to the value of different posts.</li> <li>• Professional sequence staff at the same level enjoys the same salary and welfare treatment with serving team leaders in principle.</li> </ul>	<ul style="list-style-type: none"> <li>• After 3 years of improvement, normal assessment of the professional sequence was achieved.</li> <li>• In 2017, more than 40,000 staff members participated in professional sequence assessment, and more than 20,000 staff members were successfully promoted.</li> </ul>
<b>Construction of Reserve Talent Pool</b>	<ul style="list-style-type: none"> <li>• Proposed the two-level management model of "head office specification + branch operation", established specification on reserve talent pool post transfer mechanism.</li> <li>• Upgraded the reserve talent pool system, and improved employees' application experience</li> </ul>	<ul style="list-style-type: none"> <li>• Established 1,969 reserve talent pools.</li> <li>• 122,908 people enrolled with 84,594 people were included into the pool.</li> <li>• 14,141 employees landed their jobs through reserve pool</li> </ul>

## 7.2 Supporting Training and Development

Staff training is not only the guarantee of enterprises' sustainable development, but also an important incentive measure to help employees constantly grow. In 1997, we established a training center, and formally established China Merchants Bank University in 2008 to promote the education and training work in a systematic, intensive and international manner. In 2017, we further implemented the overall requirement of "turning China Merchants Bank University into a real university", formulated the *Developing Plan of China Merchants Bank University*, continually deepened core talent cultivation, consolidated the management foundation, and made steady progress towards a specialized enterprise education system with complete coverage and categories.

### Improving the Talent Cultivation System

We have established a comprehensive talent cultivation system. Among them, university education serves for medium and long-term talent training. Short term training serves for immediate problem solving and improvement of learning ability, and diversified school operations cultivates talents with special skills. In 2017, we began to construct professional colleges and established four major colleges, which area retail finance, corporate finance, operation management and risk management, and created the first "translation team" to fine-tune the talent cultivation system.

<b>System Construction</b>	<ul style="list-style-type: none"> <li>• We solidified the basic education system, popularized the Dos &amp; Knows and essential basic knowledge among employees. Additionally, we ensured that all staff knows well the strategy and culture of China Merchants Bank, compliance, occupation ethics, customer service and other basic knowledge, ideas and skills.</li> <li>• Improved the professional education system, established a long-term professional talents training system while giving consideration to the professional talent development channel, set up primary, intermediate and advanced training paths, and linked them with professional talent career development.</li> </ul>
<b>Cultivation of New Staff Training</b>	<ul style="list-style-type: none"> <li>• We constructed a new employee five-year training project, explored and established the "Head Office co-ordination, bank-wide uniform, joint action of the Head Office and branches, and practice-oriented" new mode.</li> <li>• Developed <i>Tutorial Manual for New Employees</i> for three posts: business teller, retail customer manager and account manager;</li> </ul>
<b>Cultivation of Fintech Talents</b>	<ul style="list-style-type: none"> <li>• Launched "Fintech Open Class" in China Merchants Bank University to improve all staff's Fintech knowledge;</li> <li>• Provided one-to-one counseling for Fintech lecturers through a humorous practice class, and assisted in outputting high-quality learning resources</li> </ul>
<b>Leadership Training for Management Teams</b>	<ul style="list-style-type: none"> <li>• We organized and implemented two-level branch special training sessions, the golden lion plan, pilot program, young leaders training class, managers' management empowerment training camp and other projects</li> <li>• Promoted the implementation of grassroots and middle-level leadership programs at branches, including the golden eagle plan, management sail plan, Venus plan, etc.</li> </ul>

## Upgrading the Cloud Learning Platform

We always ensure that our training work keeps pace with the changing times. In 2017, we further upgraded our cloud platform and supported about 5.79 million people throughout the bank in studying online.

### The Progress of Cloud Learning Platform Construction in 2017

- Launched mobile learning system 2.0
- Completed the planning and development of learning management system 2.0
- Launched the knowledge management system on mobile terminal
- Optimized library management
- Implemented bank-wide online examinations
- Promoted the construction of online learning resources

### China Merchants Bank University Launched Mobile Learning System 2.0

The China Merchants Bank University mobile learning system is the core of the informatized construction of our education and training work. It has many functions, including learning on mobile terminals, examinations, effect evaluations, communication and sharing, teaching management and so on. With online characteristics such as being segmented and instantaneous, the system effectively compensates for the limitations of traditional training in space and time, and is a new tool to improve the pertinence, effectiveness and practicality of education and training.

In 2017, we launched the mobile learning system 2.0, gradually achieved bank-wide one-stop learning, development and training management by docking it with the learning management system, thereby enriching staff learning resources and improving their learning experience.

By the end of 2017, more than 75,000 people had registered in the mobile learning system. The average monthly amount of learning sessions reached 200,000 times, and the online management rate of bank-wide training classes exceeded 95%.

<b>Richer Learning Resources</b>	<ul style="list-style-type: none"> <li>• Bonus-point courses: More than 310 courses were transplanted from the learning management system, thus making learning and archives management more efficient.</li> <li>• Professional courses: 15 large categories and 76 small categories in the scientific distribution system, met personalized learning needs.</li> <li>• Theme courses: We cooperated with relevant financial institutions, developed a "bank card practitioner certification course", "Internet Finance" and other learning resources on financial subjects.</li> </ul>
<b>More Human Interface</b>	<ul style="list-style-type: none"> <li>• Optimized a total of 230 feature points and 110 pages, optimized system layout, enhanced user experience.</li> </ul>
<b>More Accurate Training Management</b>	<ul style="list-style-type: none"> <li>• Optimized training class management, attendance, research, practice, test and other content; achieved automatic and refined training management.</li> <li>• Completed the docking of the mobile learning background with SAP, along with the learning management system and knowledge management system.</li> </ul>
<b>More Perfect Community Interaction</b>	<ul style="list-style-type: none"> <li>• Developed social functions, set up four sub-modules, which are dynamic, topical, friends and chat, encouraged employees to share knowledge, experience and insights in real time.</li> <li>• Established online interest groups, created the alumni circle of China Merchants Bank</li> </ul>
<b>More Diversified Mobile Functions</b>	<ul style="list-style-type: none"> <li>• Launched live broadcast function, "light, fast and flexible" Internet mode, which can help employees enter the era of autonomous learning.</li> <li>• Used live broadcast functionality to carry out team training, new employees training, forums and other types of learning projects.</li> </ul>



**Rebuild the China Merchants Bank University Library**

We adhere to the concept of "learning to create value through lifelong education". In 2017, we rebuilt the China Merchants Bank University Library, created new learning paths for employees with the physical and digital libraries, greatly increased the amount of hard copy and digital books, reconstructed the reading environment, and created a good learning and working atmosphere with "more reading, more joy".

**Physical Library**

- Following the trend of the "technology bank", we chose books about Fintech, blockchain finance, big data and other technologies;
- In 2017, we selected more than 3,000 paper books. The Shanghai and Shenzhen libraries have a 13,000 books,
- We introduced a paper book management system to the libraries to make it convenient for employees to borrow and return books.

**Digital Library**

- More than 4.4 million books have been added. There is now nearly 4.5 million books that employees can read at a PC terminal;
- We introduced electronic readers for the first time, which has more than 3000 classics that can be downloaded to a mobile terminal for reading at any time and in any place;
- 42 million academic papers and conference papers were added, providing employees with convenient access to business research materials.

**7.3 Strengthening Care for Employees**

We believe that the physical and mental health of employees is one of the most valuable assets of enterprises. Close attention is paid to the health and lives of employees, and we advocate an optimistic and vigorous healthy lifestyle, continuously innovate employee care initiatives, and try to help employees and their families as much as possible.

**Starting from the "Heart" - Running for Health**

Running is the unchanging gene of each person from China Merchants Bank. We want to inject positive energy into our employees through running, and cultivate their energetic, positive working state and mental outlook. At the 30th anniversary of China Merchants Bank, we set up a staff family member care fund called the "Sunny Day Program" for all the employees and their family members. When an employee runs a certain distance, we invest capital into the "Sunny Day Program", and use the raised funds to provide care for employee family members with serious illnesses or those accidentally disabled. Employees are encouraged to run for public welfare, and we are committed to bringing peace to employees and their families, and making each day a sunny day.



In 2017, 46,242 employees completed the "Run for Love" theme activity and raised RMB 32.39 million for the "Sunny Day Program".

"We encourage employees to actively participate in public welfare activities by establishing the staff family member care fund based on their running mileage, and encourage employees and their family to live in a healthier way and run together for love.

--Ding Wei, Vice President of China Merchants Bank



In addition to running for love in the "Sunny Day Program", we have reached a strategic cooperation with the "RUN(悦跑圈)" in 2015. We have constantly innovated the forms of running, so that employees can really enjoy running, and work happily and healthily.

#### "Run China Merchants Bank" - 123 Run Together - National Relay Challenge Round

To improve the physical condition of our employees, we cooperated with "RUN(悦跑圈)" and jointly launched the 2017 "Running China Merchants Bank" - 123 Run Together - National Relay Challenge Round simultaneously online and offline. In the online activity, employees were required to form 3-person teams on the "RUN(悦跑圈)" app's exclusive page of China Merchants Bank activities, then run a total of 12.3 km on December 3, 2017 and upload the running records to complete the task.

- The activity got 1.82 million hits
- Successfully formed 3,233 teams
- 2,882 teams completed the task
- A total of 10,385 people participated in the activity
- A total of 8,646 people completed the task
- Got a total of 369,800 "likes"

In the offline activity, 228 players from 39 branches all over China started a 12.3 km 3-person relay

race at the Shanghai Credit Card Center Zhangjiang Park. The warm atmosphere of the scene, the sweat of the athletes and the cheers from the cheerleading teams added the air of excitement and lent quite a different atmosphere to the park.



### Deepening Communication, Attentive Care

We constantly optimize the employee salary and compensation system, allowing employees to plan their own exclusive welfare programs within the approved scope. We regularly monitor the vacation coverage of all employees, and provide employees with all-around protection and care. Great importance is given to listening to employees' inner views and carrying out various forms of communication activities to help them solve problems in their work and life.

In 2017, we launched the "intercity train" of the same-position matching platform. This enabled employees to apply for the same positions of other outlets in the same city or other cities, and get feedback online. By the end of 2017, we had received 841 applications for cross-city transfers, with 233 applications for transfers in the same city, reached a preliminary intention from 428 pairs, and successfully matched 135 pairs.

#### Changsha Branch: "President's Breakfast Meeting" Sets up A Platform for Communication with Young Employees

In order to enhance communication with employees, the Changsha Branch holds a quarterly "President's Breakfast Meeting" led by the branch president, who invites young employee representatives to have breakfast together, in order to understand their worries, ideas and expectations, and builds an effective communication platform for employees.

On the winter solstice of 2017, the branch's fourth quarterly breakfast meeting was held on schedule. The president of the Changsha Branch Zeng Dun opened the meeting with the old saying, "winter solstice is as important as the Spring Festival", and encouraged employees from all parts of the country to speak freely and have a joyous gathering.

President Zeng asked about the details of the young employees' life and work, and understood the confusion and difficulties in their daily work. He combined the branch's model cases to encourage all the employees to make use of their own advantages, work happily, enjoy a great life, and make unremitting efforts to realize personal career development and common development with China Merchants Bank.

#### Yinchuan Branch: Balancing Work and Life - Building a Happy Workplace

In 2017, the Yinchuan Branch continued to expand the range of care for employees, and took the opportunity of moving into a new office to create a multi-functional home for employees. Combined with a variety of employee activities and health care measures, it provided a full range of care for

employees.

- **Promoted the Construction of Brand Culture with Festival Features**

- Women's Day: "Colorful Floriculture, China Merchants Bank Filled with Fragrant Flavor" flower arrangement activity
- Mid-Autumn Festival: "Celebrate the Mid-Autumn Festival - Celebrate the National Day Do It by Myself. I Am Happy" handmade moon cake activity
- Winter Solstice: "Warm Winter - Happy Winter Solstice" hand-made dumpling activity



- **Organized Health Lectures**

- Invited health management experts from the physical examination center of General Hospital to explain the common symptoms of bank employees and preventive measures, combined with the physical examination reports of more than 400 employees to have a face-to-face communication with employees, so that employees could better understand their physical condition.
- Invited staff and their family members to attend lectures on emergency first-aid knowledge and health care, conducted an on-site simulation for emergency rescue knowledge such as cardiopulmonary resuscitation and CPR artificial respiration, and distributed more than 300 stationery bags to employees and their family members.

### **Beijing Branch: Improving Welfare Work and Giving Employees Attentive Care**

In 2017, the Beijing Branch adopted new measures to provide care for staff, made comprehensive upgrading, and strived to do practical work and bring benefits to employees.

- **Upgraded physical examination from all aspects:** We finally chose Peking Union Medical College Hospital, Beijing Hospital and Chinese PLA General Hospital to perform physical examinations in 2017. Employees were allowed to choose among the three hospitals and examination times to ensure employees have a clear and smooth physical examination process.
- **Innovative welfare initiatives:** The Beijing Branch raised staff's work meal standards, improved meal quality; added new heating subsidies in the winter, purchased work down jackets for employees; and bought accident injury insurance and accident medical insurance for summer interns.
- **Launched time clock with your fingertip:** We provided 130 sets of fingerprint time clock machines for its outlets in the city, acquired 10,000 fingerprints and effectively solved the problem of attendance data loss.

# GRI Report

## Strategy and Management

China Merchants Bank is a financial services institution that has always paid close attention to its own and the customers' long-term value. Considering challenges and opportunities brought by the new normal of economic and social development, we combine sustainable development with our social responsibility concept of "coming from society and repaying society". We created the sunflower responsibility concept model with China Merchants Bank's characteristics to generate continuously more value for stakeholders by continuously deepening our social responsibility practice.

## Social Responsibility Strategy

The sunflower represents optimism, loyalty and high spirit, which are also the unchanged enterprise features of China Merchants Bank. Entering the new era, we have redefined our social responsibility concept, deepened and confirmed our responsibility fulfillment approach and responsibility system.



## Responsibility Concept

- Committed to sustainable finance
- Improve sustainable value
- Contribute to sustainable development

## Responsibility Fulfillment Approaches

- **Innovation promotes development:** We adapt to changes in stakeholders' appeal, improve sustainable development ability and realize sustainable development goals by continuously innovating and promoting growth
- **Service creates value:** We persist in providing the society with the latest and best financial services, use financial services to support steady economic growth, promote social harmony and stability, protect environmental and ecological balance and create comprehensive value to the maximum extent.
- **Benefit balance and sharing:** We pay close attention to stakeholders' requests and hopes, share benefits with stakeholders and facilitate the sustainable development of enterprises, economy and society together.

## Responsibility System

- **Customer service:** Good service experience is our unremitting pursuit. Being customer-oriented, we explore service upgrading, implement innovative service modes and provide customized products and services.
- **Value creation:** Sustainable development of enterprises and sustainable development of the economy and society supplement each other. We stick to improving value creation ability and actively optimize credit structure.
- **Green development:** In the face of increasingly severe environmental problems, coordinating sustainable development of economy, resources and environment is an inevitable choice in today's society. We always stick to green operations and continuously innovate green financial services.
- **Employee growth:** Enterprise sustainable development is driven forward only when employees are happy at work. We adhere to a "people first" management, guarantee employees' legitimate rights and interests, and provide clear career paths.
- **Social harmony:** Enterprise sustainable development is based on the society. We are committed to compliance and integrity management, and continuously carry out public welfare activities such as fixed-point poverty alleviation, disaster relief and caring for children.

## Social Responsibility Management

We closely integrate the sunflower responsibility concept model with our development strategy and operating activities, and convert our responsibility concept and promises to stakeholders into concrete actions by continuously transmitting the social responsibility (CSR) management system to each department and branch.

### CSR Management Infrastructure

- **Decision-making level:** Members of the Board of Directors and Board of Supervisors shall participate in deliberation and decision-making on major social responsibility issues, including formulation of related strategies and policies and special deliberation for the annual CSR report
- **Organization level:** The Head Office shall establish a CSR management team to take charge of coordinating CSR daily management work, including CSR activities, preparation of the CSR report, organizing and conducting training, publicity and guidance, collecting performance indicators and providing excellent CSR practice cases.
- **Implementation level:** Functional departments and operating departments of the Head Office and branches shall be responsible for the centralized management of all CSR issues, regularly submit related management measures, performance indicators and excellent cases, organize and carry out various CSR activities in the area.

## Materiality Analysis

Based on our materiality analysis model, we further identify, evaluate and screen CSR issues, confirm substantial issues of importance to us and stakeholders while emphasizing disclosure and response in the report on the basis of our work of the previous year.

### Identification

- **Analysis on policy and industry hotspots:** Deeply unscramble macroscopic and industry hotspots and policies, and determine policy orientation and development opportunity for responsibility fulfillment in the banking industry
- **CSR strategy:** Carry out comprehensive analysis on relevant research achievements and the

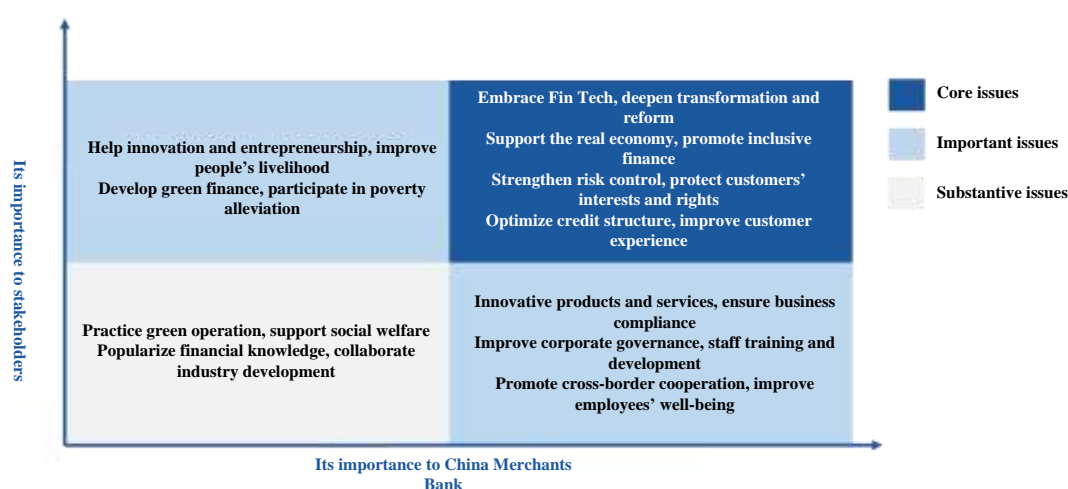
sunflower responsibility concept model, and identify 16 issues that are important to stakeholders and us.

## Evaluation

We invite experts and consultants in the CSR field to assess the importance of the issues. Combining this with assessments by internal bank employee representatives, we get a two-dimensional evaluation on the priority and importance of issues.

## Screening

We construct a materiality analysis matrix according to issue assessment results, combine the degree of importance to prioritize the issues, and emphasize the disclosure of issues with high materiality in the report.



Subjects	Correspond to GRI aspect
Embrace Fintech	Indirect economic impacts
Protect customers' rights and interests	Customer health and safety, marketing and labeling, customer privacy
Improve customer experience	Marketing and labeling
Innovative products and services	Marketing and labeling
Promote inclusive finance	Indirect economic impacts
Assist in innovation and entrepreneurship	Indirect economic impacts
Deepen transformation and reform	Indirect economic impacts
Support the real economy	Indirect economic impacts
Optimize credit loan structure	Indirect economic impacts
Develop green finance	Indirect economic impacts
Promote cross-border cooperation	Indirect economic impacts
Staff training and development	Employment, labor/management relations, training and education, diversity and equal opportunity
Improve employees' well-being	Employment, labor/management relations, occupational health and safety
Improve people's livelihood	Indirect economic impacts
Participate in poverty alleviation	Market performance, indirect economic impacts, local community

Subjects	Correspond to GRI aspect
Improve corporate governance	Anti-corruption, social and economic compliance
Strengthen risk control	Anti-corruption, unsuitable competitive behavior
Ensure business compliance	Anti-corruption, unsuitable competitive behavior, social and economic compliance
Spread financial knowledge	Customer health and safety, marketing and labeling, customer privacy
Support social public welfare	Local community
Collaborative industry development	Indirect economic impacts
Practice green operation	Materials, energy, water resources, sewage and waste, environmental compliance

## Stakeholder Engagement

We actively expand channels to communicate with stakeholders in each aspect of daily business service, fully listen to opinions and feedback from stakeholders and continuously improve the efficiency of that communication by building a standardized communication mechanism and applying digital communication technology.

Stakeholders	Hopes and demands	Communication channels
Government	<ul style="list-style-type: none"> <li>Promote inclusive finance</li> <li>Nurture innovation and entrepreneurship</li> <li>Participate in poverty alleviation</li> <li>Support the real economy</li> <li>Deepen transformation and reform</li> <li>Optimize credit loan structure</li> <li>Improve people's livelihood</li> </ul>	<ul style="list-style-type: none"> <li>Research and execute related financial policies</li> <li>Support formulation of industrial policies</li> <li>Relevant investigation and workshops</li> <li>Submit statistical statements</li> </ul>
Regulatory authority	<ul style="list-style-type: none"> <li>Protect customers' rights and interests</li> <li>Popularize financial knowledge</li> <li>Improve corporate governance</li> <li>Strengthen risk control</li> <li>Ensure business compliance</li> </ul>	<ul style="list-style-type: none"> <li>Implement regulatory policy</li> <li>Participate in investigation and interview</li> <li>Daily examination and approval and supervision</li> <li>Submit statistical statements</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Improve corporate governance</li> <li>Strengthen risk control</li> <li>Optimize credit loan structure</li> </ul>	<ul style="list-style-type: none"> <li>Periodic report and information bulletin</li> <li>Roadshow and reverse roadshow</li> <li>Investor investigation and communication meeting</li> <li>Shareholders' meeting</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Innovative products and services</li> <li>Protect customers' rights and interests</li> <li>Promote inclusive finance</li> <li>Ensure business compliance</li> <li>Improve customer experience</li> <li>Popularize financial knowledge</li> <li>Help innovation and entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>Customer demand investigation</li> <li>Customer satisfaction survey</li> <li>95555 Customer service platform</li> <li>Customer care activity</li> <li>Digital platforms such as WeChat and microblog</li> </ul>



Stakeholders	Hopes and demands	Communication channels
Employees	<ul style="list-style-type: none"> <li>• Staff training and development</li> <li>• Improve employees' well-being</li> </ul>	<ul style="list-style-type: none"> <li>• Conference of employees' representatives</li> <li>• Employee satisfaction survey</li> <li>• Employee recreation, sports and health activities</li> <li>• Appeal and accusation mechanism</li> </ul>
Cooperative partners	<ul style="list-style-type: none"> <li>• Promote cross-border cooperation</li> <li>• Collaborative industry development</li> </ul>	<ul style="list-style-type: none"> <li>• Daily communication</li> <li>• Communication and cooperation in the same industry</li> <li>• Bid invitation and submission</li> <li>• Supplier investigation and interview</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Develop green finance</li> <li>• Practice green operation</li> </ul>	<ul style="list-style-type: none"> <li>• Implement the policy regarding energy conservation and emission reduction</li> <li>• Forum and meeting concerning green finance</li> <li>• Acquisition and disclosure of environmental performance</li> <li>• Green public benefit activities</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Participate in poverty alleviation</li> <li>• Support social public welfare</li> <li>• Improve people's livelihood</li> </ul>	<ul style="list-style-type: none"> <li>• Carry out fixed-point poverty alleviation</li> <li>• Participate in construction of community projects</li> <li>• Build internet public benefit platform</li> <li>• Employee voluntary service</li> <li>• Community service activity</li> </ul>

## Economic Performance

Facing the complex economic and financial situation, we actively seized market opportunities, adhered to the strategic direction and positioning of a "light-operation bank" and "one body with two wings", thoroughly promoted transition efforts, and improved our own value creation capability. At the same time, we kept a close eye on stakeholders' demands and expectations, and realized value sharing with stakeholders through value creation of products and services in the economic, social and environmental fields as well as in activities that contributed to society.

Indicator	2015	2016	2017
Total assets (RMB million)	5,474,978	5,942,311	6,297,638
Business income (RMB 100 million)	2,014.71	2,090.25	2,208.97
Total profit (RMB million)	75,079	78,963	90,680
Net profit (RMB million)	58,018	62,380	70,638
Total tax (RMB 100 million)	289.90	229.45	221.94
Non-performing loan rate (%)	1.68	1.87	1.61
Capital adequacy ratio (%)	11.91	13.33	15.48
NPL provision coverage (%)	178.95	180.02	262.11

Indicator	2015	2016	2017
After-tax return on average assets (ROAA) attributable to the Bank's shareholders (%)	1.13	1.09	1.15
After-tax return on average equity (ROAE) attributable to the Bank's shareholders (%)	17.09	16.27	16.54
Total amount of public welfare donations (RMB ten thousand)	3,646.58	2,457.10	2,628.32
Value of social contribution per share (RMB)	8.57	7.98	9.08

## Market Performance

We aim to improve and perfect the incentive constraint mechanism, implement corporate strategy, improve organizational performance and restrain management risks, and follow the remuneration management principle of "strategic orientation, performance basis, risk control, internal equity and market adaptation". CMB adheres to the remuneration payment approach of "payment by position and performance". We always offer remuneration packages higher than local minimum wage standards and regardless of gender.

## Indirect Economic Impacts

We steadily promote the deployment of outlets and work hard to offer quality financial services to residents and companies in more regions. As of December 31, 2017, we had set up 137 branches and 1,681 sub-branches, 2 subsidiaries, which are CMB Financial Leasing and China Merchants Fund, and 1 joint venture company – Cigna & CMB in more than 130 cities in China.

Outside mainland China, we had subsidiaries such as CMB International, Wing Lung Bank and branches in Hong Kong, New York (representative office in the U.S.), Singapore, London (representative office), Taipei (representative office), and Luxembourg.

Indicator	2015	2016	2017
Number of domestic and overseas branches and subsidiaries	1,717	1,819	1,869
Number of self-service banks	3,202	3,495	3,340
Number of self-service facilities (set)	12,495	11,861	11,382

## Procurement Practice

We continuously strengthen normalization and standardization in procurement management, as well as the responsibility for management of suppliers' performance. In 2017, the bank-wide procurement information system organized and implemented 2,336 centralized procurement projects, and completed the online registration of 8,075 suppliers with 16,460 purchase orders of catalog products made via an online supermarket, involving the procurement amount of RMB 1.844 billion.

As of the end of 2017, our Head Office had signed procurement contracts with 313 domestic and overseas suppliers.

Indicator	2015	2016	2017
Number of suppliers in Mainland China	397	315	308
Number of overseas suppliers	3	3	5

In terms of centralized procurement, in addition to the Head Office, our 45 domestic tier-1 branches all set up their own centralized procurement office, which centrally implements the *Centralized Procurement Catalogue of China Merchants Bank in 2017* issued by the Head Office. Moreover, the procurement process management system is further improved through the introduction of the satisfaction evaluation mechanism for procurement projects.

To address possible situations and problems in suppliers' contract performance, we make use various methods including daily communication, regular meetings, information systems, special groups and post-purchase evaluation to thoroughly investigate the actual needs, procurement, use and supply of the Head Office and branches. In addition, we get complete details of contract-based suppliers, identify potential risks through analysis, and make procurement strategy proposals, to improve significantly the quality of supplier performance.

Indicator	2015	2016	2017
Total number of centralized procurement projects (set)	197	247	269
Budget of centralized procurement (RMB 100 million)	15.67	21.88	16.19
Average project cycle of centralized procurement (day)	32	26	25
Performance management coverage of listed centralized procurement projects (%)	98.36	91.06	100
Coverage rate of supplier audit (%)	—	100	100

In 2017, we received and handled two supplier complaints, which are two less complaints than last year.

## Environmental Performance

### Materials

As a financial services institution, CMB's material consumption mainly comes from paper consumption of various bills and documents during operations and office work. In this regard, we offer electronic information services such as bank-company balance reconciliation, which allow customers to check and verify electronic information by logging into online banking or via the mobile app or WeChat service account. We promote the paperless acceptance of credit card business, and constantly promote the full-channel coverage of the credit card acceptance platform system on the mobile service platform. In terms of office work, we rely on the use of the "all-in-one" office management system to greatly

improve the level of information management and electronic process management, reduce manual operations, promote the paperless office, and realize the environmental friendly green transition.

Indicator	2015	2016	2017
Total paper consumption of the Head Office (ton)	—	3.08	52.718
Amount of paper used for new card brochures and envelopes (ten thousand pieces)	1,916	2,187	1,876
Proportion of customers who use credit card electronic bills over circulation customers (%)	90.17	93.35	95.94
Paper saved by using electronic bills (100 million pieces)	7	8.78	11.85

## Energy

We persist in the concept of "green operation and work", and fully consider environmental sustainability in the process of design and construction of each office building. Additionally, CMB actively implements energy-saving reconstruction of the headquarters building, research and development center, remote banks and other self-owned properties, and heavily promotes the data center's energy efficiency to reduce unnecessary energy consumption.

Indicator	2015	2016	2017
Average power use efficiency (PUE) of data center	1.85	1.76	1.74
Total power consumption of data center (kilowatt-hour)	23,488,300	23,274,400	22,508,400

Indicator	2015	2016	2017
Total power consumption at Head Office (kilowatt-hour)	13,512,858	13,474,394	13,422,238
Total amount of electricity saved by Head Office * (kilowatt-hour)	-166,653	38,464	52,156

Indicator	2015	2016	2017
Total oil consumption of Head Office's vehicles (liter)	—	144,721	141,698

## Water

The Bank's water consumption mainly comes from daily office work. We have ongoing internal education on water conservation to improve employees' awareness, and rely on regular and timely inspection and maintenance of water consuming equipment to eliminate evaporating, dripping or leaking.

Indicator	2015	2016	2017
Total amount of water consumed by Head Office (ton)	117,589	122,134	103,626
Total amount of water saved by Head Office (ton)	-17,754	-4,545	18,508

## Sewage and Wastes

We recycle and strive to not harm or cause adverse effects to the environment. The sewage generated in our daily work enters municipal sewers in full compliance with applicable standards. For waste generated in the process of equipment updates and phasing-out, we recycle synthetic leather, plastic, timber, hardware, etc. and convert them into useful resources.

## Product and Service

Seizing the opportunities in the Internet finance era, we fully rely on IT technology to develop service channels including online, remote and mobile banking, which greatly reduces customers' travel costs between outlets and queuing time while delivering an ultimate service experience to them.

Indicator	2015	2016	2017
Percentage of business handled via electronic channels (%)	97.26	97.51	98.24

## Environmental Compliance

In 2017, we suffered no penalties for environmental violations nor received any environmental complaints.

## Green Procurement

We paid close attention to related products' negative environmental impacts and suppliers' environmental performance in the procurement process, evaluated the life cycle, energy consumption and performance in other aspects of products and facilities by calculating the total cost of ownership and other indicators, and communicated our support and commitment to green procurement to suppliers.

## Social Performance

### Employment

Indicator	2015	2016	2017
Total number of employees (including dispatched personnel)	76,192	70,461	72,530
Number of new employees	9,693	9,178	7,026

Employee turnover rate (%)	6.73	6.70	6.69
----------------------------	------	------	------

## Labor/Management Relations

We fully respect and protect the rights and interests of employees, and promote the Bank's democratic governance by urging the establishment of the collective contract system and convening employee representative meetings. In 2017, we firstly carried out completely independent satisfaction survey among employees of the whole bank, and completed more than 56,064 questionnaires.

## Occupational Health and Safety

We advocate the philosophy of "happy work and healthy life" among employees, provide annual free physical check-ups, and organize health seminars and various cultural and sports activities to advocate a healthy lifestyle and help employees cultivate an optimistic attitude.

To guarantee workplace safety, we continuously explore combining safety management and technology. For example, we launched an intelligent video analysis system that greatly improves the security efficiency in the monitoring center (especially for the night guards). We also developed a special mobile app named, "China Merchants Bank Bodyguard" for monitoring and protection of personnel. In addition, we carry out prevention and control education through internal and external cases, and contingency plan education, et cetera using methods that relate to our employees' lives and are the easiest for them to accept. We also established an emergency and sudden event disposal detachment to deal with emergencies and sudden events.

## Training and Education

We established a training system covering all employees to provide tailor-made training programs on business and product knowledge, ethics and safety, management skills, leadership and other aspects for employees at different positions and levels. In 2017, we implemented 9,626 rounds of training projects, an increase of 2,426 rounds compared with the previous year, with learning time reaching 9.047million class hours. Among them, 5.79 million person-time are learning on the "Cloud Learning Platform", an increase of 2.89 million person-time compared with the previous year.

Indicator	2015	2016	2017
Number of rounds of staff training	7,546	7,165	9,626
Number of employees who participated in training	76,192	73,005	72,374
Number of employees who participated in organizational learning (ten thousand person-time)	46.7	35.7	49
Number of employees who participated in online learning (ten thousand person-time)	390	290	579
Per capita employee learning time (class hour)	61	61.5	125

## Diversity and Equal Opportunity

With emphasis on the governance structure and diversity of employees, we have formulated related policies, according to which the Nomination Committee of the Board of Directors will review the structure, size and composition of the Board of Directors on an annual basis. By the end of 2017, the Bank's Board of Directors had three female directors, who together with other directors provided professional suggestions in different fields.

Meanwhile, we strictly follow the principle of "equal employment" in the process of recruitment, regardless of ethnicity, gender, marriage status, religion, etc. We also adhere to the remuneration payment approach of "payment by position and performance", and payment is not affected by gender or other factors.

Indicator	Male	Female
Proportion of employees by gender (%)	42	58
Proportion of middle/high-level management by gender (%)	61	39

Indicator	2015	2016	2017
Number of employees that are ethnic minorities	2,649	2,732	2,896

## Grievance Mechanisms for Labor Practices

The *Methods of Communication and Management of China Merchants Bank* was formulated. We encouraged management at headquarters and some branches to collect and respond to various issues put forward by employees through the labor dispute mediation committee, employee mailboxes and other communication channels. We also encouraged all the bank staff use communication management system, monitor and evaluate communication coverage rate of employees at branches according to the key communication tasks in the *Management Methods for Employee Communication*, further paved employees' communication channels, promoted standardization, systematization and normalization of communication and management.

## Local Communities

In 2017, we continued to expand the service coverage for central and western regions and free trade area. As of 2017, we have set up six second-level sub-branches in the free trade areas in Shanghai, Guangdong, Tianjin and Fujian provinces. We quickly adapted to the new lifestyles and demands of the public and accelerated the construction distribution of branches with different forms such as retail professional branches, and shortened the gap for gaining financial services for the general public and small and medium-sized enterprises. In 2017, we explored a new development model for community branches, issued the *China Merchants Bank Light-operation Retail Branch Pilot Program* and supporting guidelines, put into operation pilot branches in Shenzhen, Wuhan, Xi'an, Wuxi and Zhengzhou, and opened three pilot branches at the end of December. In addition, we set up small and micro sub-branches, franchise branch for small and micro enterprises and county-level sub-branches to better serve small and micro enterprises and enhance the economic and financial development of counties.

## Anti-corruption

We strive to create an anti-corruption atmosphere, increase employees' self-discipline, and avoid employees' law and discipline violations to promote the sustainable development of both the bank and the society. In 2017, we further optimized a long-range working system of clean government construction, and continued to implement the spirit of the eight stipulations from the central government. In addition, we implemented walk around inspections and rectification requirements from the CBRC. Walk around inspections were consistently done. Problems discovered were quickly rectified. Accountability was reinforced for violations. An integrity risk prevention and control system was built based on the comprehensive application of petition system reviews. A checking system for abnormal employee behavior was put in place. In addition, we organized conversations or enquiries by letter to construct the anticorruption system. We continuously and firmly strengthened incorruptible thoughts by implementing a "strict compliance" special education activity, "ten inexorable laws" publicity and education activities and so on.

In 2017, we implemented disciplinary sanctions and administrative handling against 1,264 people (including disciplinary sanctions against 1,210 people and administrative handling against 54 people) based on violations discovered in the process of walk-around inspection and auditing, service inspection and misconduct accountability.

Indicator	2015	2016	2017
Number of anti-corruption talks with groups before they take office (person-time)	2,609	2,339	2,346
Number of anti-corruption presentations by teams at all levels (person-time)	3,066	2,835	3,118

### Anti-competitive Behavior

As a law-abiding and compliant business entity and a member of the China Banking Association, we strictly abide by the *Anti-Unfair Competition Law* and the *China Banking Convention against Unfair Competition*, manage and constrain our own behaviors by law, prevent all kinds of actions of unfair competition, and take the initiative to maintain financial consumers' rights and interests.

### Customer Health and Safety

As the wealth manager of a vast amount of customers, we firmly believe that health is the most valuable asset. In 2015, we introduced the health management module to CMB's mobile app 3.3, which helps customers know about their physical condition through assessment using both traditional Chinese and western methods, help them to develop healthy habits such as daily walks, and master their health status in a real-time manner.

### Marketing and Labeling

For all the financial products of our bank, we provide detailed, standardized statements on our official website and via various service channels. The channels explain the investment type, the sales channels, expected rate of return, risk rating and other information for products in a systematic manner, and disclose and notify customers about potential risks. We constantly innovate loan products for small and micro enterprises, establish a rich product system, and explain different products in detail to provide wider choices for small and micro enterprises.



Indicator	2015	2016	2017
Overall customer satisfaction of 95555 hotline (%)	99.27	99.62	99.68
Personnel service satisfaction of 95555 hotline (%)	99.46	99.84	99.85
Number of human customer services, remote banking (ten thousand person-time)	8,687	9,063	10,238
Number of online IVR services (ten thousand person-time)	824.65	3,274.57	3,275.32
Average response time of services (second)	4.25	3.42	2.94
Recognition from customers (time)	19,848	31,497	33,272

## Market Promotion

We strictly comply with industry laws and regulations. Employees at all levels are urged to make marketing efforts in a compliant manner, behavior such as disguising personal financial services to attract depositors with high interest rates and intentionally confusing them about wealth management products is prevented. CMB also ensures that bonus point feedback and saving is correct, market competition is regulated and financial order maintained.

## Customer Privacy

We pay close attention to safeguard customer privacy. Constant optimization of the bank's data center is performed by taking measures such as generalizing information in the safety management system, and innovating check modes and risk screening methods. In addition, the data center consistently passes review by the China Information Security Certification Center.

Addressing the bank's internal potential risks for customer information disclosure, we study and establish an abnormal query screening model to collect bank-wide abnormal query data, and make bank-wide efforts to eliminate abnormal queries of customer information at counters, and actively prevent disclosure of customer information.

## Future Prospects

2018 marks the initial implementation of the spirit of the 19th National Congress and the 40th anniversary of China's reform and opening-up. It is also a crucial year for the implementation of China's "13th Five-Year Plan". China Merchants Bank always focuses on customers, pursues the strategic goal of becoming the "Best Commercial Bank in China Driven by Innovation, with Leading Retail and Bright Features", adhering to the strategic positioning of "One Body with Two Wings" and being a "Light-operation Bank". We steadily promote Fintech strategy, improve service efficiency and capability through in-depth integration of technology and finance, and make greater contributions to the sustainable development of the economy, society and the environment.

**Focus on Fintech and innovation-driven development.** In 2018, we will unswervingly implement our Fintech strategy, improve customer experience through Fintech-driven channel optimization and product service upgrading, enhance our system operation and sustainable profitability, and strengthen financial risk management. We will pay close attention to the development trends of innovation-driven development, actively explore the form of future banking, constantly improve existing products and service modes, and create greater value for shareholders, customers, employees and other stakeholders.

**Repaying society with sincerity.** In 2018, we will continue to develop inclusive finance to make financial contributions to the development of people's financial projects, small and micro enterprises and helping poverty-stricken areas and other key areas. We will further explore the best ways to integrate finance, technology and social public welfare and achieve precise poverty alleviation, and promote the sustainable development of communities. We will continue to adhere to the people-oriented concept, continue to pay attention to the health and growth of employees, provide rich learning resources and a broad development platform to help employees realize their value, and grow along with the employees.

**Collaborate with all sectors in the society to promote green development.** In 2018, we will continue to uphold the concept of sustainable development, implement green offices, and try to reduce our carbon footprint. We will give play to our main advantages, strengthen credit support for the green environmental protection and new energy industries, vigorously develop green finance, continue to advocate green environmental protection concepts, and collaborate with all parties in the society to promote the harmonious development of man and nature.

Looking forward to the future, China Merchants Bank will continue to follow its social responsibility concept, which is coming from society and repaying society, actively respond to the demands of stakeholders, promote the further integration of a sustainable development strategy with an enterprise business strategy, and achieve sustainable development together with stakeholders.

## Relevant Content Index

### GRI Content Index

<b>GRI 102: General Disclosure</b>		
<b>Organization Profile</b>		
102-1	Name of the organization	7
102-2	Activities, brands, products and services	7, 8, 9
102-3	Headquarters location	Back cover
102-4	Business location	88
102-5	Ownership and legal form	7
102-6	Markets served	7, 88, 91
102-7	Organization scale	88
102-8	Information about employees and other workers	91
102-9	Supply chain	88-89
102-10	Major changes in the organization and supply chain	88-89
102-11	Precautionary principles or guidelines	53-59, 88-92
102-12	External initiatives	4
102-13	Membership of association	9, 94
<b>Strategy</b>		
102-14	Senior decision makers' statement	5, 6
102-15	Key impacts, risks and opportunities	5, 6
<b>Morality and Integrity</b>		
102-16	Values, principles, standards and codes of conduct	7, 40, 94
102-17	Mechanisms on ethics advice and concerns	93-95
<b>Governance</b>		
102-18	Governance structure	-
102-19	Authorization	-
102-20	Administrative Management responsibilities for economic, environmental, and social issues	-
102-21	Consultations with stakeholders on economic, environmental and social issues	86
102-22	Composition of the highest governance body and its committee	-
102-23	Chairman of the highest governance body	-
102-24	Nomination and selection of the highest governance body	-
102-25	Conflict of interests	-
102-26	Role of the highest governance body in defining objectives, values, and strategies	-
102-27	Collective knowledge of the highest governance body	-
102-28	Performance evaluation of the highest governance body	-
102-29	Identification and management of economic, environmental and social impacts	84-86
102-30	Effects of risk management process	-
102-31	Review on economic, environmental and social issues	84-86
102-32	The role of the highest governance body in sustainability reporting	84-86
102-33	Communication of important concerns	86-87
102-34	The nature and total number of major concerns	86-87
102-35	Salary policy	-
102-36	The process of determining salary	-

102-37	Stakeholders' participation in salary decision-making process	-
102-38	Total annual salary ratio	-
102-39	Total annual salary increase rate	-
<b>Stakeholders' Participation</b>		
102-40	List of stakeholders	86-87
102-41	Collective bargaining agreement	-
102-42	Identifying and selecting stakeholders	86-87
102-43	Stakeholders participation guidelines	83-87
102-44	Key issues and concerns raised	86-87
<b>Report Practice</b>		
102-45	Entities covered by consolidated financial statements	87-88
102-46	Defining report content and topic boundaries	4, 85-87
102-47	List of substantive issues	85-86
102-48	Restatement of information	4
102-49	Changes in report	4
102-50	Reporting period	4
102-51	Latest report date	4
102-52	Reporting period	4
102-53	Contact information for issues in this report	107
102-54	Declaration of reporting in compliance with GRI standards	4
102-55	GRI content index	97
102-56	External authentication	105-106
<b>GRI 201: Economic Performance</b>		
201-1	Economic value directly produced and distributed	14, 87-88
201-2	Financial impacts, other risks and opportunities brought by climate changes	53
201-3	Obligatory fixed benefit plan and other retirement plans	-
201-4	Financial subsidies granted by the government	-
<b>GRI 202: Market Performance</b>		
202-1	Ratio of standard starting salary over local minimum wage by gender	93
202-2	Proportion of senior executives recruited from local communities	-
<b>GRI 203: Indirect Economic Impacts</b>		
203-1	Infrastructure investment and support services	43-52
203-2	Major indirect economic impacts	10, 29, 43, 88
<b>GRI 204: Purchasing Practice</b>		
204-1	Proportion of purchase expenditure to local suppliers	88-89
<b>GRI 205: Anti-corruption</b>		
205-1	Operating sites that have conducted corruption risk assessment	-
205-2	Communication and training for anti-corruption policy and procedure	93-94
205-3	Confirmed corruption events and measures taken	93-94
<b>GRI 206: Improper Competition</b>		
206-1	Legal proceedings against improper competition, antitrust and antitrust practices	94
<b>GRI 301: Materials</b>		
301-1	Weight or volume of materials used	89-90
301-2	Recovery feed used	-
301-3	Recycling products and packaging materials	-

<b>GRI 302: Energy</b>		
302-1	Energy consumption within the organization	10, 90-91
302-2	Energy consumption outside the organization	-
302-3	Energy intensity	10, 90-91
302-4	Reducing energy consumption	90-91
302-5	Reducing energy requirements of products and services	90-91
<b>GRI 303: Water Resources</b>		
303-1	Water withdrawal by source	-
303-2	Water sources greatly affected by water withdrawal	-
303-3	Water circulation and reuse	90-91
<b>GRI 305: Emission</b>		
305-1	Direct (scope 1) greenhouse gas emissions	-
305-2	Energy indirect (scope 2) greenhouse gas emissions	-
305-3	Other indirect (scope 3) greenhouse gas emissions	-
305-4	Greenhouse gas emission intensity	-
305-5	Greenhouse gas emission reduction	-
305-6	Ozone depleting substance (ODS) emissions	-
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ) and other major gas emissions	-
<b>GRI 306: Sewage and Wastes</b>		
306-1	Total drainage classified by water quality and discharge destination	-
306-2	Total wastes classified by category and treatment method	-
306-3	Major leakage	-
306-4	Hazardous waste transportation	-
306-5	Water body affected by drainage and/or runoff	-
<b>GRI 307: Environmental Compliance</b>		
307-1	Violation of environmental laws and regulations	91
<b>GRI 308: Supplier Environmental Assessment</b>		
308-1	New suppliers screened using environmental standards	-
308-2	The negative impact of the supply chain on the environment and actions taken	91
<b>GRI 401: Employment</b>		
401-1	New employees and employees flow	91-92
401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	92
401-3	Parental leave	-
<b>GRI 402: Labor-Management Relations</b>		
402-1	The minimum notice period for operational changes	-
<b>GRI 403: Occupational Health and Safety</b>		
403-1	Workers' representatives in the Labor-Management Joint Health and Safety Committee	-
403-2	Types of work injury, ratio of occupational injury, occupational disease, lost workdays, absenteeism, etc.	-
403-3	Workers with high risk for occupational diseases	-
403-4	Health and safety issues in the Official Agreement of the Labor Union	-
<b>GRI 404: Training and Education</b>		
404-1	Average training hours of each employee per year	92
404-2	Staff skill improvement program and transition assistance program	76-79

404-3	Percentage of employees who regularly receive performance and career development assessments	-
<b>GRI 405: Diversification and Equal Opportunities</b>		
405-1	Diversity of governance institutions and employees	93
405-2	Ratio of basic salary and remuneration for men and women	-
<b>GRI 406: Anti-discrimination</b>		
406-1	Discrimination incidents and corrective actions taken	-
<b>GRI 407: Freedom of Association and Collective Bargaining</b>		
407-1	Operating sites and suppliers that may face obstacles in getting freedom of association and rights of collective bargaining	-
<b>GRI 408: Child Labor</b>		
408-1	Operating sites and suppliers with significant child labor risks	-
<b>GRI 409: Forced or Compulsory Labor</b>		
409-1	Operating sites and suppliers with significant risks of forced or forced labor events	-
<b>GRI 410: Security Practice</b>		
410-1	Security personnel received training on human rights policies or procedures	-
<b>GRI 411: Aboriginal Rights</b>		
411-1	Incidents involving rights violations of indigenous people	-
<b>GRI 412: Human Rights Assessment</b>		
412-1	Operating sites that accept human rights reviews or impact assessments	-
412-2	Employee training on human rights policies or procedures	-
412-3	Important investment agreements and contracts that include human rights provisions or have undergone human rights review	93
<b>GRI 413: Local Community</b>		
413-1	Operating sites with local community involvement, impact assessment and development plans	-
413-2	Operating sites that have actual or potential major negative impact on the local community	-
<b>GRI 414: Supplier Social Assessment</b>		
414-1	New suppliers that are screened using social criteria	-
414-2	The negative impact of supply chain on society and actions taken	-
<b>GRI 415: Public Policy</b>		
415-1	Political contributions	-
<b>GRI 416: Customer Health and Safety</b>		
416-1	Assessment on the impacts of product and service categories on people's health and safety	-
416-2	Violation events that involve health and safety implications of products and services	-
<b>GRI 417: Marketing and Logo</b>		
417-1	Requirements for product and service information and labeling	94-95
417-2	Violations of product design, service information and logo	-
417-3	Violations involving marketing	-
<b>GRI 418: Customer Privacy</b>		
418-1	Complaints relating to infringement of customer privacy and loss of customer data	-
<b>GRI 419: Social and Economic Compliance</b>		
419-1	Violation of laws and regulations in social and economic fields	-

**HKEx Environmental, Social and Governance Reporting Guide Content Index**

Level	Main Performance Indicators		Corresponding Report Content
<b>A. Environment</b>			
<b>Level A1: Emissions</b>			
General disclosure	Policies on emissions of waste gas and greenhouse gas emissions, discharges into water and land, generation of harmful and non-hazardous wastes, and materials about compliance with relevant laws and regulations that have a significant impact on the issuer.	●	54-58, 89-91
A1.1	Types of emissions and related emissions data.	●	91
A1.2	Total greenhouse gas emissions (in tons) and (if applicable) density.	●	The company has not set up a statistical system for greenhouse gas emissions, and plans to set it up in the future.
A1.3	Total amount of hazardous wastes generated (in tons) and (if applicable) density.	●	91
A1.4	Total non-hazardous wastes generated (in tons) and (if applicable) density.	●	91
A1.5	Describe the measures to reduce emissions and the results.	●	55, 58-59
A1.6	Describe ways to treat hazardous and non-hazardous wastes, measures to reduce production, and results obtained.	●	89-91
<b>Level A2: Resource Use</b>			
General disclosure	Policies for effective use of resources (including energy, water and other raw materials).	●	57-59, 89-91
A2.1	Total consumption and density of direct and/or indirect energy (such as electricity, gas or oil) by type.	●	90
A2.2	Total water consumption and density.	●	91
A2.3	Describe energy use efficiency program and results.	●	57-59, 90-91
A2.4	Describe any problems in withdrawing potable water, as well as plans/implementation to improve water use efficiency and the results.	●	90-91
A2.5	Total amount of packaging materials used for finished products and the amount of per unit of production.	●	The company is a financial service enterprise, this indicator is not applicable.
<b>Level A3: Environment and Natural Resources</b>			
General disclosure	Policies that are formulated to reduce the issuer's policies that have a significant impact on the environment and natural resources.	●	53-59

A3.1	Describe the significant impact of business activities on the environment and natural resources and measures taken to manage the impact.	●	57-59
<b>B. Society</b>			
<b>Employment and Labor Practices</b>			
<b>Level B1: Employment</b>			
General disclosure	Policies on salary and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other treatment and benefits, and materials on compliance with relevant laws and regulations that have a significant impact on the Issuer.	●	73-75, 92-93
B1.1	Total number of employees by gender, type of employment, age group and region.	○	93
B1.2	Employment loss ratios by gender, age group and region.	○	93
<b>Level B2: Health and Safety</b>			
General disclosure	Policies on providing a safe working environment and protecting employees from occupational hazards, and materials; policies on compliance with relevant laws and regulations that have a significant impact on the Issuer.	●	76-79, 88-89
B2.1	The number and rate of deaths due to work relationships.	○	The company plans to gradually disclose it in the future
B2.2	Lost workdays due to work-related injuries.	○	The company plans to gradually disclose it in the future
B2.3	Describe the occupational health and safety measures adopted, as well as the relevant implementation and inspection methods.	○	79-82; 92-93
<b>Level B3: Development and Training</b>			
General disclosure	Policies on improving employees' knowledge and skills in performing job duties. Describe training activities.	●	76-79
B3.1	Percentage of employees that received training by gender and category of employees (such as senior management, middle management).	○	76, 93
B3.2	Average training hours completed by each employee by gender and employee category.	○	92
<b>Level B4: Labor Standards</b>			
General disclosure	Policies on preventing child labor or forced labor and materials on compliance with relevant laws and regulations that have a significant impact on the Issuer.	●	93
B4.1	Describe measures to review recruitment practices to avoid child labor and forced labor.	○	93



B4.2	Describe the steps taken to eliminate the situation when a violation is found.	○	There is no child labor or compulsory labor in the company.
<b>Operating Practices</b>			
<b>Level B5: Supply Chain Management</b>			
General disclosure	Environmental and social risk policies to manage the supply chain.	●	91
B5.1	Number of suppliers in different regions.	○	89
B5.2	Describe the practice of hiring suppliers, the number of suppliers to whom the relevant practices are implemented, and the methods of implementing and monitoring relevant practices.	○	89
<b>Level B6: Product Liability</b>			
General disclosure	Policies on health and safety, advertising, labelling and privacy issues and remedies for the products and services provided, and materials on compliance with relevant laws and regulations that have a significant impact on the Issuer.	●	94-95
B6.1	Percentage of sold or delivered items that must be recovered due to safety and health reasons.	○	The company is a financial service enterprise, this indicator is not applicable.
B6.2	Number of complaints received about products and services, and the methods for handling them.	○	38-39
B6.3	Describe practices related to the maintenance and protection of intellectual property.	○	The company maintains and guarantees intellectual property in accordance with the provisions of Chinese laws.
B6.4	Describe the quality verification process and product recovery procedure.	○	The company is a financial service enterprise, this indicator is not applicable.
B6.5	Describe consumer data protection and privacy policies, and related implementation and monitoring methods.	○	94-95
<b>Level B7: Anti-corruption</b>			
General disclosure	Policies to prevent bribery, extortion, fraud and money laundering, and materials on compliance with relevant laws and regulations that have a significant impact on the Issuer.	●	93-94
B7.1	The number of corruption lawsuits filed against the Issuer or its employees during the reporting period and the results of lawsuits.	○	93-94

B7.2	Describe preventive measures and whistle-blowing procedures, as well as related implementation and monitoring methods.	○	93-94
<b>Community</b>			
<b>Level B8: Community Investment</b>			
General disclosure	Policies on community participation to understand the needs of the communities in which they operate and to ensure that their business activities take into account the interests of the community.	●	60, 67
B8.1	Focus on the scope of contribution (e.g. education, environmental issues, labor needs, health, culture, sports).	○	29, 43, 53, 60, 67
B8.2	Resources (e.g. money or time) used for the focus area.	○	29, 43, 53, 60, 67

Note: ● refers to “explain if it does not follow”, ○ refers to “suggested disclosure”.

# Independent Limited Assurance Report



Ernst & Young Hua Ming LLP  
Level 16, Ernst & Young Tower  
Oriental Plaza  
No. 1 East Chang An Avenue  
Dong Cheng District  
Beijing, China 100738

安永华明会计师事务所(特殊普通合伙)  
中国北京东城区东长安街1号  
东方广场安永大楼16层  
邮编: 100738

Tel: +86 10 5815 3000  
Fax: +86 10 8518 8298  
EY.LHM

## China Merchants Bank Company Limited Corporate Social Responsibility Report for 2017 Independent Limited Assurance Report

安永华明(2018)专字第60621222\_A01号

To the Board of Directors of China Merchants Bank Company Limited:

### I. Scope

We have been engaged by the management of China Merchants Bank Company Limited (the "China Merchants Bank"), to perform a limited assurance engagement on the information The 2017 Corporate Social Responsibility Report (the "CSR Report").

### II. Management's Responsibility

The CSR Report has been prepared by management of China Merchants Bank (the "Management"), who are responsible for the collection and presentation of the information within the Report in accordance with the reporting criteria as set out in AA1000 Accountability Principles Standard 2008 (the "AA1000APS(2008)") issued by AccountAbility, the "Core Option" of the GRI Sustainability Reporting Standards (the "GRI Standards") issued by the Global Reporting Initiative, and Appendix 27: Environmental, Social and Governance Reporting Guide of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, and for maintaining adequate records and internal controls that are designed to support the corporate social responsibility reporting process.

### III. Assurance Practitioner's Responsibility

Our responsibility is to carry out limited assurance procedures in accordance with (1) "AA1000 Accountability Principles Standard 2008" ("AA1000") and (2) International Standard on Assurance Engagements 3000 ("ISAE3000"): "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Federation of Accountants, on 18 Assurance Indicators and issue the assurance statement for the year ended 31 December 2017 in accordance with the Management's instructions.

Our work was limited to these stated above and our report is made solely to you, as a body, and for no other purpose. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the CSR Report is entirely as its own risk.

### IV. Work Performed

Our review has been planned and performed in accordance with AA1000 and ISAE3000. In order to form our conclusions, we carried out the following procedures:

According to the Management's instructions, we performed limited assurance procedures in:

- Head Office of China Merchants Bank in Shenzhen

We did not perform limited assurance procedures on other sites. The limited assurance procedures were performed over the following key performance indicators and assurance indicators in the CSR Report for the year 2017:

#### GRI Report Content:

- (1) Materiality analysis
- (2) Stakeholder communication

#### 16 Assurance Indicators:

- Total number of centralized purchase
- Average duration of centralized purchase (days)
- Total electricity reduction in head office (kilowatt-hours)
- Total volume of water reduction in head office (tonnes)
- Business diversion rate of electronic channels (%)



安永华明（2018）专字第 60621222\_A01 号

- Total number of employees (including dispatched personnel)
- Total number of New hires
- Employee turnover (%)
- Number of participants in staff training
- Number of participants in online staff training (ten thousand)
- Gender ratio of employees (%)
- Gender ratio of employees in senior management (%)
- Total number of ethnic minority employees
- Number of cadres who had anti-corruption conversation before commencement of work
- 95555 customer satisfaction rating (%)
- Number of clients served by online interactive smart robot service (in ten thousand)

#### V. Limitations of Our Scope

Our scope of work did not include:

- Assessing the accuracy or fairness of information (including financial information) other than the selected key performance information.
- Reviewing the forward-looking statements made by the Management.
- Reviewing and consequently providing assurance on historical data.

#### VI. Level of Assurance

Our evidence gathering procedures have been designed to obtain a limited level of assurance (as set out in ISAE 3000) on which to base our conclusion. The procedures conducted do not provide all the evidence that would be required in a reasonable assurance engagement and, accordingly, we do not express a reasonable assurance opinion or an audit opinion. While we considered the effectiveness of the Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

#### VII. Our Conclusions

Subject to the limitations of scope and based on the procedures specified above for this limited assurance engagement, we provided the following conclusions:

Nothing has come to our attention that causes us to believe that the selected indicators were not presented fairly in all material respects in the 2017 Corporate Social Responsibility Report of China Merchants Bank Company Limited.

#### VIII. Our Independence

We are in compliance with the Ernst & Young Global Independence Policy which was designed to comply with the requirements of the IFAC Codes of Ethics for Professional Accountants (the IFAC Code). We believe that there were no events or prohibited services provided which could impair our independence.

#### IX. Our Assurance Team

Our assurance team has been drawn from our sustainability assurance service network, which undertakes similar engagements to this with a number of domestic or international businesses. Our assurance team has met the requirements of competence and work experience of this engagement.

Ernst & Young Hua Ming LLP  
Ernst & Young Hua Ming LLP  
Beijing, China  
15 March, 2018

## Reader Feedback

### Dear readers:

Thank you for reading this report. To continuously improve our social responsibility work, increase our social responsibility fulfillment ability, level of management, and optimize the quality of preparing social responsibility reports, we sincerely hope you can take time out of your busy schedule to put forth your valuable opinions and suggestions.

### Please make assessments by answering the following questions:

1. Do you think the report provided the information you need to know?	Yes____ Just so-so____ No____
2. Do you think the report has fully reflected the economic, social and environmental performance of China Merchants Bank?	Yes____ Just so-so____ No____
3. Do you think the report can comprehensively respond to the expectations and demands of China Merchants Bank's stakeholders?	Yes____ Just so-so____ No____
4. Do you think the quantitative information disclosure in the report is positive, true and effective?	Yes____ Just so-so____ No____
5. Do you think the writing in the report is well organized, uses common language and easy to understand?	Yes____ Just so-so____ No____
6. Do you think the format design of the report can help you understand relevant information?	Yes____ Just so-so____ No____
7. If you have more detailed assessment and feedback, please write and let us know:  	

### You can give your opinion to us through the following methods:

Fax: 0755-83195555

Tel.: 0755-83198888

Mailing address: China Merchants Bank Building, Head Office of China Merchants Bank

No. 7088, Shennan Boulevard, Shenzhen, China

E-mail: office@cmbchina.com

*The English version is the translation of Corporate Social Responsibility Report of China Merchants Bank Co., Ltd. for 2017(Chinese version). Should there be any inconsistencies between Chinese and English versions, the Chinese version shall prevail.*