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招商銀行股份有限公司

**CHINA MERCHANTS BANK CO., LTD.**

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

**(Stock code: 03968)**

**OVERSEAS REGULATORY ANNOUNCEMENT  
SOCIAL RESPONSIBILITY REPORT 2010**

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

Attached for information only the "Social Responsibility Report 2010" published by China Merchants Bank Co., Ltd. on the website of the Shanghai Stock Exchange.

The Board of Directors of  
**China Merchants Bank Co., Ltd.**

31 March 2011

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



*China Merchants Bank*

*Social Responsibility Report 2010*

Address of the headquarters: CMB Tower, No. 7088, Shennan Avenue, Shenzhen City

Tel.: (86)755 83198888

Post code: 518040

Fax: (86)755 83195555, 83195777





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## SPEECH FROM THE PRESIDENT



“As a corporate citizen, we sought to contribute to the well-being of the public”



In 2010, with the international economy gradually recovering and the domestic economic operation becoming more complicated, CMB managed to realize the second transformation in spite of various difficulties and accomplished a great deal in terms of performing its corporate social responsibilities through satisfying the needs of its interested parties such as shareholder, customer, employee as well as the general public.

As a publicly listed enterprise, we seek to provide as much as return to our investors as possible. In 2010, we realized our work plans successfully and saw a historic breakthrough in the business performance by quickening the pace of reform and seeking stable development following the guideline of “addressing crises, innovating for change, transforming for the second time and seeking new brilliance.” As of December 31, 2010, CMB realized a total asset of RMB 2400 billion yuan, a net asset of RMB 134.006 billion yuan, a net profit of RMB 25.769 billion yuan and an earning per share of RMB 1.23 yuan, increasing by 16.18%, 44.43%, 41.32% and 29.47%, respectively.

As an enterprise in the service sector, we seek to provide

financial services of high quality for our customers. Following the service notion “We are here just for you!” we sought to innovate the allocation of our financial resources and made our best to provide financial services for Shanghai Expo and the Asian Games. Meanwhile, we also sought to quicken our pace in innovating our financial products, enhance the service supervision and compliant management and constantly improving our service quality, winning sound reputation.

As a widely favored employer, we sought to provide a good environment for the development growth and development of our employees. We sought to practice our human-based notion, enhance the employee performance management and expand the employee development channels, with the view of fully guaranteeing the employee payment and welfare benefits, creating a enterprising and harmonious cultural atmosphere and retaining talents with decent welfare, career development potentials and cultural attraction.

As a corporate citizen, we sought to contribute to the well-being of the public. We made due efforts to implement the

three-year social responsibility work plan and continued our effective poverty-relieving support to Yongren and Wuding Counties. We also actively participated in the money-raising causes for the quake-stricken area in Yushu, Qinghai Province and the flooded area of Jiangxi Province. Our other efforts in fulfilling our social responsibilities in 2010 included substantial support for the culture development, sports and education of the nation, support to SMEs, exploring green finance and low-carbon operations.

Throughout the year, we have been seeking to connect the performance of our social responsibilities with the development of the market and business, the enhancement of the brand value and the building of our corporate culture. We have successfully integrated the economic benefits of our own and the public and internalized our social responsibilities and integrated them with our long-term development strategies.

Thanks to the excellent performance of our social responsibilities, CMB won numerous awards in 2010, including the titles of Best Corporate Social Responsibility Award and Asia-Pacific Enterprise with the Strongest Social

Responsibility awarded, the Best Green Bank and China Red Cross Outstanding Contribution Medal, awarded by reputed media and institutions including the Finance Asia and the Red Cross Society of China.

According to Bill Ford, Chairman and CEO of the company, “the distinction between a good company and a great one is that a good company delivers excellent products and services, while a great company delivers excellent products and services and strives to improve the world.” Faced with potential challenges in 2011, we will continue to innovate our working guideline and methods, practically perform our social responsibilities as a corporate citizen and make our share of contribution to a more beautiful and harmonious society following our guideline of “From Society and for Society.”



## ABOUT CHINA MERCHANTS BANK (CMB)

Early in 1987, CMB was founded in Shenzhen, a pioneering young city of China. As the first joint stock commercial bank held by enterprise legal persons, the establishment of CMB has historic significances. After 20 years of development, CMB has now grown into a national joint stock commercial bank listed both in Shanghai and Hong Kong and one of the top 100 banks in the world, with a total net capital of 160 billion yuan, a total asset of 2,400 billion yuan, a business network of 830 outlets and over 40,000 employees.

In the first decade of the new century, CMB realized a giant leap in its development: The net profit and shareholders' equity of the Bank grew by nearly 30 and 40 times respectively; the compound annual growth rate exceeded 40%; the annual total asset revenue and annual net asset revenue reached 0.86% and 20% respectively; the total asset and liability grew by over 9 and 10 times; the bad debt rate decreased to less than 0.7% today and the provision coverage rose to over 300%.

Throughout the 23 years of development, CMB has been emancipating the mind and consecutively proposed a series of business management notions, including "Change with the world", "Change with you!", "One-three-five plan, management internalization, the "ten changes" and management innovation. Meanwhile, CMB has been seeking independent innovation, launching a large variety of innovative products and services, including one-card,

network, credit cards, Golden Sunflower Financing, private banking and corporate pension.

The excellent performance of CMB has been well recognized by the domestic public and the whole world. In 2010, CMB was rated top on the list of the net book value by the British Financial Times and won numerous honors awarded by Euromoney, Asiamoney, Global Finance and other national and international reputed media, including the Best Commercial Bank of China, the Best Retail Bank in China, the Best Private Bank in China, the Best SME Loan Bank, the Best Domestic Custody Specialist—China, the Best Local Cash Management Banks in China, the Best SME Loan Bank in China, Global Call Center 2010 and the Best Corporate Social Responsibility Award. The Bank was also listed in Hang Seng Corporate Sustainability Index Series.

We are here just for you



# SOCIAL RESPONSIBILITY STRATEGIES AND MANAGEMENT

## Social Responsibility Strategies

**Guideline:** From Society and for Society

**Strategic goal:** Honesty, Harmony, Dedication and Mutual Development

The social responsibility strategic framework of CMB includes

### “FIVE PROGRAMS”

<b>Value Stabilization Program</b>	We attach great importance to shareholder' s interests and will take it as our ultimate goal to seek steady development and promote continuous value growth and effectively safeguard shareholder' s interests by improving the governance structure of the bank and accurately identifying various risks.
<b>Customer Satisfaction Program</b>	Following the service notion “We are here just for you!” , we seek to continue innovating our financial products and service procedures, improve customer experience and provide the most satisfactory financial services, with the view of realizing our ultimate goal of satisfying the needs of our customers.
<b>Employee Development Program</b>	Following the employee development notion of “basing the development of the bank on talents” , we will seek to protect the interests of employees, create a good working environment for our employees, and seek the mutual development of the enterprise and the employees using various incentive mechanisms.
<b>Social Harmony Program</b>	While seeking steady development of our business and steady growth of the economic benefits, we will promote the awareness of the public welfare, seek to reward the public in all appropriate manners, perform the obligations of a corporate citizen and to make our deserved share of contribution to the harmonious
<b>Green Development Program</b>	We are high aware of the importance of environment protection and will integrate the promotion of sustainable development and the issue of climatic changes into our corporate development strategies and support the development of the low-carbon economy.

## SOCIAL RESPONSIBILITY MANAGEMENT



CMB Tower

Through continuous exploration, CMB has initially established a social responsibility management system based on the common interests of all stakeholders and centering on the social responsibility strategies. We periodically review our corporate social responsibility strategies and major social responsibility initiatives, organize and coordinate functions of individual departments and branches for better performance of our corporate social responsibilities.

We will implement the social responsibility strategies from 2011 to 2012 and make the social responsibility related work part of our routine work in reference to the general strategic planning of the enterprise. In 2011, we will focus on the responses from key stakeholders and make the areas of concern of the stakeholders and those of corporate social responsibility work more consistent. The report compiling process will be further combed, standardized and optimized on the basis of previous experience in compiling social responsibility work report and formulating corporate social responsibility management procedures and third-party inspection will be employed when appropriate to review the relevance and effectiveness, with the view of gradually optimizing the corporate social responsibility working mechanism.

## ABOUT THIS REPORT

This is the 5th social responsibility work report issued by China Merchants Bank Co., Ltd. (“CMB” or “the Bank”).

### Scope of report

This report covers the corporate social responsibility related work of CMB between January 1, 2010 and December 31, 2010. Unless otherwise noted, data and cases included in this report are from our headquarters, branches throughout China, Hong Kong Branch, New York Branch and Wing Lung Bank.

### Basis of compilation

This report is compiled in reference to the Sustainability Reporting Guidelines (G3) of Global Reporting Initiative (GRI) and its the Financial Services Sector Supplement (FSSS).

### Content selection

The content of this report is selected by analyzing the corporate development strategies, identifying key social issues and interviews on the stakeholders following the GRI principles of importance, completeness, comparability and stakeholder participation and in reference to the reality of the Bank.

### Data collection

In selection of indexes to be disclosed in this report, we considered the relevance, materiality and availability of the indexes related to the performance of the corporate social responsibility related work covered by topics to be disclosed. All indexes to be contained in this report are highly relevant to the major issues of social responsibility related work, effectively reflective of our performance in work covered by the issues contained in this report and able to be accurately collected through the existing management system.

Data and cases used in this report is collected from relevant departments of the headquarters and branches.

Unless otherwise stated, amounts stated in this report are in the unit of RMB yuan.

For more information concerning the corporate governance, management and finance of the Bank, please refer to the annual reports of the Bank.

## TABLE OF KEY INDEXES

### Key Indexes about Business Performance of CMB in 2010

Social contribution value per share	Total asset	Capital adequacy ratio	Net profit	Return of Capital
3.80Yuan	2402.507 billion Yuan	11.47%	25.769 billion	19.76%

### Key Indexes about Customer Services of CMB in 2010

Number of banking outlets	Number of self service banking outlets	Number of ATMs
830	1913	8202

### Key Indexes about Employee Development of CMB in 2010

Number of employees	Average profit per employee	Percentage of employees with minority background	Average training cost per employee	Average number of training sessions per employee
43089	0.59 million	4.6%	4000Yuan	10.3

### Key Indexes about Public Welfare Activities of CMB in 2010

Amount donated	Clothes donated	Books donated	Drinking water donated	Road constructed with support from the Bank
RMB 12.5906 billion Yuan	28220	33000	8000packs	6

### Key Indexes about the Green Finance of CMB in 2010

Total of green loans	Number of corporate online banking customers	Number of person online banking customers	Power consumption per employee	Water consumption for work per employee
RMB 46.25billion	102951	5.22 million	2526KWH	59 L

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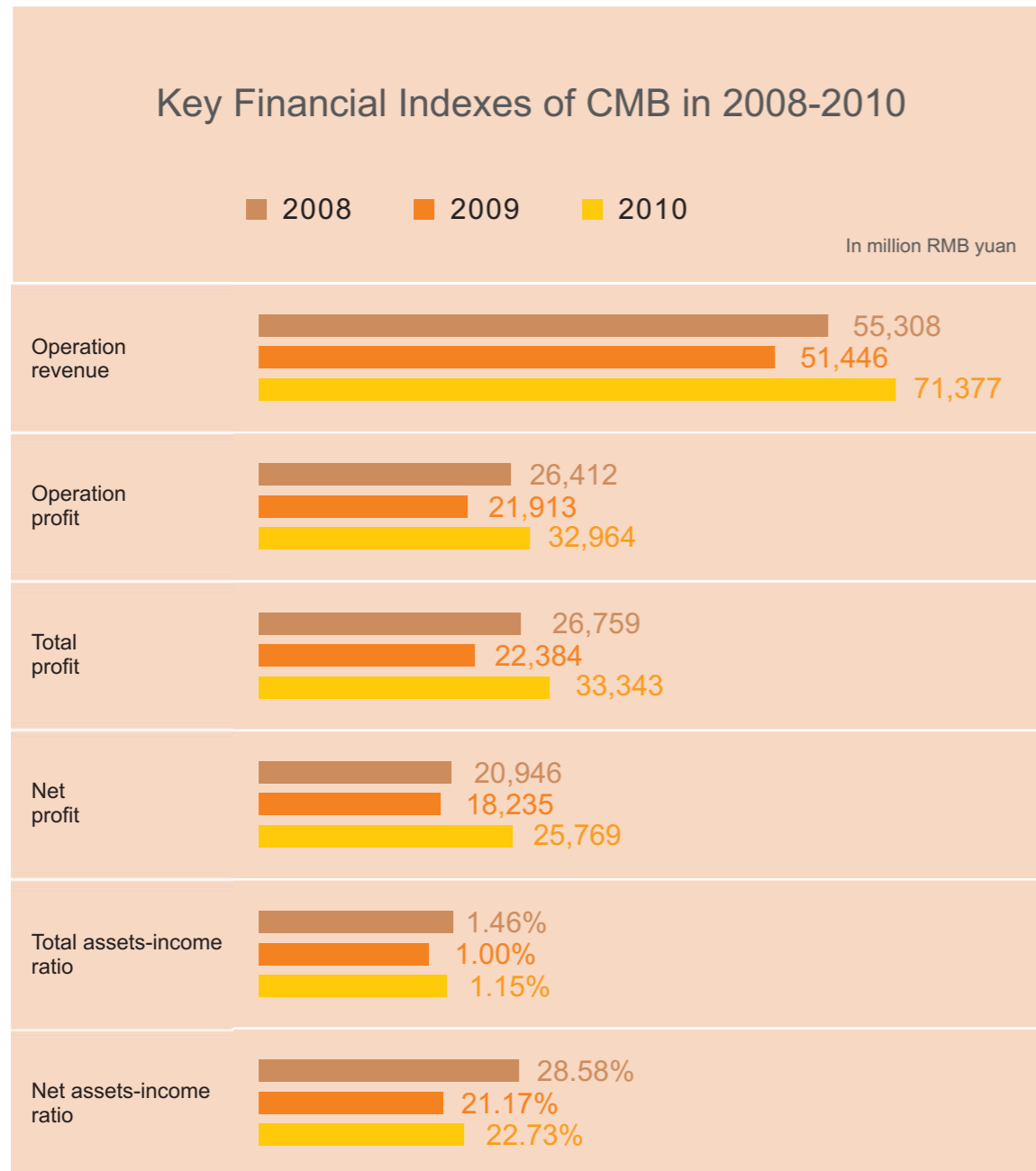
# 01

## SUSTAINED VALUE GROWTH AND SHAREHOLDER CONFIDENCE ENHANCEMENT

In 2010, the Bank further improved its scientific, sound and transparent corporate governance structure by improving investor relationship, improving information disclosure, strengthening the management of connected transactions and enhancing internal management, etc.

# 1 KEY PERFORMANCE INDEXES FOR THE YEAR

# CORPORATE GOVERNANCE OPTIMIZATION 2



Note 1: Data contained in the table are audited data of the domestic business operations of the Bank. Refer to our annual reports for the audited data of the overseas business operations of the Bank and detailed financial information.

Note 2: The total and net assets-income ratios contained in this table are average percentages of post-tax returns to shareholders of the Bank.

#### (1) Grasping the direction for the development of the Bank

In 2010, the Bank successfully completed the reelection of the Board of Directors, the Board of Supervisors and the top management as well as the change of the Chairmen of the two boards. Throughout the year, 1 Shareholders' Meeting, 17 meetings of the Board of Directors, 9 meetings of the Board of Supervisors, 28 meetings of special committees of the Board of Directors and 3 meetings of special committees of the Board of Supervisors were held. 6 investigations were conducted and 186 major proposals and key work reports were reviewed or heard. The Board of Directors and the Board of Supervisors and their special committees perform their duties with due diligence in scientific decision-making. A series of motions that holding special significances to the sustainability of the bank were reviewed, covering strategy development, capital planning and management, comprehensive risk management, annual business and financial reports, internal control and external audit, executive compensation and incentives, and statement consolidation management, connected transaction management, provisioning policy and bad debt write-off.

#### (2) Enhancing investor relationship

In 2010, centering on the investors and following the basic principle of promoting the investor experience and working efficiency, the Bank communicated the strategies, business performance, highlighted operations and investment values of the Bank through various channels and by keeping smooth communication with various types of investors and analysts on the capital market following with an active, initiative and open attitude in a timely, comprehensive and objective

Since its establishment, the Bank has been committed to improvement of its corporate governance mechanism and the balance of the relationship between the three governance organizations (Shareholders' Meeting, Board of Directors and Board of Supervisors) and the management, the protection of shareholder's interests in response to the needs of the development of the Bank and the business environment and the supervisory requirements, with the view of building a solid foundation for long-term promotion of shareholder returns.



2010 HQ Directors Seminar

manner. Throughout the year, 3 regular performance publishing conference and meetings of analysts, 1 press conference and 1 worldwide road show were held. A total of 128 visits from 247 institutional investors and analysts were received, 1,109 consultation calls were answered, 268 online messages from investors and 24 e-mail consultations were answered and 44 investment promotional activities at home and abroad were conducted.

The Bank also actively innovated its approach of promotion, holding the annual performance promotion conference connecting the conference site and participants in Beijing, Shanghai and Shenzhen by means of video-phone. Other efforts of the Bank in this aspect include the first "Investor Day", the development of investor online reservation system, an investor perception survey, collection and hearing of opinions and recommendations from investors and timely update, maintenance and improvement of the contents of the webpage for investor relations. Those efforts further improved the investor experience and promoted the investor satisfaction.



2009 Shareholders' Meeting, the 1<sup>st</sup> Meeting of the 8<sup>th</sup> Board of Directors

## FULL IMPLEMENTATION OF THE RISK MANAGEMENT 3



The banking summit forum of Shenzhen's thirtieth anniversary



2010 Shareholders' Meeting, the 1<sup>st</sup> Meeting of the 8<sup>th</sup> Board of Directors

### (3) Improving information disclosure

As a company listed in both Shanghai and Hong Kong, the Bank has continued to disclose key information in a timely, accurate, truthful and complete manner strictly in accordance with relevant domestic and overseas laws, regulations and disclosure-related requirements and to maintain adequate information transparency, with the view of keeping investors informed of major events of the Bank and protecting investor interests to the possibly largest extent. In 2010, the Bank continued to improve the information disclosure practices and initiative of information disclosure through improved control of the whole process of information disclosure. During 2010, the Bank issued 4 regular reports and published 195 documents at the Shanghai Stock Exchange and the Stock Exchange of Hong Kong totaling 2.15 million words/characters.

To better meet investor needs and regulatory requirements, the Bank integrated the structure and content of the regular reports, increased content concerning investors, improved the compiling process and substantially advanced the online publication of the regular reports. The Bank formulated and implemented the System for Responsibility Allocation for Errors in the Information Disclosure in the Annual Report with the view of improving the information disclosure. Measures have also been taken to strictly implement the filing and

registration procedures concerning insiders following regulations for inside information and insiders and the principle for the registration of each inside trade.

### (4) Enhancing connected transaction

The Bank has built a dedicated Connected Transaction Control Committee of the Board of Directors which is responsible for the inspection, supervision and audit of connected transactions of the Bank, the review of the audit reports and management reports related to connected transactions and the audit of major connected transactions, for the purpose of ensuring the interests of the Bank and our shareholders. The Bank, authorized by the Board of Directors, disclosed all credit granting operations for major connected parties in a timely manner and actively promoted the approval of group credit granting for connected companies.

In 2010, the work of the Bank in improving the corporate governance and enhancing the investor relationship management was widely recognized by domestic and overseas capital markets and investors, winning the Bank a series of awards including the Best Corporate Governance Award and the Best Investor Relations Award granted by the Finance Asia, and the Best Corporate Governance in Mainland China granted by the British Investor Relations Magazine.

### (1) Credit risk management

The year 2010 was the first year after the Bank experienced the second transformation, which set higher expectations for the credit risk management, as the domestic economic environment has becoming more and more complicated and stricter banking industry regulatory policy has been exercised. Faced with pressures and challenges, the Bank implemented the arrangements of “Addressing crises, Innovating for change, Transforming for the second time and Seeking new brilliance” for the credit risk management. Following the guideline “Realizing the transition, Optimizing the procedures, Laying a solid foundation and Promoting the management level”, the Bank made due efforts to optimize work procedures, promote the competitiveness of the credit loan operations of the Bank, implement the infrastructure improvement, enhance the credit risk managing ability, facilitate the structural adjustment, control the credit risks of sensitive sectors, accelerate the launch of the new system and build a brand new credit risk addressing and management platform. Those measures significantly promoted the credit risk identification and the credit risk management of the Bank.

### (2) Market risk management

In 2010, the Bank implemented active management of interest rate risks through effective risk hedging measures. The risk measuring level was significantly through the improvement of interest rate risk management systems and policies, establishment of interest rate risk level restriction system and improvement risk measuring methods. On the basis of scientific measuring, the Bank started active interest rate risk management: the market risk monitoring was further improved, developing a framework centering on a main report and sub-reports by sorting the content, focuses and dimensions of the monitoring of risks in terms of interest rate, exchange rate and liquidity. The treasury work was facilitated steadily and an interest rate tendency forecasting system was established, providing weekly reports on the money market and monthly reports on the deposit and loan interest rate adjustment forecasting system. The Bank implemented the ICAAP bank account interest rate risk and liquidity risk management. The Bank also applied for the New Basel Capital Accord certification and a number of substantial improvements were completed, including the management step optimization, policy document revision, measuring model improvement,



The credit risk management meeting

information system development, following the pre-assessment comments of CBRC, substantially enhancing the market risk management level of the Bank.

### (3) Reputation risk management

The Bank attached great importance to the reputation risk management and further improved the reputation risk management through regulation and system development and daily monitoring. In 2010, the Bank defined a clear structural system for the reputation risk management by formulating the Measures of China Merchants Bank Co., Ltd. for Reputation Risk Management and the Procedures of China Merchants Bank Co., Ltd. for Major Reputation Risk Emergency Response. The Bank completed the development of reputation risk management system, first in the banking industry. While continuously monitoring and addressing negative public opinions, the Bank reviewed its own risks and formulated 11 assessment elements and 8 risk management factors through 9 meetings.

### (4) Operational risk management

Taking the implementation of the New Basel Capital Accord as an opportunity the Bank enhanced its infrastructure for

the operational risk management in terms of the management regulations, processes, tools, systems and capital measuring, with the view of improving the operational risk management framework. In 2010, the Bank developed and published the Policy of China Merchants Bank Co., Ltd. for the Operational Risk Management and related management regulations, further improved the operational risk management system and standardized the management process. Further work of the Bank in this direction included the development of the operational risk management tools, the trial implementation of the risk management in departments of the head office and some branches, the formulation of operational risk control manuals for major business lines and products. The Bank also made every effort to promote the development, testing and implementation of the operational risk management information system to promote the electronization of the operational risk management. The regulating cost for the operational risks involved in the business related to group companies and legal person entities following the Standard Methods stipulated in the Guidelines for the Measurement of Operational Risk Regulatory Capital of Commercial Banks issued by CBRC.



2010 General Meeting of Shareholders, the First Meeting of the Eighth Board of Directors

### (5) Compliance risk management

In 2010, the Bank further optimized the compliance risk management by stressing the key focuses of the management, promoting the management techniques and innovating services. Firstly, the Bank developed and implemented the compliance risk management plan, and, in reference to the focuses of regulation and changes in the economic environment, program, defined eight areas of concern, including the improving the operation of compliance risk management system, innovating working mechanisms, improving the management system, furthering the training and publicity, stressing the risk management and control. Secondly, the Bank further enhanced the operation of the system and sought to bring out the full use of the system. The Bank launched the system in a phased and sequenced manner to ensure that the compliance management system was implemented in a steady and orderly way throughout the whole Bank, with the view of promoting the system to a new stage where the qualitative and quantitative methods are integrated and the traditional compliance management is replaced with one that is supported with IT. Key compliance risk areas were further located and compliance risk databases were established at the levels of both the head office and the branch. Thirdly,

legal compliance support was provided for business innovation and major projects. In 2010, a total of 125 legal compliance discussions and reviews were conducted in relation to innovative products and services, covering wholesale, retail, international business, interbank business and financial markets.

The Bank further revised the Basic Regulations of China Merchants Bank Co., Ltd. for Internal Control, further clarified the structure and duty allocation of the internal control of the Bank and established the content and requirements of the five elements of internal control in accordance with the new requirements the Ministry of Finance and other four central government authorities set forth in the Basic Norms for the Internal Control of Enterprises, laying a system foundation for the implementation of the new standard internal control system of enterprise. Meanwhile, centering on the requirements of the Guidelines for Supporting measures for Enterprise Internal Control of Enterprises, the Bank organized individual departments to review the current status of the internal control of the Bank and analyzed the gaps, located the weaknesses of the internal control of the Bank and proposed improvements, laying a solid foundation for the Bank to implement the Guidelines for Supporting measures for Enterprise Internal Control of Enterprises.

## 4 IMPORTANCE OF THE DISCIPLINE INSPECTION AND SUPERVISION

In 2010, the Bank continued to include the implementation of the Guidance on the Professional Conduct of Practitioners of Banking Financial Institutions in its discipline inspection and supervision and staff education and took it as an opportunity to promote risk prevention and control the corporate culture development. In March 2010, the head office formulated and issued the Notice on the Further Studying and Implementation of "Guidance on the Professional Conduct of Practitioners of Banking Financial Institutions" and made detailed arrangement for the studying and implementation.

Following the requirements of the Notice on the Printing and Issuance of "The Main Points of the Construction of the Party Style and Anti-corruption Work of Financial Institutions Directly Under the Supervision of CBRC for 2010", the Bank held a meeting with all Party members holding offices for the Party style and anti-corruption work on December 2, 2010. Mr. Ma Weihua, the Party Secretary and President of the Bank, gave a speech titled "Enhance the Party Construction, Exert the Political Advantages and Provide New Drive for the Furthering of the Second Transformation."

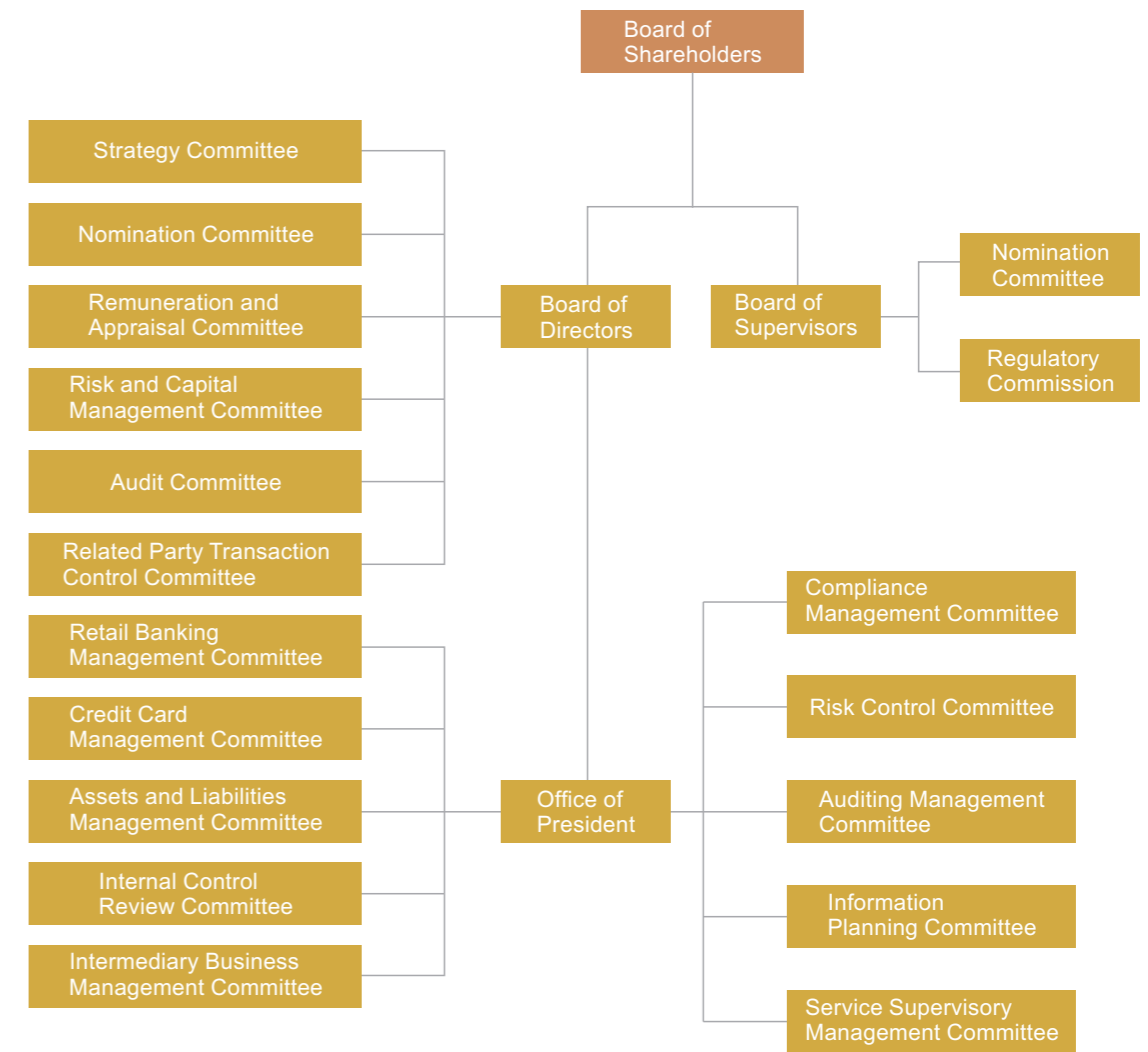
In June 2010, the Bank made a detailed plan for the implementation of the activity of Internal Control and Risk Prevention System Year in accordance with the requirements of CBRC for the activity to be carried in all the banking financial institutions in China. The head office



CMB's "A Lecture from the Secretary of the Party Committee"

reviewed and improved the internal control and risk prevention systems for each business lines and required branches to revise and improve their own relevant systems and implementation rules and operational procedures and conduct post-evaluation of the system. The Bank required branches to carefully learn relevant documents and conduct self-inspection and self-improvement. The head office enhanced the supervision and inspection, ensuring that the work of branches were in compliance with relevant requirements.

## FRAMEWORK OF THE CORPORATE GOVERNANCE





# 02

## Improvement of Customer Experience and Development of Brand Reputation

Since its inception, the Bank has been seeking to provide customers with better financial services and satisfying ever-changing customer needs through increasing the scope of services, promoting quality of services and constantly innovating our financial products.

## 1 OPTIMIZED ALLOCATION OF THE FINANCIAL RESOURCE

In 2010, the Bank increased the efforts in developing business outlets to facilitate the national social and economic development. In 2010, the Bank established another 21 branches and 64 sub-branches. A representative office in Taipei has been approved by relevant authorities and is now under way. As of December 31, 2010, the Bank had a total of 830 outlets. The Bank had 73 branches and 749 sub-branches in 87 cities, two branch-level specialized agencies (the Credit Card Center and the Small Business Credit Card Center), a representative office, and 1,913 self-service banking outlets in Mainland China. The Bank has a branch in Hong Kong and New York Branch and a representative office in USA and a representative office in London.

In 2010, the Bank continued to increase the coverage in the central and western regions. Two Level-1 branches were established in Guiyang and Yinchuan. And Level-2 branches were established in Xiangfan, Jincheng, Anyang, Honghe, Ganzhou, Leshan, Hengyang, Lijiang, Huainan and Luoyang etc., all cities in the central and western regions.



Ma Weihua, the president, and Wang Zhengwei, chairman of the autonomous region, unveiled the nameplate for the Yinchuan Branch.



Ma Weihua, the president, was invited to give a talk when the Yinchuan Branch opened.

## QUALITY IMPROVEMENT OF THE FINANCIAL SERVICES 2

### (1) Enhancing the service supervision and management

In 2010, the Bank diligently implemented the guideline of the establishment of the 3-D service competitive advantages proposed by Mr. Ma Weihua in the service supervision and management, focused on the full play of the supervision and coordination functions, guided all business lines and branches and departments to follow the notion of “service for value”, focus to the promotion of service management level and enhancement of service innovation and further consolidate the service advantages and brand image of the bank on the basis of the unification of employees' notion of service and promotion of employees' service skills. The theme of the service supervision and management in 2010 is “Focus 2010”. We seek to focus on the customer value, customer experience, employee development and management improvement through the guidance of the head office and branch management and the detailed measures. Centering on the theme “Focus 2010”, the Bank commissioned a professional company to implement a customer satisfaction survey, collected customer opinions by means of the remote banking center, launched the Guidance for the Service for High-grade Customers and the Business Outlet Marketing Environment Management Norms, implemented the service retraining for employees working on the front-line posts, organized the training for part-time internal service trainers and the service standard training qualification authentication at the level of the head office, enhanced the construction of the service review and assessment systems at the levels of the head office and the branch, and developed and updated the programs “Employees’ Voice” and “Customers’ Voice”. Those measures further improved the customer service level of the whole Bank.



Kick-off Ceremony of Shanghai Branch for Expo Financial Service Security



Shanghai Branch Outlets

## ENHANCEMENT OF FINANCIAL PRODUCT INNOVATION 3

### (2) Fully guaranteeing the financial service for the World Expo and the Asian Games

To guarantee the financial services during the World Expo, the Bank formulated and issued the Financial Service Work Plan of CMB for the Expo, established a leading group for the financial services of the whole bank during the World Expo 2010, defining the content and goals of the financial service work during the Expo, and held 6 meetings for the financial service work. In accordance with the service requirements, the main business management departments, the Remote Banking Center and the Credit Card Center reported on the services for the World Expo on a weekly basis, provided feedback and solved problems through negotiation, guaranteeing the normal operation of the whole Bank during the World Expo. During the 184 days of the World Expo, Shanghai Branch realized zero established complaint, zero safety and liability accident and zero payment system failure, comprehensively promoting the service image and operation guarantee. Our excellent performance won us 56 honors to units and individual employees of the Bank at the level of city or above, including the Award to Model Financial Service Unit during the 2010 World Expo, jointly granted by the People's Bank of China, CBRC, CSRC and the State Administration of Foreign Exchange.

During the Asian Games held in Guangzhou, we attached great importance to early preparation for best financial services during the Games. The branch and business outlets at the avenue of the events provided quality financial services and fulfilled its commitments by innovating and improving the business outlets and self-service equipment, adding “foreigners only” windows at the savings counters, posting notices in both Chinese and English, preparing the bilingual charging rate and foreign currency exchange procedures and using a new version of bilingual customer comment books. At the meeting for the summarization of the financial service work for the Asian Games and the awarding ceremony held in Guangzhou at the end of 2010, Guangzhou Branch of CMB was awarded the title of Model Financial Service Unit for Asian Games.

### (3) Safeguarding the card-using environment

In response to the requirements set forth in the Notice of the Office Jointly Established by the People's Bank of China and the Ministry of Public Security for Banking Card Crimes on the Summarization of the Special Actions against Banking Card Crimes, the Bank organized special actions against banking card crimes, by formulating the Plan of CMB for Special Actions against Banking Card Crimes, establishing a Special Action Leading Group and a working team under its direction, establishing a working mechanism for the banking card related crime prevention and enhancing the self-service equipment environment safety management and the safety inspection of the crime-preventing equipment. Meanwhile the preventive measures were taken in terms of technology, procedures and management system and the safe use of banking cards were promoted through various channels, and the communication with partner merchants were enhanced for timely addressing of banking card crimes. Since March, 2010, the Bank established technical partnership against false links with Tencent, 99Bill, SNDA, Yichong, UniPay and other payment platform, with effective preventive effects.



Held the Expo Service Quality Competition

### (4) Continuing the financing education campaign

Based on the successful experience of the financing education campaign in previous three sessions, the Bank launched the 4th Financing Education Campaign within the whole bank. The event included more than 1,000 lectures in 60 cities throughout the country and attracted 300,000 customers, providing value-added financial services for our customers.



Lanzhou Branch actively organized and participated in the activity of Banking Public Education Service Day.



Nanchang Branch patiently answered the customers' questions in the activity of Jiangxi Provincial Banking Public Education Day



Opening ceremony for wealth management products

### (1) Innovating online financial services

#### I-FINANCE

In 2010, the Bank launched the first online interactive banking service in China i-Finance. As an innovative brand, this service is a major initiative of the retailing banking of the Bank in the second transformation. The i-Finance of the Bank was the first in China as well as the whole world to introduce Web 2.0 technology, by which the customers can activate their i-Finance account without a card. After registering as an All-in-One-Net user, the customers can learn basics for investment and financing from experts, keeping track of their favorite financing managers, enter the “product supermarket” and one-stop collect and purchase fund, insurance or financing products.

### The new mobile phone banking

The Bank devoted every effort to build a brand new mobile financial platform in the era of internet, making the first attempt in fully electronization of the mobile finance. Customers can access their bank account information, make transfer or remittance, repay the expenses incurred on their credit cards, recharge, make payment, purchase fund and financing products anytime, anywhere, using their mobile phones. The new generation innovative mobile banking services also included a new “financial assistant” function, providing a series of charge-free latest financial information and practical financing tools, realizing the dream of “a bank in pocket in the 3G era.” The Bank also launched an Iphone version of innovative mobile banking client program, which was much appreciated by the majority of customers. The formal version was downloaded for 250,000 times since its launch.

### Remote banking service

On March 1, 2010, the Bank formally launched the remote banking service following a fresh notion, in a fresh mode, with fresh technology and for a fresh experience, with the view of significantly expanding the remote banking services. The remote banking services cover the remote loan services, remote financial services, remote travel services, remote trading services and remote assistance services, integrating the convenience of remote service channels and the friendliness of over-counter services, fully meeting the customer needs.



Credit Card Mobile Banking



Iphone Mobile Banking

### (2) Launching new financing products

In August 2010, the Bank issued the Guidance for the Marketing of Green Financial Products, AFD green on lending loans, green equipment buyer credit loan, green financing leases, integrated Clean Development Mechanism (CDM) financing solutions. Through these efforts, the Bank initially established a framework of green financing products and laid a solid foundation for further expansion of green financial services.

The Bank actively innovated its financial products and provide substantial support to emerging financial institutions and new business development. In 2010, the Bank launched proxy settlement services for financial companies and the interbank version of ECDS, solving the problems arising from the liquidity of E-drafts and the collection and payment of the agencies and effectively helping financial companies enhance the management of the cash flows and draft flows of enterprise groups. To meeting the needs of enterprises in terms of the safety, liquidity and profitability, the Bank created the cash pool service, providing value-added customizable fund combination tool that can be defined by customers. The service helps enterprises to harvest better income than they can from demand deposits and notice deposits in reference to the daily changes on the account while fully guaranteeing the safety and liquidity of the funds.

### (3) Enhancing small business product innovation

The Small Business Credit Center of the Bank optimized the product innovation mechanism and, in reference to different characteristics of the market in different areas, launched intellectual property credit pledge loans, machinery and equipment mortgage loans, shop lease right pledge loan, brand chain loans, etc., established a well-received product system featuring order loans, joint guarantee loans and professional market loans, and launched new small-amount loans as a well-received dedicated small business financing solutions.

### (4) Enriching the credit card related life

In 2010, the Bank launched innovative product “Pocket Life” taking the rapid development of the mobile internet as an opportunity to provide convenient payment services for our customers. The “Pocket Life” products include preferential merchants, preferential offers, mobile phone bank, mobile phone recharging, movie ticket order, mobile phone mall, neighboring facility search and CMB services. Several versions of the client program of the platform were developed and application for the cooperation with Nokia OVI Store and Apple Store had been accepted and 160,000 copies of the program had been downloaded and well received in the industry and was ranked No. 1 of the free financial software programs of the Best Applications selected by Apple Store. The Bank also developed the Very Group Procurement as a new product in response to the rise of online group procurement, with the view of building a communication channel between our partner merchants and customers. The program was formally launched on November 12, 2010, and the Bank established cooperative relationship with several reputed merchants, including Haagen Dazs, Extreme Car Rental, Macao Dollar, making CMB the first bank providing services for group procurement and bringing practical benefits to the cardholders.

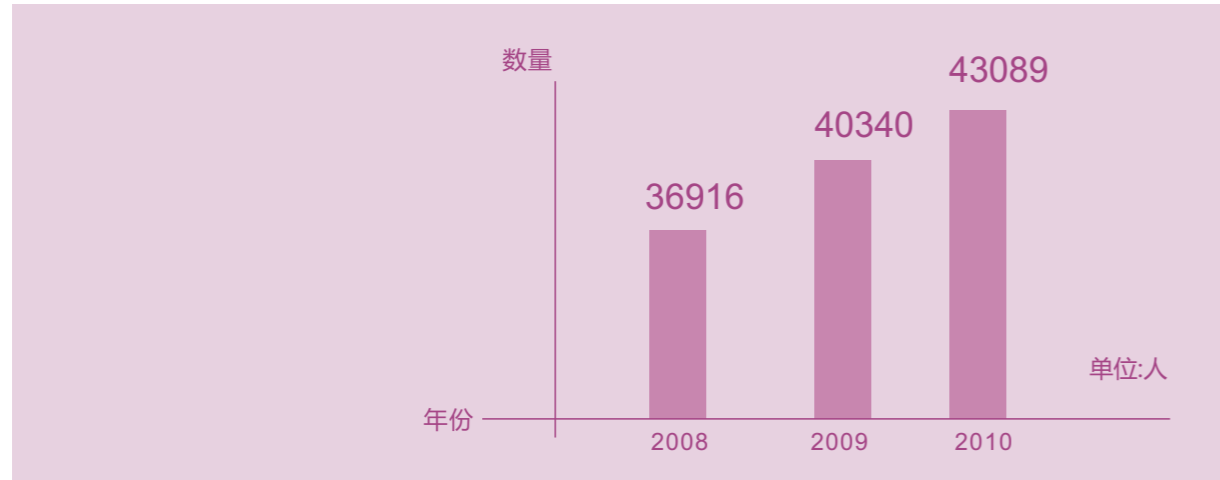


## 03

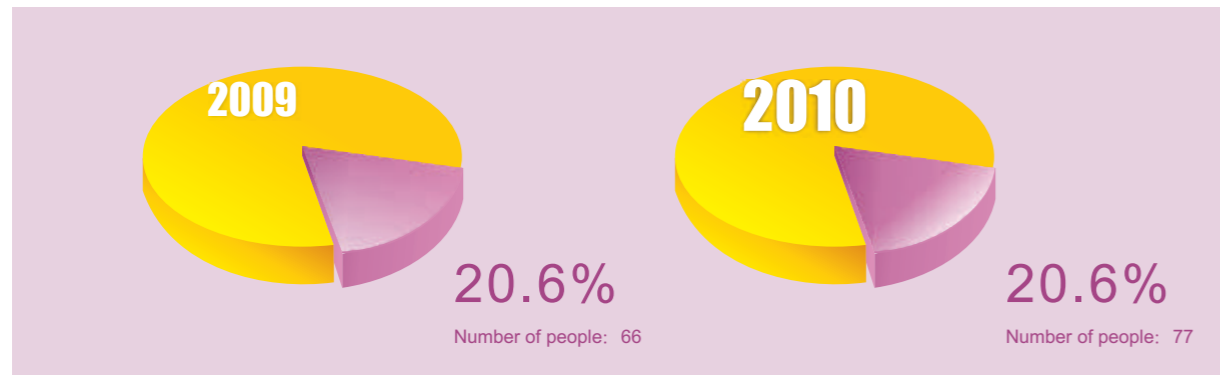
## Care for Staff Development and Enhancement of Mutual Trust

Employees are the cornerstone of an enterprise. To realize the mutual development of the employees and the Bank, we formulated complete and sound systems and measures to guarantee the employee payment and welfare benefits and respect their rights and interests, with the view of retaining talents with decent welfare, career development potentials and cultural attraction.

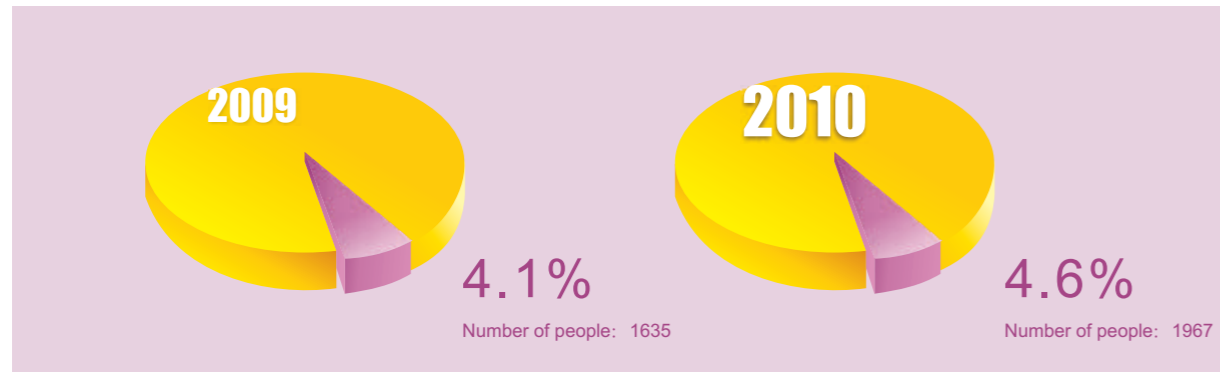
## EMPLOYEE QUANTITY OF RECENT THREE YEARS



## RATIO OF FEMALE EXECUTIVE IN RECENT TWO YEARS



## RATIO OF MINORITY EMPLOYEES IN RECENT TWO YEARS



## IMPROVED PAY AND BENEFIT PROGRAM 1

### (1) Improving labor and social security systems

The Bank signs labor contracts with employees defining the salary, bonuses, benefits, subsidies, etc., with the view of safeguarding the legitimate rights and interests of employees. Before the employment, the Bank supplies potential employees with easily understandable written information concerning the remuneration and welfare. After recruited, employees can learn about their remunerations and welfare benefits through various channels available within the Bank.

### (2) Enhancing motivating mechanisms

The Bank provides employees with remuneration competitive within the industry following the remuneration notion of "fixing remuneration in accordance with the duties on the post and the performance", "combining the external competitiveness and internal fairness" and "long-term motivation". The remuneration is composed of fixed salary and variable flexible payment. The fixed salary is the remuneration for the post providing the basic living standard for the employee while the variable payment serves as the bonus related to the performance of the individual employee and the institution to which the individual employee belongs.



Bank Your Dream — Campus Recruiting

### (3) Optimizing welfare benefits

The employee benefits includes the statutory social insurance and housing accumulation funds, the supplementary pension insurance and supplementary medical insurance and group commercial insurance provided by the Bank. The working hours and other rights, including the wedding leave, maternity leave, paid leave and other rights are in compliant with relevant national laws and regulations, guaranteed with competent regulations of the Bank. The Bank also organizes regular medical examinations carefully tailored for the genders and ages of the employees, health-related lectures and health consultation through externally employed experts. In 2010, the Bank further improved the employee care and comforting measures, providing care for employees on holidays, birthday, baby deliver, sickness, injury, weddings, funerals, serious illness of family members and Children's Day. Model workers and employees with difficulties are also provided for.



The 9th Business Technology Match of CMB — Top Eight Groups



Democratically elected worker supervisors sitting in the 8th board of the supervisors of CMB

## ENRICHMENT OF EMPLOYEES' LEISURE LIFE 3

In 2010, the Bank organized a series of cultural and sports activities and improved the employee clubs to enrich employees' leisure life. The head office of the Bank held a series of activities including a singer contest, a badminton competition, a anniversary celebration and the first employee sports meeting. Branches across the nation held a variety of cultural and sports activities, including variety shows, fashion competitions, photography contests, sports meetings, poker competitions, climbing competitions, football matches, volleyball matches, basketball matches, billiards matches, table tennis matches, tug-of-war competitions, aerobic competitions, shuttlecock competitions etc.. In 2010, 227 clubs of the Bank enrolled more than 9,000 members and organized over 6,200 activities, involving over 130,000 employee/times.



Taijiquan Club of the Headquarters participated in the Traditional Martial Arts Competition of Shenzhen City.



The 2nd Staff Sports Meeting of Hefei Branch

## ESTABLISHMENT OF CAREER DEVELOPMENT PATHS 4

The Bank is concerned about the growth and development of its employees and seeks to realize mutual development of the Bank and its employees by providing excellent development channels and training system to facilitate the career development of employees and closed relate the employee development and the growth of the enterprise. In 2010, the Bank held a total of 672 courses, including 225 collective training courses and 447 on-post training courses. A total of 131,227 employee/times participated Level-1 training courses and 100,217 employee/times participated in 490 online tests. Throughout the year, 8,505 employees participated 22,682 hours of online learning. Meanwhile, the Bank also organized a number of focused training programs, including the Golden Lion Program, the Golden Eagle Program, CMB Pioneer Camp, Management Initiative Program, Employees' Continuous Growth Program of the Head Office, TTT trainer certification training courses and management case development training courses, etc..

Measures taken in terms of employee development channel construction include the following two aspects:

**Management personnel development:** The Bank further enhanced the management and standardized the practices of cadre selection and promoted the public confidence in the personnel selection. The Bank also enhanced its efforts in cadre assessment and exchange to facilitate the growth of the management personnel. A large number of talents identifying the corporate culture of the Bank and equipped with competent management skills, ethic integrity, outstanding performance, excellent quality and development potentials were promoted to various leading positions.

**Professional personnel development:** In 2010, the Bank focused its efforts on the review of the personnel promotion channels in IT, client manager, teller, loan review officer and product manager series. Efforts were also made to facilitate and improve the match of promotional review and incentive measures, to establish the assessment procedures for other major professional posts and further expand the career development channels of relevant personnel.



CMB's Employees gave a performance in the activity of "Among the cities" on CCTV.



CMB Enterprise Cultural Festival — Tree Planting Activity

## 2 PROTECTION OF EMPLOYEE DEMOCRATIC RIGHTS

To protect employees' rights to participate in the corporate governance and business decisions and fundamentally enhance the defense of the legal rights and interests, the labor union of the Bank organized the election of employee supervisors to the Board of Supervisors by means of Employees' Assembly. To strengthen the building of the organization of employee representatives, the Bank issued the Operational Procedures for the Establishment of Employee's Assembly of CMB and employees' assembly was established at the level of branches and sub-branches in 2010. The Bank also collected information concerning the employee needs by means of home visits, seminars, web forums, questionnaires, etc., and sought to meet their needs.



# 04

## Harmonious Society Building and Performance of Responsibilities

The Bank is actively involved in the public welfare activities and contributes its share to the building of harmonious society through the focused poverty relief activities, participation in disaster relief activities, support for educational, cultural and sports Causes, support for SME development and development of cooperation with third parties.

# 1 COMMITMENT TO FOCUSED POVERTY RELIEF ACTIVITIES

2010 is the twelfth year that the Bank helps Yongren County and Wuding County of Yunnan Province. Following the guiding thought of “Making steady efforts to poverty relief, CMB will not sever ties as long as Yongren and Wuding don’t shake off poverty”, the Bank continuously organizes and carries out the poverty relief work. Throughout the year, the employees donated over RMB 5.96 million, 84 computers, 28,220 clothes and 8,000 boxes of drinking water. 4 poverty-relief cadres were sent and released from their regular work to help these two counties as residing there, invested microfinance revolving fund of RMB 4 million, aided 65 impoverished undergraduates of both counties and help more than 1100 primary and secondary school students of both counties with the form of 1+1 pair wok, 229 of whom entered into the colleges and specialized secondary schools. Two new teaching buildings for secondary schools were built to solve the difficulties in intensively entering schools after the large adjustment of secondary schools; 3 subsistence model village projects were constructed; 6 roads were built, 1 cultural reading room was built, 5 CMB hope primary school water cellars were built; 265 sets of new desks and chairs were bought; a series of teacher training and communication activities were held.

# 2 ACTIVE PARTICIPATION IN DISASTER RELIEF ACTIVITIES

In April, after the Yushu Earthquake in Qinghai happened, this Bank donated RMB 5 million to the quake-stricken area in Qinghai through the Red Cross Society of China so as to support the people in the quake-stricken area to combat the quake and carry out relief work and rebuild hometowns. This donation was applied to the children and the construction of schools in the quake-stricken area in Qinghai. And this was also another emergency relief mechanism for domestic disasters launched by this Bank, after the snow disaster and Wenchuan earthquake in 2008. In spring, 2010, Yunnan, Guizhou, Guangxi and Sichuan and other regions were hit by exceptionally severe drought that had been rarely seen in history and it had serious influence on the local people, especially the people in rural area and the minorities in remote areas. In order to carry the people in the drought-stricken areas through the

difficulties, this Bank, together with the Red Cross Society of China Jet Li One Foundation, launched “Special Donation Activity for Draught Relief” in April and called on more people to take part in the family of One Foundation to provide aid for the people in the drought-stricken area. During the period of special donation from April 1, 2010 and April, 30, 2010, 16513 kind card holders participated in the donation and the donation amounted to RMB 355288. This fund was specially used for the construction of water cellars in the Southwestern drought-stricken areas. In December, 2010, this Bank donated RMB 1 million to the flood-affected area in Jiangxi to help people there fight floods and provide disaster relief and make post-disaster reconstruction.

In face of the invasion of natural disasters, the branches also took active measures and offered help to the disaster-stricken areas. In July, 2010, the South of Shanxi was hit by exceptionally severe flood and the Xi’an Branch mobilized all the employees to donate, amounting to RMB 0.75 million. On August 8, 2010, Zhouqu County, the Tibetan Autonomous Prefecture of South Gansu Province was hit by exceptionally severe flush flood and debris flow disaster, which caused great casualties and property loss. The Lanzhou Branch donated RMB 0.65 million to the disaster-stricken area.



Zhang Guanghua, vice president, went to the two counties for poverty alleviation and solicitude and donated money to Wuding



Donating books to Alashan Region of Inner Mongolia

## Donation of CMB to Both Counties in the Past Three Years

Year	County	Total amount (Yuan)	Clothes (pcs)	Computers (set)	Others	Microfinance revolving poverty-relief loan (ten thousand Yuan)
2010	Yongren	2,900,000	14110	36	4,000 boxes of drinking water	
	Wuding	3,080,600	14110	48	4,000 boxes of drinking water	
Total		5,980,600	28220	84	8,000 boxes of drinking water	400
2009	Yongren	2,600,674.72	15,786	108	11 sets of sports equipment (worth RMB 0.16 million); 234 beds, 100 wardrobes, 114 TV sets, 200 flashlights, 200 canteens	
	Wuding	3,149,374.72	15,787	108	20 sets of sports equipment (worth RMB 0.3 million); 36 TV sets, 48 beds, 50 wardrobes, 90 sets of desks and chairs	
Total		5,750,049.44	31,573	216	31 sets of sports equipment (worth RMB 0.46 million); 282 beds, 150 wardrobes, 150 TV sets, 200 flashlights, 200 canteens, 90 sets of desks and chairs	400
2008	Yongren	2,300,000	11,289	23		
	Wuding	2,074,092.69	16,082	48		
Total		4,374,092.69	27,371	71		400

## Pair Work between CMB and Both Counties in the Past Three Years

Year	County	Amount of pair financial aid (Yuan)	Total number of students in pairs (person)	Number of students continuing the pair work (person)	Number of students newly increased (person)
2010	Yongren	333,870	390	302	88
	Wuding	654,400	761	479	282
Total		988,270	1,151	781	370
2009	Yongren	351,460	432	327	105
	Wuding	481,461	600	364	236
Total		832,921	1,032	691	341
2008	Yongren	300,895	410	329	81
	Wuding	349,520	470	255	215
Total		650,415	880	584	296

### 3 SUPPORT FOR EDUCATIONAL, CULTURAL AND SPORTS CAUSES

This Bank pays attention to various social undertakings and actively carries out various activities, taking the educational, cultural and sports causes as the key support fields.

As the global partner and the only designated bank service provider of the 26th Universiade 2011 Shenzhen, this Bank is actively involved in the Universiade financial service and issues Universiade All-in-One card and Universiade Commemorative credit card to meet the demand for Universiade financial service of the customers. Meanwhile, this Bank provides high-efficient and professional financial consultancy service for the Universiade Authority and lays a solid financial foundation for the holding of games. In the past three years, through the Summit Dream Climbing Activity, Olympic Volunteers Setting-off Ceremony, One-Year-to-Go Party and the record of Between Cities and other activities, this Bank actively explored the effective model of the bank serving for large sports event, helped to promote the familiarity of Universiade brand at home and abroad and conscientiously supported the development of sports cause.

This Bank established scholarships in more than 30 colleges, including Tsinghua University and Fudan University, with the accumulated donation of RMB 10 million. Meanwhile, this Bank donated more than a million Yuan to several non-profit foundation projects, such as “New Great Wall - Self-strengthening Project of Impoverished Undergraduates”, “Spring Buds Program”, China Foundation for Poverty Alleviation and so on to actively give financial aid to the impoverished students and



CMB Team for Shenzhen F1 Motor-boat Race

help the dropout children back to school. In order to improve the education status of schools in the poor regions, between May 20, 2010 and August 20, 2010, the private bank of this Bank, together with MasterCard, carried out the activity of “Offering love through books” and donated and built libraries for the schools in mountain areas. One month after receiving the donation, the student union in the aided regions sent “Thank-you Card” to the customers by post to express their gratitude for the active participation of customers and the activity of “Offering love through books”. As of the end of 2010, the Bank donated 26,000 books, covering 15 schools and received more than 700 feedback and thank-you cards.

From January, 2010 to May, 2010, this Bank held the “Sunflower” National Children Piano competition and throughout China, 4388 children took part in this competition. Meanwhile, this Bank and Children’s Foundation of China cooperatively launched the Sunflower Children Development Fund Piano Art Plan to help the needy students with talent for piano to realize their dreams of playing piano.

In August, 2010, on the occasion of the World Expo, this Bank and Children’s Foundation of China cooperatively held the Summer Camp of “2010 Sunflower Children Development Fund - Inspirational Tour of World Expo” and 35 outstanding teachers and students from the quake-stricken areas and the financially donated areas, such as Yushu in Qinghai, Deyang in Sichuan, Yongren and Wuding in Yunnan, Yinjiang in Guizhou and Foshan in Guangdong and so on took part in this activity.

In 2010, this Bank also actively sponsored the Beijing International Music Festival, Chinese Opera Sunflower Award, Chinese TV Go Championship, Chinese F1 Motorboat Team and World Expo 2010 Abilia Program and spared no effort to support China’s educational, cultural and sports causes with practical actions.



CMB “Golden Sunflower Night”



The 1st Awarding Ceremony of Golden Sunflower Award for Chinese Opera Art

### DEVELOPMENT OF COOPERATION WITH THIRD PARTIES 4

In order to support China’s charitable causes, in 2008, this Bank, together with Red Cross Society of China Jet Li One Foundation, released the One Foundation Caring Credit Card. The One Foundation Caring Credit Card is the first philanthropy affinity credit card with “the card holder’s donation” as the issuance and upgrading standard in the mainland financial consumption. As of the end of November, 2010, the CMB corporate donations related to the One Foundation Caring Credit Card and the donation of card holders in response to the call almost amounted to RMB 3.7 million. In the same time, in order to provide more opportunities for the card holder to take part in the public welfare activities, this Bank takes the “one day volunteer” experience plan as one of the characteristic functions of One Foundation Caring Credit Card. In 2010, this bank, together with One Foundation and several other charity organizations, held several volunteer experience activities, such as the public welfare activity of Guangzhou World Down Syndrome Day in March, 2010, the activity of caring for the left-behind children in Anhui in July, 2010, construction of new houses in Qingchuan of Sichuan in November, 2010, etc. There have been more than 100 holders of One Foundation Caring Credit Card participating in the activities and they experienced the fun from love offering together with the grantees.



2010 Work Meeting of Red Cross Society of China



Changsha Branch held the climbing and tree planting activity of “Hundred Years’ CMB Forest”

## 5 SUPPORT FOR SME DEVELOPMENT

This Bank has always been concerned about the difficulties in financing of the small and medium-sized enterprises (SME) and actively develops the SME credit line. In 2010, following the basic principle of “positive exploration, bold attempt, improved method and controllable risk”, with the product as guide, the process as key point, assessment as orientation and specialization as the direction, this Bank paid a close attention to the influence of domestic and foreign macroeconomic situation on the operation of SME. Through the establishment and promotion of small enterprise credit center and SME financial departments and other specialized agencies, this Bank actively carried out the specialized operation of SME businesses, especially the small enterprise businesses; through the process reengineering, this Bank enhanced the financing efficiency of SME and constantly promoted the structural proportion of SME customers. As of the end of 2010, the small enterprise credit center of this Bank established 31 sub-centers in total and 11 level-1 sub-centers in Suzhou, Shanghai, Hangzhou, Nanjing, Ningbo, Beijing, Dongguan, Shenzhen, Xiamen, Fuzhou and Qingdao, with the regions gradually radiating to the south and north from Jiangsu and Zhejiang, so as to exploit the potentialities of small enterprise credit businesses. In 2010, the loan in the small enterprise credit center increased by RMB 13.012 billion, with the growth rate of 236.06%, which brought great convenience to the financing of enterprises, especially the micro enterprises in the places where the sub-centers are.



Loans of SME

Year	2008		2009		2010	
	Balance	Proportion of balance	Balance	Proportion of balance	Balance	Proportion of balance
Medium-sized enterprise	1532.45	29.95%	2003.93	30.99%	2396.14	30.67%
Small enterprise	672.92	13.15%	1079.77	16.70%	1488.03	19.05%
Total of SME	2205.37	43.10%	3083.70	47.68%	3884.18	49.72%
Domestic corporate general loan	5117.40	100.00%	6467.38	100.00%	7812.17	100.00%
	Amount of non-performing loan	Proportion of non-performing loan	Amount of non-performing loan	Proportion of non-performing loan	Amount of non-performing loan	Proportion of non-performing loan
Medium-sized enterprise	37.03	2.42%	35.88	1.79%	36.00	1.50%
Small enterprise	21.99	3.27%	20.65	1.91%	20.76	1.40%
Total of SME	59.02	2.68%	56.53	1.83%	56.76	1.46%
Domestic corporate general loan	80.53	1.57%	77.08	1.19%	77.22	0.99%

Unit: Equivalent in RMB (0.1 billion Yuan)

As of the end of 2010, the balance of SME loan in this Bank was RMB 388.418 billion, RMB 80.048 billion more than that at the beginning of that year, with the growth rate of 25.96%, larger than the average growth rate of corporate loan. The proportion of SME loan in the domestic companies reached 49.72%, increasing by 2.04% over last year. The quality of credit assets is improved steadily; in the past three years, the proportion of non-performing loan constantly dropped and the overall development of SME credit line is steady. Besides, this Bank also supports the personal operating loan for individual venturing. As of the end of 2010, the balance of personal operating loan in this Bank was RMB 63.74 billion, RMB 36.611 billion more than that at the beginning of that year, with the growth rate of 134.95%.



05

## Promotion of Green Development and Pursuit of Grand Beliefs

Conforming to the development requirement of low-carbon economy, this Bank actively promotes the green and sustainable development concept. While reducing the influence of self-operation on the environment as much as possible, this Bank continuously explores the development road of green finance and guides the optimum distribution of resources.

# 1 CONSTRUCTION OF A GREEN BANK



Carrying out the green and environmental protection publicity activity

## (1) Establishment of Green Operating Mechanism

On March 15, 2010, this Bank released the Notice of Related Measures Concerning the Promotion of Green and Low-carbon Operation (14 Articles for Green and Low-carbon Operation for short) to guide the bank to carry out the green and low-carbon operation. In April, this Bank established a working group of green and low-carbon operation, being responsible for the implementation, assessment, monitoring and examination of the green and low-carbon operation.

## (2) Communication of Green Idea

In 2010, this Bank held the 6th Enterprise Culture Festival with the “green and low-carbon” as the theme and through carrying out the activity of “100-year CMB Forest” Tree Planting, participating WWF “Earth Hour” switching off the light, collection of green ideas and green article solicitation and other activities, this Bank communicated the green idea in the whole bank.

## (3) Implementation of Green Office

This Bank strengthened the management of electricity utilization and power conservation through setting the energy-saving option the office computer, transformation of energy-saving fluorescent tubes, controlling of lighting time in the office areas, setting of limitation for air conditioner operating temperature and other measures. We suggested people to save water and take water on demand through the transformation of water-saving automatic sensor-operated faucets, sticking obvious signs on the faucets of the offices and business places and beside the water

dispenser. On the aspect of saving office supplies, we adopted the centralized management and centralized reception and use system over various office papers so as to strictly control the use of office paper. We set obvious signs to suggest the employees to make multi-faceted copy and printing. We reduced the printing and issuance of various internal books, magazines and learning materials and use the electronic version instead; besides, we are gradually equipped with and use the paperless fax system.

## (4) Electronic Office System

In 2010, this Bank obtained outstanding achievements in the process of promoting the electronic office system. We did not only make full use of the TV and telephone conference system and the “All-in-One” office system to make electronic office, but also intensified the effort to develop the new systems. The compliance risk management system of Legal & Compliance Department of headquarters was operated on line in the whole bank to realize the electronic legal and compliance examination and system review and so on. In 2010, the Bank completed 26,372 cases of legal and compliance examination and 2,791 cases of system review through the compliance system. If the transfer time for every examination affair is 15 min, this system saved the working time of nearly 7000 hours; if the copy for archiving of every examination affair needs 10 papers, this system saved paper of nearly 0.28 million pieces. The branches strengthened the construction of electronic approval procedure and developed the expense reimbursement and approval system, meeting room application system, dining application system and car application system, etc..



The remote banking center took part in the tree planting activity of “Hundred Years” CMB Forest”

## (5) Construction of Green Buildings

In the construction process of Shanghai Building and the project Credit Center in Zhangjiang Bank Card Industrial Zone, this Bank integrated the responsibility and concept of saving energy, protecting environment and taking people as the foremost into the project construction. At the beginning of program design for the project, we actively introduced the most advanced green building certification and grading system in the world-LEED™ International Green Building Certification System<sup>①</sup>. In 2011, we will continuously follow up and fulfill the implementation of LEED scoring points in the construction process and strengthen the coordination management over the site construction so as to guarantee the environment protection and energy-saving in the site construction. Meanwhile, in the construction process of electrical and mechanical installation and fine fitment, we will focus on the related requirements of LEED for the purchase of equipment and materials.

## (6) Promotion of Green Procurement

In 2010, the centralized procurement of this Bank implemented the idea of “environmental protection”, “energy-saving and emission reduction”. When purchasing products and comprehensively assessing the providers, we took the green procurement and environmentally responsible purchasing into consideration. The Lenovo Group actively responded to the call of recovering the microcomputers proposed by this Bank in the microcomputer projects and promised to provide the assets recovery service. Since we firstly took the microcomputer bidding project as the pilot green procurement, we required the providers to put forward the old machine recovery plan in the project of ATM and circulator. In the process of purchasing the office furniture for the headquarters, we clearly put forward the requirements for product function and environment protection in the procurement document. This was the first attempt in the furniture procurement, which was recognized by the providers and took good social benefit.

① LEED™ Green Building Certification System issued by US Green Building Council (USGBC) is the most advanced and practical green building certification system. The system will help the project team to clearly define the goal of green buildings and formulate practical design strategies so that the project will meet the LEED standards in terms of the indoor air quality, ecology, environment protection, etc. and provide future users with a healthy and comfortable office or residence environment of high quality and low maintenance.

## 2 EXPLORATION OF GREEN FINANCE



Ma Weihua, the president, launched the remote banking; and the remote banking was formally promoted.



Eco-civilization Guiyang Meeting

### (1) Increasing the Application of Innovative Function and Accelerating the Construction of E-banking

To promote the development of e-banking business is an important move for this Bank to advocate the green and low-carbon financial life. In 2010, the major research and development projects completed by this Bank included online enterprise bank U-BANK7, enterprise mobile banking, PBOC interbank settlement system for online payment, C+ global cash management, SWIFT cross-border cash management, e-commercial bill ECDS bank-corporate express and so on and we provided several personalized network financial services, such as standard account management, transaction management, interbank capital allocation and so on. Meanwhile, we held a series of discount activities, such as presenting the professional “U-key” for personal internet banking and discount of transfer and remittance fee so as to increase the business substitution rate of personal internet banking.

### (2) Actively Implementing the Green Credit and Strengthening the Credit Supply Management

After the Guidance for Green Financial Marketing of CMB was issued in 2008, this Bank continually carries out the green financial service. In 2010, the credit policy listed such green financial industries as renewable energy resources, clean energy, energy-saving service industry, environmental

protection industry into the category of industry with encouraged involvement. Through the guidance of improved policy system, we realized the “one control and one promotion” of credit supply, i.e., on one hand, we controlled and reduced the credit ceiling of industries with high pollution, high energy consumption and surplus production; on the other hand, we promoted the business development and enterprise growth of such green industries as energy-saving industry and environmental protection enterprises.

As to the green industry, this Bank led the internal loan resources to incline towards the related project and realized the sustained growth of green loan balances through publicity, training and supervision. As of the end of 2010, the loan balance in the green credit field of this Bank reached RMB 46.251 billion, increasing by 16.14% over that at the beginning of 2010. It included RMB 9.874 billion for the loan of clean energy (including RMB 8.836 billion for the renewable energy resources), accounting for 21.35% and RMB 36.377 billion for the loan of environmental protection fields, accounting for 78.65%.

According to the portfolio of “two high” industries, as of the end of 2010, the loan balances of this Bank was RMB 105.081 billion, accounting for 13.45% of the domestic corporate loan, dropping by 1.43% over that at the beginning of 2010. The growth rate that year was 9.18%, much lower than the average growth rate of domestic

corporate loan of 20.79%. The proportion of non-performing loan in the “two high” industry was 0.59%, lower than the proportion of non-performing loan in the domestic corporate loan of 0.99% and proportion of self-supporting non-performing loan of the whole bank of 0.69%.

### (3) Advocating the Online Financial Service and Enjoying the Green Card Life

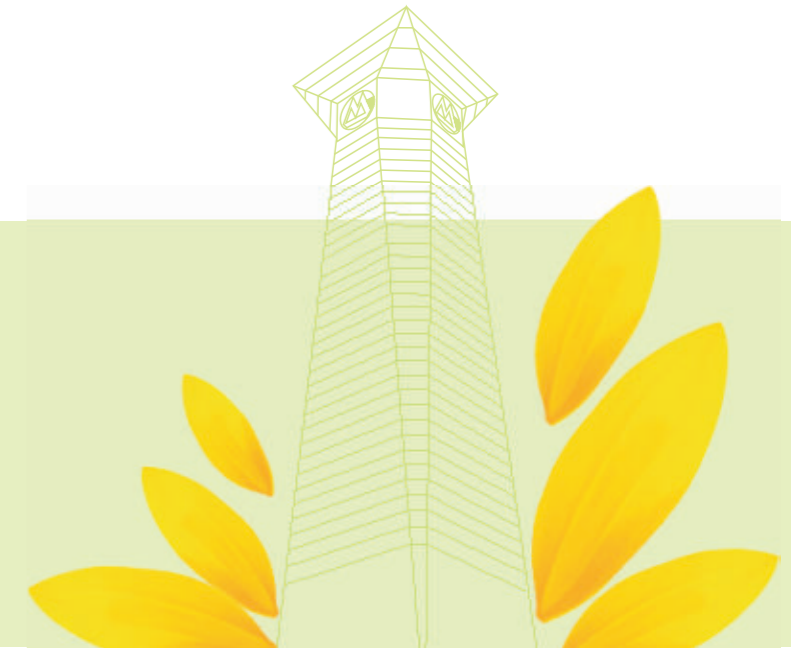
In 2010, in order to further promote the payment experience of credit card holders, this Bank continually actively promoted the self-service payment, which effectively reduced the payment time of the customers and social transaction costs. Taking the online payment as an example, as of the end of 2010, the number of online payment increased by nearly 65% over that at the beginning of 2010; and the volume of OTC payment realized the year-on-year reduction of nearly 14%, which effectively enhanced the convenience in payment of the customers and met the diversified payment demands of the customers.

The electronic bill is one of the green services that this Bank focused on in recent years and it has many advantages, such as green and environmental protection, effectively reducing the waste of resources, strong privacy, flexible form and rich information content. In 2010, more than 40 thousand employees of this Bank all used the electronic bill. As of the end of 2010, the customers using

the credit card electronic bill increased by 97% over that at the end of 2009 and throughout the year, about 115 million pieces of paper for bill were reduced.

### (4) With caring, Building the Public Welfare Financial Product

In August, 2010, this Bank issued the first green and civilized ecological financial product – Special Financial Plan for Ecological Civilization of “Sunflower” Reassuring Return Series. The feature of this product is that we were entrusted to purchase the carbon oxide emission compensation amount through the Carbon Trade Platform of the Beijing Environment Exchange with the excess earnings of financial capital operation. Meanwhile, according to the need of the customers, after the product was ended, we customized “Green Ecological Civilization Passport of CMB” for the customers as souvenir. The passport will provide internationally standard quota individual carbon-reduction sign and record the contribution of customers to the environment protection. In September, this Bank issued the financial products with the theme of sunflower children’s foundation which made the customers be able to make contributions in the investment and financing. This product donated the part higher than the financial earning to the schools in the poor and disaster-stricken areas through the Children’s Foundation of China and helped the children longing for warmth.



Loan of “Two High” Industries in CMB at the End of 2010

Unit: Equivalent in RMB (0.1 billion Yuan)

“Two High” Industry	2008		2009		2010	
	Balance	Proportion in the domestic corporate loan	Balance	Proportion in the domestic corporate loan	Balance	Proportion in the domestic corporate loan
Petroleum Processing, Coking and Nuclear Fuel Processing	55.18	1.08%	52.74	0.82%	75.45	0.97%
Manufacture of Chemical Raw Material and Chemical Products	132.52	2.59%	176.23	2.72%	222.73	2.85%
Manufacture of Non-metallic Mineral Products	71.27	1.39%	97.24	1.50%	134.86	1.73%
Smelting and Processing of Ferrous Metals	176.98	3.46%	152.59	2.36%	185.25	2.37%
Smelting and Pressing of Nonferrous Metals	105.46	2.06%	172.72	2.67%	166.97	2.14%
Thermoelectricity Generation	319.89	6.25%	310.94	4.81%	265.55	3.40%
Subtotal	861.30	16.83%	962.45	14.88%	1050.81	13.45%

According to the portfolio of industries with excess production capacity, as of the end of 2010, the loan balance of this bank was RMB 30.234 billion, accounting for 3.87% of the domestic corporate loan and the proportion of non-performing loan in the industries with excess production capacity was only 0.16%.

Loan of Industries with Excess Production Capacity in CMB at the End of 2010

Unit: Equivalent in RMB (0.1 billion Yuan)

Industry with Excess Production Capacity	2008		2009		2010	
	Balance	Proportion in the domestic corporate loan	Balance	Proportion in the domestic corporate loan	Balance	Proportion in the domestic corporate loan
Iron and Steel	147.92	2.89%	114.34	1.77%	143.82	1.84%
Cement	33.55	0.66%	61.06	0.94%	78.52	1.01%
Coal Chemical	17.95	0.35%	31.50	0.49%	45.73	0.59%
Plate Glass	3.54	0.07%	2.32	0.04%	2.53	0.03%
Shipbuilding	27.35	0.53%	21.41	0.33%	27.36	0.35%
Polycrystalline Silicon	3.16	0.53%	3.60	0.06%	3.32	0.04%
Wind Power Equipment	1.12	0.02%	1.05	0.02%	1.05	0.01%
Subtotal	234.59	4.58%	235.28	3.64%	302.33	3.87%



Closing party of “Green CMB” Enterprise Cultural Festival



The remote banking center won the “Five-star Certification of CCCS Customer Contact Center Standard System” .



Pep Rally of Remote Banking Center for 2010 Expo Service Guarantee

## Special Theme

## SOCIAL RESPONSIBILITY PERFORMANCE OF OVERSEAS AGENCIES OF CMB

In 2010, centering on the medium-term strategy for promoting the managing internationalization, this Bank made new progress in the international operation. As of the end of 2010, we had 6 oversea institutions, including two branches (Hong Kong Branch and New York Branch), two subsidiaries (Wing Lung Bank and CMB International) and two representative offices (USA Representative Office and London Representative Office), with nearly 2000 overseas employees.



# WING LUNG Bank

Wing Lung Bank, founded in 1933, is among the oldest local Chinese banks in Hong Kong. The Bank provides deposits, loans, wealth management, credit cards, online Banking, syndicated loans, corporate financing, bills, hire-purchase and leasing, foreign exchange, insurance agency, Mandatory Provident Fund, etc. In 2008, Wing Lung Bank became a member of CMB Group and in 2009, it became a wholly-owned subsidiary of CMB. As of the end of 2010, the Bank had 48 banking business outlets in Hong Kong, Mainland China, Macau and overseas and more than 1,700 employees.



Participated in Green Power Around-Island Race



Opening ceremony of Macao branch of Wing Lung Bank



Participated in the environmental protection volunteer activity in the wetland

## (1) Customer Service

In 2010, Wing Lung Bank did a lot in service supervision management, customer complaint management, staff service training and high-quality service culture, etc. and it is dedicated to further enhancing the service quality. Through interview opinion survey, after-sale survey by phone, recording the constructive suggestions of customers and other ways, the Bank measured the customer satisfaction and took it as the reference benchmark. Meanwhile, according to the requirement of Hong Kong Monetary Authority, the Bank made customer complaint handling mechanism. In the aspect of advocating the high-quality service culture, the Bank continually followed the construction strategy of service culture of CMB and strengthened the sense of mission of all the people working in the Bank to provide the newest and best financial service for the customers. According to the actual situation, the Bank took the model of combining active training and independent study to strengthen the staff training in outside media communication and Mandarin Course. In 2010, the Wing Lung Bank built a new calling center, and, besides the increase of safety technique with password authentication, it provided more service inquiry and financial transaction services to enhance the convenience and easy maneuverability of system.

## (2) Business Innovation

Focusing on the actual demand of individuals and enterprise customer, Wing Lung Bank launched several

new services. In January, 2010, the Bank, signed the Collaboration Agreement of Capital Investment Entrance Scheme with King Hung Immigration Consultants CO., Ltd. After adopting the King Hung immigration application consultancy service, the customer can invest the capital investment entrance scheme and obtain the asset class of investment through Wing Kung Bank. In 2010, the Bank launched the service of SMS notification so as to provide better electronic service for the customers. The customers can receive the business transaction notice through SMS. In the same year, the Bank also launched the service of online submission of account opening application and the customers who have registered to use the net banking of Wing Lung Bank can submit the account opening application through the online banking, which is convenient and fast and omits the complicated account opening procedures in the past. In the end of 2010, the Bank signed the SME Financing Guarantee Program launched by Hong Kong Mortgage Corporation Limited and became one of the participant banks of this program. And it can provide more liquid capitals for the Hong Kong SME customers through loan.

## (3) Public Welfare Activities

Wing Lung Bank has always actively participated in the public welfare activities. Since 2006, it sponsored and supported the Around-Island Race every year. This year, it organized a team to participate in the “Green Power 17th Around-Island Race” and completed the 50km race and it fulfilled its promise and support of banking industry for the

environment protection with action. In response to the theme of “green and low-carbon” in the CMB’s 2010 Enterprise Culture Festival, the Bank organized the employees to take part in the activity of volunteer for nature and environment protection in the wetlands park in New Territories North of Hong Kong and they cleared the weeds and blighted grass in the forest conservation areas to restore the original scene of wetlands garden with green grasses. In the aspect of support for the educational causes, Wing Lung held a donation activity in April, 2010 and raised HKD 620 thousand and through the Sowers Action, the money was donated to Dujialiang Primary School in Zhongchuan Village of Gansu Province to build schools. In 2008, the Bank established scholarship plan in 9 colleges and donated HKD 1 million to every college. The colleges can use the interest from the fund as scholarship. Besides, the Bank appropriates funds to Hong Kong City Polytechnic University and Hong Kong Institute of Vocational Education to establish scholarships every year.

## (4) Integrated Development

In the aspect of retail business, Wing Lung Bank takes active measures to promote the integration work and exerts the effect of 1+1>2 through professional investors plan, credit card “Very Hong Kong” discount, expanding the range of regions to witness the account opening, security “Very Hong Kong” and unilateral commission rebate and other business activities. Besides, the Bank also actively held the cross-border customer activities together with

CMB. For example, it held the splendid horse racing game together with Dongguan Branch and the customers of Guangzhou Branch opened account in Hong Kong. It strengthened the integrated advantage, absorbed more high-end customers and built a one-stop China-Hong Kong cross-border financial service platform.

In the aspect of wholesale business, the Bank launched several new businesses, such as IPO collecting bank and dividend paying bank business, overseas payment business and offshore remittances express and so on and it is dedicated to making breakthrough in the field of cross-border businesses and realizing the goal of integration. All the departments of Wing Lung Bank promoted the business of cross-border settlement in RMB and the RMB NDF business after the Financial Department optimized the internal business process is now being actively recommended to the customers by the Banking Department and the Department of Commercial Banking of the company; the cross-border RMB long-term L/C business has been in the smooth operation orbit; the currency swap transaction flat-plate channel for the tradable and non-tradable domestic and cross-border business has been smoothly broken through.

Besides, Wing Lung Bank and CMB further enhanced the mutual understanding and communication and exerted the synergy effect through holding training together, the first cross-border financial business forum together and mutually sending employees to participate in the work of realistic job.

## HONG KONG Branch

Hong Kong Branch was formally founded on August 28, 2002. As the first overseas branch of this Bank, strictly abiding by the management principle of “Reputation, Service, Flexibility and Innovation”, following the development strategy of “Developing the Bank with technology”, “building the Bank with talents”, based on the domestic wide organization network, taking advantage of the advanced scientific and technological means and perfect management system, Hong Kong Branch provides high-quality service for the customers in Hong Kong and Mainland China. In 2010, the Hong Kong Branch actively participated in the social activities and performed its social responsibilities.



### (1) Actively Participating in the Activities of Chinese Banks' Association

As a member of Chinese Banks' Association, Hong Kong Branch participates in various activities held by the Association every year. In 2010, Hong Kong Branch firstly participated in the interbank table tennis match and interbank bowling match held by the Association and got a good result. While promoting the sport spirit, these activities enhanced the interbank communication and exchanges.

Besides, Hong Kong Branch actively participated in the organization development of the Association and joined in the Management Committee of Chinese Banks' Association. In 2010, Hong Kong Branch sent people to take part in the brainstorming meeting for the first half year and for the second half year of the Management Committee and provided many helpful suggestion for the development of the Association.

### (2) Supporting the Activities of Association of Chinese Enterprises in Hong Kong

As one of the members of the Association of Chinese Enterprises in Hong Kong, Hong Kong Branch actively participated in various activities held by the Association. In April, 2010, Hong Kong Branch sent its employees to participate in the Chinese chess tournament held by the Association. After the tough competition, the employee won

the championship of men' s single and the result was gratifying. In August, the Association held the 20th Anniversary Basketball Game and Hong Kong Branch sent two employees to form a team with China Merchants Group and participated in the game. In the group game, the team won five straight victories and became qualified for the next round of competition as the first. At last, the team won the third place. In November, the Association held the Biennial Sports Meeting and Hong Kong Branch participated in it with all its strengths and showed the sporting spirit.

### (3) Establishing the Steady Salary System

In order to stabilize the development of financial market, the regulatory authorities in some countries and regions require the banking industry to establish the steady salary system. The Hong Kong Monetary Authority also issued similar guidance and Hong Kong Branch actively responded to the requirement of Hong Kong Monetary Authority and established the steady salary system under the guidance of headquarters. This system mainly focuses on the change of bonus issuance system. Although this system will affect the income of employees in a short term, Hong Kong Branch still strictly established the related systems according to the requirements of Hong Kong Monetary Authority and took its share for the Hong Kong banking industry to establish the steady salary system.

# NEW YORK Branch

New York Branch, founded in 2008, is the first branch stationed in the USA. In 2010, New York Branch was dedicated to enhancing the service quality, promoting the green finance and paying close attention to the social welfare and combining the local actual situation of USA, actively exploring the international development road with CMB characteristics.



Interviewing, training and helping the unemployed American young women

### (1) Enhancing the Service Quality

In 2010, New York Branch intensified the construction of e-banking and the branch website (<http://ny.cmbchina.com/>) integrating inquiry, information and download as a whole was successfully brought online. This website is more close to the language habit of overseas customers and it enhanced the ability in providing service for SME customers with clear aim. Meanwhile, by virtue of the customer service e-mail released on the branch website, New York Branch successfully implemented the management regulation for customer complaints at abroad. The Branch established a self-created customer service channel. Every day, there is a person specially checking and accepting the e-mail from customers twice, making internal treatment within 24 hours and making reply to the customers in 48 hours and the Branch spares no effort to answer all the questions and give quick response. This service system has received favorable comments from many customers in the USA, Singapore and India and so on.

### (2) Promoting the Green Finance

In 2010, New York Branch completed the development of the English version of enterprise online banking and later, carried out the cross-border online banking service for 50 states of the USA. Even the customer in Hawaii can conveniently complete the online transfer through the online banking system of this Bank, without language barrier and time difference. Comparing to the traditional way by post, the online banking system greatly saves the labor force and financial resources and to some extent, it solves the

problem that the Branch does not have enough outlets in the USA and it is the green financial service instrument for the Branch to greatly promote the low-carbon environment protection in the next stage.

### (3) Supporting the Development of Enterprises

2010 is the second full year after New York Branch was comprehensively put into operation, and the Branch has carried out substantive business cooperation with COSCO Group, Wuhan Iron and Steel Group, Hong Kong Li & Fung Co., Ltd, USA branch of China International Marine Containers, China National Petroleum Corp (CNPC) and Zhengzhou Tianhai Group. The support for refinancing arrangement of CNPC acquiring the Geophysical Corp. (ION) in the USA was exclusively provided by this Bank through the overseas linkage way. New York Branch gradually cooperated with Citi Bank and Wells Fargo Bank to provide financing for Li & Fung - Wal-Mart, Digital China – CISCO and other Chinese enterprise project, which well supports the development of Chinese enterprise at abroad.

### (4) Pay Close Attention to Public Welfare

In 2010, the employees of New York Branch participated in several public welfare activities, including anticancer long-distance running, school volunteers and interview training for unemployed women, which effectively helps the development of local communities and public interest groups.



Hope\_Stars\_Here Anti-Cancer Long-Distance Running

## Comments from Third Parties



### Comments from

## Mr. Jet Li



李连杰

On January 11, 2011, One Foundation, as an effort we had been making for the public welfare, was finally publicly established in Shenzhen in the name Shenzhen One Foundation Public Interest Foundation and went public as an independent foundation. This is an innovation in the development of Chinese social public charity cause. I believe that this is what is expected by all those who care about and support One Foundation through China Merchants Bank. One Foundation could not have achieved what it has today without innovative support from China Merchants Bank and cardholders and donors who have been caring about One Foundation and supporting public charity cause through China Merchants Bank.

I still remember that day, November 1, 2008, when President Ma Weihua and I announced to the press and the public the launch of CMB One Foundation Caring Credit Card at the One Foundation Global Charity Forum and the award ceremony for the first One Foundation Model Project. This is an innovative action of China Merchants Bank in fulfilling its corporate social responsibilities and substantial support of the Bank to One Foundation and the charity of China. The follow-up launch of the CMB One Foundation Caring Debit Card further expanded the scope of donation to One Foundation through China Merchants Bank, embodying the Bank's support to the charity notion of a global family, which One Foundation cherishes. China Merchants Bank also provides an important platform for interaction between customers of the Bank and One Foundation charity. China Merchants Bank has been actively organizing the cardholders to participate in the voluntary work experience in various charity activities and has been providing One Foundation with substantial support and efficient operation in all activities One Foundation sponsored, including the model project development, the post-disaster reconstruction work in Sichuan, the drought-relieving program for the Southwest, the autistic children care project, the mentally retarded group care project, and the left-behind children care project.

I would like take this message as a chance to again express my thankfulness to Merchants Bank, President Ma Weihua and all the employees and customers of the Bank who have helped the growth of One Foundation. Going public is a new start as well as a new challenge for One Foundation. We need to cooperate more closely today and in future for the continuous success of One Foundation.



### Comments from Mr. Lang Lang

The gold sunflower is beautiful, but more beautiful is the Golden Sunflower Growth Fund that contributes so much to the healthy growth of children. I remember my first meeting with children winning the support from the Golden Sunflower Growth Fund on the highest point of the Great Wall. Then at Amazing China, a concert held in the Bird Nest, I witnessed the charming performance of the Qiang Children Art Troupe supported by the Golden Sunflower Growth Fund. And lastly, I witnessed the enterprising children supported by the Fund at the award ceremony for the Golden Sunflower Children's Piano Contest. At those three occasions, the children moved me. Performing together with them, I felt younger and more energetic. I hope more children can benefit from the Golden Sunflower, making it a more beautiful flower in China. I also wish that CMB will boom in China, just like countless sunflowers.

Comments from

## Chinese Federation for Corporate Social Responsibility



Following the guideline of "From society and for society", China Merchants Bank has been focusing its efforts for corporate social responsibility on the most critical issues of the Chinese society and actively participated in helping the poor with the education, the poverty and disaster relief and cultural and public welfare causes, displaying its keen awareness of its social responsibilities and excellent and effective performance in this aspect.

China Merchants Bank has also been seeking to practice its notion of social responsibility in its core business operations, making contribution to the industrial structure adjustment and update as well as the development of green industries, and making effective efforts to realize the healthy sustainable development of the enterprise and society through constantly improving customer service quality.

China Merchants Bank is seeking to perform its corporate social responsibilities within the range of its business and the scope of its influence and stresses the actual effects of the investment for social responsibility fulfillment. The value of social responsibility and the principle of action should be promoted as a model for Chinese enterprises in the fulfillment of their social responsibilities.

Comments from

WWF



CMB, the 6th largest commercial bank of China, has been playing a key guiding role in implementing the energy efficiency policy and green credit, facilitating the development of recyclable energy resources and protecting natural resources and ecological environment.

CMB has been actively supporting WWF and acting in response to its proposal for environment protection. In 2010, CMB participated in the Earth Hour campaign and won the Excellent Participating Enterprise Award. CMB is also one of the few Chinese banks participating in the UPEP FI. Those efforts display the corporate culture, sense of social responsibility and strategic vision of CMB in protecting natural resources and ecology and ensuring the sustainable development of the human society.

We hope CMB will continue its active exploration in terms of green credit and low-carbon finance, enhance its cooperation with international environment protecting organizations including WWF and make further significant contribution to the sustainable development of China.

Dr. Li Lin

Beijing Office, World Wildlife Fund (Switzerland)

March 1, 2011

Comments from

China Children and  
Teenagers' Fund



As an outstanding commercial bank, China Merchants Bank has not only been performing well in business but also actively playing its part in the performance of its corporate social responsibilities. So far it has established a long-term strategic plan and has been seeking to fully perform its corporate social responsibilities in satisfying the needs of its stakeholders through rewarding the shareholders, caring about its employees, participating in public welfare activities and realizing green development. In children care, China Merchants Bank has been cooperating in a wide range with China Children and Teenagers Fund. Of all its efforts, what's most significant is its prospective decision that best embodies the content of its corporate culture: to promote the charity that focusing on the growth of children and to facilitate the development of children and teenagers' culture and arts with the view of cultivating and developing the future arts talents of China.

In 2007, China Merchants Bank and the Fund co-sponsored the Sunflower Growth Fund with the view of promoting the health of children and teenagers. In 2010, the Piano Art Plan of the Sunflower Growth Fund was formally launched, with the mission of helping children of poor family achieving their artistic dreams. In August, 2010, China Merchants Bank and the Fund jointly organized a summer camping program - the 2010 Inspiring Expo Trip of the Sunflower Growth Fund. Outstanding teachers and students from a number of quake-stricken areas and areas for which CMB donates for education, including Yushu, Qinghai Province, Deyang, Sichuan Province, Yongren and Wuding, Yunnan Province, participated in the program.

While cooperating in the public welfare causes, CMB and the Fund also seek to expand channels to extend its love to the public. In 2002, the Fund established collection boxes at more than 700 outlets of the Bank, raising money from the employees of the Bank as well as the public.

We hereby express our sincere appreciation of CMB's long-term attention and support to the children charity causes of China.

February 21, 2011



Looking into

2011

2011 is critical for this Bank to deeply promote the “second transformation” and while continually maintaining the sustained growth of operating result, this Bank will focus on the following aspects to perform its social responsibilities.

#### 1. Constantly Enhancing the Customer Service Level

It is our relentless pursuit to provide higher-quality financial service for the customers. In 2011, this Bank will carry out the related work in the following eight aspects: service standard, service improvement, service supervision, service evaluation, complaint management, knowledge management, service training and service culture. Through sorting the current situation, making the goals to achieve, determining the implementation scheme and implementing the working measures, this Bank makes plan and carries out deep study and exploration about the construction vision of the above eight aspects of service management.

#### 2. Actively Exploring the Green Finance

In 2011, this Bank will take more practical measures to continuously control the credit growth of two-high industries and the industries with excess production capacity, strengthen the name list management, strictly abide by the credit access threshold and guarantee the further reduction of the proportion of their credit balances. Meanwhile, we will preferentially allocate the credit resources and strengthen the effort to support such green economies as low-carbon economy, recycling economy and energy-saving and emission-reduction economy. We will deeply study the balance point between risk and income in the credit business development of such strategic emerging industries as energy-saving and environmental protection, new generation of information technology, biology, high-end equipment manufacturing, new energy, new materials and new energy vehicles so as to advance the development of these strategic emerging industries.

#### 3. Strengthening the Effort to Support the Development of SME

This Bank will adhere to taking the development of SME business as the major content of operating strategy adjustment and based on the small enterprise credit center and SME financial departments and other professional operating teams, we will comprehensively arrange and support the development of SME, especially the small enterprises, microenterprises and personal operating credit. We will further regulate and optimize the procedure of SME credit business, enhance the approval efficiency through reasonable authorization and alleviate the difficulties in financing of SME so as to promote the folk economic prosperity, promote the employment and support the people's livelihood.

#### 4. Innovatively Carrying out the Public Welfare Activities

In 2011, based on summarizing the successful experience in focused poverty relief activities, participation in disaster relief activities, donation for education and support for the cultural and sports Causes, this Bank will further widen the horizon in public welfare activities and expand the channels for public welfare activities and further strengthen the effort to support the development of public welfare activities through establishing the stable source of funds for public welfare activities inside the enterprise, improving the construction of volunteer team, exploiting the combination point of public welfare activity and business development, carrying out the cooperation with the public welfare organization and giving priority to the public welfare cooperation projects and other measures.

In the post-financial crisis era, the global macro economic and financial situation is complex and volatile and in the China banking industry, challenges and opportunities coexist. In 2011, this Bank will further deeply promote the management reform, centering on the concerns of stakeholders, actively performs its social

## 2010 CMB Achievements and Honors



- The Bank was shortlisted for World-Class Chinese Brand and was ranked No. 1 in the P/B list of all the banks in the world in the selection done by British Financial Times.
- The Bank was the only one winning two awards, namely the Best Commercial Bank and the Best Retail Bank, in the list of China Banking Industry Achievement Awards in the election jointly held by British Financial Times and Roland Berger Strategy Consultants in 2010.
- The Bank was selected for the second time the Best Private Bank in China in the annual Private Banking and Wealth Management Survey conducted by Euromoney. This is the only award for comprehensive achievements won by private banking sector in China.
- The Bank ranked No. 7 among the Best Chinese Brands Value List published jointly by Forbes and Interbrand, with a brand value annual compound growth rate of 21%.
- The Bank was awarded four honors by Finance Asia in the election of the Best Enterprises in Asia, including the Best Management Company, the Best Corporate Governance and the Best Investor Relationship and the Best Corporate Social Responsibility.
- The Bank was awarded two honors, namely the Best Retail Bank in China and the Best SME Loan Bank in China, in the election of the Star of China for 2010 by Global Finance.
- The Bank was awarded the Best Private Bank in the election held jointly by Huaxia Times, CCTV Financial Channel, Hexun Network and Financial Weekly.
- The Bank was awarded the Best Wealth Management Brand in the election held jointly by Hexun Network, the Eastmoney Network, Phoenix TV and Phoenix Network.
- The 95555 Call Center of the Bank was awarded the title of the Global Call Center 2010 in the Annual Call Center Exhibition 2010 held in New Orleans, USA.
- The Bank was awarded the Golden Bee Award for Corporate Social Responsibility and the Special Award for Support to SMEs Development in the fifth International Forum on Corporate Social Responsibility held by WTO Tribune and others.
- The Red Cross Society of China awarded the Bank the China Red Cross Outstanding Contribution Medal.
- The Bank won the 2010 Best Asian-Pacific Enterprise with the Strongest Sense of Social Responsibility at the Asia-Pacific Chinese Entrepreneurial Leaders Forum.
- The Bank was awarded the title of the Best Green Bank in the Election for the Banks Best Trusted by Chinese CFOs in 2010 held by the CFO Magazine.
- The Bank was awarded the title of the Best Domestic Custody Specialist—China in the Election for the World's Best Banks 2010 held by The Asset Magazine.
- The Bank was awarded the title of the Best Local Cash Management Banks in China in the election of the World's Best Cash Management Banks released by Asiamoney.

## GRI Indexes

NO	Content of disclosure	Level	Page
<b>Strategy and analysis</b>			
1.1	Statement of the top decision-maker on the corporate strategy and sustainable development of the enterprise	High	01~02
1.2	Description on major effects, crisis and opportunities	High	01~19
<b>Company overview</b>			
2.1	Description of the Institution	High	03
2.2	Major brands, products and services	High	03
2.3	Organizational structure chart	High	17
2.4	Address of the headquarters	High	08
2.5	The country where the Institution operates and number and names of countries related to the Institution	High	07
2.6	Nature and legal form of ownership	High	03
2.7	The market the Institution serves	High	03
2.8	Size of the Institution (including number of employees, revenue, market capitalization, etc.)	High	03/21
2.9	Major changes in the size, structure, or the weights of the ownership during the reporting period	High	03
2.10	Awards and honors received during the reporting period	High	65~66
<b>Report Parameters</b>			
3.1	Time of the information reporting	High	07
3.2	Time of the latest reporting	High	07
3.3	Reporting cycle	High	07
3.4	Contact ways for the response to the questions related to the reporting or the content of the report	High	08
3.5	Procedures for defining content to be reported	High	07
3.6	Scope of reporting	High	07
3.7	Explanations to the scope and factors limiting the reporting	High	07
3.8	Basis of the report, reporting the mode of handling the joint ventures, subsidiary bodies, rental facilities, foreign procurement business and other entities that may have a serious influence on the comparability between different organization in (or) different reporting periods.	Not applicable	07
3.9	Data calculation and processing methods	High	07
3.10	Explanation for the adjustment and update of the information contained in previous reports	Not applicable	—
3.11	Major changes in the report in terms of the scope, limits and assessing methods	Not applicable	—
3.12	List standards and norms referred to in the report, marking the page numbers and links	High	07

NO	Content of disclosure	Level	Page
3.13	List policies and current measures by which the Institution seeks external authentication in the Authentication Report attached to the Sustainability Report. If not listed, please explain scope and basis for the external authentication, and explain the relationship between the reporting Institution and the authenticator.	Not applicable	—
<b>Corporate governance</b>			
4.1	Governance structure of the institution	High	17
4.2	Clarify whether the president of the top governance body holds any executive position	High	17
4.3	If the Institution has a complete board system, list the numbers of independent directors and non-executive directors	High	17
4.4	Mechanisms by which shareholders and employees present opinions and recommendations to the top management	High	31
4.5	Relationship between the remuneration of the management personnel, senior managers and executives and the performance of the Institution	High	—
4.6	Procedures by which the top decision makers avoid conflicts of interest	High	16
4.7	Qualifications of the top decision makers for their offices	High	—
4.8	Missions, values, codes of conduct and principles related to the economy, environment, social benefits and the implementation of goals in those aspects	High	02
4.9	Ways the top decision makers supervise the Institution and manage the economic, social and environmental benefits of the Institution	High	12
4.10	Procedures and methods for the assessment of the performance of the top decision Makers	High	05
4.11	Whether and how the Institution proposes preventive measures	High	16
4.12	Any rules, principles or other proposals concerning the economic, environmental and social aspects proposed by external organizations and signed or approved by the Institution	High	42~48
4.13	Membership of any associations (such as industry associations) and/or domestic and international organizations	High	38
4.14	List of institutional stakeholders	High	05
4.15	Basis for identifying and selecting institutional stakeholders	High	05
4.16	Procedures for institutional stakeholders to participate in the operation of the Institution	High	12~13
4.17	Major questions proposed by stakeholders and the method by which the Institution responds	High	13
<b>Economic performance indexes</b>			
EC1	Direct economic value generated and distributed	High	08
EC2	Financial problems arising from activities of the Institution because of changes in the market environment and other risks and opportunities	High	39~40
EC3	Benefit and compensation plans the Institution expressly undertakes	High	30
EC4	Major financial assistance the Institution receives from the government	Not applicable	—

NO	Content of disclosure	Level	Page
EC5	Ratio of the starting wage at major business locations of the Institution over the local minimum wage	High	—
EC6	Policies and arrangements of the Institution at its major business locations for local suppliers and the ratio of the expenses on the relationship	Low	44
EC7	Procedures of the Institution for employment of local personnel at its major business locations and the ratio of the local personnel employee for the top management	High	—
EC8	Investments in infrastructure and public services donated in business activities in cash or kind for the well-being of the public and the social impacts	High	35~39
EC9	Explain major indirect economic impacts the Institution is informed of and the degree of the impacts	High	35~39

#### Environment-related performance indexes

EN1	The total quantities of materials used	High	—
EN2	Ratio of recyclable materials used	High	—
EN3	Direct energy consumption by major source	High	—
EN4	Indirect energy consumption by major source	High	—
EN5	Energy saved because of environment protection measures and efficiency improvement	High	43~44
EN6	Plans for products and services of energy efficiency effects using renewable energy and the effectiveness of the plans	High	45~46
EN7	Plans to reduce indirect energy consumption and the effectiveness of the plans	High	43~48
EN8	Total water consumption expressed by major source	High	—
EN9	Source of water seriously affected by water consumption	Low	—
EN10	Ratio and total consumption of recycled water	High	—
EN11	Locations and areas of land owned, rented or managed by the Institution in conservation areas or other areas of biodiversity, or in other areas of similar nature or in areas adjacent to such areas	Low	—
EN12	The impacts of activities, products and services of the Institution in conservation areas or areas outside such conservation areas with relatively large biodiversity values over the biodiversity	Low	—
EN13	Protected or restored habitats	Low	—
EN14	Strategy, current operations and future plans of the Institution affecting biodiversity	Low	—
EN15	List the following types of endangered species according to the degree of risks they are exposed: species listed in the Red List of the International Union for Conservation of Nature and Natural Resources and those listed in the National Protection List	Low	—
EN16	Total emission of direct and indirect greenhouse gases expressed by weight	High	46
EN17	Total emission of other related indirect greenhouse gases expressed by weight	High	—
EN18	Plans for reducing greenhouse gas emissions and the effectiveness of the plans	High	43~44
EN19	Total emission of ozone-deleting substances expressed by weight	Low	43
EN20	Total emission of NO, SO and other key gases expressed by weight	Low	—

NO	Content of disclosure	Level	Page
EN21	Total water discharge expressed by quality and destination	High	—
EN22	Total weight of waste expressed by category and means of discharge	High	43
EN23	Total number and volume of serious leakages	Not applicable	—
EN24	Weight of waste defined as poisonous in the schedules attached to the Basel Convention that are transported, imported, exported or treated, and the percentage of such waste transported by international ships	Not applicable	—
EN25	Sources of water and locations, areas protection and biodiversity values of relevant habitats seriously affected by water discharge and runoff water from the Institution	Low	—
EN26	Plans to reduce the impacts of the products and services of the Institution over the environment and the effectiveness of the plans	High	43~46
EN27	Percentage of the packaging materials for products sold and that for products recycled expressed by category	Not applicable	—
EN28	The total of large-sum fines for breach of environment protection laws and regulations and the number of sanctions other than fines the Institution has been subject to	Low	—
EN29	Major impacts on the environment incurred because of the transportation products and other goods and materials used for operation and by transportation of employees of the institution	Low	—
EN30	Total support and investment for the environment protection by type	High	45~46

#### Social performance indexes

LA1	Totals of employees by type of employment, employment contract and areas	High	29
LA2	Total numbers and rates of employee turnover by age group, sex and region	High	29
LA3	Benefits provided for full-time employees (excluding temporary or part-time employees) by business section	High	29~30
LA4	Percentage of employees protected by collection bargain agreement	High	—
LA5	The shortest time window for the change of business, including whether such notice period is noted in the collective agreement	High	—
LA6	Ratio of employees in the total number of members of the formal labor, health and safety committees help supervision and consultation of the occupational health and safety plans	High	—
LA7	Numbers of employees suffering work-related injuries and occupational diseases and the work days lost and the number of work-related deaths	High	—
LA8	Educational, training tutoring programs on serious illnesses and preventive and risk control plans for employees, employees' family members or members of the community	High	30
LA9	Items in the formal agreement signed with the labor union that involve health and safety	High	30
LA10	Average numbers of hours of training each employee receives by category of employees	High	32
LA11	Skill management and life-long learning programs that enhance the continuous professional development and occupational shift	High	32
LA12	Percentage of employees receiving regular performance assessment and participating in career development programs	High	—

NO	Content of disclosure	Level	Page
LA13	Detailed categories of management personnel and employees by sex, age, ethnic group and other multiple-element indexes	High	29
LA14	Ratio of basic wages of male and female employees by type of employees	High	—
HR1	Total numbers and percentage of major investment agreement containing provisions related to human rights or having passed the audit concerning human rights	Low	—
HR2	Percentage of major suppliers and contractors that have passed the audit concerning human rights and actions the Institution has taken to rectify the circumstances	Low	—
HR3	Total numbers of hours of training employees receive in the policies and procedures in terms of human rights involved in the business activities and the percentage of employees receiving training	High	—
HR4	Total number of cases of discrimination and actions the Institution has taken to rectify the circumstances	High	—
HR5	Activities that have been found to be likely to seriously threaten the freedom of association and collective bargaining rights and actions taken to protect such freedom and rights	High	—
HR6	Activities that have been found to be likely to seriously threaten child workers and actions taken to abolish child labor	High	30~31
HR7	Activities that have been found to be likely to lead to forced labor and actions taken to eliminate such labor	High	30~31
HR8	Percentage of security workers who receive training in the policies and procedures in terms of human rights involved in the business activities	Low	—
HR9	Total number of cases where the local employees' interests are infringed and actions the Institution has taken to rectify the circumstances	High	—
SO1	Assessment and management work related to the affairs of the community and the core philosophy, scope of assessment and management and the effectiveness of the work	High	—
SO2	Total number and percentage of business units subject to corruption risk analysis	High	—
SO3	Percentage of employees who have received training in anti-corruption policies and procedures from the Institution	High	—
SO4	Actions taken to punish persons responsible for bribery	High	15
SO5	Position on public policies and participation in the procedures for formulating and legislating public policies	Medium	—
SO6	Totals of financial and material donations for political parties, politicians and relevant organizations by country	Not applicable	—
SO7	Total number of legal proceedings involving the anti-trust measures of the Institutions and the results	Low	—
SO8	The total of large-sum fines for breach of laws and regulations and the number of sanctions other than fines the Institution has been subject to	High	—
PR1	Assessment of the impacts of the products and services on the safety and health of consumers at different stages of the life of the products and types of key products or services subject to such assessment.	Medium	—
PR2	Numbers of times the Institution violates laws, regulations and self-disciplining rules that control the impacts of the products and services on the health and safety during their life, listed by result	Medium	—
PR3	Numbers of times the Institution violates laws and regulations governing the product and service trademarks by result	High	—

NO	Content of disclosure	Level	Page
PR4	Measures for the management of customer satisfaction, including customer satisfaction survey results	High	—
PR5	Plans established for observing laws, regulations and self-disciplining rules for marketing	High	—
PR6	Total number of cases where the Institution violates laws and regulations governing marketing activities	High	—
PR7	Total number of established customer complaints where in the institution is complained of for violating the customer privacy or losing customer information	High	—
PR8	Sums of fines the Institution has paid for violating laws and regulations governing the promotion of products or services	High	—

#### Financial Services Sector Supplement (FSSS)

FS1	Environment and society related policies aiming at the business of the Institution	High	43~46
FS2	Procedures for the assessment and monitoring the business environment and social risks in the course of operation	High	39
FS3	The monitoring of the customer environment and social compliance	High	12~15
FS4	Procedures for improving the ability of employees to enforce policies related to environment and society	High	15
FS5	Interaction with customers, investors and partners in terms of environmental and social risks and opportunities	High	13
FS6	Proportions of business by region, scale and industry	High	03
FS7	Values of products and services designed for the realization of specific social objectives by objective	High	24~26
FS8	Values of products and services designed for the realization of specific environmental objectives by objective	High	46
FS9	The coverage and frequency of audit on the environmental and social policies and risk assessment procedures	High	45
FS10	Ratio and number of companies with which the reporting institution interact in the investment portfolio in terms of environmental and social factors	High	46
FS11	Weight of assets subject to forward and backward screening by environmental and social factors	High	43~48
FS12	Policies of the reporting Institution for the application of voting rights or vote proposing rights to environmental and social issues	High	43~48
FS13	The access points in sparsely populated or economically underdeveloped areas of by category	High	—
FS14	Motions proposing financial services benefiting more inferior groups	High	23
FS15	Policies for fair design and sale of financial products and services	High	22
FS16	Motions proposing the improvement of basic financial knowledge by type of beneficiaries	High	23

## Feedback

### Dear reader:

Thanks for reading the Social Responsibility Report for 2010 of China Merchants Bank. This is the 5th Social Responsibility Report for 2010 of China Merchants Bank. We understand that errors and mistakes are inevitable in this report and we would appreciate your opinions and recommendations, which will surely help us to promote our work in terms of corporate social responsibility.

Thanks!

Compiling group of Social Responsibility Report for 2010 of CMB  
March, 2011

Name		Tel		E-mail	
Unit				Contact	
		Substantiality	Completeness	Objectiveness	Readability
Social Responsibility Management					
Sustained Value Growth and Shareholder Confidence Enhancement					
Improvement of Customer Experience and Development of Brand Reputation					
Care for Staff Development and Enhancement of Mutual Confidence					
Harmonious Society Building and Performance of Responsibilities					
Promotion of Green Development and Pursuit of Grand Beliefs					
Overall evaluation of the report					
What improvement do you recommended?					

Note: For each evaluation index, you are expected to score 1-5 for the respective section. 1 is the lowest and 5 is the highest.

You may choose to provide your feedback by fax or mail to us. Your comments will be highly valued and we guarantee that no third party will access your comments.

