

Attestation Report on Pre-issuance of China Merchants Bank Hong Kong Branch's 2020 Green Bond

To the Directors of China Merchants Bank Co., Ltd.

We have been engaged by China Merchants Bank Co., Ltd. (the "Bank") to examine the assertions in the accompanying the *Description on China Merchants Bank Hong Kong Branch's 2020 Green Bond* (the "Description"), and expressed a limited assurance opinion on the Description.

Criteria

The Description is prepared in accordance with the *Green Bond Principles 2018* published by International Capital Market Association, the *Climate Bonds Standard (V3.0)* published by the Climate Bonds Initiative and Climate Bonds Sector Criteria.

Management's Responsibility

The management of the Bank (the "Management") is responsible for:

- Preparation of the Description in accordance with the *Green Bond Principles 2018* and the *Climate Bonds Standard (V3.0)*, and to ensure the fair presentation, accuracy, completeness and validity of the information contained in the Description;
- Preparation, presentation and implementation of internal controls in relation to project evaluation and selection, use and management of proceeds, and information disclosure and reporting in accordance with the *China Merchants Bank Green, Social and Sustainability Bond Framework* and to meet the criteria as set out in the *Green Bond Principles 2018* and the *Climate Bonds Standards (V3.0)*.

Assurance Practitioner's Responsibility

We conducted our limited assurance engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board.

Our responsibility is to express an independent limited assurance conclusion as to whether anything has come to our attention to cause us to believe that the Description, in all material respects, does not meet the Criteria.

Our Procedures

Our assurance procedures performed included, but were not limited to:

- Assessing policies and procedures established by the Bank related to the issuance of the China Merchants Bank Hong Kong Branch's 2020 Green Bond;
- Interviewing selected business unit personnel to understand the key issues in relation to the Bank's policies and procedures;
- Reviewing the Bank's policies and procedures in relation to the use and management of proceeds for the China Merchants Bank Hong Kong Branch's 2020 Green Bond;
- Reviewing the Bank's policies and procedures in relation to how Management evaluated and selected appropriate project(s) for the China Merchants Bank Hong Kong Branch's 2020 Green Bond;
- Reviewing the Bank's policies and procedures in relation to how Management compiled information and disclosed appropriately in the relevant documentation for the China Merchants Bank Hong Kong Branch's 2020 Green Bond; and
- Reviewing eligibility of all the nominated projects for inclusion in the China Merchants Bank Hong Kong Branch's 2020 Green Bond.

Assurance Conclusion

Based on our procedures performed, as described in this report as of 30 August 2020, nothing has come to our attention that causes us to believe that the assertions in the Description on the use and management of proceeds, project evaluation and selection and information disclosure and reporting of the bond issuance process of the China Merchants Bank Hong Kong Branch's 2020 Green Bond are concerned, in all material respects, does not meet the criteria as set out in the *Green Bond Principles 2018* and the *Climate Bonds Standards (V3.0)*'s pre-issuance requirement.

Limitations

There are inherent limitations in performing assurance, for example, assurance engagements are based on selective testing of the information being examined and it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to Description are subjective and will be interpreted differently by different stakeholder groups.

Our work is substantially less in scope than an audit conducted in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Accordingly, we do not express an audit opinion.

Our assurance work and report will not express an opinion on the effective and performance of the Bank's management system and procedure.

Our assurance was limited to the China Merchants Bank Hong Kong Branch's 2020 Green Bond issuance, and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as at 30 August 2020, ahead of the issuance of the China Merchants Bank Hong Kong Branch's 2020 Green Bond.

Use of Report

Our responsibility in performing our assurance activities is to the Directors of the Bank only and in accordance with terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the China Merchants Bank Hong Kong Branch's 2020 Green Bond issuance is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third party purpose.

Our Independence, Quality Control and Assurance Team

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. We have complied with the quality control requirements of the *International Standard on Quality Control 1* issued by the International Auditing and Assurance Standards Board. Our team has required competencies and experience for this assurance engagement.

Ernst & Young Hua Ming LLP

Beijing, China

30 August 2020

Appendix I

Description on China Merchants Bank Hong Kong Branch's 2020 Green Bond

In accordance with the *Green Bond Principles 2018* published by the International Capital Market Association and *Climate Bonds Standard (V3.0)* published by Climate Bonds Initiative, China Merchants Bank Co., Ltd. (the "Bank") established the *China Merchants Bank Green, Social and Sustainability Bond Framework* (the "Framework"), which defined the use of proceeds, process of project evaluation and selection, management of proceeds, as well as reporting.

Use of Proceeds

In accordance with the Framework, the Bank has defined the responsibility on the use of proceeds.

The net proceeds will be used exclusively for the financing and/or refinancing of Eligible Green Projects that meet the eligibility criteria as specified in the Framework. The following sectors will be excluded from Eligible Green Project categories:

- Sectors which are prohibited by laws and regulations in China, such as child labor, gambling industry, adult entertainment and corporations which are in association with illegal activities
- Luxury sectors such as precious metals, artworks & antiques and golf course services
- Distillation, rectification and mixed alcoholic beverages
- Production and trade of tobacco and tobacco products
- Hydro power with installed capacity >20MW
- Biomass which is suitable for food sources
- Mining and quarrying
- All fossil fuel-related assets and activities, such as clean coal projects and rail projects carrying fossil fuels
- Energy saving and emission reduction projects in heavy industries
- Nuclear energy and nuclear related assets
- Weapon and ammunition
- Army vehicles leasing and operation
- Activities involving the production, distribution or storage of hazardous chemicals and radioactive materials
- Commercial lumbering in primary tropical rainforest
- Unsustainable forest wood production and trade

Process of Project Evaluation and Selection

In accordance with the Framework, the Bank defined the responsibility on project evaluation and selection.

The Bank’s Asset and Liability Management Department will conduct preliminary selection of projects according to the eligibility criteria of the Framework, by considering different factors including but not limited to sectors, geographies, asset types, and outstanding loan amounts, etc. Such list of preliminary assets will be tagged as Eligible Green Projects according to principles such as prioritizing project loans and new projects, forming an “Eligible Project List”.

The Asset and Liability Management Department will prepare the relevant document lists for the “Eligible Project List”, and initiate document review and site visits.

The Asset and Liability Management Department will annually review the Eligible Green Projects financed, and on a timely basis, make replacement and addition as necessary, to ensure the full amount of proceeds are allocated to Eligible Green Projects.

The Bank nominated 7 Eligible Green Projects, with total value of RMB 7,742.56 million (approximately USD 1,119.84 million based on the exchange rate of USD 1: RMB 6.9140). Nominated Eligible Green Projects list is as follows.

Eligible Green Projects List

No.	Region	Project	Eligible Green Project Categories	Key contribution to SDGs	Loan Amount (RMB million)	Loan Amount (USD million)
1	Southern China	Metro Project	Clean transportation		3,000.00	433.90
2	Eastern China	Metro Project			450.00	65.09
3	Eastern China	Metro Project			2,000.00	289.27
4	Northern China	Metro Project			350.00	50.62
5	Northern China	Metro Project			700.00	101.24
6	Eastern China	Metro Project			792.56	114.63
7	Central China	Metro Project			450.00	65.09
Total Loan Amount					7,742.56	1,119.84

Location	Number of Projects	Proportion
Southern China	1	38.75%
Northern China	2	13.56%
Eastern China	3	41.88%
Central China	1	5.81%
Total	7	100.00%

Examples of expected environmental benefits of the abovementioned projects are as follows:

- A metro project located in Guangdong Province of Southern China. The total length of the metro is 43.2km with 32 stations, and the expecting capacity of this line is 451.51 million passengers/year in primary stage. This line is expected to reduce CO₂ by 119,739 tons/year. The Bank's loan to this project accounted for approximately 7.23% of the total project investment, which is expected to reduce CO₂ by 8,662 tons/year.

Management of Proceeds

In accordance with the Framework, the Bank has defined the responsibility on the management of proceeds.

During the outstanding period, the Asset and Liability Management Department of the Bank's head office, and the Treasury Department of the bond-issuing branch will dynamically manage the use of proceeds.

The Asset and Liability Management Department will set up project management ledgers for eligible projects and is responsible for regularly and on a timely basis, summarizing the update of project information in the ledgers. If a material event or situation changes has occurred to an eligible project during the bond existing period, the relevant line department will decide on a remediation plan with the Asset and Liability Management Department; if there is no major change in the eligible projects, the relevant line department will provide updated information on eligible projects to the Asset and Liability Management Department on an annual basis.

The ledger will include the following information:

- 1) Transactions Information
 - Transaction date
 - Amount of (net) proceeds

- Maturity date
 - Coupon
 - Bond type
 - Pricing date
 - ISIN code
- 2) Proceeds Allocation Information
- Project briefing of various Eligible Green Projects allocated
 - Amounts allocated to the various Eligible Green Projects
 - Amount of unallocated proceeds
 - Use of unallocated proceeds

Any proceeds which are temporarily unallocated to Eligible Green Projects will be held in cash by the Asset and Liability Management Department or invested in money market instruments with good market liquidity, and will be managed in accordance with the Bank's liquidity management policy. The Bank is committed that no temporarily unallocated proceeds will be invested in the industries and activities involved in abovementioned Exclusions.

Reporting

In accordance with the Framework, the Bank has defined the responsibility on the reporting.

The Bank will publish annual reporting regarding the proceed allocation of green bond, until full allocation of proceeds into Eligible Green Projects. The reporting will provide the following information:

- 1) Disclosure on allocation of proceeds
- Allocation amount by Eligible Green Project category, and clearly indicating the SDG(s) of which such allocation supports
 - Amount of proceeds to be allocated, and its temporary treatment
 - Allocation amount by geographical distribution
 - Project examples, subject to confidentiality
- 2) Impact reporting on the relevant environmental benefits

The Bank will publish the *China Merchants Bank Green, Social and Sustainability Bond Report*, and disclose the above information through channels including the Bank official website www.cmbchina.com.

China Merchants Bank Co., Ltd.

30 August 2020