

China Merchants Bank Co., Ltd.

**Assurance Report
on Use of Proceeds from 2020 Sustainability Bond Issuance**

As of 31 December 2021



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Assurance Report on Use of Proceeds from 2020 Sustainability Bond Issuance of China Merchants Bank Luxembourg Branch

To the China Merchants Bank Co., Ltd.

We have been engaged by China Merchants Bank Co., Ltd. (the “Bank”) to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the Bank’s use of Proceeds from 2020 Sustainability Bond issuance (the “Subject Matter”), which comprise the Statement on the Proceeds from the issuance of 2020 Sustainability Bond as of 31 December 2021 in the accompanying the Appendix A and the Statement on the disbursements of the Proceeds from the issuance of 2020 Sustainability Bond as of 31 December 2021 in the accompanying Appendix B.

Criteria applied by the Bank

In preparing the use of Proceeds from 2020 Sustainability Bond issuance in the Appendix A and Appendix B, the Bank applied the *Green Bond Principles 2018*, *Social Bond Principles 2020* and *Sustainability Bond Guidelines 2018* published by International Capital Market Association and *The People’s Bank of China Announcement No. 39 [2015]* including its annex *Green Bond Endorsed Project Catalogue 2015* (the “Criteria”).

The Bank’s Responsibility

The Bank’s management is responsible for selecting the Criteria, and for presenting the use of Proceeds from 2020 Sustainability Bond issuance in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Assurance Practitioner’s Responsibility

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our 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. The standard require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

We also apply *International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of Procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the use of Proceeds from 2020 Sustainability Bond issuance and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with personnel to understand the business and reporting process;
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter;
- Checked the Bank's policies and procedures in relation to the subject matter;
- Checked the register of use of Proceeds from the Bank's 2020 Sustainability Bond Issuance maintained by the relevant department;
- Tested, on a sample basis, underlying source information to check the accuracy of the data.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the use of Proceeds from 2020 Sustainability Bond Issuance as of 31 December 2021 in the Appendix A and Appendix B, in order for it to be in accordance with the Criteria.

Restricted Use

Our responsibility in performing our procedures and reporting thereon is to the Bank only and in accordance with terms of reference for this engagement as agreed with them. The report may not be suitable for another purpose. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance of any such third party may place on the Bank's 2020 Sustainability Bond Issuance is entirely at its own risk.



Ernst & Young Hua Ming LLP

28 March 2022

Beijing, China

Appendix A

Statement on the proceeds from the issuance of 2020 Sustainability Bond as of 31 December 2021

In accordance with the *Green Bond Principles 2018*, *Social Bond Principles 2020* and *Sustainability Bond Guidelines 2018* published by the International Capital Market Association and *The People's Bank of China Announcement No. 39 [2015]* including its annex *Green Bond Endorsed Project Catalogue 2015*, we provide an account of the USD 300.00 million raised by China Merchants Bank Luxembourg Branch (hereinafter referred to as "CMB" or "the Bank") from the issuance of the Sustainability Bond filed on 22 September 2020 (the "Sustainability Bond") as follow:

1. CMB issued the Sustainability Bond amounting to USD 300.00 million on 22 September 2020, the proceeds were received on 25 September 2020, equivalent to CNY 2,029.41 million.
2. CMB constructed a special ledger for the accounting and proper management of the Sustainability Bond, including the record of funds received from bond issuance, as well as the disbursements and subsequent recovery of funds, so as to ensure that funds raised are specifically used as intended, solely for eligible projects over the duration of the Sustainability Bond.
3. Management of CMB is responsible for the preparation of the Statement detailing how funds raised from the issuance of the Sustainability Bond had been utilized as set out in Appendix B, including the completeness, accuracy and validity of the information contained in the Statement.
4. Management of CMB declared that as of 31 December 2021, USD 300.00 million had been raised from the issuance of the Sustainability Bond, all had been disbursed to the Eligible Projects, in accordance with the *Green Bond Principles 2018*, *Social Bond Principles 2020*, *Sustainability Bond Guidelines 2018* and the *China Merchants Bank Green, Social and Sustainability Bond Framework*. In addition, green projects in China complied with *The People's Bank of China Announcement No. 39 [2015]* including its annex *Green Bond Endorsed Project Catalogue 2015*.



China Merchants Bank Co., Ltd.

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Appendix B

Statement on the disbursements of the proceeds from the issuance of 2020 Sustainability Bond as of 31 December 2021

The proceeds from the Sustainability Bond ⁽¹⁾:

Issuer	Currency	Amount (million)	Net Amount (million)	Interest rate	Exchange rate ⁽²⁾	Amount in CNY(million)	Maturity date
CMB	USD	300.00	297.91	Fixed	6.8121	2,029.41	2023/9/25
Total			-			2,029.41	-

(1) Reflects the principal raised from the Sustainability Bond issuance.

(2) The exchange rate is based on the announcement of the People's Bank of China's exchange rate on input value date.

The disbursements of the proceeds from the Sustainability Bond:

Type	Category	Amount (CNY million) ^{(3) (4)}	Proportion
Green Projects	Clean transportation	1,453.38	71.62%
Social Projects	Access to essential services (healthcare services)	576.03	28.38%
Total	-	2,029.41	100.00%

(3) Funds disbursed in support of the eligible projects that meets the requirements of the issuance circular and Appendix A.

(4) Represents the amount of funds disbursed on eligible projects that meet relevant standard and criteria as of 31 December 2021.



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