

**Circular 22/2009 Supervisory Banking Authority regarding effective governance of compensation
Circular Institutsvergütungsverordnung (InstitutsVergV) from 6.10.2010**

This requirement stipulated in this circular have to be followed by financial institutions according to article 1, par. 1 b and article 53, par. 1 German Banking Act.

We are acting as a branch of China Construction Bank Beijing according to article 53 par 1. German Banking Act. After a thorough check of the regulations published in December 2009 and October 2010 the Senior Management of China Construction Bank Niederlassung Frankfurt am Main decided to fulfill the aforementioned rules by implementing the following principles for compensation:

1. We distinguish between local employees and expatriates.
2. This distinction applies also for the Managing Directors.
3. Local employees receive a fixed salary only which is determined in the employment contracts
4. Local employees do not receive any contractual or non contractual incentives in form of additional payments or payment promises which would make them entering risky business transactions to the advantage or disadvantage of the Frankfurt Branch.
5. Granted bonus payments to local staff is solely decided on a free will basis of Head Office
6. Expatriates salary payments – including bonus payments and others – are solely arranged by our Head Office and cannot be decided by the local Branch management.
7. Expatriates are not getting any contractual or non contractual incentives in form of additional payments or payment promises which would make them entering risky business transactions to the advantage or disadvantage of the Frankfurt Branch.
8. The payment structure of our bank's staff (average 22 staff members including Senior Management) moves within a normal range and does not contain financial incentives which could negatively affect/endorse our Bank's performance. The salaries of all employees including the salaries of the Senior Management are frequently supervised and monitored by our Head Office. The salaries of our expatriates are determined and controlled by our Head Office as well. The salaries of the local staff are determined by the local Senior Management. There are no guaranteed bonus payments existing.