

China Minsheng Banking Corp., Ltd.

2014 Interim Results Announcement



August 2014

Disclaimer



This presentation contains forward-looking statements that involve risks and uncertainties. These statements are generally indicated by the use of forward-looking terminology such as believe, expect, anticipate, estimate, plan, project, target, may, will or other similar words that express an indication of actions or results of actions that may or are expected to occur in the future. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. These forward-looking statements are based on our own information and information from other sources we believe to be reliable. Our actual results may be materially less favorable than those expressed or implied by these forward-looking statements which could affect the price of our shares.



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Outlook

Business overview



In 1H2014, the Group further implemented its strategy of becoming a “bank for NSOEs”, “bank for small and micro enterprises” and “bank for high-end retail customers” to proactively respond to the adjustments and changes in macro-economic environment and regulatory policies and delivered continuous improvement in profitability

1

Continuous improvement in profitability and stable return to shareholders

- ◆ Net profit attributable to equity shareholders of the parent company amounted to RMB25,570 million, representing an increase of 11.44% Y-o-Y
- ◆ Operating income amounted to RMB64,952 million, representing an increase of 11.04% Y-o-Y
- ◆ Net interest margin and net interest spread were 2.62% and 2.42% respectively, up 0.21 and 0.18 ppt Y-o-Y
- ◆ Basic earnings per share was RMB0.75, representing an increase of 11.94% Y-o-Y ; net assets per share attributable to equity shareholders of the parent company was RMB6.53, representing an increase of RMB0.72, or 12.39% over the end of the previous year

2

Further expansion of balance sheet and steady development of strategic business

- ◆ Total assets of the Group amounted to RMB3,571,451 million, representing an increase of 10.70% over the end of the previous year
- ◆ Total balance of loans and advances to customers and total deposits totaled RMB1,696,283 million and RMB2,420,577 million, representing increases of 7.75% and 12.76% over the end of the previous year respectively
- ◆ The Company had 12,027 NSOE customers¹ with outstanding general loans¹ totaling RMB619,882 million, accounting for 82.15% and 61.66% of corporate banking segment respectively¹
- ◆ The Company has basically completed the development of small business finance (version 2.0) of the business process for official launch. Outstanding loans to small and micro enterprises¹ reached RMB404,782 million, and the number of small and micro enterprises customers¹ reached 2,358.9 thousand, representing an increase of 23.83% over the end of the previous year
- ◆ Community finance business reported rapid growth. As of end of 1H2014, the community sub-branches (including multi-functional self-service banks) in operation amounted to 4,261¹
- ◆ The Company had 14,342 private banking customers¹, representing an increase of 11.18% over the end of the previous year. Financial assets under management¹ reached RMB222,985 million, representing an increase of 16.17% over the end of the previous year
- ◆ The number of mobile banking customers was 8,956.6 thousand, representing an increase of 61.52% over the end of the previous year
- ◆ The number of direct banking customers¹ was 674.6 thousand and total application for "Ru Yi Bao" was RMB64,583 million

3

Further optimization of operation structure and enhancement of management and cost control

- ◆ The balance of personal deposits amounted to RMB596,148 million, representing an increase of RMB85,204 million or 16.68% over the end of the previous year; and the balance of personal deposits accounted for 24.63% of total deposits, representing an increase of 0.83 ppt over the end of the previous year
- ◆ Net non-interest income was RMB21,352 million, up 19.10%Y-o-Y, which accounted for 32.87% of the operating income, representing an increase 2.22 ppts Y-o-Y
- ◆ The Group also strengthened its management and cost control to enhance operation efficiency. The cost-to-income ratio was 29.20%

4

Enhanced risk management and maintained stable asset quality

- ◆ The impaired loans ratio, provision coverage ratio and provision for total loans ratio were 0.93%, 215.87% and 2.01%, respectively

Note:

1 Bank standalone

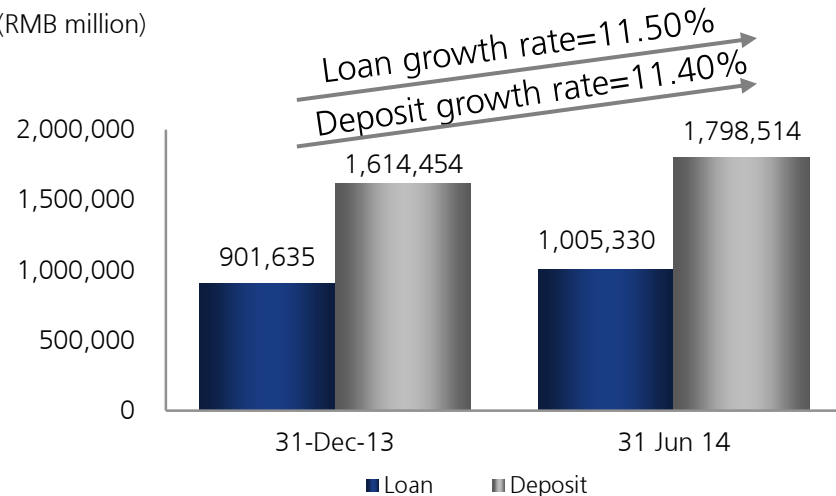
Corporate banking – Consolidating existing customer base and enlarging scale of financial assets



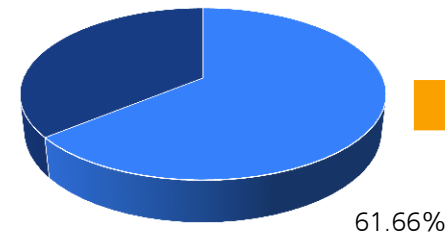
The Company further promoted the “SBU reform version 2.0” and the transformation of the corporate banking business of branches. Moreover, the Company broadened the base of valued customers, strengthened the cross-sales between SBU and branches and pushed forward product integration so as to facilitate the transformation and development of the corporate banking business by focusing on high-quality assets and expanding the liability business.

Corporate deposits and loans (general corporate loans) ¹

(RMB million)



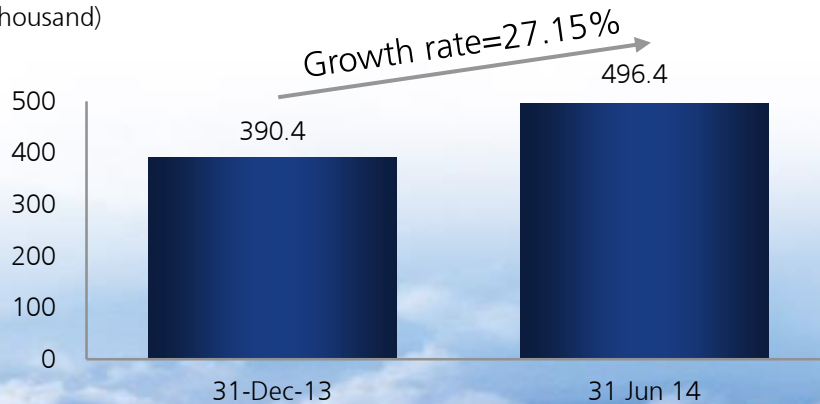
Outstanding balance of NSOE general loan and % to corporate banking business¹



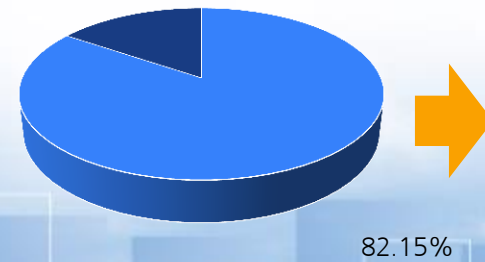
Outstanding balance of NSOE general loan: RMB619,882 million

Corporate deposit accounts with outstanding balance¹

(thousand)



Number of NSOE customers with outstanding loan balances and % to corporate banking business¹



Number of NSOE customers with outstanding loan balances: 12,027

Source: Company interim report, company annual report

Note:

1. Bank standalone

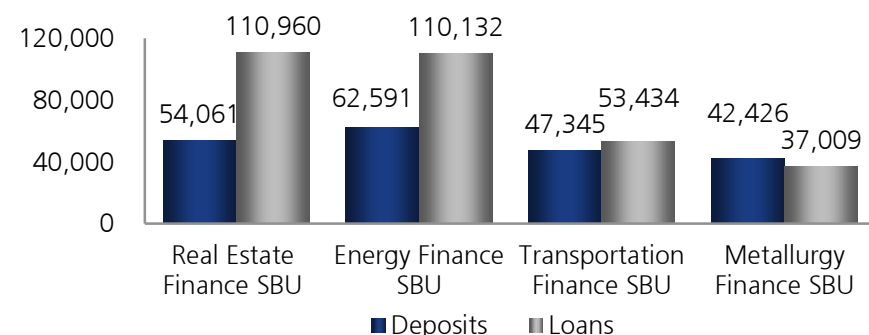
Corporate banking—Accelerated the implementation of SBU reform version 2.0



The Company accelerated the implementation of the SBU reform version 2.0. Based on the four major principles of “quasi corporation nature, professionalism, financial resources integration and financial stewardship team”, the structures and internal operation procedures of SBUs were further refined and adjusted. It also accelerated the transformation to a professional investment bank. All business lines achieved stable development

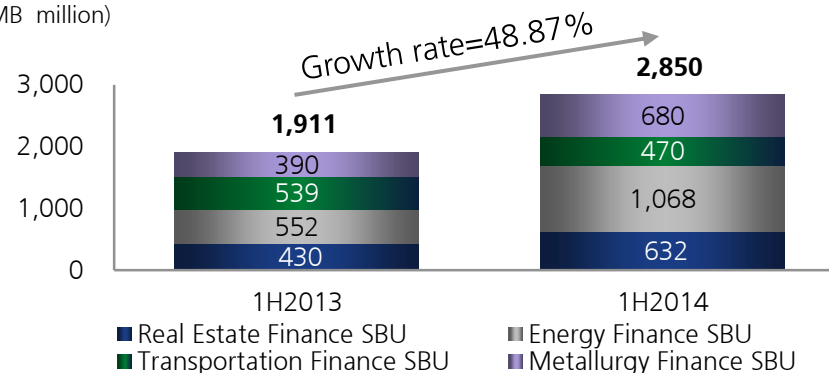
Balance of deposits and loans of industry SBUs^{1, 2} (general corporate loans)

(RMB million)



Net non-interest income from industry SBUs^{1, 2}

(RMB million)



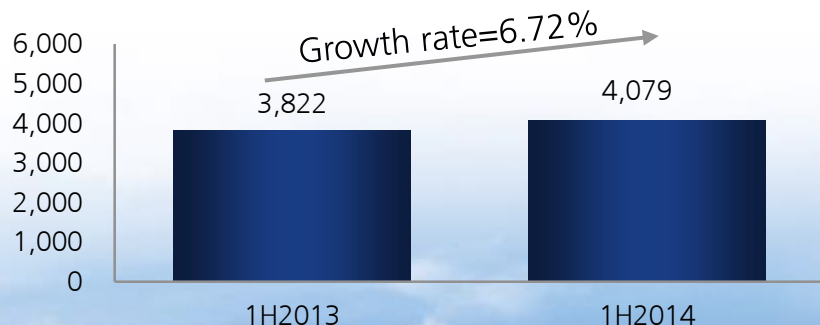
Continuous growth in trade finance business

Net non-interest income¹

(RMB million)

The Innovative Trade Finance Services in Asia
—Financial Time and Boao Review

The Best Trade Finance Bank for Small and Medium-sized Enterprises in China
—The Asian Banker



Rapid growth of modern agriculture, culture industry and stone material industry finance SBU

Modern Agriculture Finance SBU

- Focusing on marine fishery, forestry and livestock and developed an innovative commercial model. A set of operating procedures was specially designed for target customers in the modern agricultural industry. The SBU also promoted business transformation and industry integration of investment banking
- The Company granted credit to 60 customers. The financial assets under its management amounted to RMB3,447 million with an operating income of RMB77 million. Net non-interest income was RMB46 million, accounting for 59.74% of the operating income

Culture Industry Finance SBU

- Adhered to the operating philosophy of a quasi-investment bank and promoted the development of customer base and exploration of commercial model with a focus on the seven major industries, including film and television, cultural tourism, artwork, art performance, traditional culture and cultural creativity
- The financial assets amounted to RMB6,016 million, representing an increase of 65.23% as compared with the end of last year. The average daily deposits amounted to RMB3,581 million, representing an increase of 109.05% as compared to last year

Stone Material Industry Finance SBU

- Aiming to become the largest provider of stone material industry finance in China, launched its “commercial banking + investment banking” business for stone material industrial chain and provided comprehensive financial and non-financial services for the whole industrial chain, such as stone mining, business matching, stone professional market and import and export
- The balances of deposits, financial assets and loans amounted to RMB3,628 million, RMB8,148 million and RMB4,962 million, respectively. The non-interest income was RMB45 million

Source: Company interim report, company annual report

Note:

1 Bank standalone

2 Including Real Estate Finance SBU, Energy Finance SBU, Transportation Finance SBU and Metallurgy Finance SBU

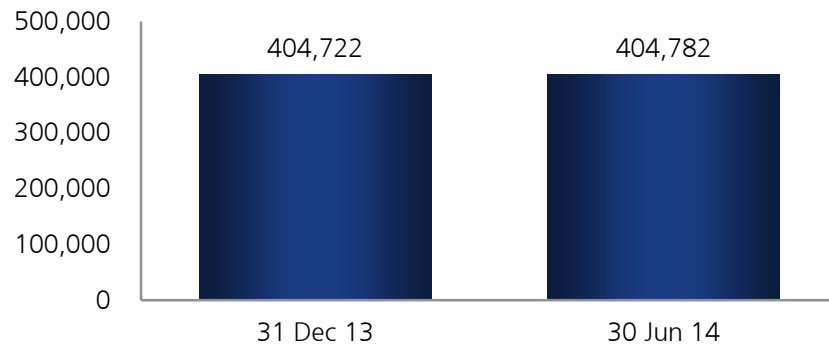
Retail banking—Continuous implementation of "small business finance and community finance" strategy



Adhered to its "small business finance and community finance" strategy and persisted in its version 2.0 for small and micro enterprises and enhanced resources integration and refined internal coordination mechanism. Through promoting cross-selling and establishing social circles surrounding the outlets, the competitive edge of retail banking business was enhanced

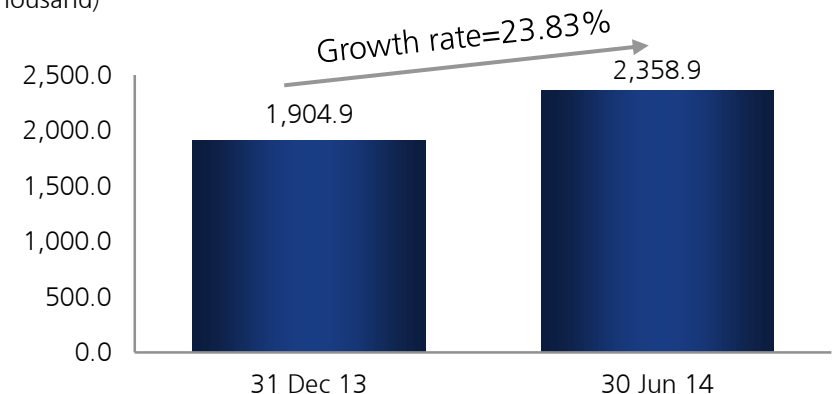
Outstanding loans to small and micro enterprises¹

(RMB million)



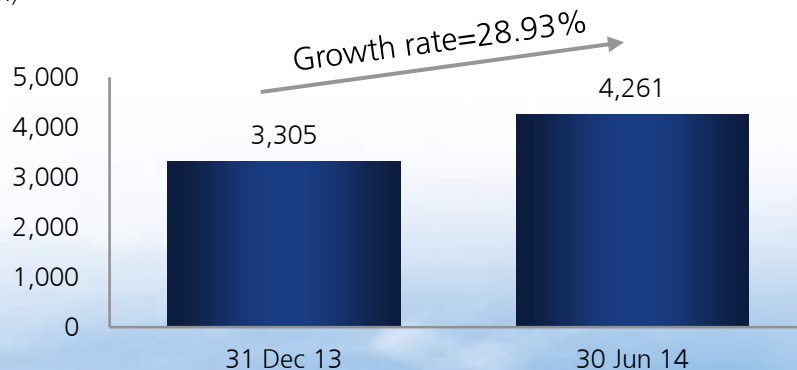
Number of small and micro enterprise customers¹

(thousand)



Number of outlets for community finance¹

(No.)



Continuous innovation of retail banking products

- ◆ Innovated and launched products, such as Lifestyle APP, "Kuai Le Shou", a service for payment and settlement, and "Zhi Jia Xin", a guarantee service for consumption, through the daily life platform of community finance
- ◆ Launched numerous new consumer credit products, including consumer loan auto payment, consumer micro-loan and multi-loans products
- ◆ The headquarters cooperated with the branches to expand the application of IC cards. The batch development of campus cards, citizen cards and social cards in regional markets, such as Wuhan and Nanjing, achieved significant progress
- ◆ Officially launched Shanglong Card to provide customers with corporate and retail integrated settlement services.

Source: Company interim report, company annual report

Note:

1. Bank standalone

Retail banking and private banking businesses continued to expand



"Best Domestic Private Banking Performance", 2013
— Hurun Report

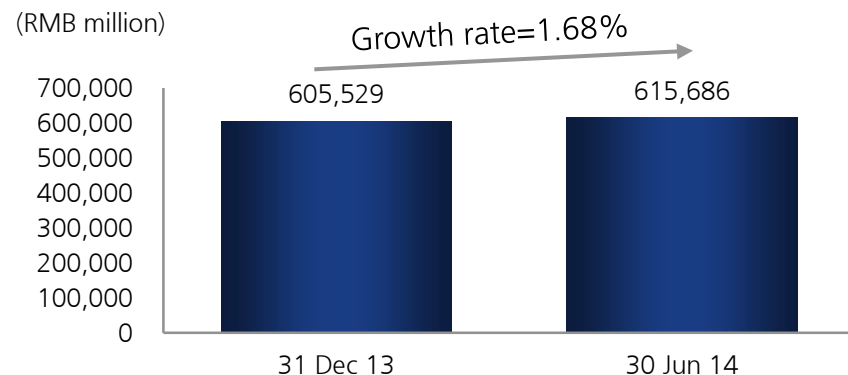


Outstanding Equity and Venture, 2013
Capital Award in China for 2013
— The Investment Association of China

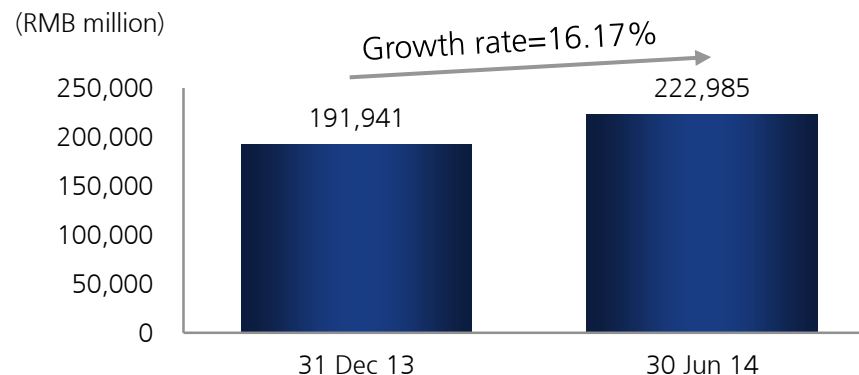


"Gold Medal Services for the Year" 2013
— Financial Money

Personal loans and advances



Private banking financial assets under the management and number of customers¹

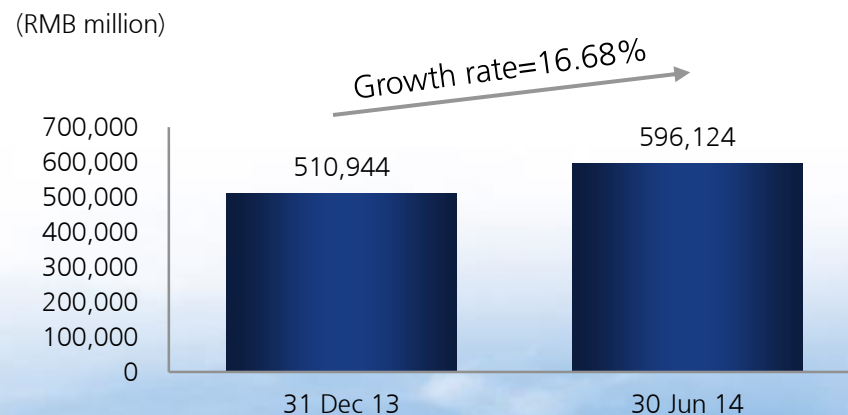


Number of customers (No.)

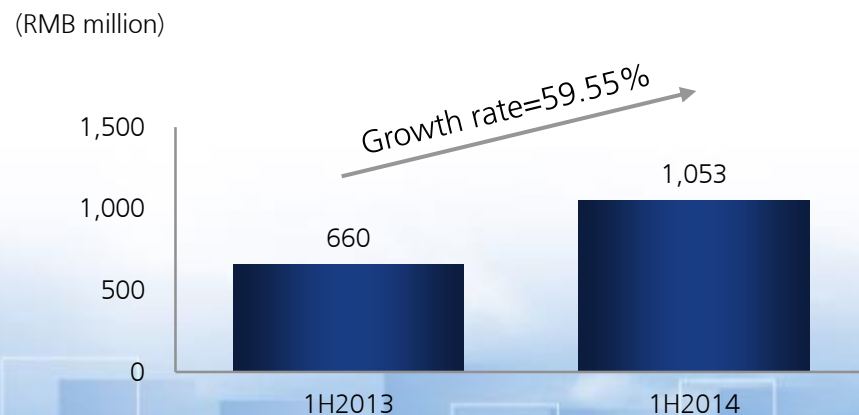
12,900

14,342

Personal deposits



Net non-interest income of private banking business¹



Source: Company interim report, company annual report

Note:

1 Bank standalone

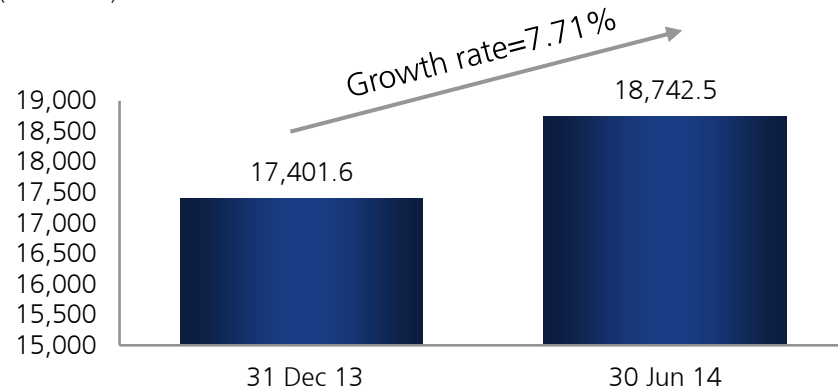
Leading credit card business



The Company has developed a leading credit card business and reported continuous growth in the number of issued credit cards, transaction volume, balance of receivables and fee and commission income

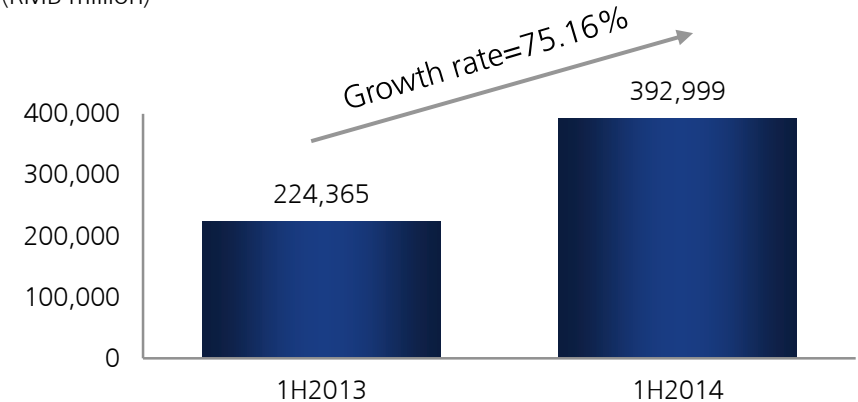
Aggregate number of issued credit cards¹

(thousand)



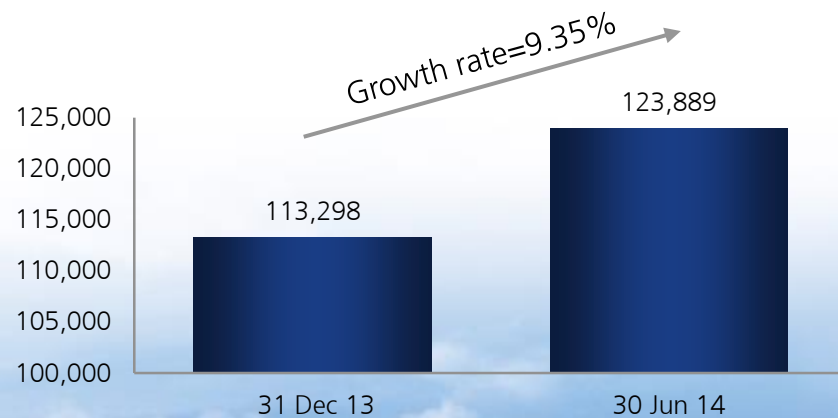
Transaction volume¹

(RMB million)



Balance of receivables¹

(RMB million)



Fee and commission income¹

(RMB million)



Source: Company interim report, company annual report

Note:

1 Bank standalone

Overseas business—HK branch marked a significant milestone



As an important platform, the Hong Kong branch optimized its pricing mechanism, asset allocation and internal evaluation system to facilitate the rapid development of its collective business and consolidate our position in the international market

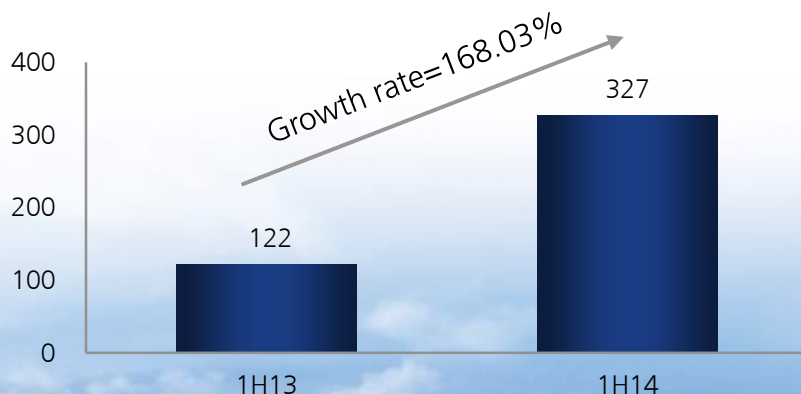
Three major business segments

Wholesale banking	<ul style="list-style-type: none"> Including "5+1" businesses,. "One" refers to trade finance business and "Five" refers to overseas operation, ship-owner financing, bulk commodity and frozen food, alternative financing as well as small business finance services
Capital transaction	<ul style="list-style-type: none"> Provide risk-hedging operations such as foreign exchange and bulk commodities trading and derivative products, in addition to its basic functions of cash and liquidity management
Private banking	<ul style="list-style-type: none"> Preserve and maximize the wealth of our customers and their families by providing unique financial and non-financial services through our comprehensive investment management, family wealth management consultancy as well as wealth planning and preservation services

Fast growing cross-border collective trade finance business

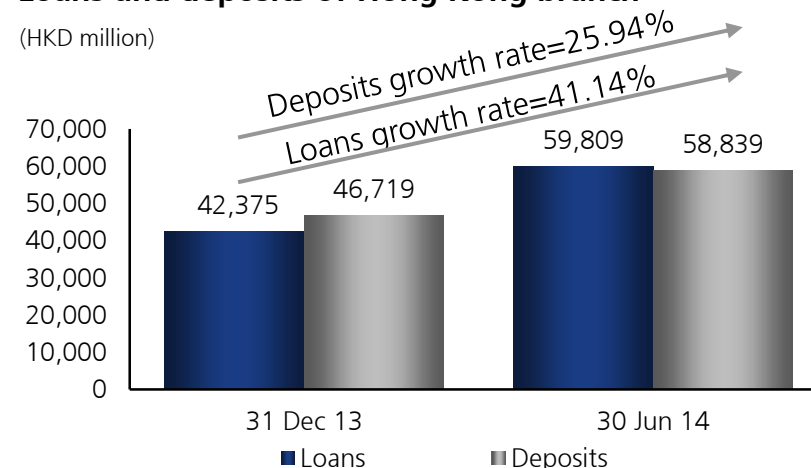
Net fee and commission income

(HKD million)

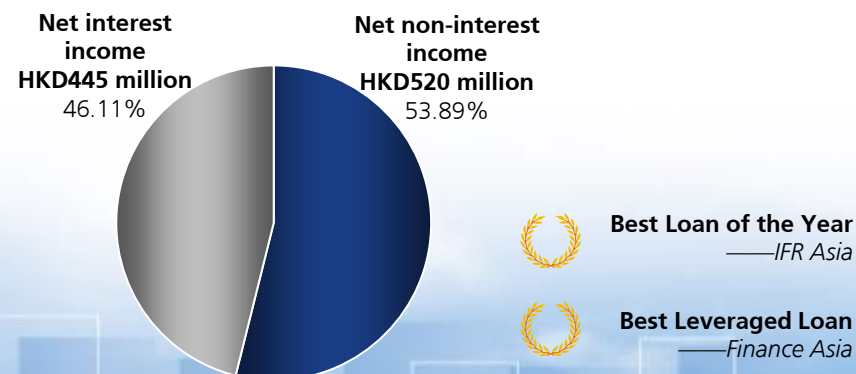


Loans and deposits of Hong Kong branch

(HKD million)



Operating income breakdown of Hong Kong branch (1H14)



Source: Company interim report, company annual report

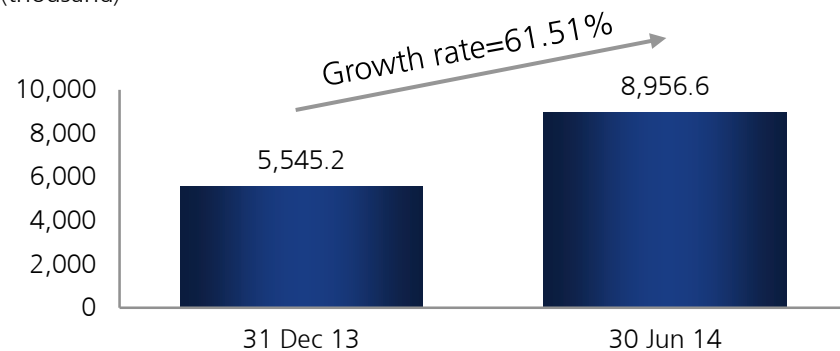
Fast growing e-banking business



The Company further developed its e-banking and internet finance with focus on the development of mobile banking and direct banking. As a result, the customer base and the transaction volume achieved rapid growth with the number of active customers showing a steady upward trend.

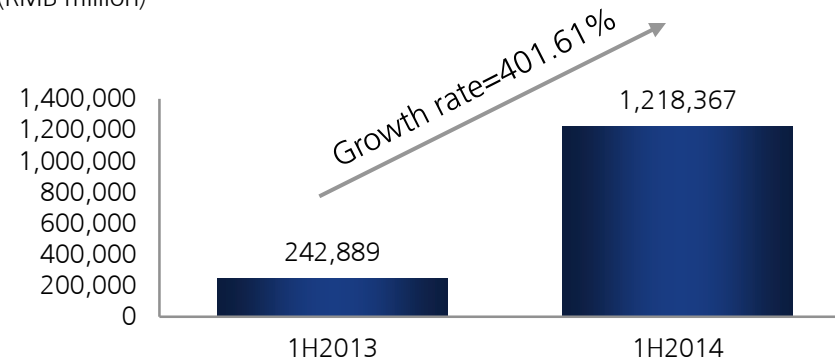
Number of mobile banking customers¹

(thousand)



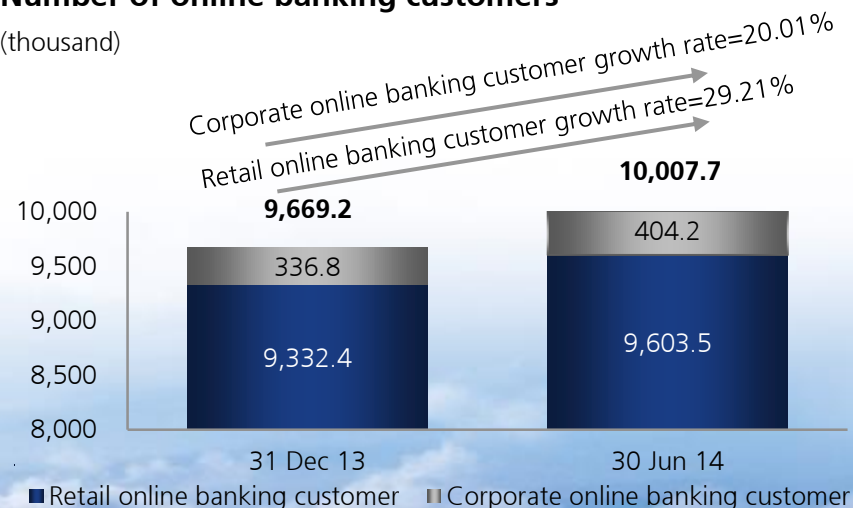
Turnover of mobile banking¹

(RMB million)



Number of online banking customers¹

(thousand)



Number of transactions¹
(thousand)

145,638

674,694

Fast growing direct banking

- On 28 Feb 14, the bank launched direct banking service to capture opportunities of internet finance and market demand, which has been growing well since then
- Designated website, mobile apps, WeChat banking, service hotline etc. were launched
- The Company released wealth management services jointly with third parties to expand customer base. As a result, the number of customers and transactions saw rapid increase
- As at the end of the Reporting Period, the number of customers was 674.6 thousand and total application for "Ru Yi Bao" was RMB64,583 million

Source: Company interim report, company annual report

Note:

1 Bank standalone



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Overview of key financial indicators



Income statement highlights

(RMB million, except per share data)	1H2014	1H2013	Growth rate (%)	
Operating income	64,952	58,492	↑	11.04
Of which: Net interest income	43,600	40,564	↑	7.48
Net non-interest income	21,352	17,928	↑	19.10
Profit before income tax	34,397	30,994	↑	10.98
Net profit attributable to equity shareholders of the parent company	25,570	22,945	↑	11.44
Basic earnings per share (RMB)	0.75	0.67	↑	11.94

Statement of financial position highlights

(RMB million)	1H2014	1H2013	Growth rate (%)	
Total assets	3,571,451	3,226,210	↑	10.70
Of which: Gross balance of loans and advances to customers	1,696,283	1,574,263	↑	7.75
Total liabilities	3,342,152	3,021,923	↑	10.60
Of which: Deposits from customers	2,420,577	2,146,689	↑	12.76
Equity attributable to equity shareholders of the parent company	222,199	197,712	↑	12.39

Key profitability indicators (%)

	1H2014	1H2013	Change (ppt)	
ROAA (annualized)	1.54	1.42	↑	0.12
ROAE	12.18	13.18	↓	(1.00)
Net interest margin (NIM)	2.62	2.41	↑	0.21
Net fee and commission income to total operating income	28.39	27.73	↑	0.66
Cost to income ratio ¹	29.20	28.57	↑	0.63

Asset quality indicators (%)

	30 Jun 14	31 Dec 13	Change (ppt)	
Impaired loans ratio	0.93	0.85	↑	0.08
Allowance to total loans ratio	2.01	2.21	↓	(0.20)
Capital adequacy ratio indicators (%)²				
Core tier-one capital adequacy ratio	8.76	8.72	↑	0.04
Tier-one capital adequacy ratio	8.77	8.72	↑	0.05
Capital adequacy ratio	11.05	10.69	↑	0.36

Source: Company interim report, company annual report

Note:

1. Cost to income ratio = (Operating and other expenses – business tax and surcharges) / operating income

2. Calculated in accordance with the *Administrative Measures for the Capital of Commercial Banks (Provisional)* which became effective on 1 January 2013 and other relevant regulatory requirements

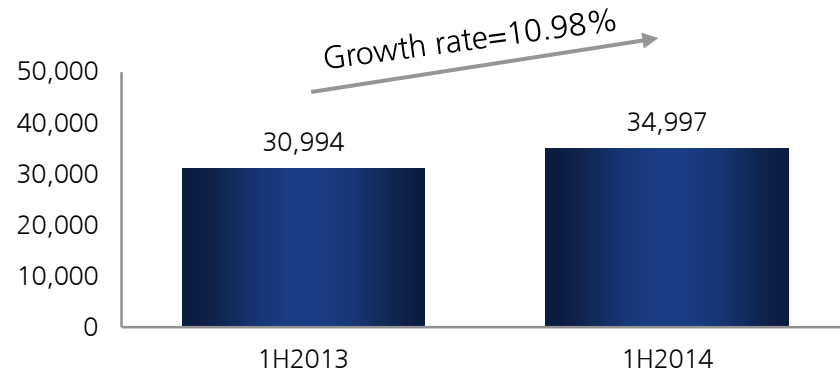
Profitability



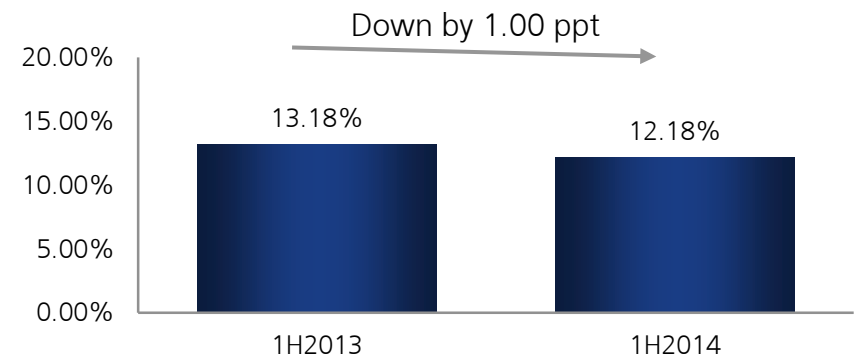
In 1H2014, the Group sustained good performance in terms of profitability and operating results; due to the slowdown of net profit growth, ROAE reported a slight decline Y-o-Y

Profit before income tax

(RMB million)

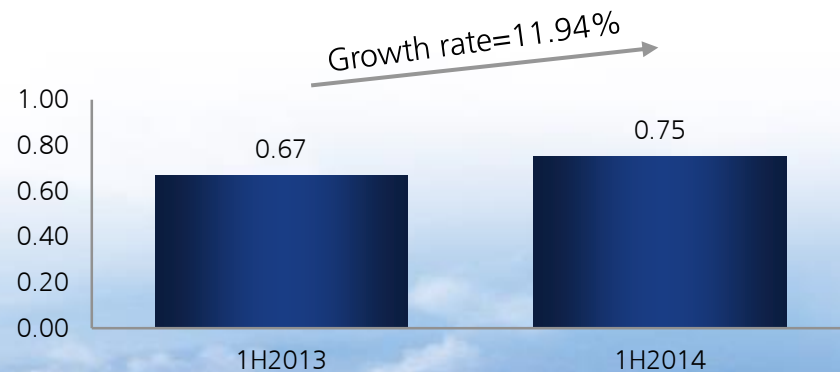


ROAE

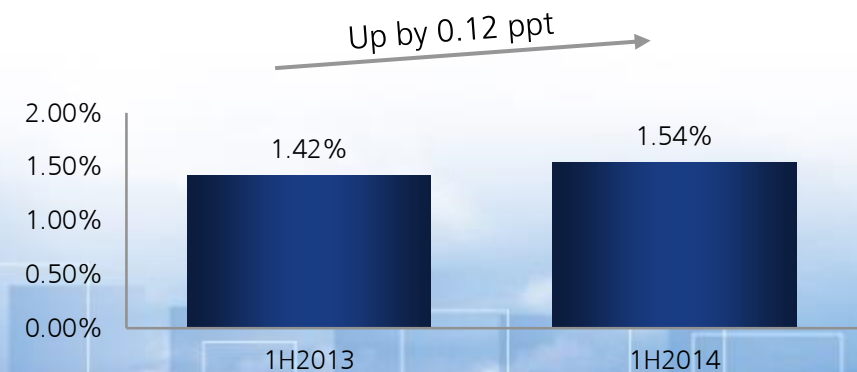


Basic earnings per share

(RMB)



ROAA (annualized)



Source: Company interim report, company annual report

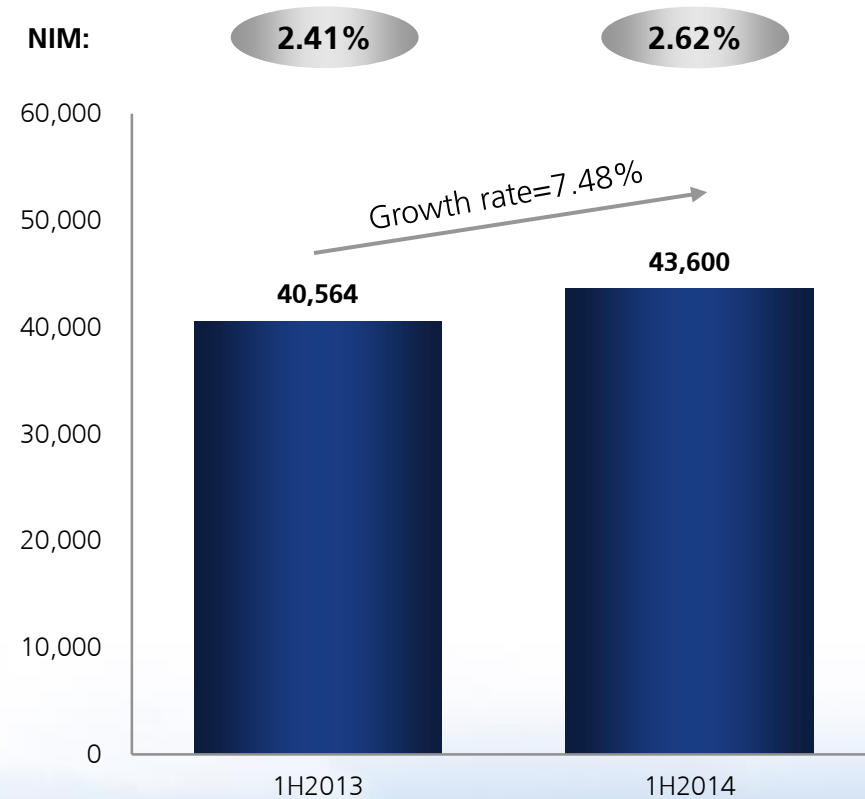
Net interest income



Increase of NIM and the expansion of interest earning assets fuelled the growth in net interest income

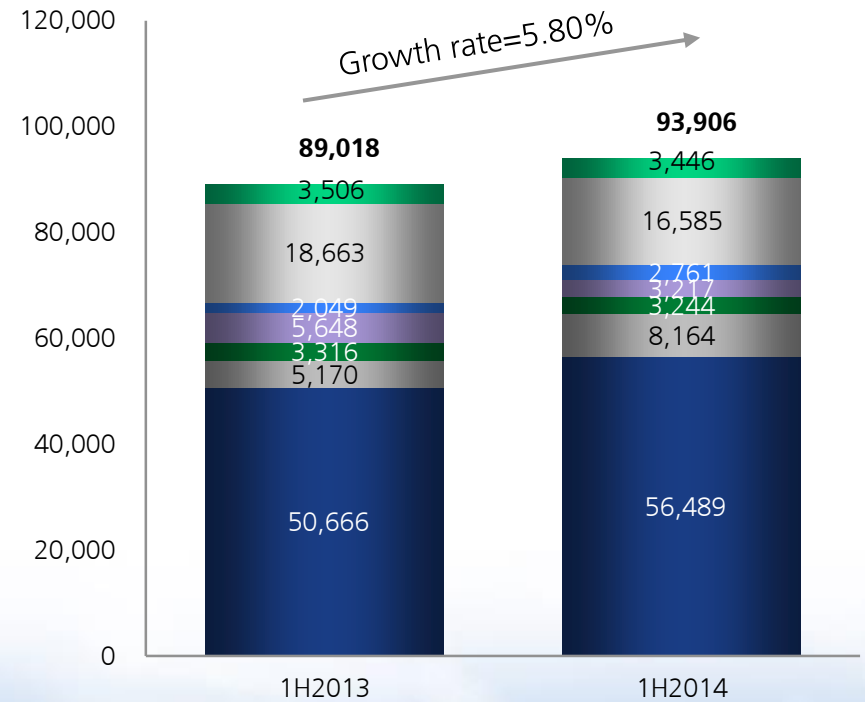
Net interest income

(RMB million)



Growth and composition of interest income

(RMB million)



- Total balance of loans and advances to customers
- Securities and other investments
- Balances with the central bank
- Balances with banks and other financial institutions
- Placements with banks and other financial institutions
- Financial assets held under reversed repo agreements
- Long term receivables

Source: Company interim report, company annual report

Net non-interest income



Fast growing fee and commission income accounted for an increasing contribution to the operating income and further diversified the company's income sources

Net non-interest income

(RMB million)

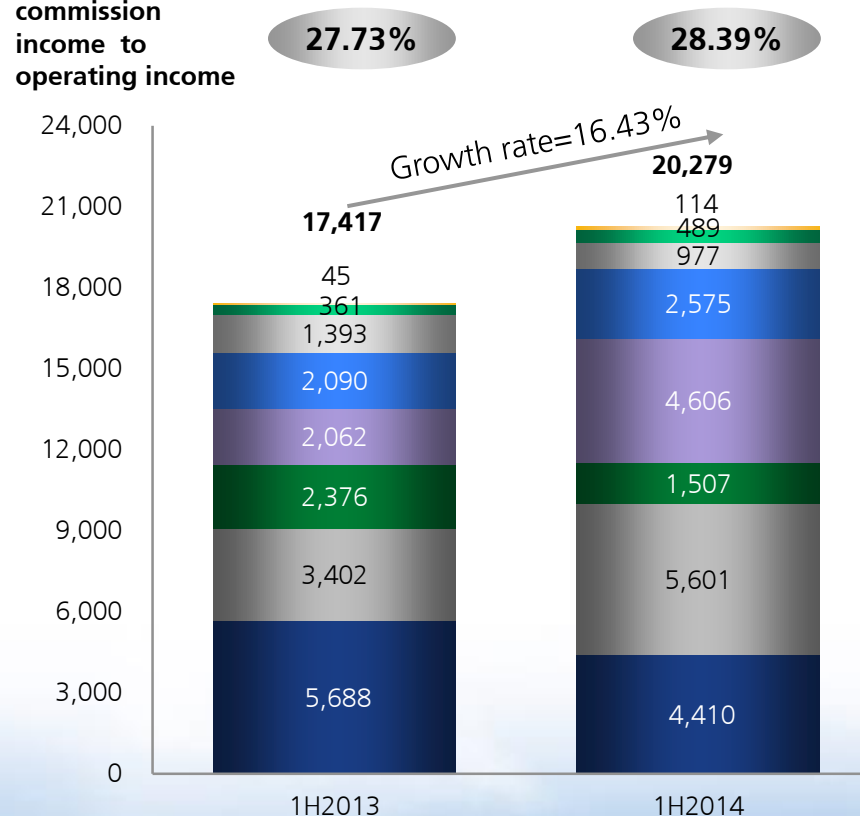
% of net non-interest income to operating income



Growth and composition of fee and commission income

(RMB million)

% of net fee and commission income to operating income



- Trust and other fiduciary services
- Settlement services
- Fee and commission of credit commitments
- Financial lease services
- Bank card services
- Agency services
- Financial advisory services
- Others

Source: Company interim report, company annual report

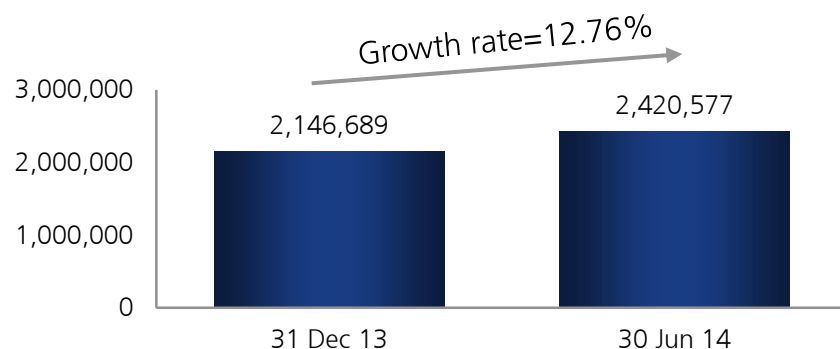
Deposit and loan portfolios



The balance of deposits and loans continued to grow steadily. The deposit mix remained stable

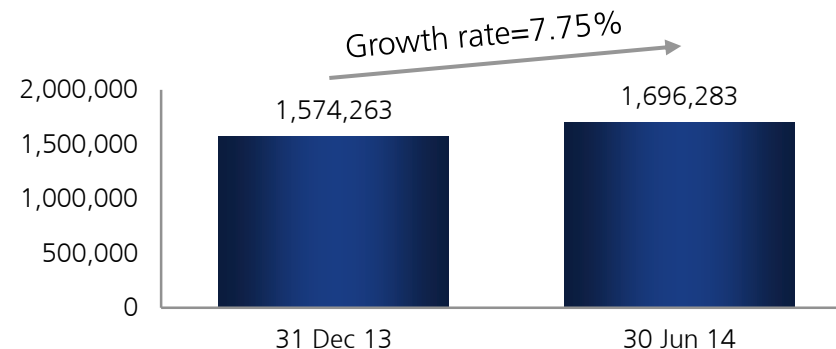
Deposits from customers

(RMB million)

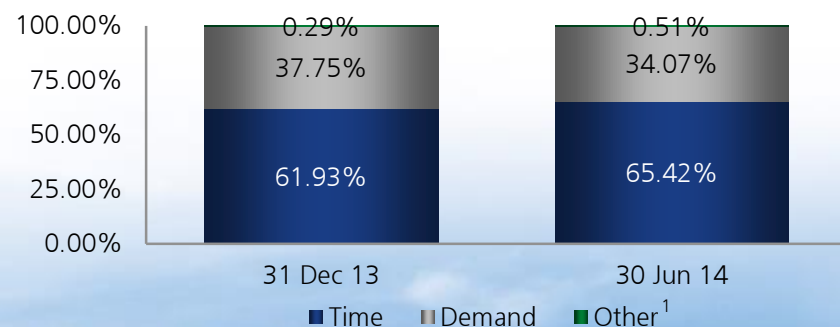


Gross balance of loans and advances to customers

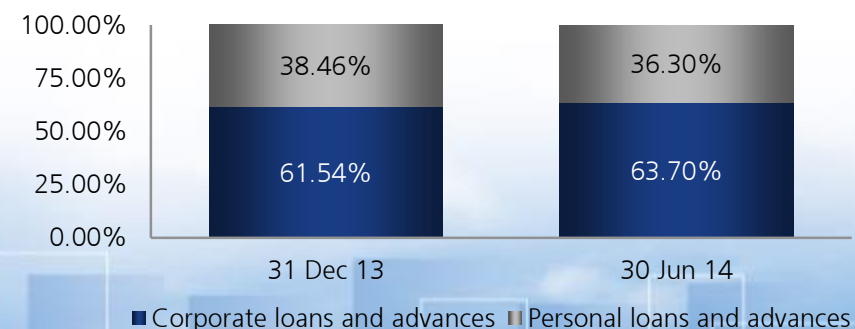
(RMB million)



Deposit mix (by duration)



Loan mix



Source: Company interim report, company annual report

Note:

1 Others include outward and outstanding remittance and the issuance of certificate of deposit

Asset quality

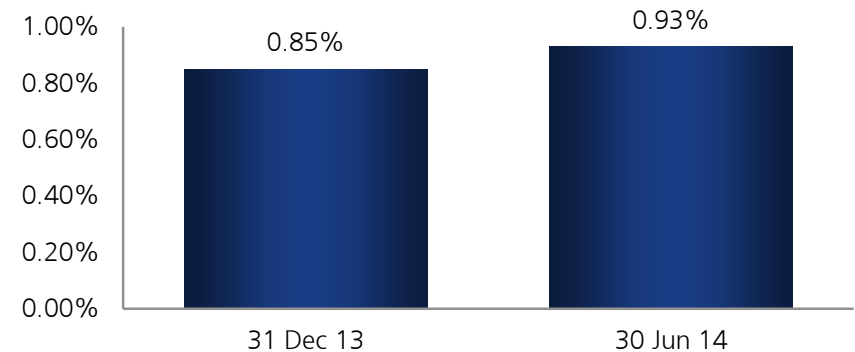


Comprehensive risk management system has been fully implemented to ensure the stability of asset quality

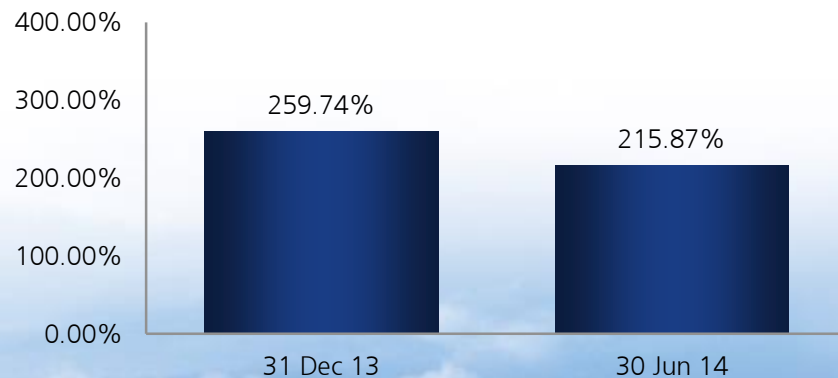
Proactive measures to control asset quality

- ◆ Enhanced credit planning, proactively adjusting loan distribution, and continuously optimizing asset structure in line with the changing economic environment and requirements of macro-economic policies
- ◆ Continue to improve risk management policies and imposing multidimensional risk limit management
- ◆ Continue to improve post-credit management system, strengthen risk monitoring and early-warning so as to effectively control new impaired loans
- ◆ Further enhance collection and resolution of impaired loans to improve the efficiency and effectiveness of recovery
- ◆ Accelerate the development of monitoring and management system to foster the operating philosophy of complying with applicable laws and regulations

Impaired loan ratio



Provision coverage ratio



Provision for total loans ratio



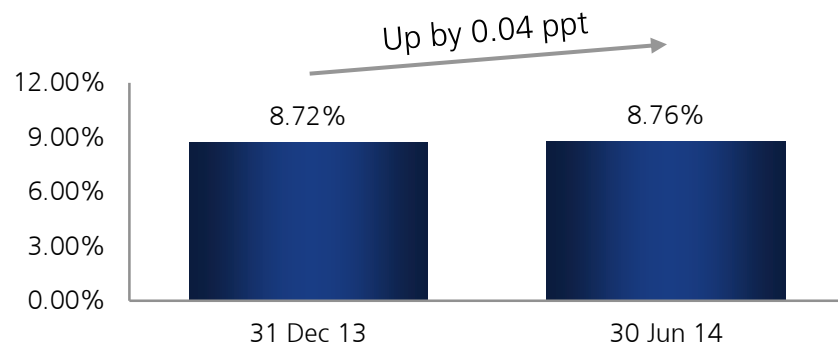
Source: Company interim report, company annual report

Capital adequacy ratio

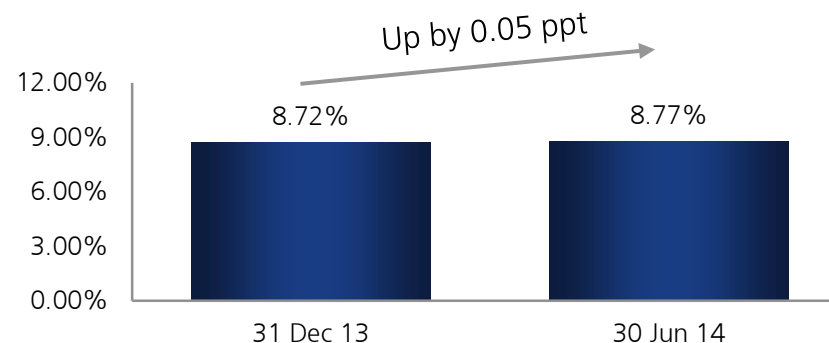


All capital adequacy indicators have met the regulatory requirements for the transition period under the new measures issued by the CBRC; Total equity to total assets ratio further increased

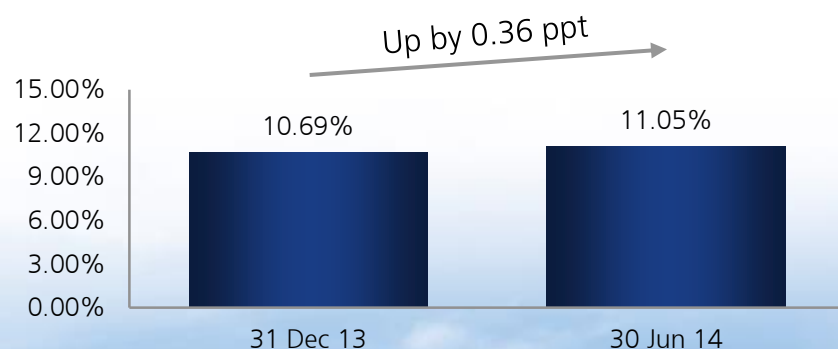
Core tier-one capital adequacy ratio¹



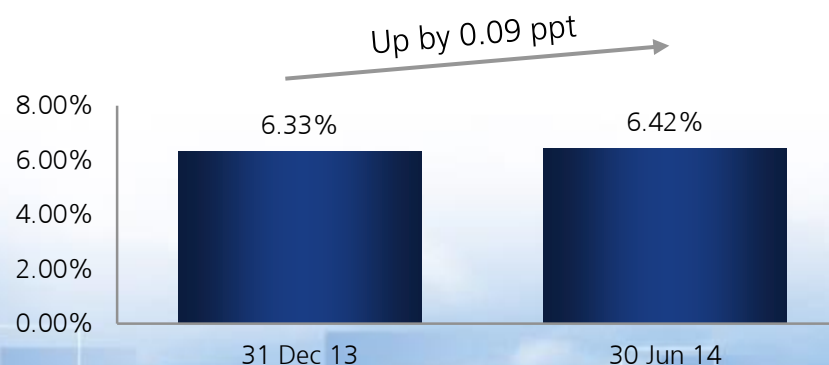
Tier-one capital adequacy ratio¹



Capital adequacy ratio¹



Total equity to total assets ratio



Source: Company interim report, company annual report

Note:

¹ Calculated in accordance with *the Administrative Measures for the Capital of Commercial Banks (Provisional)* which became effective on 1 January 2013 and other relevant regulatory requirements

Agenda



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Business overview

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Outlook

2H2014 Outlook



In the second half of 2014, under the working guideline of steady growth, structural adjustment, opportunity exploring, risk control, platform building and efficiency improvement, the Company will follow the general trend to reform with strong confidence. The Company will maintain the sustainability of all business segments through the implementation of banking model version 2.0 and the innovation of new management system. Specific measures are as follows



- 1 Based on the comprehensive review of the implementation results of "Second Five-Year Outline", sum up the experience, specify its strategic direction and complete the revision of the "Second Five-Year Outline"
- 2 Further improve the corporate governance by improving the working procedures of the Board and committees of the Board according to the requirement of standardization of corporate governance working procedures
- 3 Maintain as a "distinctive" and "efficient" bank, the Company will continue to improve its services and sustainable business model under three strategic objectives to meet customers' demand with satisfaction
- 4 Continue the implementation of "small business finance and community finance" and small business finance (version 2.0) to support selected projects. The development and integration of community finance products and service will be expedited to promote the development of the "small business finance and community finance"
- 5 Enhance the establishment of SBUs version 2.0 to facilitate the transformation of the SBUs into a professional investment bank to support the traditional industry transformation and the development of emerging industries, such as modern agriculture and cultural industry
- 6 Under the requirement of regulated innovation by the regulatory authorities, further refine the business and income structures and prudently develop businesses to maintain growth of intermediary business
- 7 Actively develop internet finance and accelerate the construction of elementary platform and the optimization of core systems; speed up the development of various business lines as well as the related management systems for efficient business integration and build a sharing and harmoniously united internet financial structure
- 8 Continue to place emphasis on the risk education practice activity of Tie Ji Action and stringent supervision to strictly prevent and manage the distressed assets. Major projects such as Basel III will be implemented to strengthen the development of a comprehensive risk management system
- 9 Reform its middle and back offices to cope with the interest rate liberalization. Assets allocation will be further optimized and key working teams and brand building will be strengthened to support the strategic development of our businesses



Q&A