



China Minsheng Banking Corp., Ltd.

2016 Interim Results Announcement



Aug 2016

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 share price of our shares.

Agenda



1

Overview

2

Operational performance

3

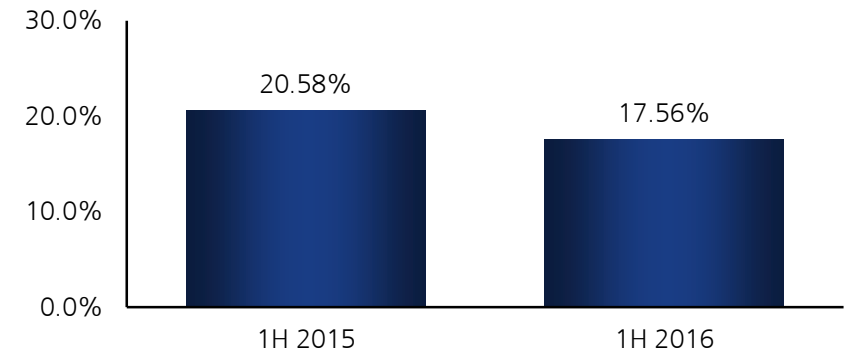
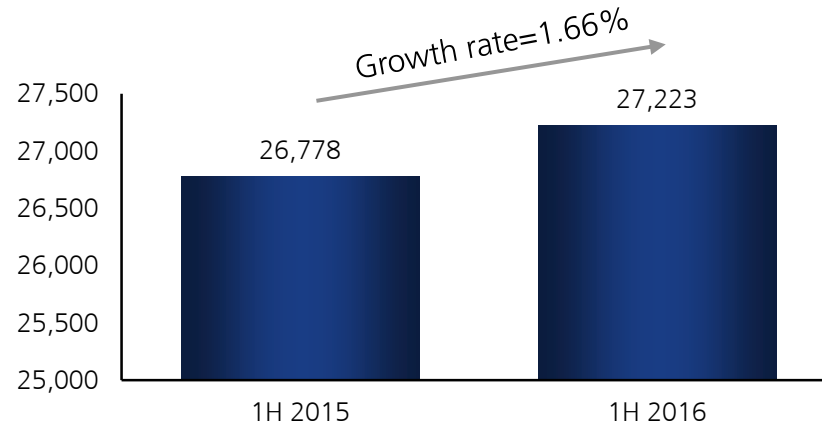
Outlook

Steady improvement in profitability and stable return to shareholders



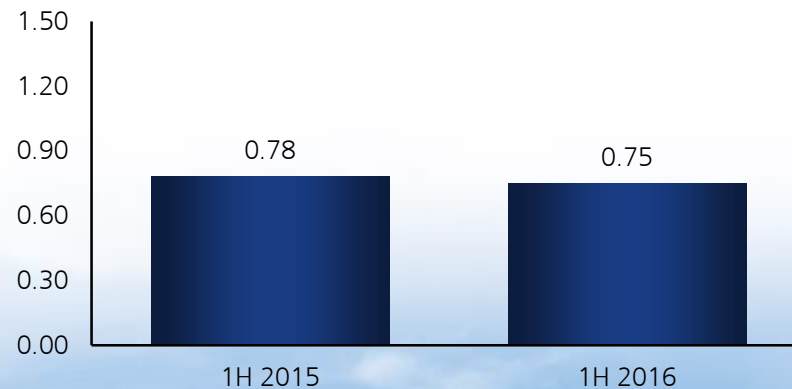
Net profit attributable to equity shareholders of the Company ROAE (annualized)

(RMB million)

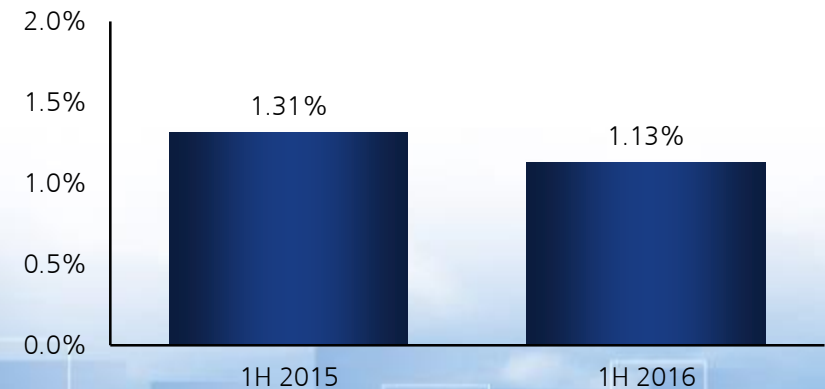


Basic earnings per share

(RMB)



ROAA (annualized)



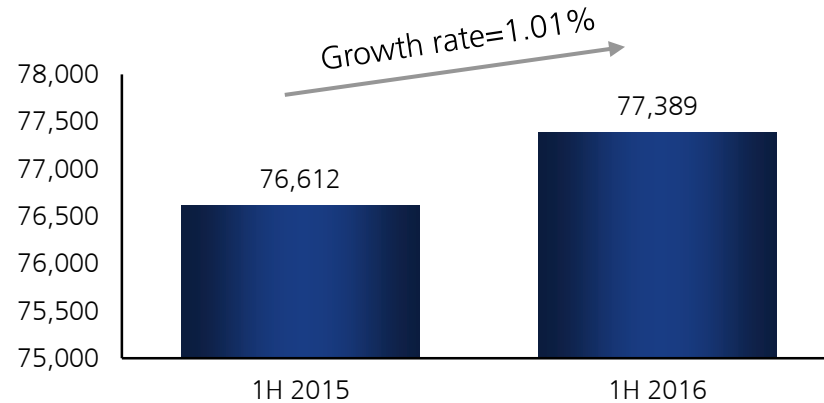
Source: Company interim report

Further optimization in income structure and improvement in operation

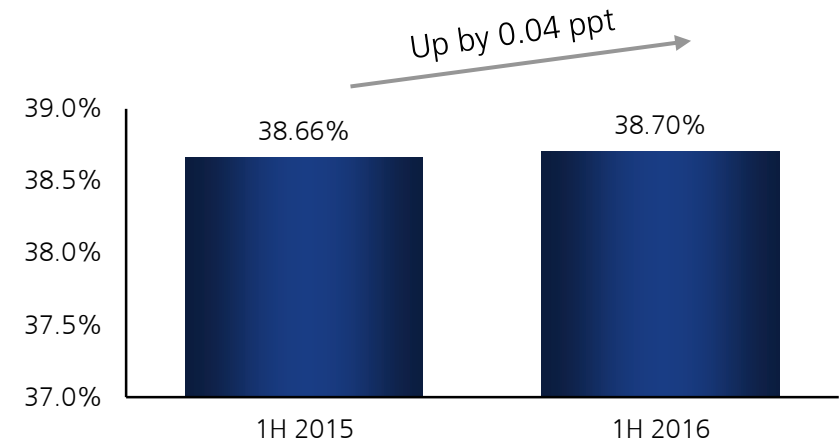


Operating income

(RMB million)

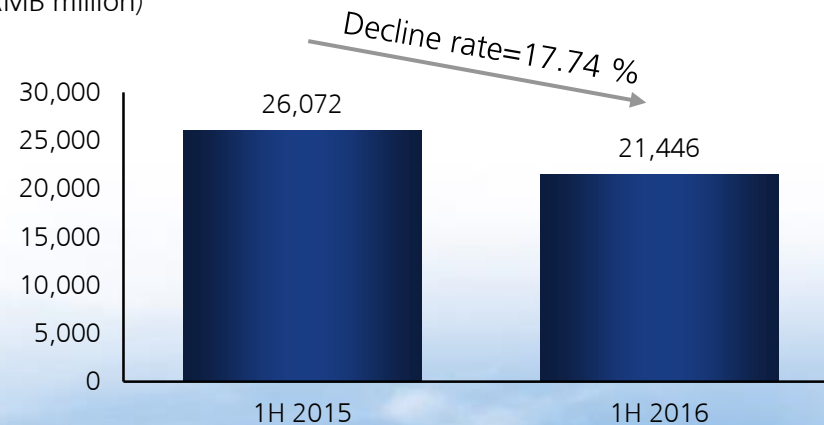


% of net non-interest income to operating income

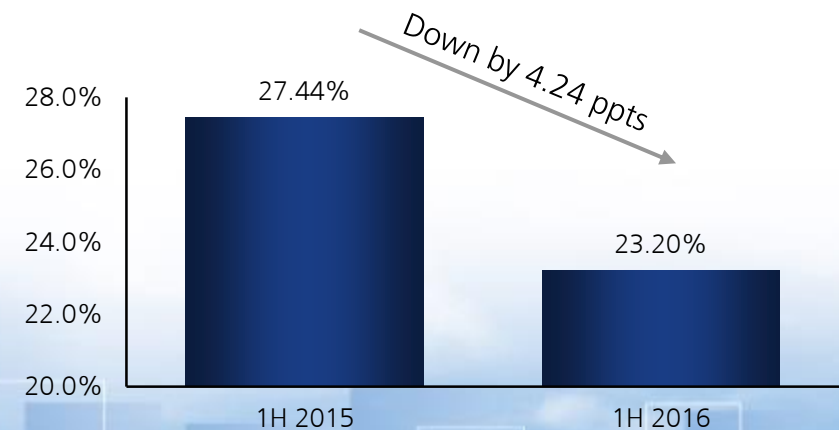


Operating expenses

(RMB million)



Cost-to-income ratio



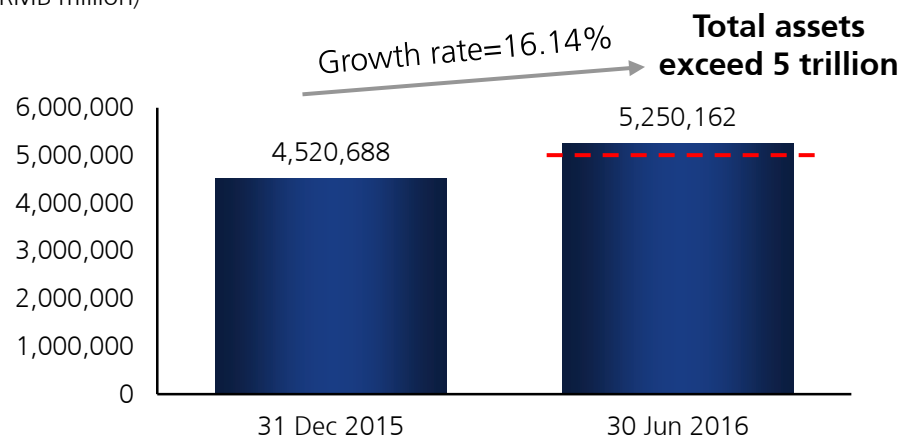
Source: Company interim report

Steady growth of deposits and loans business and simplified structure of branches



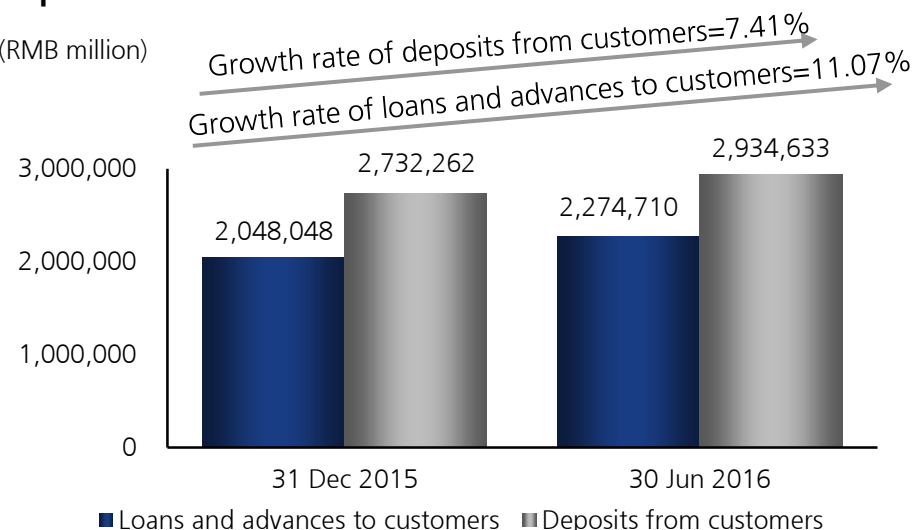
Total assets

(RMB million)

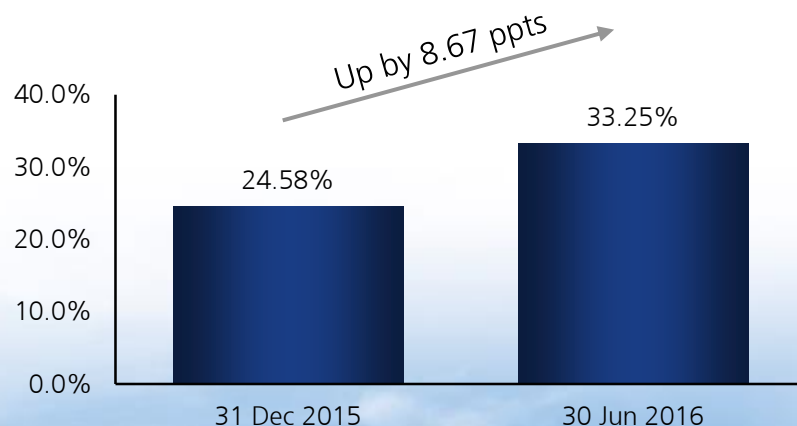


Deposits and loans

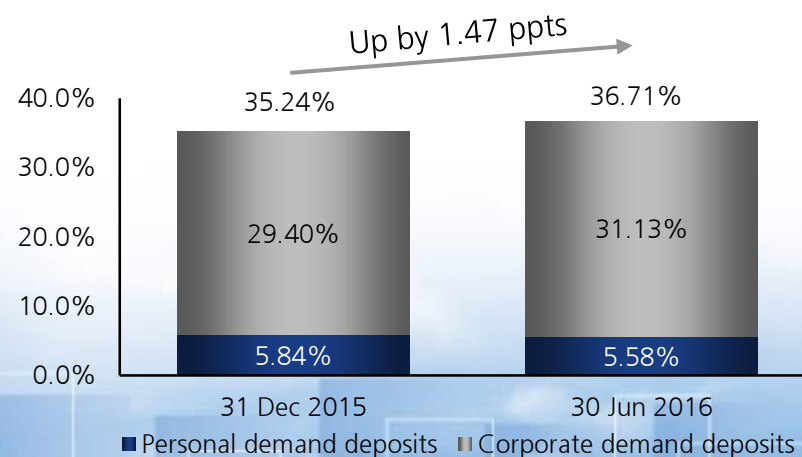
(RMB million)



Personal consumption loans as % of personal loans



Portion of demand deposits



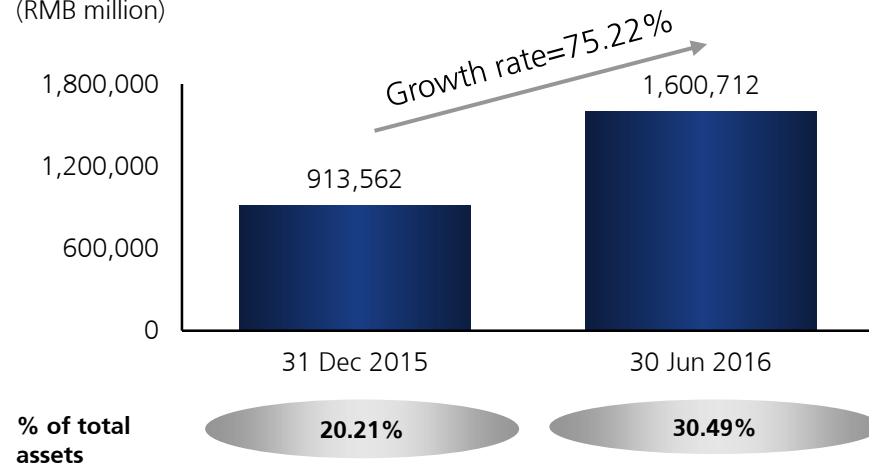
Source: Company interim report, company annual report

Rapid growth of investment business and diversified liability sources



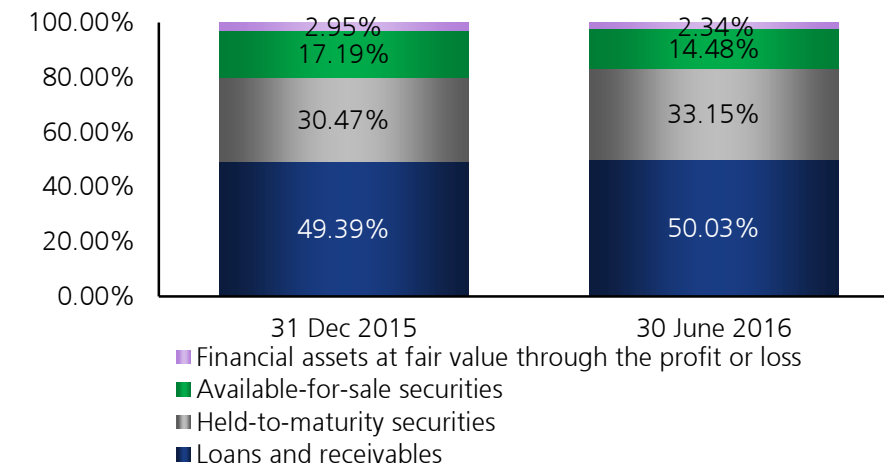
Net investment balance of trading and banking books

(RMB million)



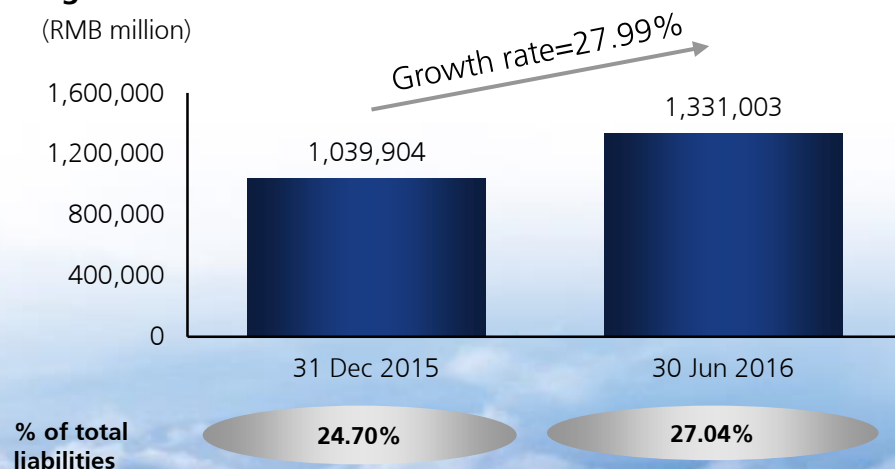
Structure of investment on trading and banking books

(RMB million)



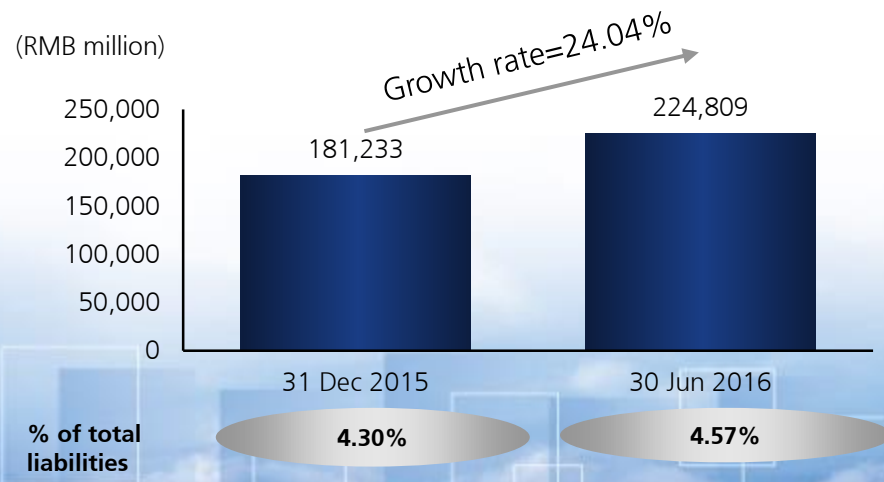
Deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements

(RMB million)



Total debt security issued

(RMB million)



Source: Company interim report, company annual report

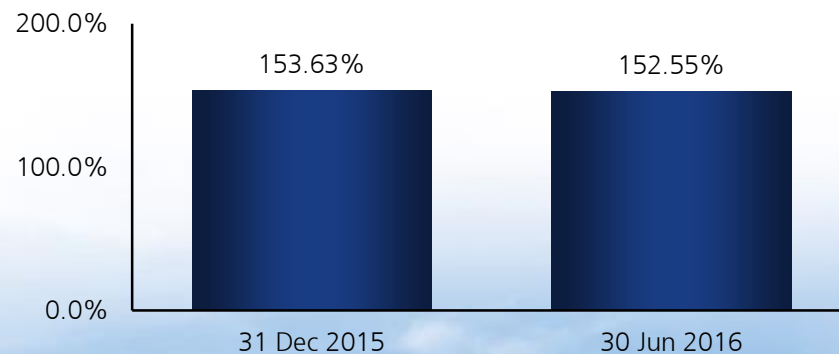
Continuously enhancing risk management and overall controllable asset quality



Adopt measures actively to control asset quality

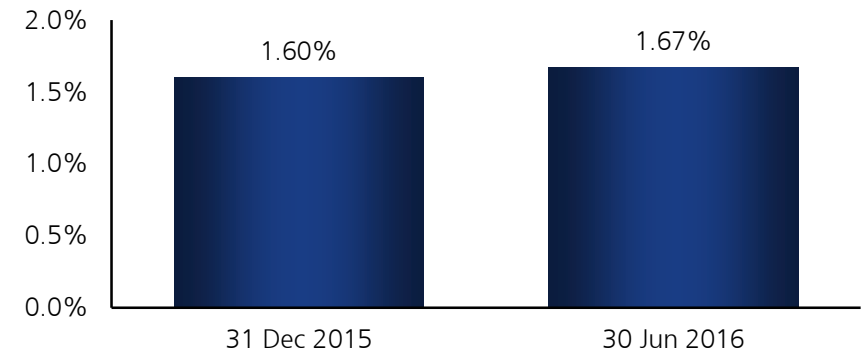
- ◆ Proactively adjusting loan distribution, and continuously optimizing asset structure in line with the changing economic environment and requirements of macroeconomic policies
- ◆ Further improving the risk management policies and imposing multidimensional risk limit management for various industries and regions
- ◆ Optimizing post-loan management procedures, strengthening the management post credit approval, conducting various risk identification and special examination as well as improving the system of risk monitoring and early warning, effectively preventing potential risk factors, promptly engaging and formulating collection and disposal plans, and strictly controlling NPL and overdue loans
- ◆ Further enhancing collection and disposal of impaired loans, comprehensively utilizing all available recovery and disposal measures including collecting, restructuring, transferring, foreclosing, litigation, and write-off, and conducting specific recovery and disposal activities
- ◆ Actively exploring and implementing new recovery methods and establishing exchange platforms for innovative recovery and disposal approaches in order to improve the efficiency of collection and disposal
- ◆ Further speeding up the development and application of monitoring and management systems to effectively improve the asset monitoring and management ability, strengthening training programs to improve the professional skills and the comprehensive qualities of the risk management team and foster the philosophy of compliant operation

Provision coverage ratio

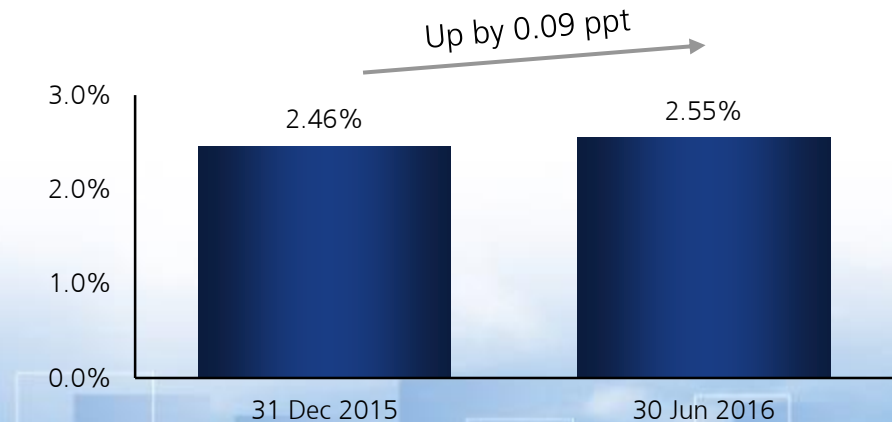


Source: Company interim report, company annual report

Impaired loans ratio



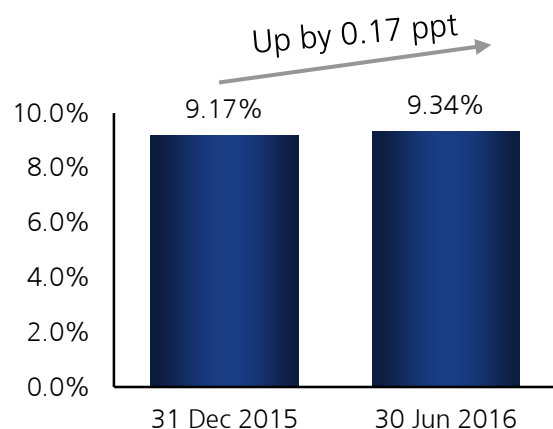
Provision for total loans ratio



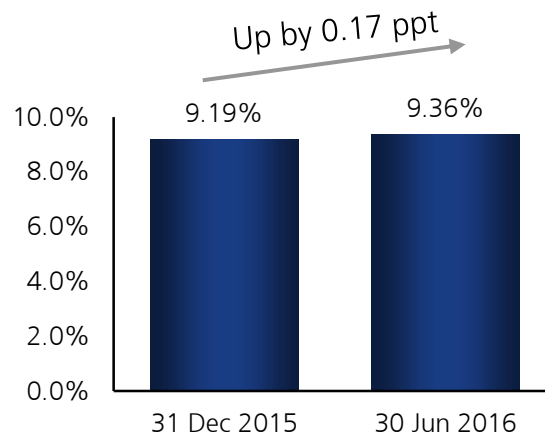
Adequate capital status and stable liquidity levels



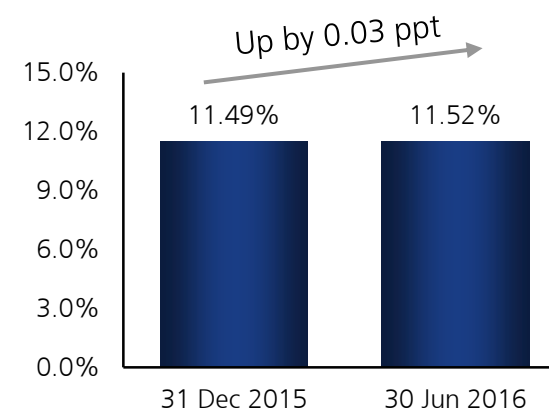
CET1 ratio¹



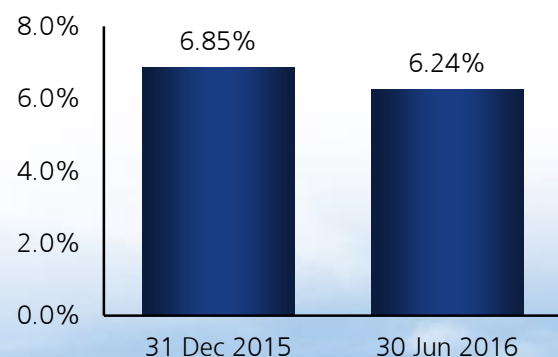
T1 ratio¹



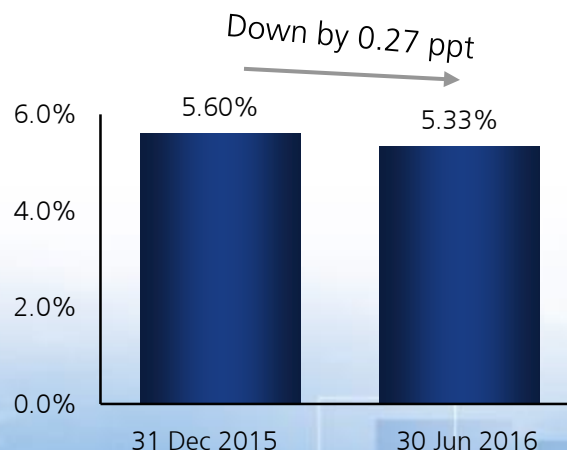
Total CAR¹



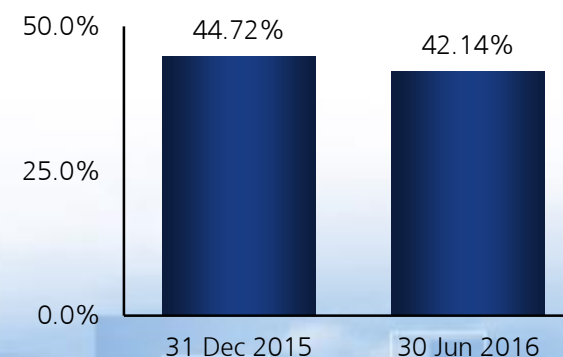
Total equity / total assets



Leverage ratio²



Liquidity ratio¹



Source: Company interim report, company annual report

Notes:

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
2. Calculated in accordance with Measures for the Administration of the Leverage Ratio of Commercial Banks (revised) (Decree of the CBRC 2015 No. 1) which became effective on 1 April 2015

Brand influence remained strong



FICO Decision Management Conference
Credit Card Center - "2015 FICO Decision
Management Award"



"Golden Pixiu Award" at Financial Wealth
Management Innovation and Development
Forum 2016

Minsheng Leasing - "Top Financial Leasing
Company of the Year"



Bloomberg Businessweek
Hong Kong Branch - "2016 Enterprise
Financing Award"



21st Century Business Herald
"2016 Best Brand Development"



Securities Times
"Top Ten Investment Banks of China in 2016"
"Best Cross-Border Financing Bank of China in 2016"



Golden Bull Awards
Minsheng Royal Fund Management - "Golden Bull
Progress Award", "Golden Bull Fixed Yield Bond
Investment Fund Company", "Golden Bull Open-end
Mixed Type Fund of 2015", and "Most Popular
Golden Bull Fund Manager of 2015"

Source: Company interim report

Agenda



1

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Operational performance

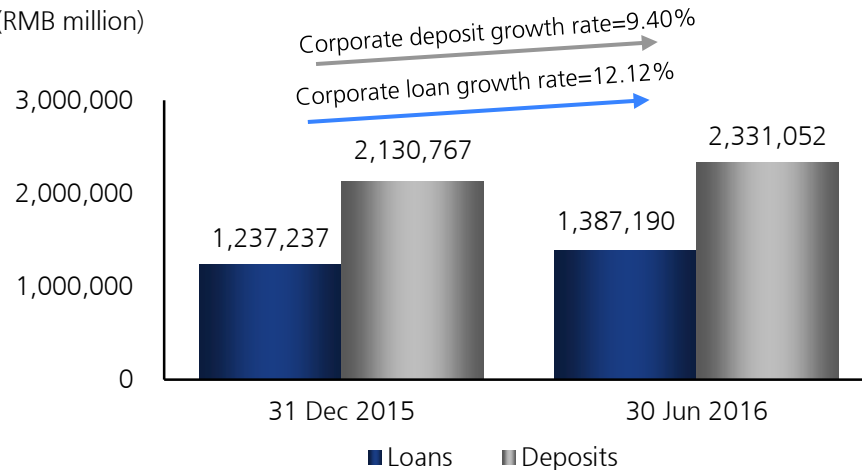
3

Outlook

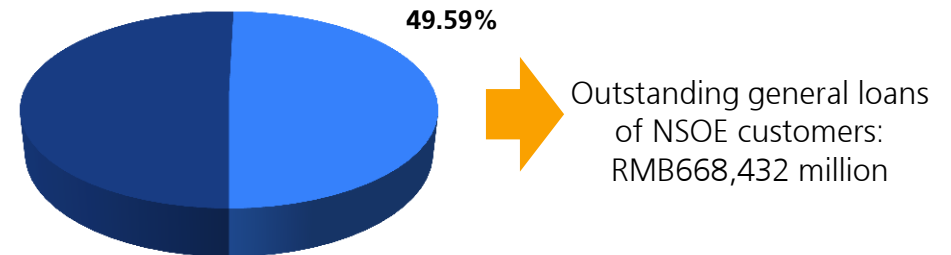
Corporate and investment banking—Face challenges and opportunities with transformation of corporate banking

Corporate deposits and loans (loans are outstanding general corporate loans)¹

(RMB million)

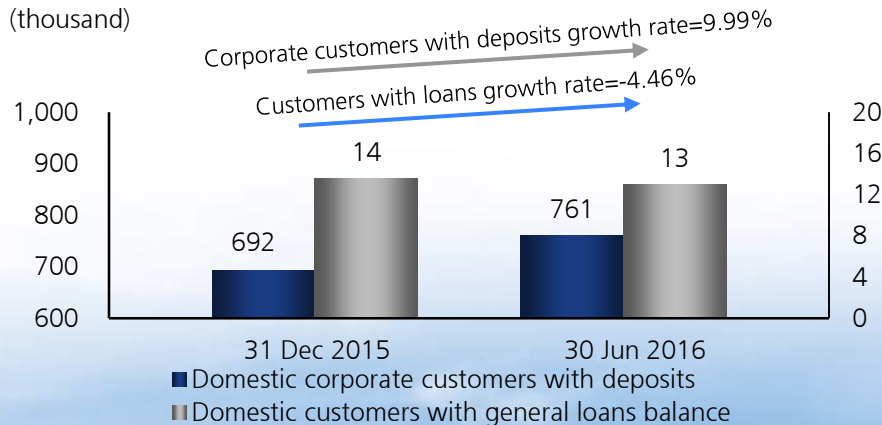


Outstanding general loans of domestic NSOE customers and the proportion in domestic corporate banking business¹

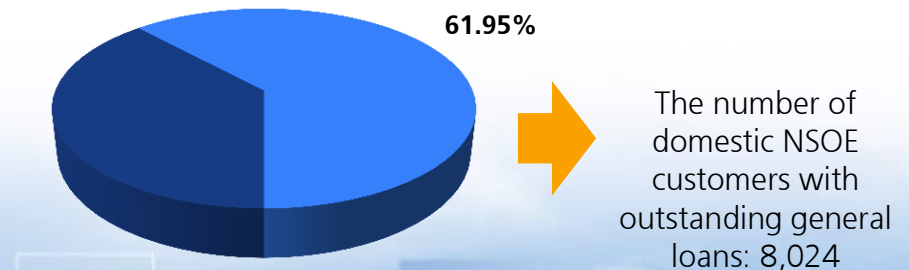


Number of domestic corporate customers with deposits and domestic customers with general loans balance¹

(thousand)



The number of domestic NSOE customers with outstanding general loans and the proportion in domestic corporate banking business¹



Source: Company interim report, company annual report

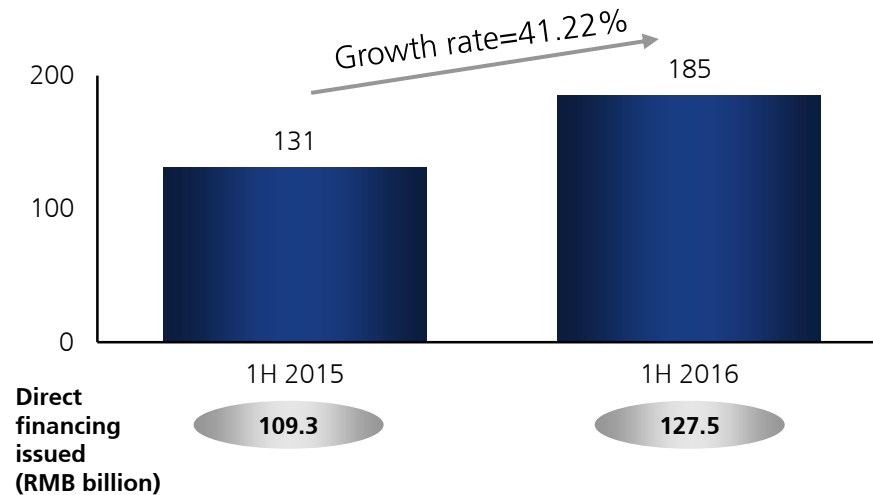
Notes:

1. Bank standalone

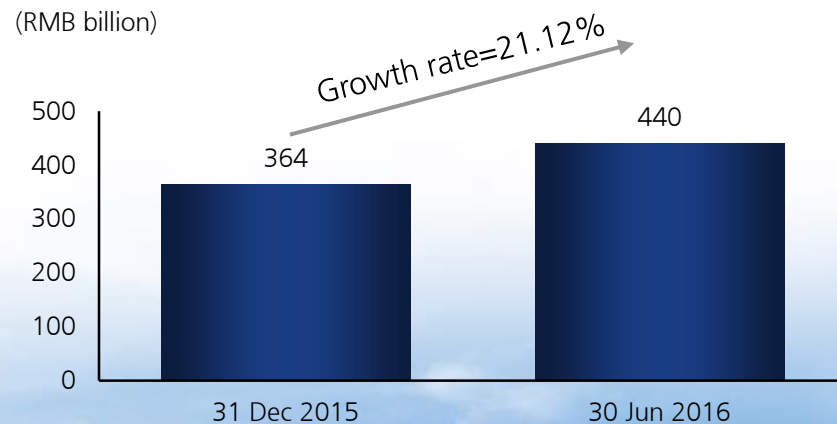
Corporate and investment banking—Seize opportunities in investment banking and develop transaction banking



Number of direct debt financing instruments issued¹



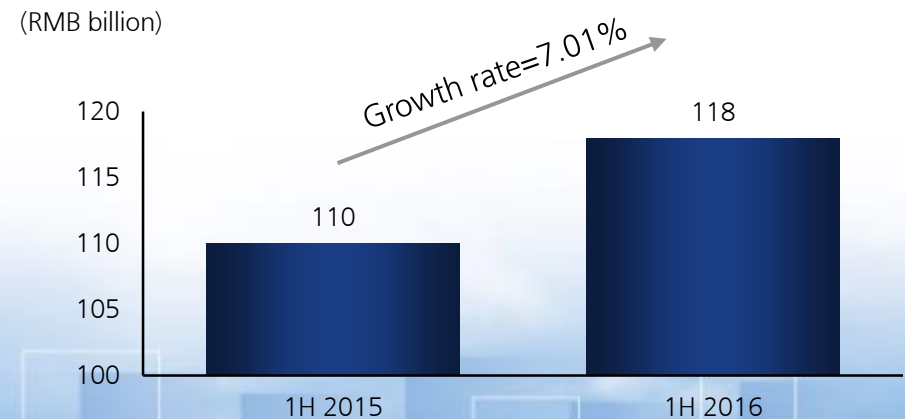
Deposit balance realized by new settlement and cash management products¹



Focused on four areas in respect of the investment banking business

- ✓ Comprehensive financial services for the multi-layered capital market
- ✓ Bond issuance, underwriting, investment and transaction
- ✓ Mergers and acquisitions relating to integration of industries, regions and enterprises as well as reforms of mixed-ownership
- ✓ Structured finance pillared by securitization

Volume of factoring transfer¹



Source: Company interim report, company annual report

Notes:

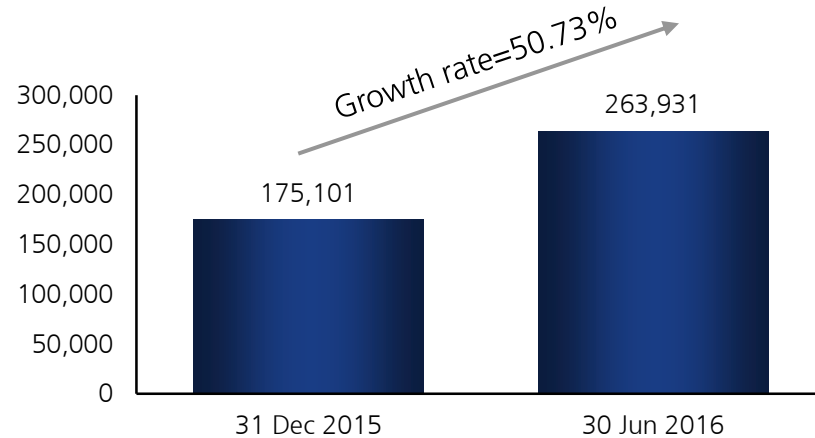
1. Bank standalone

Retail banking—Promote adjustment of the retail banking business and strengthen consumer credit business



Outstanding consumer loans¹

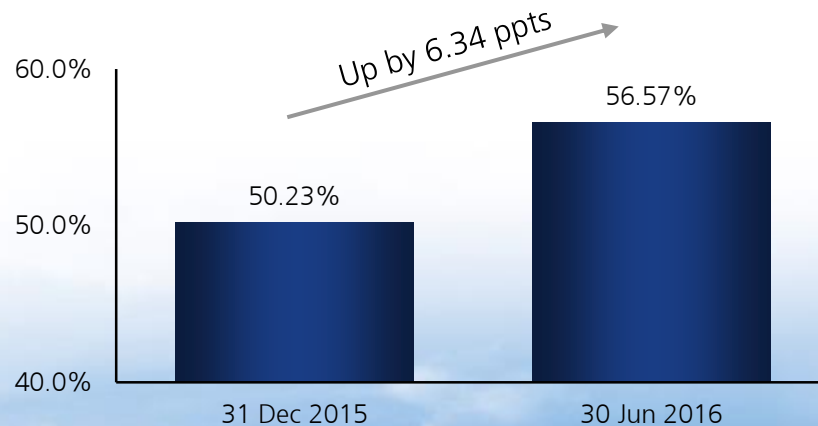
(RMB million)



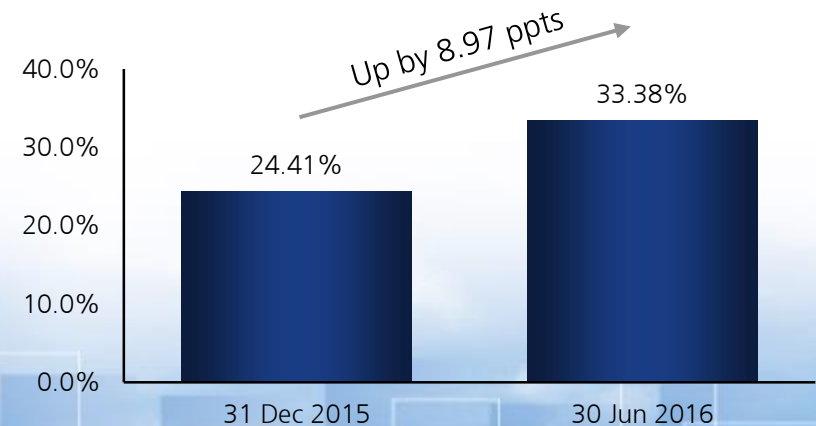
Multiple measures to promote the leapfrog development of the consumer credit business

- ✓ Actively create innovative Internet-based products and leverage the automated consumer credit platform to enable "self-application + automatic approval" through online and mobile banking
- ✓ Make major efforts in cross-selling and improve the marketing success rate with customized consumer credit products
- ✓ Launch consumer credit line calculator and home equity evaluator to enhance online marketing and customer acquisition capabilities

% of total loans to SME secured by tangible assets other than monetary assets and loans secured by monetary assets¹



Personal consumption loans (including receivables) as % of retail loans¹



Source: Company interim report, company annual report

Notes:

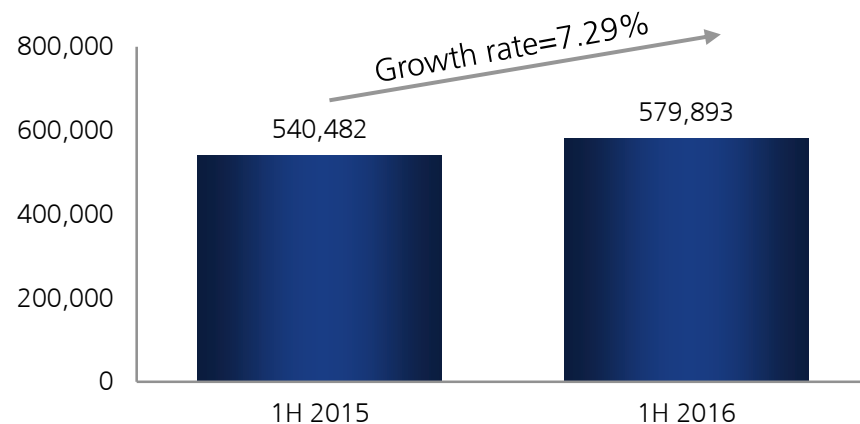
1. Bank standalone

Retail banking—Innovatively grow credit card and wealth management businesses



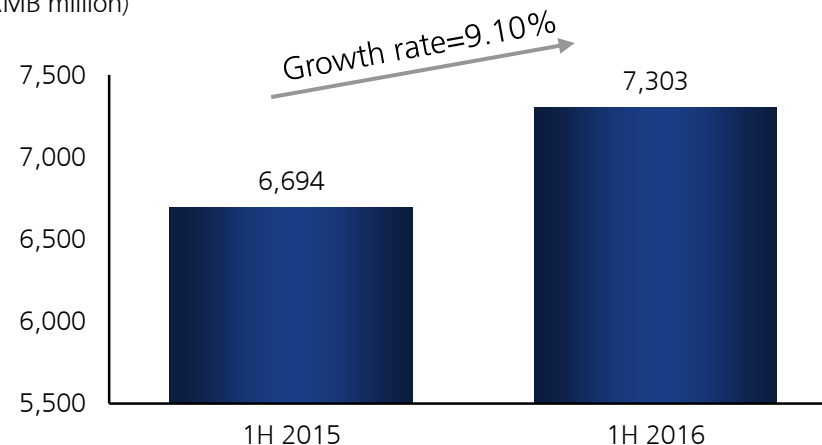
Transaction volume of credit card business¹

(RMB million)



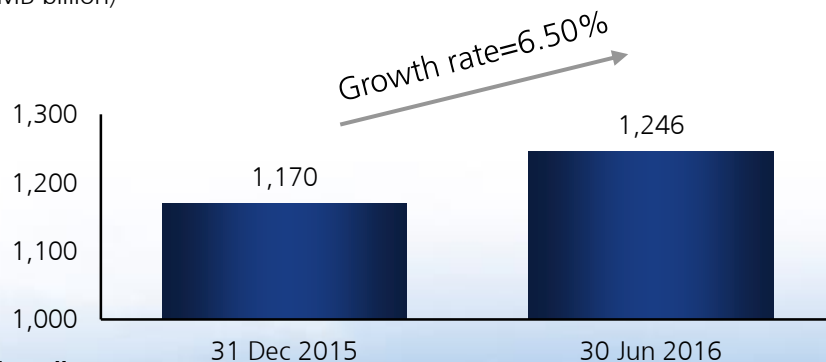
Credit card business net non-interest income

(RMB million)



Financial assets of retail customer under management¹

(RMB billion)



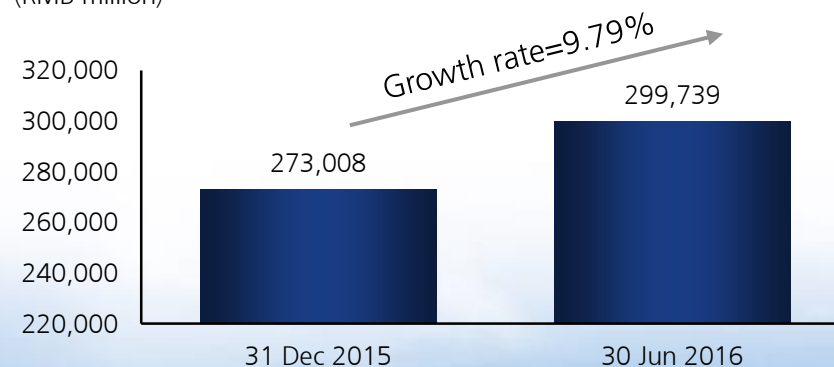
Number of retail customers with existing deposits¹ (thousand)

25,614

27,985

Financial assets of private banking¹

(RMB million)



Source: Company interim report, company annual report

Notes:

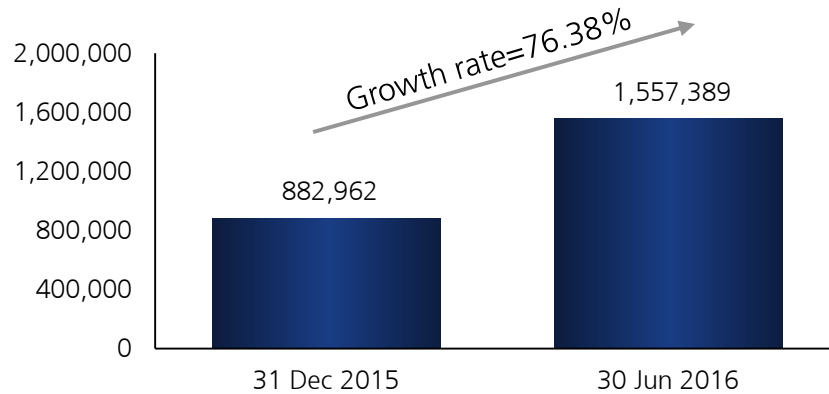
1. Bank standalone

Treasury business—Capitalize on market opportunities to develop treasury businesses prosperously



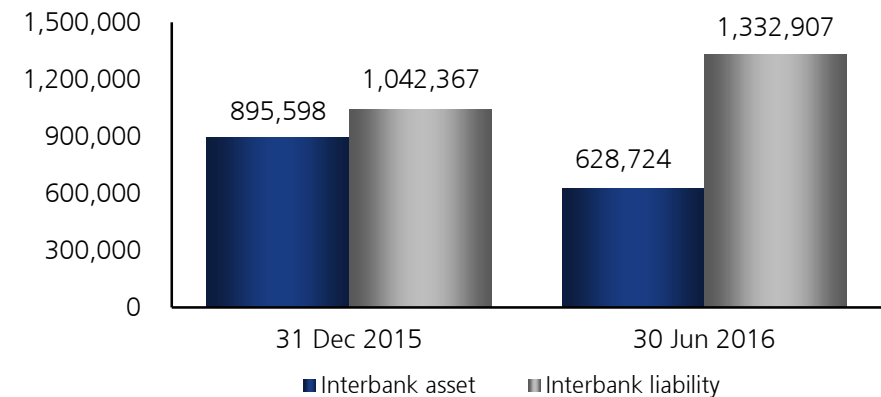
Investment balance of the banking books¹

(RMB million)



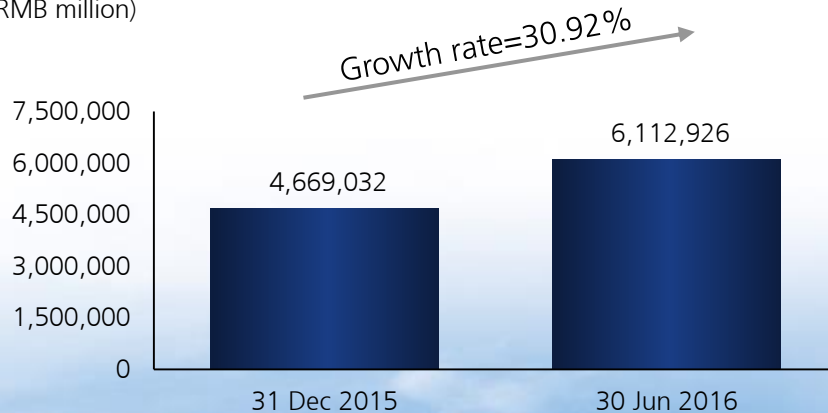
Balance of interbank assets and interbank liabilities¹

(RMB million)



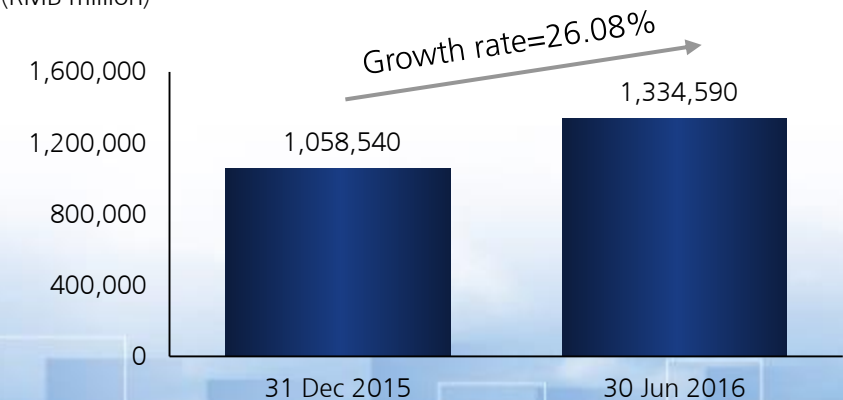
Balance of custody asset¹

(RMB million)



Existing scale of wealth management products¹

(RMB million)



Source: Company interim report, company annual report

Notes:

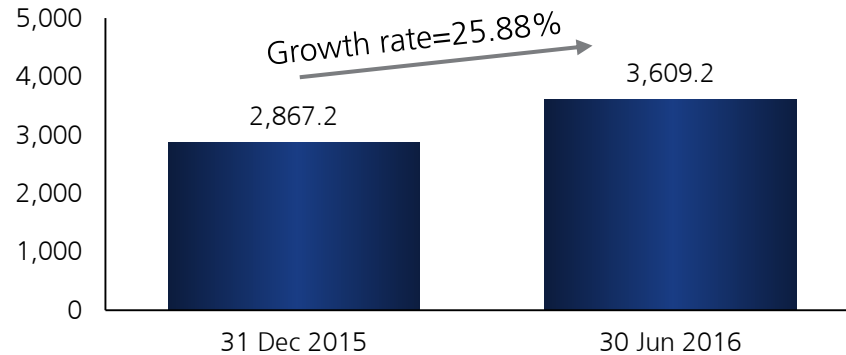
1. Bank standalone

Internet Finance—Leverage on Internet + with innovative Internet financial products and services



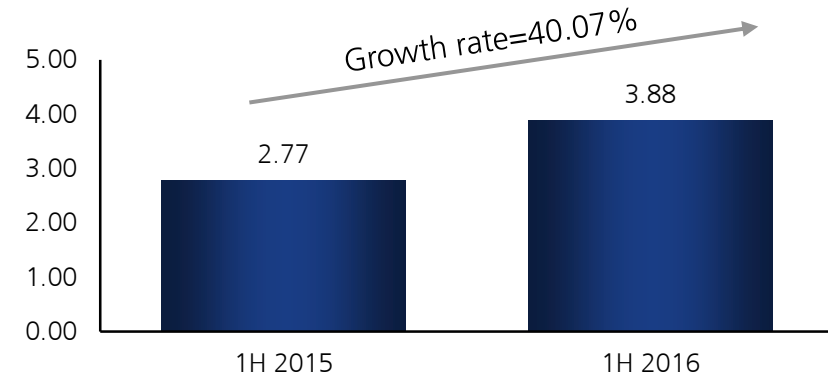
Number of direct banking customers

(thousand)



Mobile banking transaction volume

(RMB trillion)



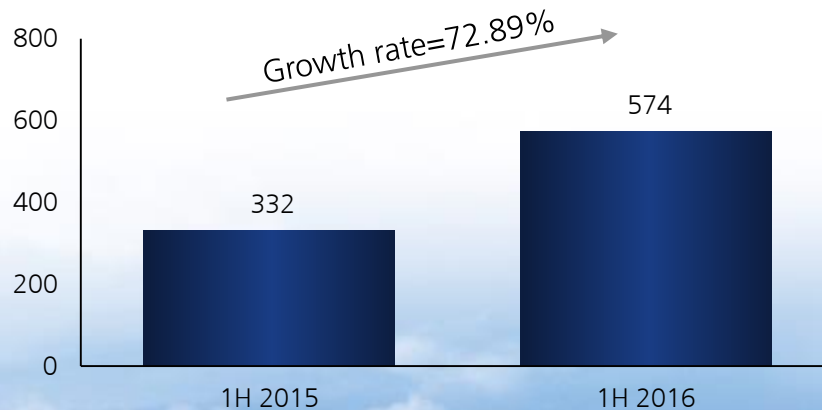
Number of transactions¹
(million)

151

201

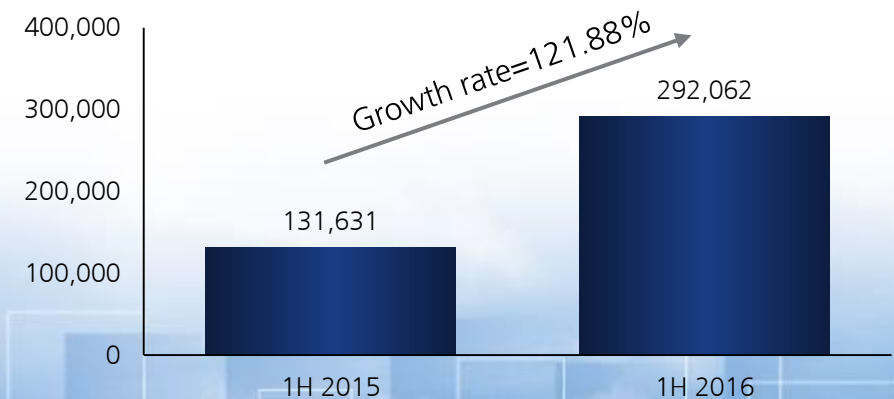
Number of transactions of online banking

(million)



Total personal online payment transactions

(RMB million)



Source: Company interim report, company annual report

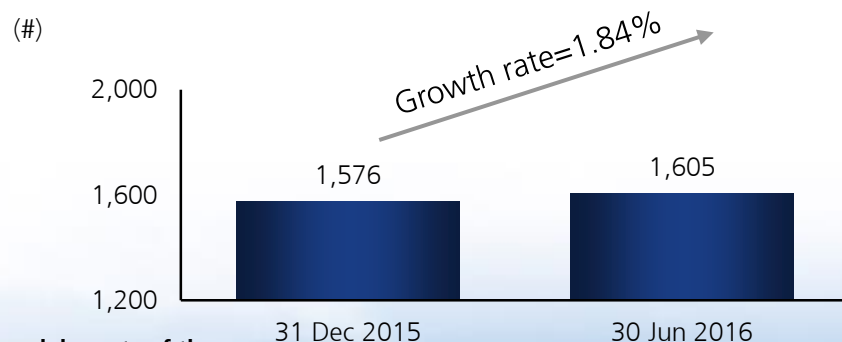
Channel management—Ensure optimal experience through light, smart, community-focused banking



Enhance the Bank's operation, service and support capabilities

- ✓ Establish the credit factory and process retail micro-loan applications and loan reviews in a concentrated manner to enhance operational efficiency with an advantage in intensive management
- ✓ Construct new business models and launch remote banking services to enrich mobile banking experience, reduce resources allocated to front desk functions and build more light banking outlets
- ✓ Strengthen the innovation in settlement products, introduce "cloud accounts" for small and micro customers and build a comprehensive account service system that integrates online and offline functions such as account opening, document signing and reconciliation statements to effectively facilitate the development of small and micro customers

Number of community sub-branches with licenses¹



Financial assets of the community outlets¹ (RMB billion)

119.0

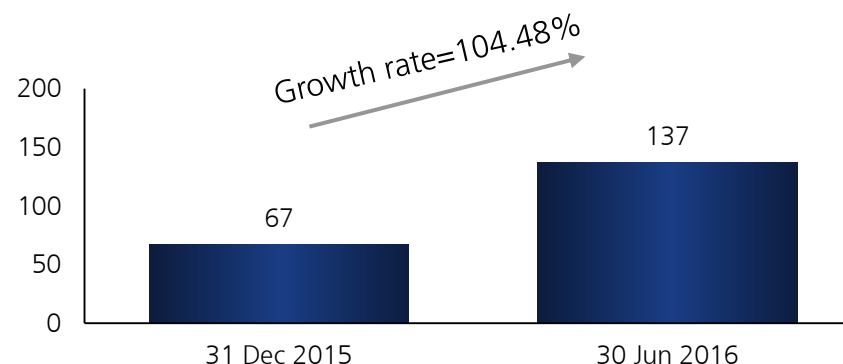
155.4

Number of customers of community outlets¹ (thousand)

3,989

4,210

Number of customized branches

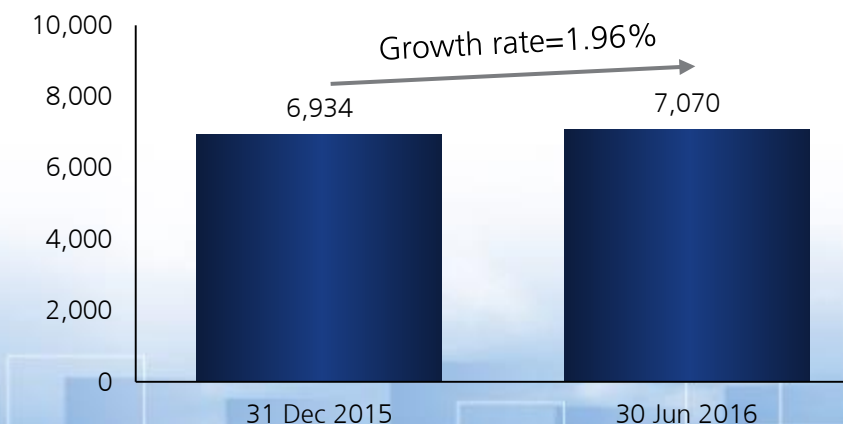


Coverage ratio

6.31%

12.65%

Number of ATMs



Source: Company interim report, company annual report

Notes:

1. Bank standalone

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Outlook

2H 2016 Outlook



Going forward, the Company will adhere to the principle of servicing the real economy and the core task of improving growth quality and efficiency. It will accurately grasp the economic and financial situation, accelerate its strategic transformation and business restructuring, attach great importance to asset quality and risk management, actively tap new growth points and strengthen fundamental management. The Company will also steadfastly proceed with reform and innovation and draw a new blueprint for its sustainable and solid development centered around its corporate culture. Specific measures are as follows:



1

Build a "strategic big asset and liability management" model to lead the healthy growth of the Bank's business; deepen the business unit reform to strengthen the corporate finance segment; optimize the allocation of resources to different industries and regions; optimize the customer structure; seize opportunities in investment banking and transaction banking businesses; ensure the standardized development of the bill business

2

Build a new "big retail system" by leveraging the Bank's distinctive advantages in "micro customers" and "community banking". Expand the retail segment, stabilize the "small and micro" business, and enhance community banking. Adhere to the revenue-oriented strategy, make breakthroughs in key business areas, improve the service to customer segments, and achieve the target of "increasing income, high-quality assets and large number of customers"

3

Actively promote the development of financial market sectors and build a better financial market. Join forces to establish a first-class cross-market, cross-industry and cross-border integrated service platform for the financial market. Accelerate the transformation to a lightweight bank

4

Accelerate the pace of building the "Minsheng Internet Finance Ecosystem" that integrates vertical traditional businesses and horizontal emerging businesses. Build a basic platform to establish the "Minsheng e-Series" platform. Develop a series of online products to accelerate the digital and smart upgrading process

5

Conform to the development trend and obtain key licenses to create an integrated financial services platform operating like "combined corps"

6

Focus on the "follow strategy" to expand international presence and enhance global competitiveness

7

Build specialty branches and construct regional core competitiveness

8

Construct the smart financing business line to form a new differentiated competitiveness

9

Comprehensively strengthen risk management, build a long-term risk control mechanism, improve the risk management system for business lines, establish a market-oriented clearing and recovering mechanism, prevent and control risks in key areas, comprehensively promote portfolio management, improve internal control and compliance management, and take multiple measures to mitigate risks

Appendix: Overview of key financial indicators



Income statement highlights (RMB million, except per share data)	1H2016	1H2015	Growth rate (%)
Operating income	77,389	76,612	↑ 1.01
Of which: Net interest income	47,438	46,994	↑ 0.94
Net non-interest income	29,951	29,618	↑ 1.12
Profit before income tax	35,181	35,529	↓ (0.98)
Net profit attributable to equity shareholders of the bank	27,223	26,778	↑ 1.66
Basic earnings per share (RMB)	0.75	0.78	↓ (3.85)

Balance sheet highlights (RMB million)	30 Jun 2016	31 Dec 2015	Growth rate (%)
Total assets	5,250,162	4,520,688	↑ 16.14
Of which: Total balance of loans and advances to customers	2,274,710	2,048,048	↑ 11.07
Total liabilities	4,922,507	4,210,905	↑ 16.90
Of which: Deposits from customers	2,934,633	2,732,262	↑ 7.41
Equity attributable to equity shareholders of the Company	318,774	301,218	↑ 5.83

Key profitability indicators (%)	1H2016	1H2015	Change (ppt)
ROAA (annualized)	1.13	1.31	↓ (0.18)
ROAE (annualized)	17.56	20.58	↓ (3.02)
Net interest margin (NIM)	2.01	2.35	↓ (0.34)
Net fee and commission income to total operating income	36.26	32.82	↑ 3.44
Cost-to-income ratio ¹	23.20	27.44	↓ (4.24)

Asset quality indicators (%)	30 Jun 2016	31 Dec 2015	Change (ppt)
Impaired loans ratio	1.67	1.60	↑ 0.07
Provision for total loans ratio	2.55	2.46	↑ 0.09
Capital adequacy ratio indicators (%)²			
Core tier-one capital adequacy ratio	9.34	9.17	↑ 0.17
Tier-one capital adequacy ratio	9.36	9.19	↑ 0.17
Capital adequacy ratio	11.52	11.49	↑ 0.03

Source: Company interim report, company annual report

Notes:

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



Thank you