

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中國民生銀行股份有限公司
CHINA MINSHENG BANKING CORP., LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01988)

Interim Results Announcement
for the 6 Months Ended 30 June 2011

The Board of Directors (the “Board”) of China Minsheng Banking Corp., Ltd. (the “Company”) hereby announces the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2011. This announcement, containing the full text of the 2011 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

Publication of Interim Results Announcement and Interim Report

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.cmbc.com.cn).

The Company's 2011 interim report will be dispatched to holders of H shares and published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
CHINA MINSHENG BANKING CORP., LTD.
Dong Wenbiao
Chairman

Beijing, 16 August 2011

As at the date of this announcement, the executive directors of the Company are Mr. Dong Wenbiao, Mr. Hong Qi and Mr. Liang Yutang; the non-executive directors are Mr. Zhang Hongwei, Mr. Lu Zhiqiang, Mr. Liu Yonghao, Mr. Wang Yugui, Mr. Chen Jian, Ms. Wong Hei, Mr. Shi Yuzhu, Mr. Wang Hang and Mr. Wang Junhui; and the independent non-executive directors are Mr. Andrew Wong, Mr. Wang Songqi, Mr. Liang Jinqian, Mr. Wang Lihua, Mr. Qin Rongsheng and Mr. Han Jianmin.

Contents

Important Notice	2
Chapter 1 Bank Profile	3
Chapter 2 Financial Summary	5
Chapter 3 Management Discussion and Analysis	7
Chapter 4 Changes in Share Capital and Information on Shareholders	53
Chapter 5 Directors, Supervisors, Senior Management and Employees.	58
Chapter 6 Corporate Governance	61
Chapter 7 Report of the Board of Directors	68
Chapter 8 Major Events	72
Chapter 9 Financial Reports.	74
Chapter 10 Index of Reference.	126
Chapter 11 Definition	127

Important Notice

The Board of Directors (the “Board”), the Supervisory Board, and the Directors, Supervisors and Senior Management of the Company warrant that there are no misstatements, misleading representations or material omissions in this report, and shall assume joint and several liability for the truthfulness, accuracy and completeness of its contents.

The interim report of the Company was approved on 16 August 2011 at the 19th meeting of the 5th session of the Board of the Company. Of the 18 Directors who were entitled to attend the meeting, 18 attended the meeting, among whom 15 attended the meeting in person and 3 were represented by proxy. Lu Zhiqiang, Vice Chairman of the Company and Shi Yuzhu, Director of the Company, entrusted the Chairman, Dong Wenbiao, in writing, to exercise their respective voting rights at the meeting; Wang Lihua, Director of the Company, entrusted Liang Jinquan, Director of the Company, in writing, to exercise his voting rights at the meeting.

For the purpose of this interim report, China Minsheng Banking Corp., Ltd. shall be referred to as the “Company”, the “Bank”, “China Minsheng Bank” or “Minsheng Bank” whereas China Minsheng Banking Corp., Ltd. and its subsidiaries together shall be referred to as the “Group”.

The financial data and indicators contained in this interim report are prepared in accordance with the International Financial Reporting Standards (“IFRS”). Unless otherwise specified, all amounts are the consolidated data of the Group and stated in Renminbi (“RMB”).

The financial reports in this interim report were not audited.

Board of Directors
China Minsheng Banking Corp., Ltd.

Mr. Dong Wenbiao (Chairman), Mr. Hong Qi (President), Mr. Wang Songqi (Director), Mr. Zhao Pinzhang and Mr. Duan Qingshan (Senior Management responsible for finance and accounting) and Ms. Bai Dan (Head of the Finance and Accounting Department) warrant the truthfulness and completeness of the financial reports included in the interim report.

Chapter 1 Bank Profile

1. Registered Chinese Name: 中國民生銀行股份有限公司
(Abbreviation: 「中國民生銀行」)
Registered English Name: CHINA MINSHENG BANKING CORP., LTD.
(Abbreviation: “CMBC”)
2. Legal Representative: Dong Wenbiao
3. Authorized Representative: Andrew Wong
Soon Yuk Tai
4. Board Secretary: Mao Xiaofeng
Joint Company Secretaries: Mao Xiaofeng
Soon Yuk Tai

Representative of Securities Affairs: He Qun
5. Mailing Address: Building VIII, Beijing Friendship Hotel,
No. 1 Zhongguancun Nandajie, Beijing, China
Postal Code: 100873
Telephone: 86-10-68946790
Facsimile: 86-10-68466796
Email: cmbc@cmbc.com.cn
6. Registered Address: No. 2 Fuxingmennei Avenue, Xicheng District, Beijing, China
Postal Code: 100031
Website: www.cmbc.com.cn
Email: cmbc@cmbc.com.cn
7. Representative Office and Place of Business in Hong Kong:
36/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
8. Newspapers selected by the Company for information disclosure: China Securities Journal,
Shanghai Securities News and Securities Times
Website for publishing the A Share interim report designated by China Securities
Regulatory Commission (the “CSRC”): www.sse.com.cn
Website for publishing the H Share interim report designated by The Stock Exchange of
Hong Kong Limited (the “Hong Kong Stock Exchange”): www.hkexnews.hk
Copies of this Interim Report are available at Office of the Board of the Company
9. Legal Adviser as to PRC Law: Grandall Law Office (Beijing)
Legal Adviser as to Hong Kong Law: Clifford Chance
10. Domestic Auditor: KPMG Huazhen Certified Public Accountants
Office Address: 8th Floor, Tower E2, Oriental Plaza,
1 East Chang An Avenue, Beijing, China
International Auditor: KPMG Certified Public Accountants
Office Address: 8th Floor, Prince’s Building,
10 Chater Road, Central, Hong Kong

11. A Share Registrar: China Securities Depository and Clearing Corporation Limited
(Shanghai Branch)
Office Address: 36/F, China Insurance Building, No. 166 Lujiazui East Road,
Pudong New Area, Shanghai, China
H Share Registrar: Computershare Hong Kong Investor Services Limited
Office Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai,
Hong Kong
12. Places of Listing, Stock Names and Stock Codes:
A Share: Stock Name: Stock Code:
Shanghai Stock Exchange; MINSHENG BANK; 600016
H Share: Stock Name: Stock Code:
Hong Kong Stock Exchange; MINSHENG BANK; 01988
13. Initial Date of Registration: 7 February 1996
Initial Place of Registration: No. 4 Zhengyi Road, Dongcheng District, Beijing, China
14. Date of Registration for Subsequent Change: 20 November 2007
Place of Registration: No. 2 Fuxingmennei Avenue, Xicheng District, Beijing, China
15. Registration Number of Corporate Business License: 100000000018983
16. Registration Number of Tax Certificate: Jing Guo Shui Dong Zi 110101100018988
Di Shui Jing Zi 110101100018988000

Chapter 2 Financial Summary

I. Major Financial Data and Indicators

	For the reporting period			
	January– June 2011	January– June 2010	Change from the previous period	January– June 2009
Operating results				
(RMB million)			Change (%)	
Operating Income	38,801	26,081	48.77	21,230
Profit before tax	18,407	11,615	58.48	9,586
Net profit attributable to equity holders of the Bank	13,918	8,866	56.98	7,374
Data per share				
(RMB/share)			Change (%)	
Basic earnings per share	0.52	0.33	57.58	0.33
Diluted earnings per share	0.52	0.33	57.58	0.33
			Changes in percentage points	
Profitability indicators (%)				
Return on average assets (annualized)	1.41	1.17	0.24	1.20
Return on average shareholders' equity	12.69	9.64	3.05	13.27
Net interest spread	2.85	2.80	0.05	2.31
Net interest margin	3.00	2.92	0.08	2.43
Net fee and commission income to operating income ratio	20.41	17.29	3.12	10.82
Cost-to-income ratio	34.08	39.83	-5.75	35.45

As at the end of the reporting period				
	30 June 2011	31 December 2010	Change from the end of the previous period	31 December 2009
Scale indicators				
(RMB million)			Change (%)	
Total assets	2,161,005	1,823,737	18.49	1,426,392
Gross loans and advances to customers	1,142,274	1,057,571	8.01	882,979
Total liabilities	2,044,196	1,718,480	18.95	1,337,498
Deposits from customers	1,536,586	1,416,939	8.44	1,127,938
Equity attributable to equity holders of the Bank	115,269	104,108	10.72	88,034
Net assets per share attributable to equity holders of the Bank (RMB/share)	4.31	3.90	10.51	3.95
			Changes in percentage points	
Assets quality indicators (%)				
Impaired loan ratio	0.63	0.69	-0.06	0.84
Allowance to impaired loans	334.3	270.45	63.85	206.04
Allowance to total loans	2.10	1.88	0.22	1.73
			Changes in percentage points	
Capital adequacy ratio (%)				
Core capital adequacy ratio	7.75	8.07	-0.32	8.92
Capital adequacy Ratio	10.73	10.44	0.29	10.83

Notes:

1. Return on average assets = Net profit/average balance of total assets at the beginning and the end of the period.
2. Return on average shareholders' equity = Net profit attributable to equity holders of the Bank for the period/average balance of equity attributable to equity holders of the Bank at the beginning and the end of the period.
3. Net interest spread = Average return on interest-earning assets–average cost of interest-bearing liabilities.
4. Net interest margin = Net interest income/average balance of interest-earning assets.
5. Cost-to-income ratio = (Operating & other operating expenses–business tax and surcharge)/operating income.
6. Impaired loan ratio = Balance of impaired loans/gross loans and advances to customers.
7. Allowance to impaired loans = Allowance of impaired loans/balance of impaired loans.
8. Allowance to total loans = Allowance of impaired loans/gross loans and advances to customers.

Chapter 3 Management Discussion and Analysis

I. Overview of Operations

During the first half of 2011, in face of the complicated and ever-changing economic environment in the PRC and overseas, the PRC government strengthened and improved macro-economic regulation and control, and implemented a proactive fiscal policy and a prudent monetary policy and it exercised stricter control over the banking industry. The Company took active measures to respond to these changes. Strictly adhering to its operating objectives of becoming a “distinctive bank” and “efficient bank”, and positioned itself strategically as “a bank for non-state-owned enterprises, small and micro enterprises and high-end customers.” In line with its guiding principle of “holding on to unique characteristics, giving prominence to key businesses, enhancing management effectiveness and speeding up reform”, the Company steadily developed its strategic businesses and progressed with structural adjustments, resulting in satisfactory operating results.

(I) Ongoing optimization of income structure, significant improvement in operating efficiency and continuing rise in profitability

In the first half of 2011, the operating income of the Group amounted to RMB38,801 million, representing an increase of RMB12,720 million, or 48.77%, as compared with the corresponding period of the previous year. Of the foregoing, net interest income increased by RMB8,380 million or 39.59% as compared with the corresponding period of the previous year to RMB29,545 million; net non-interest income amounted to RMB9,256 million, representing an increase of RMB4,340 million, or 88.28%, as compared with the corresponding period of the previous year; net fee and commission income amounted to RMB7,919 million, representing 20.41% of the operating income and an increase of 3.12 percentage points as compared with the corresponding period of the previous year; cost-to-income ratio was 34.08%, representing a decrease of 5.75 percentage points as compared with the corresponding period of the previous year; net profit attributable to equity holders of the Bank amounted to RMB13,918 million, representing an increase of RMB5,052 million, or 56.98%, as compared with the corresponding period of the previous year. Annualized return on average assets was 1.41%, representing an increase of 0.24 percentage point over the corresponding period of the previous year; basic earnings per share amounted to RMB0.52, representing an increase of RMB0.19, or 57.58%, as compared with the corresponding period of the previous year.

(II) Deepened structural adjustment to strategic businesses and steady improvement of asset-liability business

As at the end of the reporting period, total assets of the Group reached RMB2,161,005 million, representing an increase of RMB337,268 million, or 18.49% as compared with the end of the previous year; of which, total loans and advances increased by RMB84,703 million to RMB1,142,274 million, representing an increase of 8.01%, as compared with the end of the previous year. The Group's total liabilities increased by RMB325,716 million, or 18.95%, to RMB2,044,196 million as compared with the end of the previous

year, of which, total deposits from customers amounted to RMB1,536,586 million, representing an increase of RMB119,647 million, or 8.44%, as compared with the end of the previous year. As at 30 June 2011, the total outstanding loans of “Shang Dai Tong”, as one of the Company’s strategic businesses, exceeded RMB200,000 million to reach RMB207,649 million, representing an increase of RMB48,663 million, or 30.61%, as compared with the end of the previous year. The total number of Shang Dai Tong customers exceeded 120,000. The number of non-state-owned enterprises as customers with outstanding loan balances reached 9,605 and the number of private banking customers reached 3,100.

(III) Stable quality of sizable asset resulted from risk management measures

As at the end of the reporting period, impaired loan ratio of the Group dropped 0.06 percentage point from the end of the previous year to 0.63%; allowance to impaired loans ratio was 334.30%, representing an increase of 63.85 percentage points as compared with the end of the previous year; loan provision rate increased to 2.10% as compared with the end of the previous year, representing an increase of 0.22 percentage points; all of which further strengthened the group’s position against risks.

II. Analysis of Major Items of Income Statement

The Group further improved its profitability in the first half of 2011 and realized a net profit of RMB14,056 million, representing an increase of 57.51% as compared with the corresponding period of the previous year. The increase was mainly driven by the growth of operating income and the improvement of cost-to-income ratio.

The major profit and loss items of the Group and their changes are listed below:

Item	(Unit: RMB million)		
	January– June 2011	January– June 2010	Change (%)
Operating income	38,801	26,081	48.77
Of which: Net interest income	29,545	21,165	39.59
Net non-interest income	9,256	4,916	88.28
Operating expenses	15,659	11,587	35.14
Impairment losses on assets	4,337	2,263	91.65
Other operating expenses	398	616	-35.39
Profit before tax	18,407	11,615	58.48
Income tax expenses	4,351	2,691	61.69
Net profit	14,056	8,924	57.51
Of which: Profit attributable to equity holders of the Bank	13,918	8,866	56.98
Profit attributable to non-controlling interest	138	58	137.93

(I) Net interest income and net interest margin

Net interest income of the Group during the reporting period was RMB29,545 million, representing an increase of RMB8,380 million, or 39.59%, as compared with the corresponding period of the previous year, primarily due to the increase of net interest margin and the expansion of the scale of interest earning assets. The increase in net interest margin contributed an increase in interest income by RMB4,836 million and the increase in interest earning assets boosted a growth of net interest income by RMB3,544 million.

In the first half of 2011, the net interest margin of the Group was 3.00%, representing an increase of 0.08 percentage point as compared with the corresponding period of the previous year. The improvement of net interest margin was primarily due to the rise in interest rate, the impact of policies on tightening the credit control as well as the improvement of the bargaining power on new loans.

The table below sets out the analysis of the net interest income of the Group:

Item	January–June 2011			(Unit: RMB million) January–June 2010		
	Average	Interest	Average	Average	Interest	Average
	balance	income	return (%)	balance	income	return (%)
Interest-earning assets						
Loans and advances	1,093,671	36,541	6.68	941,693	25,874	5.50
Corporate loans	797,242	26,624	6.68	755,851	20,842	5.51
Individual loans	296,429	9,917	6.69	185,842	5,032	5.42
Investment in debt securities	186,556	2,961	3.17	168,521	2,641	3.13
Balances with central bank	280,058	2,004	1.43	183,166	1,304	1.42
Due from and placements with banks and other financial institutions	369,024	8,821	4.78	131,288	1,207	1.84
Finance lease receivables	39,836	1,532	7.69	27,210	662	4.87
Total	<u>1,969,145</u>	<u>51,859</u>	<u>5.27</u>	<u>1,451,878</u>	<u>31,688</u>	<u>4.37</u>

(Unit: RMB million)

Item	Average balance	Interest Expenses	Average cost (%)	Average balance	Interest expenses	Average cost (%)
Interest-bearing liabilities						
Deposits from Customers	1,439,408	13,628	1.89	1,119,621	8,003	1.43
Corporate deposits	1,205,074	11,619	1.93	934,296	6,626	1.42
Of Which: Demand	559,425	2,130	0.76	478,061	1,698	0.71
Time	645,649	9,489	2.94	456,235	4,928	2.16
Individual deposits	234,334	2,009	1.71	185,325	1,377	1.49
Of Which: Demand	66,086	151	0.46	48,176	86	0.36
Time	168,248	1,858	2.21	137,149	1,291	1.88
Due to and placements from banks and other financial institutions	346,190	7,436	4.30	182,288	1,771	1.94
Debt securities in issue	26,285	628	4.78	22,845	464	4.06
Borrowings from other financial institutions	29,354	622	4.24	19,225	285	2.96
Total	<u>1,841,237</u>	<u>22,314</u>	<u>2.42</u>	<u>1,343,979</u>	<u>10,523</u>	<u>1.57</u>
Net interest income		29,545			21,165	
Net interest spread			2.85			2.80
Net interest margin			3.00			2.92

Note:

1. In this table, temporary deposits, dormant accounts and remittance payables are included in corporate demand deposits.
2. The Bank updated its acceptance system and changed the accounting treatment of the gain or loss arising from the disposal of discounted bills in the first half of 2011. After the system update, the difference between the discounted interest incomes unamortized and rediscounted interest costs is recognised as disposal gain or loss, while it was recognised as interest income in prior periods.

The table below illustrates the breakdown of the influence on the changes in interest income and interest expenses of the Group owing to changes in scale and changes in interest rate for the periods indicated.

<i>(Unit: RMB million)</i>			
Item	Changes from January– June 2010 to January– June 2011 in scale	Changes from January– June 2010 to January– June 2011 in interest rate	Changes
Changes in interest income:			
Loans and advances	4,176	6,491	10,667
Investment in debt securities	283	37	320
Balances with central bank	690	10	700
Due from and placements with banks and other financial institutions	2,186	5,428	7,614
Finance lease receivables	307	563	870
Subtotal	<u>7,642</u>	<u>12,529</u>	<u>20,171</u>
Change in interest expenses:			
Deposits from customers	2,286	3,339	5,625
Due to and placements from banks and other financial institutions	1,592	4,073	5,665
Debt securities in issue	70	94	164
Borrowings from other financial institutions	150	187	337
Subtotal	<u>4,098</u>	<u>7,693</u>	<u>11,791</u>
Change in net interest income	<u>3,544</u>	<u>4,836</u>	<u>8,380</u>

Note: Change in scale is measured by the change of average balance, and change in interest rate is measured by the change of average interest rate.

1. Interest income

In the first half of 2011, the interest income of the Group was RMB51,859 million, representing an increase of RMB20,171 million, or 63.66%, as compared with the corresponding period of the previous year. Of which, the increase in interest income by RMB12,529 million was driven by the rise in return from interest earning assets, and the increase in interest income by RMB7,642 million was resulted from the expansion of the scale of interest earning assets. In respect to the interest income structure, 70.46% came from loans and advances, and 17.01% came from due from and placements with banks and other financial institutions.

(1) Interest income from loans and advances

In the first half of 2011, interest income from loans and advances of the Group amounted to RMB36,541 million, representing an increase of RMB10,667 million, or 41.23%, as compared with the corresponding period of the previous year. During the reporting period, due to the rapid development of “Shang Dai Tong” loan business, the interest income from individual loans and advances accounted for 27.14% of total interest income from loans, up by 7.69 percentage points as compared with the corresponding period of the previous year. During the reporting period, as the Group adjusted the credit structure and improved the bargaining power on loans, the average return rate of loans and advances was 6.68%, representing an increase of 1.18 percentage points as compared with the corresponding period of the previous year.

(2) Interest income from investment in debt securities

In the first half of 2011, the Group realized RMB2,961 million interest income from investment in debt securities, representing an increase of 12.12% as compared with the corresponding period of the previous year, which was primarily due to the steady expansion of the Group’s investment in debt securities.

(3) Interest income from due from and placements with banks and other financial institutions

The interest income from due from and placements with banks and other financial institutions of the Group in the first half of 2011 was RMB8,821 million, representing an increase of 630.82% as compared with the corresponding period of the previous year, which was primarily due to higher market interest rate and the robust development of the amount due from and placements with banks and other financial institutions.

(4) Interest income from finance lease receivables

During the reporting period, the interest income from finance lease receivables of the Group amounted to RMB1,532 million, representing an increase of RMB870 million, or 131.42%, as compared with the corresponding period of the previous

year. Such increase was mainly due to the business expansion of Minsheng Financial Leasing Co., Ltd., a subsidiary of the Group, and the improvement of bargaining power.

2. *Interest expenses*

In the first half of 2011, the interest expenses of the Group was RMB22,314 million, representing an increase of RMB11,791 million, or 112.05%, as compared with the corresponding period of the previous year. Of the foregoing, the increase in interest expenses by RMB7,693 million was resulted from the rise in cost ratio of interest-bearing liabilities, and the increase in interest expenses by RMB4,098 million was due to the expansion of interest-bearing liability. In respect of the interest expenses structure, 61.07% came from expenses on deposits and 33.32% came from due to and placements from banks and other financial institutions.

(1) Interest expenses on deposits

Interest expenses of the Group on deposits in the first half of 2011 amounted to RMB13,628 million, representing an increase of RMB5,625 million, or 70.29%, as compared with the corresponding period of the previous year. It was mainly due to the increase in average interest rate of deposits by 0.46 percentage point as compared with the corresponding period of the previous year to 1.89%, as well as the further expansion of the Group's size of deposits.

(2) Interest expenses on amounts due to and placements from banks and other financial institutions

During the reporting period, interest expenses of the Group on amounts due to and placements from banks and other financial institutions amounted to RMB7,436 million, representing an increase of RMB5,665 million, or 319.88%, as compared with the corresponding period of the previous year. The increase was mainly due to the expanded scale of amounts due to and placements from banks and other financial institutions, and the rise of interest rate.

(3) Interest expenses on debt securities in issue

During the reporting period, interest expenses of the Group on debt securities in issue amounted to RMB628 million, representing an increase of 35.34% as compared with the corresponding period of the previous year. It was mainly due to the issuance of RMB10,000 million new subordinated bonds by the Group in the first half of 2011.

(4) Interest expenses on borrowings from other financial institutions

During the reporting period, the interest expenses of the Group on borrowings from other financial institutions amounted to RMB622 million, representing an increase of 118.25%, as compared with the corresponding period of the previous

year. This was mainly due to the increase in the size of borrowings of Minsheng Financial Leasing Co., Ltd., a subsidiary of the Group, and the increase in market interest rate.

(II) Net non-interest income

During the reporting period, net non-interest income of the Group amounted to RMB9,256 million, representing an increase of RMB4,340 million, or 88.28%, as compared with the corresponding period of the previous year.

Item	<i>(Unit: RMB million)</i>		
	January– June 2011	January– June 2010	Changes (%)
Net fee and commission income	7,919	4,509	75.63
Other non-interest gain	1,337	407	228.50
Total	9,256	4,916	88.28

1. Analysis of net fee and commission income

During the reporting period, the Group realized the net fee and commission income of RMB7,919 million, representing an increase of RMB3,410 million, or 75.63%, as compared with the corresponding period of the previous year, which was primarily due to the significant increases in fee income from wealth management business, credit card business, trade finance and custodian business.

Item	<i>(Unit: RMB million)</i>		
	January– June 2011	January– June 2010	Changes (%)
Custodian and other fiduciary service commissions	2,259	895	152.40
Financial advisory service fees	1,593	1,538	3.58
Credit commitment fees and commissions	1,436	661	117.25
Bank card service charges	972	287	238.68
Settlement and clearing services fees	891	510	74.71
Financial leasing service fees	406	397	2.27
Securities underwriting service fees	257	162	58.64
Others	367	209	75.60
Fee and commission income	8,181	4,659	75.60
Less: Fee and commission expenses	262	150	74.67
Net fee and commission income	7,919	4,509	75.63

2. Other non-interest gain

Item	(Unit: RMB million)		
	January– June 2011	January– June 2010	Changes (%)
Net trading income	146	99	47.47
Gain on exchange rate instruments	179	236	-24.15
Gain/(loss) on interest rate instruments	39	-51	while negative for the corresponding period of the previous year
Loss on precious metals and other products	-72	-86	while negative for the corresponding period of the previous year
Net gains arising from disposal of securities and discounted bills	1,191	308	286.69
Total	1,337	407	228.50

Note: The Bank updated its acceptance system and changed the accounting treatment of the gain or loss arising from the disposal of discounted bills in the first half of 2011. After the system update, the difference between the discounted interest incomes unamortized and rediscounted interest costs is recognised as disposal gain or loss, while it was recognised as interest income in prior periods.

(III) Operating expenses

During the reporting period, the operating expenses of the Group amounted to RMB15,659 million, representing an increase of 35.14% as compared with the corresponding period of the previous year, which was primarily due to the increased staff cost, business development expenses, office expenses and business tax. Given the continuous increase in operating income and the effective control of cost, the cost-to-income ratio further decreased to 34.08%, down by 5.75 percentage points as compared with the corresponding period of the previous year.

Item	(Unit: RMB million)		
	January– June 2011	January– June 2010	Change (%)
Staff costs	7,893	5,776	36.65
Business development expenses	838	726	15.43
Office expenses	759	717	5.86
Business tax and surcharges	2,833	1,814	56.17
Others	3,336	2,554	30.62
Total	<u>15,659</u>	<u>11,587</u>	<u>35.14</u>

(IV) Impairment losses on assets

During the reporting period, the Group recorded an impairment loss on assets of RMB4,337 million, representing an increase of RMB2,074 million, or 91.65%, as compared with the corresponding period of the previous year. It was mainly due to the expanded scale of loans and the adoption of prudent allowance policy, which enhanced the capability to resist risks.

Item	(Unit: RMB million)		
	January– June 2011	January– June 2010	Changes (%)
Loans and advances	4,217	2,117	99.20
Available-for-sale financial assets	0	65	-100.00
Others	120	81	48.15
Total	<u>4,337</u>	<u>2,263</u>	<u>91.65</u>

(V) Income tax

In the reporting period, the income tax of the Group was RMB4,351 million, representing an increase of RMB1,660 million as compared with the corresponding period of the previous year. The effective tax rate was 23.64%.

III. Analysis of Major Items of Statement of Financial Position

(I) Assets

As at the end of the reporting period, total assets of the Group amounted to RMB2,161,005 million, representing an increase of RMB337,268 million, or 18.49% from the end of the previous year. The increase of total assets was mainly due to the normal and moderate development of all businesses in a balanced manner.

The table below sets out the components of the Group's total assets as at 30 June 2011.

Item	30 June 2011		31 December 2010	
	Amount	% of total	Amount	% of total
Total loans and advances	1,142,274	52.86	1,057,571	57.99
Allowance for impairment loss on loans	-23,979	-1.11	-19,848	-1.09
Net loans and advances	1,118,295	51.75	1,037,723	56.90
Investments	220,216	10.19	181,419	9.95
Balances with central banks	276,548	12.80	262,238	14.38
Due from banks and other financial institutions	151,715	7.02	125,462	6.88
Placements with banks and other financial institutions	306,633	14.19	149,385	8.19
Net properties and facilities	9,167	0.42	8,809	0.48
Other assets	78,431	3.63	58,701	3.22
Total	2,161,005	100.00	1,823,737	100.00

Note: Investments include available-for-sale securities, held-to-maturity securities, loans and investments receivables, trading financial assets and derivative financial assets.

1. Loans and advances to customers

As at the end of the reporting period, total loans and advances to customers of the Group amounted to RMB1,142,274 million, up by 8.01% from the end of the previous year. The loans and advances accounted for 52.86% of total assets, representing a slight decrease as compared with the end of the previous year, which was mainly affected by the market environment and the adjustment in business structure. In terms of the structure of loan business, with the growth of loan business of “Shang Dai Tong” expanded, as at the end of the reporting period the proportion of individual loans in total loans increased to 28.82%.

Breakdown of loans and advances by product types is as follows:

Item	<i>(Unit: RMB million)</i>			
	30 June 2011		31 December 2010	
	Amount	% of total	Amount	% of total
Corporate loans	813,074	71.18	778,409	73.60
Of which: Discounted				
bills	7,712	0.68	11,931	1.13
Individual loans	329,200	28.82	279,162	26.40
Total	1,142,274	100.00	1,057,571	100.00

Of which, breakdown of individual loan business is as follows:

Item	<i>(Unit: RMB million)</i>			
	30 June 2011		31 December 2010	
	Amount	% of total	Amount	% of total
Loans of Shang Dai				
Tong	207,649	63.08	158,986	56.95
Mortgage loans	88,405	26.85	97,494	34.92
Receivables from				
credit cards	24,720	7.51	16,432	5.89
Others	8,426	2.56	6,250	2.24
Total	329,200	100.00	279,162	100.00

2. Investments

At the end of the reporting period, the balance of the Group's investments was RMB220,216 million, representing an increase of 21.39% as compared with the end of the previous year. It was mainly due to the expanded scale of available-for-sale financial assets and trading financial assets.

Breakdown of investments of the Group by purposes of holding is as follows:

Item	30 June 2011		31 December 2010	
	(Unit: RMB million)			
	Amount	% of total	Amount	% of total
Trading financial assets	17,589	7.99	6,024	3.32
Available-for-sale securities	58,700	26.66	35,192	19.40
Held-to-maturity investments	133,345	60.55	128,610	70.89
Loans and receivables	10,106	4.59	11,117	6.13
Derivative financial assets	476	0.21	476	0.26
Total	220,216	100.00	181,419	100.00

(1) Holdings of major government bonds

The table below shows the major government bonds held by the Company as at the end of the reporting period:

Item	Par value	(Unit: RMB million)	
		Annual interest rate (%)	Maturity date
2003 Book-entry T-bonds	2,565	2.8	9-4-2013
2004 Book-entry T-bonds	1,025	4.86	25-11-2011
2006 Book-entry T-bonds	2,572	2.48–2.51	25-10-2011 to 27-2-2013
2007 Book-entry T-bonds	1,693	3.9	23-8-2014
2008 Book-entry T-bonds	4,430	2.71–4.16	21-4-2013 to 28-2-2023
2009 Book-entry T-bonds	3,000	2.26–2.29	2-4-2014 to 4-6-2014
2010 Book-entry T-bonds	26,025	1.87–3.67	15-7-2011 to 28-10-2020
2011 Book-entry T-bonds	27,114	2.77–3.6	13-1-2012 to 17-2-2016
Total	68,424	—	—

(2) Holdings of major financial bonds

The table below shows the major financial bonds held by the Company as at the end of the reporting period:

(Unit: RMB million)

Item	Par value	Annual interest rate (%)	Maturity date	Provision for impairment
2002 Financial bonds	1,020	2.7	23-4-2012	—
		Floating, 3.72–3.74	9-5-2013 to	
2003 Financial bonds	3,860	for the period	16-6-2013	—
2008 Financial bonds	1,380	2.1	15-12-2018	—
		Floating, 3.59		
2010 Financial bonds	1,930	for the period	25-2-2020	—
		2.92–floating, 3.84	8-7-2011 to	
2011 Financial bonds	19,060	for the period	12-5-2016	—
Total	27,250	—	—	—

(3) Major types and amount of derivative financial instruments

(Unit: RMB million)

Item	Contractual/ Notional amount	Fair value	
		Assets	Liabilities
Interest rate swaps	37,197	296	-236
Currency forwards	28,704	111	-103
Currency swaps	26,500	47	-34
Precious metal swaps	1,633	21	-31
Credit default swaps	532	1	-1
Extension options	8,300	—	—
Total	—	476	-405

(II) Liabilities

As at the end of the reporting period, the Group's total liabilities amounted to RMB2,044,196 million, representing an increase of RMB325,716 million, or 18.95%, as compared with the end of the previous year.

The table below sets out the breakdown of the Group's total liabilities as at 30 June 2011.

Item	30 June 2011		31 December 2010	
	(Unit: RMB million)			
	Amount	% of total	Amount	% of total
Deposits from customers	1,536,586	75.17	1,416,939	82.45
Due to and placements from banks and other financial institutions	397,311	19.44	225,144	13.10
Borrowings from banks and other financial institutions	34,519	1.69	25,211	1.47
Debt securities in issue	31,026	1.52	21,048	1.22
Other liabilities	44,754	2.18	30,138	1.76
Total liabilities	2,044,196	100.00	1,718,480	100.00

1. Deposits from customers

As at the end of the reporting period, the total deposits from customers of the Group was RMB1,536,586 million, representing an increase of RMB119,647 million, or 8.44%, as compared with the end of the previous year. In terms of types of customers, corporate deposits, retail deposits and other deposits accounted for 81.64%, 18.15% and 0.21% of the total deposits, respectively. In terms of types of deposits, demand deposits, time deposits and other deposits accounted for 42.58%, 57.21% and 0.21%, respectively.

Item	30 June 2011		31 December 2010	
	Amount	% of total	Amount	% of total
Deposits from corporates	1,254,426	81.64	1,184,111	83.57
— Demand deposits	565,356	36.79	579,448	40.89
— Time deposits	689,070	44.85	604,663	42.68
Deposits from individuals	278,887	18.15	231,215	16.32
— Demand deposits	88,892	5.79	71,644	5.06
— Time deposits	189,995	12.36	159,571	11.26
Others	3,273	0.21	1,613	0.11
Total	1,536,586	100.00	1,416,939	100.00

2. Due to and placements from banks and other financial institutions

As at the end of the reporting period, the total balance of the Group's due to and placements from banks and other financial institutions was RMB397,311 million, representing an increase of 76.47% from the end of the previous year. The increase was primarily due to the Group's enhancement in the utilization of funds from other financial institutions by taking advantage of market opportunities.

(III) Shareholders' equity

As at the end of the reporting period, total shareholders' equity of the Group amounted to RMB116,809 million, equity attributable to the equity holders of the Bank was RMB115,269 million.

Item	(Unit: RMB million)		
	30 June 2011	31 December 2010	Changes (%)
Share capital	26,715	26,715	0.00
Capital reserve	38,075	38,075	0.00
Reserve for fair value changes of available-for-sale securities	-374	-288	29.86
Surplus reserve	5,903	5,903	0.00
General reserve	13,823	13,822	0.01
Retained earnings	31,127	19,881	56.57
Equity attributable to the equity holders of the Bank	115,269	104,108	10.72
Non-controlling interest in equity	1,540	1,149	34.03
Total equity	116,809	105,257	10.98

(IV) Off-statement items

As at the end of the reporting period, balances of major off-statement items of the Group were as follows:

Item	<i>(Unit: RMB million)</i>		
	30 June 2011	31 December 2010	Changes (%)
Bank acceptances	430,514	308,584	39.51
Letters of guarantee	61,616	50,115	22.95
Trade refinancing	56,223	24,267	131.69
Letters of credit	44,062	30,062	46.57
Credit card commitments	24,839	18,618	33.41
Financial lease commitments	2,853	1,898	50.32
Irrevocable loan commitments	2,323	5,629	-58.73
Capital commitments	7,032	8,296	-15.24
Operating lease commitments	5,302	4,149	27.79

(V) Market shares of major products and services

According to the Summary of Sources & Uses of Funds of Financial Institutions (in RMB and Foreign Currency) for June 2011 (金融機構本外幣信貸收支表) issued by the People's Bank of China (the "PBOC"), among 9 national joint stock commercial banks, total deposits of the Company captured a market share of 13.31% and its savings deposits accounted for 11.84% of the market share as at the end of the reporting period. As at the end of the reporting period, total loans of the Company captured a market share of 13.56%, of which, market shares of loans excluding discounted bills and market shares of loans to individuals were 13.78% and 15.51%, respectively.

IV. Qualitative Analysis of Loans

(I) Industry concentration of loans

Item	30 June 2011		(Unit: RMB million)	
	31 December 2010			
	Amount	% of total	Amount	% of total
Corporate loans and advances				
Manufacturing	168,263	14.74	143,036	13.51
Real estate	130,270	11.40	129,424	12.23
Leasing and commercial services	114,593	10.03	107,736	10.19
Wholesale and retail	79,950	7.00	62,031	5.87
Mining	65,791	5.76	61,845	5.85
Transportation, warehousing and postal services	64,044	5.61	69,248	6.55
Water, environment and public utilities management	42,989	3.76	53,798	5.09
Production and supply of electricity, gas and water	29,177	2.55	31,712	3.00
Construction	28,793	2.52	26,237	2.48
Public administration and social organizations	27,858	2.44	32,567	3.08
Education and community services	23,540	2.06	24,277	2.30
Financial services	13,935	1.22	18,112	1.71
Information transmission, IT services and software industry	4,962	0.43	3,933	0.37
Others	18,909	1.66	14,453	1.37
Subtotal	813,074	71.18	778,409	73.60
Loans and advances to individuals	329,200	28.82	279,162	26.40
Total	1,142,274	100.00	1,057,571	100.00

(II) Loans by geographical distribution

Region	30 June 2011		(Unit: RMB million) 31 December 2010	
	Balance	% of total	Balance	% of total
Northern China	332,491	29.11	307,220	29.05
Eastern China	425,519	37.25	400,678	37.89
Southern China	130,635	11.44	113,682	10.75
Other regions	253,629	22.20	235,991	22.31
Total	1,142,274	100.00	1,057,571	100.00

Note: Northern China includes Minsheng Financial Leasing Co., Ltd, the head office and the branches in Beijing, Taiyuan, Shijiazhuang and Tianjin; Eastern China includes Cixi Minsheng Township Bank Co., Ltd., Shanghai Songjiang Minsheng Township Bank Co., Ltd., Jiading Minsheng Township Bank Co., Ltd., Penglai Minsheng Township Bank Co., Ltd. and the branches in Shanghai, Hangzhou, Ningbo, Nanjing, Jinan, Suzhou, Wenzhou, Qingdao, Hefei and Nanchang; Southern China includes Minsheng Royal Fund Management Co., Ltd., Anxi Minsheng Township Bank Co., Ltd. and the branches in Fuzhou, Guangzhou, Shenzhen, Quanzhou, Shantou, Xiamen and Nanning; Other regions include Minsheng township banks in Pengzhou, Jiangxia, Changyuan, Tongnan, Meihekou, Ziyang, Qijiang, Yidou and Zhongxiang and the branches in Xi'an, Dalian, Chongqing, Chengdu, Kunming, Wuhan, Changsha, Zhengzhou and Changchun.

(III) Distribution of loans by collateral

Item	30 June 2011		(Unit: RMB million) 31 December 2010	
	Amount	% of total	Amount	% of total
Unsecured loans	177,333	15.52	177,165	16.75
Guaranteed loans	336,420	29.45	296,146	28.00
Loans secured by				
— tangible assets				
other than monetary				
assets	523,146	45.80	492,037	46.53
— monetary assets	105,375	9.23	92,223	8.72
Total	1,142,274	100.00	1,057,571	100.00

Note: In the reporting period, the Group classified the loans under a combined guarantee, and made re-classification and adjustment to the corresponding figures of the previous year.

(IV) Top ten borrowers

As at the end of the reporting period, the aggregate outstanding loan amount attributed to the top ten borrowers of the Group was RMB34,101 million, accounting for 2.99% of the total loan amount.

(V) Five-category classification of credit assets

Item	30 June 2011		31 December 2010	
	(Unit: RMB million)			
	Amount	% of total	Amount	% of total
Performing loans	1,135,101	99.37	1,050,232	99.31
Of which: Pass	1,125,596	98.54	1,040,101	98.35
Special-mention	9,505	0.83	10,131	0.96
Non-performing loans	7,173	0.63	7,339	0.69
Of which: Substandard	3,634	0.32	3,701	0.35
Doubtful	1,845	0.16	1,983	0.19
Loss	1,694	0.15	1,655	0.15
Total	1,142,274	100.00	1,057,571	100.00

(VI) Migration ratio of loans

The table below sets forth the migration ratio of loans of the Company in the recent three consecutive years:

Item	30 June 2011	31 December 2010	31 December 2009
Pass	0.29%	1.25%	1.37%
Special-mention	19.60%	20.26%	9.38%
Substandard	16.46%	21.15%	82.19%
Doubtful	11.20%	5.18%	53.01%

(VII) Subsidized loans

As at the end of the reporting period, the Group had no subsidized loans.

(VIII) Restructured loans and overdue loans

(Unit: RMB million)

Item	30 June 2011		31 December 2010	
	Amount	% of total	Amount	% of total
Restructured loans	1,729	0.15	2,412	0.23
Overdue loans	4,556	0.40	4,968	0.47

Notes:

1. Restructured loans are loans terms of repayment of which are amended as a result of borrowers' declined financial status or failure by the borrower to repay the debt due.
2. Overdue loans are loans the principal or any interest of which is overdue for 90 or more days.

(IX) Movement in allowance for impairment of loans

(Unit: RMB million)

Item	30 June 2011	31 December 2010
Balance as at beginning of the period	19,848	15,241
New allowance charge for the period	5,112	6,237
Releases reversal for the period	-895	-934
Transfer out	-1	0
Write-offs	-82	-773
Recoveries	108	246
Unwinding of discount on allowance	-108	-170
Exchange gain	-3	1
Balance as at end of the period	23,979	19,848

Provision method for loan impairment:

On reviewing the book values of the Group's loans as at the balance sheet date, if evidence shows a loan impairment occurring to a loan and the event triggering such loan impairment will have an adverse effect on the future cash flow that can be reliably assessed, the Group will recognize the impairment loss of the loan and write down the value of the loan to its recoverable amount. The reduced amount will be charged to the income statement of the relevant period as provision for impairment losses. Besides an individual evidence-based impairment assessment for each loan of significant amount, the Group reviews its loan portfolio as a whole to assess impairment for loans which are not of significant amount individually. If no evidence shows there is loan impairment to a loan when assessed individually, whether the amount of the loan in question is substantial or not, it will be included in a portfolio of loans of similar risk profile for collective impairment assessment. If a loan has been individually assessed and recognized at its impaired value, no general impairment provision is required.

(X) Non-performing loans and related measures

As at the end of the reporting period, the Group had non-performing loans of RMB7,173 million; and the impaired loan ratio was 0.63%, representing a decrease of 0.06 percentage point as compared with the end of the previous year.

To improve asset quality and reduce non-performing loan ratio, the Group mainly adopted the following measures during the reporting period:

- (1) Enhancing credit planning, proactively adjusting loan distribution, and continuously optimizing asset structure in line with the changing economic environment and requirements of macro-economic policies;
- (2) Continuing to optimize the risk management system, improving the risk management policies and imposing multi-dimensional risk limit management for various industries and regions;
- (3) Proactively developing and optimizing the system of risk monitoring and early-warning, and conducting focused risk identification and special examination in order to effectively control new non-performing loans while strengthening routine post-loan management;
- (4) Closely monitoring loans with potential risk factors and problems in order to handle them early and promptly develop contingency plans so that the recovery measures can be made earlier in a proper manner;
- (5) Comprehensively utilizing all available recovery measures such as repayment collection, restructuring, foreclosing and legal action, and enhancing recovery assessment so as to reinforce accountability mechanism for non-performing assets and to improve the efficiency and effectiveness of recovery; and
- (6) Strengthening training programs to improve the professional skills and expertise of the risk management team and foster the philosophy of compliance.

V. Analysis of Capital Adequacy Ratio

Item	<i>(Unit: RMB million)</i>		
	30 June 2011	31 December 2010	31 December 2009
Net capital	159,920	133,772	107,656
Of which: Core capital	115,675	103,488	88,756
Supplementary capital	44,369	30,408	21,224
Deductions	124	124	2,324
Total risk-weighted assets and adjustment to market risk	1,490,984	1,280,847	993,773
Core capital adequacy ratio (%)	7.75	8.07	8.92
Capital adequacy ratio (%)	10.73	10.44	10.83

As at the end of the reporting period, the capital adequacy ratio of the Group increased by 0.29 percentage point while its core capital adequacy ratio decreased by 0.32 percentage point as compared with the end of the previous year. The change in the first half of 2011 was mainly due to the following factors: (i) the total risk-weighted assets increased in line with the growth of business; and (ii) the Group increased its core capital by capitalizing part of its profits and increased its supplementary capital by issuing RMB10,000 million subordinated bonds so as to increase capital scale and partially offset the impact of increase in risk assets on capital adequacy ratio.

VI. Segment Report

The Group's businesses can be analyzed by geographical regions and business segments. In respect of geographical locations, the Group mainly operates its business in four main regions, namely, Northern China, Eastern China, Southern China and other regions. In respect of business lines, the Group provides different types of financial services in four major business segments, namely corporate banking business, retail banking business, treasury business and other business.

(I) Segment operating results by geographical regions

(Unit: RMB million)

Region	Total assets (excluding deferred income tax assets)	Operating income	Profit before tax
Northern China	1,190,322	14,524	5,008
Eastern China	724,008	12,772	7,228
Southern China	300,048	4,326	2,279
Other	413,444	7,179	3,892
Inter-region adjustment	-472,624	0	0
Total	<u>2,155,198</u>	<u>38,801</u>	<u>18,407</u>

Note: Inter-region adjustment refers to the centralized adjustments involving the Bank or a number of branch offices (such as inter-entity balances and open credit).

(II) Segment operating results by business lines

(Unit: RMB million)

Type of Business	Total assets (excluding deferred income tax assets)	Operating income	Profit before tax
Corporate banking	805,025	18,034	8,923
Retail banking	330,980	9,327	2,564
Treasury	961,061	10,421	6,123
Other business	58,132	1,019	797
Total	<u>2,155,198</u>	<u>38,801</u>	<u>18,407</u>

VII. Other Financial Information

(I) Items relating to fair value measurement

1. Internal control system relating to fair value measurement

In order to regulate fair value measurement, improve the quality of financial information, strengthen risk management and protect the legitimate interests of investors and all relevant parties, the Company has formulated the Administrative Measures regarding Fair Value (公允價值管理辦法) based on the CAS, which expanded the scope of fair value measurement to cover the initial measurement of assets and liabilities, including part of the financial assets, financial liabilities and foreclosed assets; and clarified and refined the principles, methods and procedures for determining fair value. With the aim to enhance the rationality and reliability of the valuation of fair value, the Company has assigned relevant departments to specific responsibilities for fair value management so as to continuously strengthen research into the valuation of its asset and loan businesses and improve internal valuation capabilities. The Company will also refine in stages its valuation models and systems to verify prices obtained externally. Moreover, the Company has implemented internal control measures over the process of fair value measurement, including double-checking on price enquiry and confirmation, adopting a dual signature mode by person-in-charge and reviewer for the fair value measurement process to be effected. In the meantime, the Internal Audit Department plays an active role in the rectification of identified issues through monitoring and examination of fair value scoping, methodology and procedures, so as to improve internal control within the Company.

2. Items measured at fair value

The Company's financial instruments measured at fair value include: trading financial assets, derivative financial instruments and available-for-sale financial assets. Debt securities in trading financial assets and available-for-sale financial assets were valued using the following methods: for RMB bonds, in principle the valuation provided by China Government Securities Depository Trust & Clearing Co. Ltd. would apply; for bonds denominated in foreign currencies, market value was determined through a combination of BLOOMBERG quotes, DATASCOPE quotes and enquiries; and the fair value of most derivative financial instruments was obtained directly from quotes of market prices, while the fair value of certain derivative financial instruments with customers was obtained from market enquiries. Derivative financial instruments mainly consisted of interest rate swap contracts with customers and proprietary interest rate swap contracts, the market risks of which had been hedged. The changes in fair value had little impact on the profit of the Company. Changes in fair value of available-for-sale financial assets were considered when calculating shareholders' equities.

Item	(Unit: RMB million)	
	30 June 2011	31 December 2010
Trading financial assets	17,589	6,024
Of which: Government and quasi-government bonds	15,209	4,823
Corporate bonds	2,380	1,201
Derivative financial assets	476	476
Available-for-sale securities	58,575	35,067
Total financial assets	76,640	41,567
Derivative financial liabilities	405	368

(II) Overdue and outstanding liabilities

As at the end of the reporting period, the Group had no material outstanding liabilities that were overdue.

VIII. Performance of Key Business Lines

(I) Corporate banking

In the reporting period, the Company took initiatives in corporate business operation to respond to changes in operating and regulatory environments. Targeting on building itself into a distinctive and efficient bank, the Company focused on the implementation of strategies of non-state-owned enterprises and promotion of the Financial Butler (金融管家) service and adopted intensive management under capital restraint, the Company continued to optimize the structures of its business, customer base and income sources in line with its development, while the effect of the strategic transformation has been seen gradually.

1. Customer base of corporate banking

In the reporting period, adhering to the fundamental principle of capturing high quality customers of both small-scale and large-scale (抓好抓優、大小並舉), the Company strengthened its customer base by adopting the following measures: (1) The Company took various means and measures to expand into emerging markets and develop new customers to further enhance the corporate customer base; (2) To implement the strategic positioning of becoming a “bank for non-state-owned enterprises”, the Company established a dedicated “Financial Butler” team on “1+2+N” basis by cooperating with All-China General Chamber of Industry and Commerce, civilian chambers of commerce and industry associations, so as to effectively expand its service coverage of non-state-owned enterprises and SMEs, as well as to cultivate core customer groups of non-state-owned enterprises as long-term strategic customers.

As at the end of the reporting period, the Company had 11,988 customers with outstanding loans, and 204,200 corporate deposit accounts with outstanding balance, representing a significant increase of 15.65% and 16.35% as compared with the end of the previous year, respectively. The average balance of outstanding loans per corporate loans customer decreased to RMB67 million from RMB73 million as at the beginning of the period. Loan concentration was effectively reduced and the customer structure was further optimized.

In the reporting period, the Company developed and provided integrated financial services plans including the implementation of industry chain financing, the issuance of debt financing instruments, structural financing, and cash management to various strategic non-state-owned enterprises. As at the end of the reporting period, the Company had 9,605 customers of non-state-owned enterprises with outstanding balances, and outstanding general loans amounted to RMB432,054 million, representing an increase of 17.11% and 10.65% as compared to the end of previous year respectively. In corporate banking business, the number of non-state-owned enterprises with outstanding balances accounted for 80.12% and the outstanding general loans of the non-state-owned enterprises accounted for 54.89%.

2. *Corporate loans*

In the reporting period, the Company developed its corporate loan business by focusing on controlling the total lending amount, optimizing the structure, maintaining good quality of loan portfolio and improving efficiency. The Company regulated the growth of loans and the pace of loan extension on a rational basis to optimize the loan structure. The size of corporate loans recorded a steady growth and the asset quality remained stable with a significant increase in total revenue.

The major business strategies and measures of the Company's loan business include the followings:

- (1) The Company adhered to the changes of relevant policies, and regulated the growth of loans and the pace of loan extension on a rational basis. The Company also strictly adhered to the Company's needs of the Company's strategic transformation, and focus on strategic customers including small and micro enterprises and SMEs.

As at the end of the reporting period, outstanding corporate loans (including discounted bills) of the Company amounted to RMB809,693 million, representing an increase of RMB33,506 million, or 4.32%, as compared with the end of the previous year. Outstanding general corporate loans amounted to RMB787,178 million, representing an increase of RMB36,677 million, or 4.89%, as compared with the end of the previous year. Non-performing corporate loan ratio of the Company amounted to 0.78%, representing a decrease of 0.06 percentage point as compared with the end of the previous year.

- (2) The Company utilized credit products including commercial bills, trade finance and comprehensive credit management measures in a flexible manner to satisfy the capital demands of customers. Based on this, the Company continued to optimize the credit structure as well as increase revenue.

For bills business, the Company promoted the development of discounted commercial bill business provided that all types of risk were proactively controlled. In the reporting period, the Company continued to carry out innovations on products and services of bills business, and satisfied various needs of customers with timely and accurate one-stop full function financial services based on its rich product portfolio and comprehensive bills financing solutions, which facilitated the development of real economies. In the business development process, the Company put more strength on supporting SMEs by providing bill financing and financial services as well as promoting discounted commercial bills, so as to solve their financial problems with higher social and operational efficiency. In the reporting period, the volume of discounted commercial bill business amounted to RMB203,500 million, representing an increase of 27.64% as compared with the corresponding period of the previous year.

For trade finance business, the Company worked out industry chain financial solutions for key industries by enriching the product offerings to special industries and enhancing the integrated solutions for counterparties in industry chains. Besides, the Company further enhanced product and service innovation, and met the particular needs of customers with various business models, including “installments of combined loans (統貸分還)”, “repaying bills by bank cards (票借卡還)” and “dual pledge on receivables (雙應收賬款質押)”.

- (3) By capturing market opportunities arising from the steady and sound development of the economy, the Company implemented the state industrial financial policies and encouraged the provision of new funds to real economies, actively explored a business development model for green finance and emerging strategic industries, while strictly scrutinized the provision of loan facilities to industries characterized by heavy pollution, high energy consumption and excessive production capacity, government-guaranteed projects and redundant projects of low productivity to prevent credit risks.

In the reporting period, according to the “four categories” specified by the CBRC, the Company strictly controlled new credit facilities to government-guaranteed projects and continued to enhance its post-loan management. In order to prevent from risks in the existing business operations, the Company categorized credit facilities to government-guaranteed projects through cooperation with various parties, and performed comprehensive examinations of each loans to each customer, and proactively promoted the rectification of existing business operations. So far, no abnormal situation has been identified.

3. *Corporate deposits*

During the reporting period, the Company abandoned the simple traditional approach of relying on financial inputs and period data and continued to implement the principle of “taking deposits as the key foundation of the bank” by responding to changes of monetary policy in a timely manner and strengthening the research on liability business models. In addition to enhancing the settlement platform, the Company encouraged strengthening deposit customer base by providing satisfying products and services and seeking for new channels to increase balance of deposits. The Company also improved the organic growth of the deposits portfolio, and achieved the sustainable growth in corporate deposits. As at the end of the reporting period, the balance of the outstanding deposit of the Company was RMB1,248,188 million, representing an increase of RMB68,325 million or 5.79% as compared with the end of the previous year.

Major measures mainly include the following two aspects:

1. The Company took various initiatives to explore new customers. In the reporting period, 23,710 new pure corporate deposit accounts of the Company brought a growth of RMB76,630 million in deposits, which accounted for 112.16% of the increase in corporate deposits. The increase in new deposits laid a solid foundation for the sound growth of our liability business.
2. The Company aimed to achieve organic growth of its liability business through the development of transaction finance business. Its core competitiveness of the transaction finance business continued to be strengthened. The Company formulated specific plans and innovative models for the development and restructuring of its transaction finance business and proactively expanded the customer base in various industries to boost the sales performance to major customers, SMEs and retail businesses. All businesses of the Company maintained rapid growth. In the reporting period, the transaction finance business of the Company amounted to RMB298,034 million with 5,457 regular customers and the balance of derivative deposits was RMB150,492 million, representing a significant increase of 85.46%, 83.31% and 67.79% as compared to the same period of the previous year respectively. As at the end of the reporting period, the balance of transaction finance business was 199,271 million with no non-performing finance, which was among the highest in the market. In the Fifth China International Logistics and Supply Chain Development Summit Forum (第五屆中國國際物流與供應鏈合作發展高峰論), the Company was awarded “The Best Supply Chain Finance Bank in China of the year 2010–2011” (影響中國2010–2011最佳供應鏈金融銀行). The reputation of the Company as an “expert industrial financing service provider” among customers, banks and banking associations continues to grow.

4. Corporate non-interest income business

In the reporting period, the Company integrated intermediary business development and organizational restructuring and focused on the development of businesses with low capital coefficient and high return, including annuity custody and bills management. The Company also established a system of financing products for emerging markets which mainly included issuance and underwriting of debt financing instruments, structural financing and asset management. The combined effect of innovative products and services and diversified business model boosted a significant increase in intermediary business of the corporate business segment in the reporting period, and the net fee and commission income amounted to RMB4,322 million, representing an increase of 43.21% as compared with corresponding period of the previous year, which accounted for 57.47% of the net fee and commission income of the Company.

In respect of the investment banking business in emerging markets, the Company offered customers, particularly strategic non-state-owned enterprises, comprehensive financial services focusing on investment and financing, as well as continued to improve the system of structural financing products. Through broadening varieties of direct financing and asset management services, the Company provided more diversified consultation and financial advisory services and expanded channels for intermediary business. In the reporting period, the Company enhanced the internal sponsor team for the investment banking business in emerging markets, and put more efforts in marketing and promoting the investment banking business, as well as further standardized business management and operation model. The Company accelerated the replication of well developed business models and relevant marketing efforts, and focused on the trial operation of “Listing Express (上市直通車)” business to establish a new financial service model.

In respect of asset custody business, the Company focused on the strategic customers of the Bank with an emphasis on the development of products in direct relation to capital market, including private equity funds, securities investment fund, group wealth management for securities dealers (券商集合理財). The Company further consolidated its internal resources and implemented a strategy of “diversification and specialization” to optimize the business models including the combinations of custody+agency, custody+wealth management, custody+investment banking and custody+payment, which strengthened the competitive edges in the segment market. As at the end of reporting period, the assets held by the Company as custodian (including safekeeping) amounted to RMB332,038 million, representing an increase of 75.16% as compared with the corresponding period of the previous year. Revenue from the custody business was RMB165 million, representing an increase of 76.18% as compared with corresponding period of the previous year.

In respect of corporate annuity business, the Company put strategic emphasis on the development of corporate annuity business and segmented target markets and encouraged product and marketing innovations. The Company also strengthened the cooperation with external trustees and put more efforts in the integration of resources of the Bank, so as to drive the growth of corporate annuity business through joint marketing and leveraging its leading businesses. As at the end of the reporting period, 97,465 individual annuity accounts were managed by the Company, representing an increase of 121.32% as compared with the corresponding period of the previous year. The annuity under custody amounted to RMB3,858 million, representing an increase of 108.99% as compared with the corresponding period of the previous year.

In respect of debt financing instruments, leveraging the advantages of the market expansion, the Company targeted on its medium-sized quality customers, particularly strategic non-state-owned enterprises, and exerted its effort to develop SME businesses including collective bonds, short-term bonds and medium-term notes. In the reporting period, a total of 36 issues of short-term financing bonds and medium-term notes amounting to RMB26,113 million were issued by the Company. The issuance of these debt and notes satisfied the financing demand of customers and also boosted the steady growth of the net non-interest income. In the meantime, the Company achieved a fee income of RMB222 million, representing a stable increase of 54.07% as compared with the corresponding period of the previous year.

5. *Operation of the SBUs*

In the reporting period, SBUs took proactive steps in response to the complicated and ever-changing external environment by enhancing risk prevention, exploring business opportunities in emerging markets, promoting the application of “Financial Butler” service model and implementing the strategies targeting on non-state-owned enterprise. All lines of business at SBUs achieved continuous growth and the asset quality kept being improved.

(1) *Real Estate Finance SBU*

In the reporting period, the Real Estate Finance SBU insisted on “solid foundation, risk prevention, innovation and transformation, and intensified reformation”, and strived to shift its operation models in response to market changes. Risk control, innovation and transformation were also well coordinated during the downturn of the industry. Addressing the financing demands of private real estate customers, the Company proactively provided “Financial Butler” services, which integrated internal and external financial resources, traditional credit facilities and investment banking business for emerging markets, and significantly improved comprehensive customer service capability. As at the end of the reporting period, customers of non-state-owned enterprises of the Real Estate Finance SBU which had deposits and general loan accounts accounted for 76.05% and 71.08%, respectively.

As at the end of the reporting period, balance of deposits and outstanding general loans of the Real Estate Finance SBU amounted to RMB53,907 million and RMB105,741 million, representing an increase of 0.77% and 5.16% as compared with the end of the previous year, respectively, with non-performing loan ratio at 1.80%, and achieved a net non-interest income of RMB505 million.

(2) Energy Finance SBU

In the reporting period, the Energy Finance SBU conducted in-depth research on industrial development to explore business opportunities, identified potential risks. It effectively forwarded adjustments on customer structure targeting at non-state-owned strategic customers, industry chain financing business structure represented by customers involved in coal mining industry, scale structure focusing on managerial assets and operational assets, and income structure taking investment banking for emerging markets as income growth point. In the reporting period, the Energy Finance SBU issued a total of 8 short-term financing bonds and medium-term financing notes of RMB8,900 million, and jointly accomplished RMB1,980 million financial leasing business. As at the end of the reporting period, the non-state-owned enterprises customers of the Energy Finance SBU who had deposit and general loans accounts accounted for 53.28% and 49.21%, respectively.

As at the end of the reporting period, balance of deposits and outstanding general loans of the Energy Finance SBU amounted to RMB54,768 million and RMB97,671 million, representing increases of 29.88% and 4.87% as compared with the end of the previous year, respectively. Non-performing loan ratio was 0.06%. The net non-interest income amounted to RMB455 million, representing an increase of 34.62% as compared with the corresponding period of the previous year.

(3) Transportation Finance SBU

In the reporting period, the Transportation Finance SBU continued to implement the comprehensive risk management and intensify the coordination, planning and management functions of the headquarters. The automobile segment has further expanded into transaction financing from merely providing “loans for opening auto stores (建店融資)”. The railway segment has further deepened the development of railway loading station and railway materials sectors on the basis of railway supply chain finance mode. In respect of shipping segment, the development of “loan packages for vessel building and leasing (船生船)” and the “contract financing (租約融資)” has sped up, and obtained a good response from the market. Among which, the service mode of “Financial Butler” that aimed at non-state-owned enterprise customers has been implemented and shown a positive effect. Comprehensive services including industry chain financing, group financing and investment banking business for emerging markets were highly recognized by the target customers. As at the end of the reporting period, the non-state-owned enterprises customers of the Transportation Finance SBU which had deposit and general loan accounts accounted for 56.23% and 38.91%, respectively.

As at the end of the reporting period, balance of deposits of the Transportation Finance SBU amounted to RMB39,573 million and outstanding general loans amounted to RMB47,469 million, representing an increase of 2.16% and 5.31% as compared with the end of the previous year, respectively. The non-performing loan ratio was 0%. The net non-interest income amounted to RMB391 million.

(4) Metallurgy Finance SBU

In the reporting period, the Metallurgy Finance SBU dealt with external pressures by conducting in-depth studies on market changes. Focusing on the establishment of core non-state-owned enterprises customer base, the Metallurgy Finance SBU actively innovated business models by developing upstream and downstream vendors of core firms of large manufacturers, regulatory bodies, trade groups and market places in a wholesale manner, which stimulated the sustainable growth in deposits. The Metallurgy Finance SBU also attached importance to the improvement of quality and efficiency. It promoted investment banking business for emerging markets in reliance upon the “Financial Bulter” model for non-state-owned enterprises to forward optimization and transformation of business structure while maintaining income growth of intermediary business. As at the end of the reporting period, the non-state-owned enterprises customers of the Metallurgy Finance SBU which had deposit and general loan accounts accounted for 52.46% and 48.44%, respectively.

As at the end of the reporting period, balance of deposits and outstanding general loans of the Metallurgy Finance SBU amounted to RMB46,221 million and RMB39,501 million, representing increases of 10.23% and 0.94% as compared with the end of the previous year, respectively. The non-performing loan ratio was 0.20%. The net non-interest income amounted to RMB384 million, representing an increase of 7.56% over the corresponding period of the previous year.

(5) SME Finance SBU

In the reporting period, the SME Finance SBU continued its pursuit of “Serving customers in a practical and efficient manner” and launched cultivations on key customers of “Tomorrow’s Star (明日之星)” in line with the implementation of strategies for non-state-owned enterprises. It provided comprehensive financial services to SMEs with growth potential and has successfully helped a group of high-quality SMEs enter the capital market. In the meantime, It continued to optimize core business procedures of SMEs to effectively improve credit appraisal efficiency and the overall capability in providing professional services to SMEs, in an aim to boost steady and healthy development of SME business throughout the Bank.

As at the end of the reporting period, balance of loans of the SME Finance SBU amounted to RMB91,387 million, representing an increase of 14.91% as compared with the end of the previous year. Of which, 96.05% were short-term loans. The SME Finance SBU has 8,741 customers, representing an increase of 29.69% as compared with the end of the previous year. Non-performing loan ratio was maintained at a low level of 0.53%.

(6) Trade Finance SBU

The Trade Finance SBU continued to develop with the concept of becoming a professional service provider of distinctive trade finance services, and actively followed a policy of “professional, dedicated and specialized operations” with an aim to establish its distinctive trade finance service brand. In recent years, the Trade Finance SBU followed market developments closely and devoted to be a financial solution provider and a corporate financial resources integrator to expand room for its business development through distinctive management and product innovation. The Trade Finance SBU has established a stable customer base comprising strategic customers from the top 500 international enterprises and leading domestic non-state-owned enterprises, and basic customers from medium-sized non-state-owned enterprises. It has created complete product lines covering international settlement, international and domestic trade finance. It also boasted a correspondent bank network around the world and a smooth clearing channel to provide customers with comprehensive trade finance solutions which mainly included account receivables, import trade chain finance, letters of guarantee, value-added services and structural trade finance so as to satisfy customers’ needs at different stages of the whole procedure in import and export activities.

In the reporting period, its featured business including factoring and structural trade finance business continued to take the leading position among domestic banks. The volume of factoring business amounted to RMB43,300 million and a total of 167,000 transactions were recorded. Of which, the transaction volume of international factoring amounted to US\$608 million, the transaction volume of international dual factoring amounted to US\$495 million and a total of 3,241 transactions were recorded, ranking the second among domestic banks. The structural trade finance business, which mainly focused on the “overseas (走出去)” financing, shipping financing and long-term order finance and trade finance for bulk commodities, demonstrated good development progress. In the reporting period, the revenue from intermediary business amounted to RMB636 million, among which, the direct financing business under the overseas contracted construction has made breakthrough progress in investments in renewable energy power station and outbound resources investments. In the reporting period, the Trade Finance SBU launched nine series of “Smart Winner (智慧贏家)” program to provide effective financing solutions to its customers through financing external guarantees, cross-border RMB settlement, pledged foreign exchange loans and payment agency service. The net increase in RMB deposit was directly driven by the above program, among which the cross-border RMB settlement volume amounted to RMB20,000 million, representing an increase of 289% as compared with the previous year.

In the reporting period, the Trade Finance SBU fully implemented the strategy of “Host Bank (主辦行)” for targeted customers of non-state-owned customers and actively organized the establishment of “Trade Financier Club of China Minsheng Bank (中國民生銀行貿易金融家俱樂部)” to cultivate the future enterprise leaders in detailed divided industries in the PRC.

As at the end of the reporting period, the balances of deposits denominated in both domestic and foreign currencies of the Trade Finance SBU amounted to RMB41,900 million, representing an increase of 20% as compared with the corresponding period of the previous year. Non-interest income amounted to RMB1,785 million, representing an increase of 75% as compared with the corresponding period of the previous year.

In the reporting period, the rapid growth of the Company's trade finance business attracted wide attention of domestic and overseas financial media. It was awarded the "2011 Best Bank of Trade Finance Innovation" (2011年中國最佳貿易金融創新銀行獎) by the UK Financial Times, and "The World's Best Factoring Market Development Award in 2011" (2011年度全球最佳保理市場發展獎) in the 43rd Annual Meeting of FCI.

6. *Development of Business Team of the Company*

In the reporting period, following the principles of "reorganization with a focus on maintaining flexibility and effective utilization on major aspects", the Company actively reformed its training methods by fully utilizing internal and external resources and enriching and improving the corporate training system to integrate the training with development strategies and operational management policies, with the major business skills intensification and marketing, with the analysis of typical cases and advanced experience, with the strengthening of the overall competency and cohesiveness of our business team. During the reporting period, the Company organized a total of 59 training programs with 4,511 participants. Over 10 financial butler training programs for non-state-owned enterprises with 800 participants were held to facilitate the implementation of strategies for non-state-owned enterprises. According to the specific situation of different regions and the business development targets, the operating organizations held over 40 training programs in respect of major products with 900 participants. In addition, aiming to fully establish a core business team, the Company jointly organized the Selection of the Best Management Practices of Corporate Business (公司業務最佳管理實踐案例徵集評選活動) with Harvard Business Review.

(II) Retail Business

1. *Retail loans*

The Company offered various loan products to retail banking customers. In the reporting period, the Shang Dai Tong (商貸通) business has continued to boost the rapid growth of retail loans and structural reorganization for the Company. As at the end of the reporting period, total retail loans (excluding credit card) increased by RMB41,186 million, or 15.75%, to RMB302,639 million, as compared with the end of the previous year. Out of this amount, the outstanding mortgage loans reached RMB88,402 million, which accounted for 27.00% of the total retail loans.

In the reporting period, the Shang Dai Tong business continued to grow rapidly. The outstanding loans of Shang Dai Tong exceeded the record high of RMB200,000 million. The size and quality of the customer base were also improved. As at the end of the reporting period, outstanding loans of Shang Dai Tong amounted to RMB207,649 million, representing an increase of RMB48,663 million or 30.61% as compared with the end of the previous year. The total number of Shang Dai Tong customers was more than 120,000, over 30% of which were VIP customers. The Company continues the optimization of customer structure. In respect of the return of Shang Dai Tong, the interest rate structure of newly-issued loans has improved continuously in the first half of 2011, and the average interest rate of newly-issued loans increased by 1.7 percentage points as compared with the previous year, resulting in a higher product profitability. In respect of the risk control over Shang Dai Tong loan business, the Company persisted in following the principles of “the Law of Large Numbers (大數法則)” to estimate the risk probabilities of specific industries. The Company selected industries suitable for launching Shang Dai Tong loan business to control risks. As at the end of the reporting period, non-performing loan ratio was maintained at a low level of 0.13%.

In 2011, the Company upgraded the financial services for small and micro enterprises and officially launched version 2.0 which achieved significant improvement in five aspects: Firstly, it broadened the scope of services by providing more choices in financing method, and launching various innovative functions in settlement, channel and wealth management that formed a diversified small and micro financial product system framework, marking the transformation from simple credit services to comprehensive financial services. Secondly, the Company further increased the proportion of loans without collateral in loan structure, such as guaranteed loans and credit facilities, to enable more access of small and micro enterprises and individual industrial and commercial customers who were not able to provide collateral to financial support. Thirdly, the Company improved the credit pricing system and realized the unification of customer value and risk identification to build long-term relationship with the customers. Fourthly, it enhanced its after-sale services and organized “Wealth Management Classes (財富大課堂)” to introduce knowledge on modern financial services to small and micro entrepreneurs and individual industrial and commercial customers. Fifthly, it optimized operation mode by adopting “factory method (工廠化)” to enhance operational efficiency and service quality.

2. Retail deposits

Savings deposits from retail customers of the Company mainly included demand deposits, time deposits and notice deposits. Savings deposits from retail customers formed one of the important low-cost funding resources of the Company. As at the end of the reporting period, the Company’s balance of savings deposits from retail customers amounted to RMB277,115 million, representing an increase of RMB46,864 million, or 20.35%, as compared with the end of the previous year.

3. *Debit card business*

As at the end of the reporting period, the Company had a total of 26.43 million debit cards in issue, including 1.41 million cards issued in the first half of the year. In the reporting period, the “Snoopy” Co-Branded Card issued by the Company and Sino-US Metlife Insurance Co., Ltd.(中美大都會保險公司) marked a good beginning. As at 30 June 2011, a total of 54,900 “Snoopy” Co-Branded Cards were issued.

In the reporting period, the Company continued to offer the VIP customers with the “5+N” VIP service system, covering services at airports, golf clubs, train stations, medical access and roadside rescue services.

4. *Credit card business*

As at the end of the reporting period, the total number of credit cards in issue was 10.33 million. Transaction volume of credit card business was RMB71,821 million, representing an increase of 42.46% as compared with the corresponding period in the previous year. The balance of receivables amounted to RMB24,720 million, representing an increase of 50.44% as compared with the end of the previous year. In the reporting period, the operating income from the corporate credit cards amounted to RMB1,553 million.

5. *Agency business*

The Company offers services such as sales agent of wealth management products, funds and insurance. As at the end of the reporting period, the number of funds sold under its agency business reached 681, a leading number among its peers in the industry. The Company has also cooperated with 27 insurance companies to optimize the Company’s insurance selling platform.

6. *Customers*

As at the end of the reporting period, the Company had 20.4865 million retail customers, with a savings deposit balance of RMB277,115 million. In the reporting period, the financial assets of retail customers had grown rapidly. As at 30 June 2011, the financial assets of retail customers reached RMB422,584 million, representing an increase of 34.14% as compared with the end of previous year. Among the retail customers, 143,500 customers had individual financial assets of more than RMB500,000, and their total deposits amounted to RMB161,734 million, representing 58.36% of total retail deposits of the Company.

7. *Private banking business*

As at the end of the reporting period, the Company had established private banking agencies in 18 branches nationwide and the size of financial assets managed amounted to RMB60,000 million. The number of private banking customers amounted to 3,100 with income from intermediary business amounting to RMB123 million.

In the reporting period, a customer centric private banking team and a marketing model were established by the Company to cater to the needs of customers. To build a high-quality private banking service brand, the Company provides professional and comprehensive services for customers.

The Company put great efforts in developing new businesses including private equity investment, integrated trust plan, selective placement, trust and securities funds by private placement, capital integration and financing for acquisitions and mergers. The Company launched the new large-amount credit business to offer credit facilities to major customers and continued to enrich our product portfolio to provide a diversified, open, personalized and specialized investment and financing platform for high-end customers, in order to enhance customer loyalty to our financial services. The Company provided financial consultation services for high-end customers by offering market analysis and suggestions, as well as regular reports. The Company also established a diversified consultation service system covering taxation, law, insurance plans and art investment.

In the reporting period, the Company offered non-financial specialized service plans such as private jet journeys, specialized medical services, children's education programs and golf events. The private jet journeys have become the industry highlights. Such non-financial specialized services enhanced the quality of services provided to the super-high-end customers and improved the sales and marketing to high-end customers by specialized team. The Company put great effort in attracting professionals while organized centralized trainings programs for private banking managers, investment consultants and product managers so as to enhance the quality of its private banking team.

The Company commenced the operations of private banking business in June 2011 based on the strategic positioning requirements of the Board in respect of high-end customers by adhering to the strategic target of “distinctive bank” and “efficient bank”. A task team of “Wealth Growth Storm 1.0 (財富成長風暴1.0版) of Minsheng Banking” was established. The Company formulated the development plan of private banking for the coming three years, which clearly defined the strategy, positioning, responsibility, incentive system and working plan of business development of private banking, and further streamlined and consolidated the procedures, teams, platforms and products.

In next three years, the Company will exert all efforts to integrate all resources to improve its wealth value-added services and distinctive non-financial services for customers, in order to achieve a remarkable development and win customers' recognition for its private-banking business. Together with the non-state-owned enterprises business and small and micro enterprises business, the Company aims to develop three core profit streams for its business development.

(III) Treasury business

1. Transactions

In the reporting period, the transaction volume of RMB bonds of the Company amounted to RMB1,631,026 million, representing an increase of 66.95% as compared with the corresponding period in the previous year, ranking the fifth in the market.

In the first half of 2011, the settlement and selling of exchange business experienced a rapid growth. The total volume of settlement and sale of exchange swaps amounted to US\$19,652 million, representing a significant increase of 758.92% as compared with the previous year. The aggregate volume of forward settlement and selling exchange transaction volume amounted to US\$5,264 million, representing a significant increase of 331.48% as compared with the corresponding period in the previous year. The transaction volume of foreign exchange agent amounted to US\$2,541 million, representing an increase of 37.35% as compared with the corresponding period in the previous year.

2. Investments

As at the end of the reporting period, the balances of investment in bank accounts of the Company amounted to RMB201,946 million, representing an increase of 15.78% as compared with the end of the previous year.

In the reporting period, the Company's debt securities assets were on a stable growth track. In the first half of the year, the monetary policies were tightened significantly and the Central Bank raised reserves ratio for deposit 6 times and raised the interest rate twice. In response to this situation, the Company shortened the average terms of bonds and increased the proportion of the bonds bearing floating interest rates. The adverse effects on the market value of bonds resulted from the fluctuation in market yields were reduced effectively. In addition, the Company sold part of its foreign currency denominated debt securities by taking advantage of the price hike of international debt securities, thus effectively mitigated potential investment risk.

3. Wealth management

The Wealth management business of the Company has been focusing on promoting the brand value of "Apex Asset Management" since 2009 by strengthening its asset management and positioning itself as "Financial Butler". The Company strives to develop its business model as the "best choice of customer (大智之選，大有之道)" and a system that promises a win-win relationship between the Bank, customers and transaction counterparties.

In the reporting period, through refining and reforming its system, procedures and management, the Company launched and implemented various cutting-edge strategies, such as the "integration of business processes (業務流程一體化)", "early risk control before business operation (風險控制前移)", and "proactive marketing activities (主動行銷，從坐商到行商)", which enhanced its efficiency, management, services, teamwork and compliance.

In the reporting period, the number and size of wealth management products grew significantly. The number of new products launched amounted to 1,263, whilst the sales volume amounted to RMB403,180 million.

In the reporting period, the features of wealth management business of the Company include:

- (1) The Company built up scientific procedures for the research and development of products and a prudent risk management system. It had a SBU business model with apparent advantages and a standardized product R&D process, while its internal department achieved seamless integration in terms of procedures, expertise and business process. Besides, the Company emphasized on early risk management and assigned risk directors to branches of the Bank to keep improving its risk management level. Furthermore, product managers were assigned to each operating region and cooperation between the headquarters and branches were improved to provide one-stop tracking services to customers.
- (2) With the policies on close follow-up, the continued innovation and the responsiveness to market trend, the Company was capable to grasp business opportunities promptly and accurately. In the first half of 2011, the Company focused on the research and development of wealth management products in certain areas, such as affordable housing and securities.
- (3) The Company significantly improved its capacity of online banking sales due to the refined channel management. Online bank has become the major channel for customer to purchase wealth management products at low costs and it also reduced the consumption of social resources. The online sales volume of wealth management products exceeded RMB200,000 million, representing an increase of 179.00% as compared with 2010.

4. Underwriting of bills and bonds

In the reporting period, a total of 36 issues of debt financing instruments amounting to RMB26,113 million were underwritten by the Company, including 14 short-term financing bonds and 22 medium-term notes of RMB9,850 million and RMB16,263 million, respectively.

5. Trading in gold and other precious metals

In the reporting period, the Company's total on-market trading volume of gold and silver amounted to 56.52 tons and 5,839.33 tons, respectively, with a total trading value of RMB62,320 million. The trading volumes of gold and silver at the Shanghai Gold Exchange amounted to 37.93 tons and 5,839.33 tons, respectively, and the trading volume of gold in Shanghai Futures Exchange amounted to 18.59 tons.

(IV) E-banking services

In the reporting period, the Company's e-banking services remained its rapid growth and recorded a total transaction volume of RMB5,141,900 million. The total number of corporate e-banking accounts and individual e-banking accounts were 153,100 and 3,761,100, respectively, with a total transaction volume of RMB3,758,300 million and RMB1,378,500 million respectively. The Company had a total of 2,242,700 telephone banking customers, 31,200 mobile phone banking customers and 2,431,800 subscribers to the instant account information delivery services. The "95568" customer service hotline received 14.036 million incoming calls. The call-in connection rate was 98.55% while that for VIP services was 99.92%.

In the reporting period, the Company launched e-merchants to provide small and micro enterprises with featured services, such as centralized management of corporate and private accounts, partner accounts setting, payment via SMS and remittance via email, which facilitated small and micro enterprises to make payment and settlement, demonstrating a higher level of financial services to small and micro enterprises. The Company activated the centralized and automatic inter-bank fund management function in its online banking system, which provided centralized management of inter-bank, automatic and large number of funds with various models and terms, which helped the customers to manage their funds in an easy and efficient way at low costs. The Company refined and offered online reconciliation on a monthly basis to cater for customers' needs of reconciliation. The Company also continued to improve the wealth management and fund investment functions of personal e-banking service, in order to provide effective and convenient investment and wealth management channels to customers and further improve customer service quality.

In the reporting period, the Company received a number of recognitions for its e-banking business from various selections organized by the third party authoritative organizations, including the "Award for Telephone Banking Service of Customer Satisfaction 2010" from "bankrat.com.cn (銀率網)", "Minsheng U-key – the Top Ten Best Financial Products" (民生U寶 — 金融產品十佳獎) under the "China's Financial Marketing Awards 2010 (2010中国金融)" from "the Banker (《銀行家》)", and the "Excellent E-banking Award" (卓越電子銀行獎) under the 2010 Financial Wealth Management Ranking organized by the "Wise Money (《卓越理財》)".

(V) Performance of subsidiaries

Please refer to "Report of the Board of Directors — Operations and Performances of Major Subsidiaries and Investee Companies".

IX Risk Management

The guiding principle of the Company's risk management regime is "Creating Value by Managing Risks". Its risk management system focuses on quality and effectiveness with the flexibility to deal with different businesses in terms of size or scale. The objective of the risk management of the Company is to support business development and strategic restructuring, to strengthen core competitiveness, to safeguard the long term interests of employees

and customers through proactively implementing New Basel II Accord and establishing comprehensive risk management system so as to maximize the benefits of its shareholder value.

(I) Credit risk

Credit risk is the risk that a borrower or a counterparty defaults in making repayments in a timely manner in full amount for whatever reasons.

The credit risks of the Company are governed by the credit policy and technical support platform jointly developed by the risk management department, credit assessment department, asset monitoring and control department, legal affairs and compliance department and asset custody department under the coordination of the Risk Management Commission. The risk management system covers the procedures of pre-approval investigation, approval review, post-loan management, collection and preservation of collaterals. Credit risks of on and off-statement items are also strictly controlled.

At the beginning of the year, the Company issued its 2011 Guiding Opinion on Risk Policy (2011年度風險政策指導意見), pursuant to which, the Company formulated its basic strategic direction of restructuring, enhancing revenue and maintaining quality to promote development in connection with the need of strategic transformation of the Company according to the comprehensive and systematic analysis and forecast of the economic trend of the world and China as well as the major risks exposure in the general economy and the effects on the Bank contained thereto. The guiding opinion specified the minimum criteria for approval and established a system covering policies relating to industries, regions, products and customers based on the rating of different industries and regions. By adopting risk limits and other management measures, the Company managed the customer accounts of key industries by categories and invested credit resources effectively to optimize the balance between its efficiency, quality, structure and scale of business.

In respect of the implementation of New Basel Accord in credit risk management, the Company established and applied a ranking and limit management system for its non-retail customers and designed its debt rating system. Internal rating of retail business was carried out with satisfactory progress. Quantification of risks continued to improve.

(II) Liquidity risk

Liquidity risk refers to the risk of a commercial bank which is unable to obtain sufficient funds at reasonable costs in a timely manner to cope with increase in assets or fund debt obligations despite its ability to settle the debt. The Company's objective in liquidity risk management is to ensure that it is able to meet all payment obligations and fund all operations in accordance with its development strategy. To this end, the Company effectively identifies, measures, monitors and controls its liquidity risk to strike a balance between risk and income.

The senior management is responsible for establishing policies and strategies relating to our overall management of liquidity risk. The Asset and Liability Management Department is responsible for making and implementing the liquidity risk management policies and

strategies, monitoring and evaluating liquidity risk and daily liquidity management of the Bank. In the first half of the year, the Company took the stability and the security of capital as the main strategies of liquidity management and emphasized on the deposit ratio control to maintain the stability of the source of liquidity. The Company strived to manage and promote the businesses with other banks and enhance the effectiveness of the use of capital. The Company also refined and specialized liquidity management to prevent potential liquidity risk.

(III) Market risk

Market risk refers to the risk of market changes having adverse effects on the values of assets and liabilities or the net income. The Company manages its interest rate risk, exchange rate risk and precious metal transaction risk in accordance with the requirements of the Guidelines of Market Risk Management of Commercial Banks (商業銀行市場風險管理指引), the Guidelines of Internal Control of Commercial Banks (商業銀行內部控制指引), the Guidelines of Stress Tests of Commercial Banks (商業銀行壓力測試指引), and the Guidelines of Fair Value Supervision of Commercial Banks (商業銀行公允價值監管指引) promulgated by the CBRC and by reference to New Basel Accord. The Company has also formulated a management system for market risk and continuously refined the system through regulation, monitoring and reporting measures to govern authorization, credit extension and limit of credit. In the first half of the year, market risk and limit management of trading accounts and the management system of valuation of financial instruments have been further improved and the assessments of measuring methods for market risks were completed.

Interest rate risk is the major market risk in connection with banking accounts. The Company regularly measures the interest rate sensitivity gap position to assess the interest rate exposure. The Company further evaluates the effect of interest rate change on net interest income and net value of the Company under different scenarios.

The Company measures the interest rate risk of its trading accounts by using duration analysis, sensitivity analysis, stress test, risk value and scenario analysis. The Company effectively controls the interest rate risk of its transaction accounts by establishing risk limit in respect of sensitivity, duration, exposure and stop-loss, etc. With the improving methods to measure risk of trading accounts of the Company and after taking the development of trading business in account, the Company refined and adjusted the risk authorization of trading accounts in 2011, so as to effectively apply the limit and authorization of market risk to the monitor and management of market risk.

The Company measures the exchange rate risk by using foreign exchange exposure analysis, sensitivity analysis, stress test and risk value. The foreign exchange exposure of the Company comprises structural exposure and trading exposure. Structural exposure arises from unavoidable exchange position such as capital in foreign currency, mismatch of assets against liabilities and trading surplus in foreign currency. Trading exposure arises mainly from foreign currency (including bullion) business.

The Company endeavors to match amounts and duration of loans denominated in different currencies to control structural exposure of foreign exchange in its business operations. Mismatch may be hedged in the foreign exchange market. With respect to exchange rate risks arising from structural exposure of capital denominated in foreign currencies, the value of such capital can be maintained and enhanced by increasing the utilization of foreign currencies. With respect to trading exposure in foreign exchange transactions, the Company mitigates exchange rate risks by establishing exposure limits and stop-loss limits.

(IV) Operational risk

Operational risk refers to the risk of loss resulting from incompleteness or faults in internal procedures, human error and information technology (“IT”) system failure, or external events. The operational risk of the Company mainly comprises internal and external risks. Internal risks mainly include risks arising from human error, inappropriate procedures and operation flow and IT system failure. External risks include risks arising from external contingencies.

In the first half of 2011, with implementation of the New Basel Accord (the “Accord”), the Company fully started the establishment of operational risk management system in accordance with the Accord to raise the standard of operational risk management and to formulate a scientific and comprehensive operational risk management system. Based on the relevant regulatory requirements on the implementation of the Accord, the Company formulated the basic mechanism for operational risk management, introduced advanced management tools for operational risk and designed the measurement plan for operational risk regulatory capital. In addition, the Company also proactively conducted exploration and reformation in respect of other specific areas in operational risk management. For instance, for the outsourcing risk management, the Company took the lead in formulating measures on outsourcing risk management and adopted risk grading management to manage outsourcing activities based on their categories. For the management of sustainable business, drawing on the international advanced concepts for managing sustainable business and integrating the management environment of the Company, the Company finished the design for management framework and outreach plans of sustainable business.

In respect of information technology risk management, the Company initially established information technology risk management system. The Company strengthened the core business system and operational management of the technology system, and upgraded the original core systems of the Bank successfully, which enhanced the reliability of the information technology system. The Company attaches great importance to the establishment of new core system and is currently conducting trial parallel operation of its dual systems in preparation for the operation of new core system.

(V) Anti-money laundering

The Company continued to adopt effective anti-money laundering measures based on the risk-oriented concept in order to enhance value and develop brand recognition.

The Bank emphasized and formulated guidance on the anti-money laundering inspection of new organizations. The Bank developed a designated anti-money laundering team, so as to enhance its anti-money laundering awareness and expertise. Furthermore, the Bank carried out risk analysis for anti-money laundering and research on risk prevention, and prepared anti-money laundering analysis report regularly. The Bank conducted a refined research on the risks of anti-money laundering by businesses and products, such as small and micro enterprises, self-service banking and private banking business.

In addition, the Company exerted its effort to identify money laundering activities of its customers and prevented potential risks effectively by rejecting cases which intended to set up accounts with fake identity cards and fake business licenses by its business departments. With the increasing level of suspicious transactions analysis, the quality of the report of suspicious transactions improved significantly, which provided valuable clues to the police for investigation. The monitoring and reporting system of anti-money laundering continued to improve and played an important role in anti-money laundering of credit cards and e-banking businesses.

X. Prospects and Corresponding Measures

In the second half of this year, the Company will focus on achieving annual operating targets and accelerate its reformation and innovation. In addition, the Company will exert more efforts to reform and upgrade itself and promote its scientific development, so as to lay a solid foundation for the implementation of the “second take-off” strategy.

- (I) The Company will continue to focus on its strategic development targets of “non-state-owned enterprises”, “small and micro enterprises” and “high-end retail customers”. In order to develop the process-based banking and customer centric services system, the Company will enhance its management and the efficiency of resources allocation, and further improve the system of the above three main strategies. The Company will also optimize its customer structure, business structure and income structure.
- (II) The Company will strive to establish process-based banking. Through the innovation of three strategic instruments, namely balanced scorecard, Six Sigma Management and Customers’ Feedback, the Company endeavors to manage its operation systemically and scientifically.
- (III) The Company will expedite the reformation of its SBUs. The Company will improve its operation mode of “financial butler” and continue to improve the allocation of internal resources and maintain close communication with external organizations, so as to improve the financial services provided for non-state-owned enterprises. The Company will also further upgrade its services for small and micro enterprises and strengthen the planning and development of private banking businesses.
- (IV) The Company will fully grasp opportunities in the market and research on the changes in the demand of customers. The Company will put more efforts in exploring target customers and launch marketing activities targeting on specific customers, so as to consolidate its customer bases and establish a long-term and stable cooperation relations with customers.

- (V) The Company will consistently promote its loan business and achieve growth in deposit business by capitalizing on the advantages brought by capital market instruments, movable properties financing and trade financing. The Company will exert its effort to construct channels for retailing business and improve its cross-selling activities, so as to further optimize and upgrade the products and system of its settlement services and ensure the stable development of loan business.
- (VI) The Company will endeavor to enhance its risk prevention and overall risk management. The Company will continue to enhance the risk prevention in major areas, including government financing platform and real estate, and strictly comply with the regulatory requirements including the “Three Measures and One Guideline”. The Company will also improve the risk management of its liquidity and carry out research on risk management policies for specified regions. In addition, the Company will strive to prevent criminal cases and strictly implement all requirements imposed by regulatory authorities during the “Case Execution Year”.

Chapter 4 Changes in Share Capital and Information on Shareholders

I. Changes in Shares

(Unit: Shares)

	31 December 2010			Changes over the period(+, -)				30 June 2011	
	Number of shares	Percentage (%)	Issue of New Shares	Bonus Shares	Shares Capitalized from Capital Reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Shares subject to restriction on sales	—	—	—	—	—	—	—	—	—
1. State-owned shares	—	—	—	—	—	—	—	—	—
2. State-owned legal person shares	—	—	—	—	—	—	—	—	—
3. Other domestic shares	—	—	—	—	—	—	—	—	—
Of which:									
Domestic legal person shares	—	—	—	—	—	—	—	—	—
Domestic natural person shares	—	—	—	—	—	—	—	—	—
4. Foreign investor shares	—	—	—	—	—	—	—	—	—
Of which:									
Overseas legal person shares	—	—	—	—	—	—	—	—	—
Overseas natural person shares	—	—	—	—	—	—	—	—	—
II. Shares not subject to restriction on sales	26,714,732,987	100	—	—	—	—	—	26,714,732,987	100.00
1. Ordinary shares in RMB	22,587,602,387	84.55	—	—	—	—	—	22,587,602,387	84.55
2. Domestic listed foreign invested shares	—	—	—	—	—	—	—	—	—
3. Overseas listed foreign invested shares	4,127,130,600	15.45	—	—	—	—	—	4,127,130,600	15.45
4. Others	—	—	—	—	—	—	—	—	—
III. Total number of shares	<u>26,714,732,987</u>	<u>100</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>26,714,732,987</u>	<u>100.00</u>

II. Top Ten Shareholders of the Company and their Shareholdings

(Unit: Shares)
888,386

Total number of shareholders

Particulars of shareholdings of the top ten shareholders

Name of shareholders	Type of shareholder	Percentage of Shareholdings	Total number of shares held	Shares subject to restriction on sales
HKSCC Nominees Limited	/	15.27%	4,078,253,748	—
New Hope Investment Co., Ltd.	Domestic legal person	4.99%	1,333,586,825	—
China Life Insurance Co., Ltd. — Traditional — Common Insurance Products — 005L — CT001, SH	Domestic legal person	4.31%	1,151,307,314	—
China Shipowners Mutual Assurance Association	Domestic legal person	3.39%	905,764,505	—
Orient Group Incorporation	Domestic legal person	3.33%	888,970,224	—
Shanghai Giant Lifetech Co., Ltd.	Domestic legal person	2.77%	739,078,535	—
China SME Investment Co., Ltd.	Domestic legal person	2.76%	737,955,031	—
China Oceanwide Holdings Group Co., Ltd.	Domestic legal person	2.62%	698,939,116	—
Fuxin Group Co., Ltd.	Domestic legal person	2.15%	574,603,116	—
Sichuan South Hope Industrial Co., Ltd.	Domestic legal person	2.09%	558,306,938	—

Shareholdings of top ten holders of shares not subject to restriction on sales

Name of Shareholders	Shares not subject to restriction on sales	Classes of shares
HKSCC Nominees Limited	4,078,253,748	Overseas listed foreign invested shares (H shares)
New Hope Investment Co., Ltd.	1,333,586,825	Ordinary shares denominated in RMB (A shares)
China Life Insurance Co., Ltd. — Traditional — Common Insurance Products — 005L — CT001, SH	1,151,307,314	Ordinary shares denominated in RMB (A shares)
China Shipowners Mutual Assurance Association	905,764,505	Ordinary shares denominated in RMB (A shares)
Orient Group Incorporation	888,970,224	Ordinary shares denominated in RMB (A shares)
Shanghai Giant Lifetech Co., Ltd.	739,078,535	Ordinary shares denominated in RMB (A shares)
China SME Investment Co., Ltd.	737,955,031	Ordinary shares denominated in RMB (A shares)
China Oceanwide Holdings Group Co., Ltd.	698,939,116	Ordinary shares denominated in RMB (A shares)
Fuxin Group Co., Ltd.	574,603,116	Ordinary shares denominated in RMB (A shares)
Sichuan South Hope Industrial Co., Ltd.	558,306,938	Ordinary shares denominated in RMB (A shares)
Statement on the related relationship or concert action among the aforesaid shareholders	Both of New Hope Investment Co., Ltd. and Sichuan South Hope Industrial Co., Ltd. are controlled by New Hope Group Co., Ltd.	

Note: The number of shares held by H-share holders was recorded in the Register of Members as kept by the H-Share Registrar of the Bank.

III. Substantial Shareholders' and Other Persons' Interests or Short Positions in the Shares and Underlying Shares of the Company under Hong Kong Laws and Regulations

As at 30 June 2011, the following persons (other than the Directors, Supervisors and chief executives of the Company) had the following interests in the shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or as the Company is aware:

Name of Substantial Shareholder	Class of shares	Long/ short position	Capacity	No. of shares	Notes	Percentage of the relevant shares in issue (%)	Percentage of all the issued shares (%)
New Hope Group Co., Ltd.	A	Long	Held by the corporation controlled by this substantial shareholder	1,891,893,763	1 & 4	8.38	7.08
Sichuan New Hope Agri-Business Co., Ltd.	A	Long	Held by the corporation controlled by this substantial shareholder	1,333,586,825*	1	5.90	4.99
New Hope Investment Co., Ltd.	A	Long	Beneficial owner	1,333,586,825*	1	5.90	4.99
Li Wei	A	Long	Held by the corporation controlled by the spouse of this substantial shareholder	1,891,893,763	2 & 4	8.38	7.08
Liu Chang	A	Long	Held by the corporation controlled by this substantial shareholder	1,891,893,763	3 & 4	8.38	7.08
Morgan Stanley	H	Long	Held by the corporation controlled by this substantial shareholder	440,004,048	5	10.66	1.65
		Short	Held by the corporation controlled by this substantial shareholder	268,570,896	5	6.51	1.01
BlackRock, Inc.	H	Long	Held by the corporation controlled by this substantial shareholder	314,381,305	6	7.62	1.18
		Short	Held by the corporation controlled by this substantial shareholder	37,273,465	6	0.90	0.14

* As far as the Company is aware, the above numbers of shares reflected the interests of the relevant substantial shareholders as at 30 June 2011. However, these numbers of shares were not reported in the disclosure forms completed by these substantial shareholders because the changes in their interests did not result in a disclosure obligation in accordance with SFO.

Notes:

- The 1,891,893,763 A shares comprised 558,306,938 A shares directly held by Sichuan South Hope Industrial Co., Ltd. and 1,333,586,825 A shares directly held by New Hope Investment Co., Ltd. Sichuan South Hope Industrial Co., Ltd. was wholly-owned by New Hope Group Co., Ltd., while New Hope Investment Co., Ltd. was held as to 25% and 75% of its issued share capital by New Hope Group Co., Ltd. and Sichuan New Hope Agri-Business Co., Ltd. respectively. New Hope Group Co., Ltd. held 45.7% of the issued share capital of Sichuan New Hope Agri-Business Co., Ltd.

According to the SFO, New Hope Group Co., Ltd. was deemed to have interests in the 558,306,938 A shares held by Sichuan South Hope Industrial Co., Ltd. and in the 1,333,586,825 A shares held by New Hope Investment Co., Ltd. Meanwhile, Sichuan New Hope Agri-Business Co., Ltd. was also deemed to have interests in the 1,333,586,825 A shares held by New Hope Investment Co., Ltd.

2. Ms. Li Wei is the spouse of Mr. Liu Yonghao (a Non-executive Director of the Company). According to the SFO, Ms. Li was deemed to have interests in the 1,891,893,763 A shares of the Company in which Mr. Liu Yonghao had interests (Mr. Liu Yonghao's interests in shares is disclosed in this interim report in the section headed "Interests or Short Positions of the Directors, Supervisors and Chief Executives in the Securities of the Company or its Associated Corporations under Hong Kong Laws and Regulations").
3. Ms. Liu Chang held 36.35% of the issued share capital of New Hope Group Co., Ltd. (see note (1) above). According to the SFO, Ms. Liu was deemed to have interests in the 1,891,893,763 A shares of the Company in which New Hope Group Co., Ltd. had interests. Ms. Liu Chang is the daughter of Mr. Liu Yonghao (a Non-executive Director of the Company).
4. The interests that New Hope Group Co., Ltd., Ms. Li Wei and Ms. Liu Chang had in the 1,891,893,763 A shares, as set out in the above table, were the same block of shares.
5. Morgan Stanley had a long position in 440,004,048 H shares and a short position in 268,570,896 H shares of the Company by virtue of its control over the following corporations:
 - 5.1 Morgan Stanley & Co. International plc., an indirect wholly-owned subsidiary of Morgan Stanley, had a long position in 161,307,813 H shares and a short position in 153,312,561 H shares of the Company.
 - 5.2 Morgan Stanley Investment Management Company, an indirect wholly-owned subsidiary of Morgan Stanley, had a long position in 138,439,000 H shares of the Company.
 - 5.3 Morgan Stanley & Co. Inc., an indirect wholly-owned subsidiary of Morgan Stanley, had a long position in 84,002,336 H shares and a short position in 71,120,536 H shares of the Company.
 - 5.4 MSDW Equity Finance Services I (Cayman) Limited, an indirect wholly-owned subsidiary of Morgan Stanley, had a long position in 38,786,399 H shares and a short position in 38,786,399 H shares of the Company.
 - 5.5 Morgan Stanley Capital Services Inc., an indirect wholly-owned subsidiary of Morgan Stanley, had a long position in 15,828,500 H shares and a short position in 147,500 H shares of the Company.
 - 5.6 Mitsubishi UFJ Morgan Stanley Securities had a long position in 723,000 H shares and a short position in 1,103,500 H shares of the Company. Mitsubishi UFJ Morgan Stanley Securities was owned as to 40% by Morgan Stanley Japan Holdings Co., Ltd., which was an indirect wholly-owned subsidiary of Morgan Stanley.
 - 5.7 MSDW Equity Financing Services (Luxembourg) S.a.r.l., an indirect wholly-owned subsidiary of Morgan Stanley, had a long position in 585,500 H shares and a short position in 585,500 H shares of the Company.
 - 5.8 Morgan Stanley Capital (Luxembourg) S.A. had a long position in 331,500 H shares of the Company. Morgan Stanley Capital (Luxembourg) S.A. was owned as to 93.75% by Morgan Stanley International Incorporated, which was an indirect wholly-owned subsidiary of Morgan Stanley.
 - 5.9 Morgan Stanley Capital (Cayman Islands) Limited, an indirect wholly-owned subsidiary of Morgan Stanley, had a short position in 331,500 H shares of the Company.
 - 5.10 Morgan Stanley B.V., an indirect wholly-owned subsidiary of Morgan Stanley, had a short position of 3,183,400 H shares of the Company.
6. BlackRock, Inc. had a long position in 314,381,305 H shares (in which 147,500 H shares were held through physically settled derivatives (on exchange)) and a short position in 37,273,465 H shares (in which 306,900 H shares were held through physically settled derivatives (on exchange)) of the Company by virtue of its control over a number of corporations.

Save as disclosed above and the section headed "Interests or Short Positions of the Directors, Supervisors and Chief Executives in the Securities of the Company or its Associated Corporations under Hong Kong Laws and Regulations", the Company is not aware of any other person having any interests or short positions in the shares and underlying shares of the Company as at 30 June 2011 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

IV. Issuance of Bonds During the Reporting Period

Pursuant to the approval by PBOC in its administrative permission (Yin Shi Chang Xu Zhun Yu Zi [2011] No. 64) (中國人民銀行准予行政許可決定書 (銀市場許准予字[2011]第64號)) and the approval by the CBRC (Yin Jian Fu [2010] No. 625) (銀監覆[2010]625號), the Company issued subordinated bonds at fixed interest rate totaling RMB10 billion through a public offering in the inter-bank bond market. Such subordinated bonds comprised 10-year and 15-year bonds and the interests were paid on an annual basis. The Bank issued the 10-year bonds totaling RMB6 billion at a par interest rate of 5.50%, and the 15-year bonds totaling RMB4 billion at par interest rate of 5.70%. The subordinated bonds issued by the Bank entitled the issuer the right of early redemption, which represented that subject to the

approval by the CBRC, the Company had the right to exercise an one-off redemption of all or part of the 10-year bonds, or the 15-year bonds, at par value after the expiry of the fifth year for the 10-year bonds, or the tenth year for the 15-year bonds, respectively, but before the respective maturity dates of the bonds. As at 18 March 2011, the proceeds from the RMB10 billion subordinated bonds, net of expenses of issue, were fully credited to the account of the Company and thus this issue of bonds was completed. According to applicable rules, the proceeds of RMB10 billion were fully accounted as supplementary capital.

V. Share Pledge and Lock-up in Respect of Shares held by Shareholders with 5% or More Equity in the Company

As at 30 June 2011, no shareholder held shares of the Company of 5% or more (other than HKSCC Nominees Limited).

VI. Controlling Shareholder/Ultimate Controller

As at 30 June 2011, the Company did not have any controlling shareholder or ultimate controller.

VII. Shareholders with 5% or More Equity in the Company

As at 30 June 2011, no shareholder held shares of the Company of 5% or more (other than HKSCC Nominee Limited).

Chapter 5 Directors, Supervisors, Senior Management and Employees

I. Directors, Supervisors and Senior Management

(I) Basic information

Name	Gender	Year of Birth	Position	Term of office	Shares held at the beginning of the period (share)	Shares held at the end of the period (share)
DONG Wenbiao	M	1957	Chairman & Executive Director	2009.3.23–2012.3.23	—	—
ZHANG Hongwei	M	1954	Vice Chairman & Non-executive Director	2009.3.23–2012.3.23	—	—
LU Zhiqiang	M	1951	Vice Chairman & Non-executive Director	2009.3.23–2012.3.23	—	—
LIU Yonghao	M	1951	Vice Chairman & Non-executive Director	2009.3.23–2012.3.23	—	—
WANG Yugui	M	1951	Non-executive Director	2009.3.23–2012.3.23	—	—
CHEN Jian	M	1958	Non-executive Director	2009.3.23–2012.3.23	—	—
WONG Hei	F	1962	Non-executive Director	2009.3.23–2012.3.23	—	—
SHI Yuzhu	M	1962	Non-executive Director	2009.3.23–2012.3.23	—	—
WANG Hang	M	1971	Non-executive Director	2009.3.23–2012.3.23	—	—
WANG Junhui	M	1971	Non-executive Director	2009.3.23–2012.3.23	—	—
LIANG Jinquan	M	1940	Independent Non-executive Director	2009.3.23–2012.3.23	—	—
WANG Songqi	M	1952	Independent Non-executive Director	2009.3.23–2012.3.23	—	—
Andrew WONG	M	1957	Independent Non-executive Director	2009.3.23–2012.3.23	—	—
QIN Rongsheng	M	1962	Independent Non-executive Director	2009.9.9–2012.3.23	—	—
WANG Lihua	M	1963	Independent Non-executive Director	2009.9.9–2012.3.23	—	—
HAN Jianmin	M	1969	Independent Non-executive Director	2009.9.9–2012.3.23	—	—
HONG Qi	M	1957	Executive Director & President	2009.3.23–2012.3.23	—	—
LIANG Yutang	M	1958	Executive Director & Vice President	2009.3.23–2012.3.23	—	—
QIAO Zhimin	M	1952	Chairman of the Supervisory Board & Employee Supervisor	2009.3.23–2012.3.23	—	—
XING Jijun	M	1964	Vice Chairman of the Supervisory Board	2009.3.23–2012.3.23	—	—
LU Zhongnan	M	1955	Supervisor	2009.3.23–2012.3.23	—	—
ZHANG Disheng	M	1955	Supervisor	2009.3.23–2012.3.23	—	—
XU Rui	F	1945	External Supervisor	2009.3.23–2012.3.23	—	—
WANG Liang	M	1942	External Supervisor	2009.3.23–2012.3.23	—	—
CHEN Jinzhong	M	1960	Employee Supervisor	2009.3.23–2012.3.23	—	—
WANG Lei	F	1961	Employee Supervisor	2009.3.23–2012.3.23	—	—
XING Benxiu	M	1963	Vice President	2010.8.10–2012.3.23	—	—
SHAO Ping	M	1957	Vice President	2009.3.23–2012.3.23	—	—
ZHAO Pinzhang	M	1956	Vice President	2009.3.23–2012.3.23	—	—
MAO Xiaofeng	M	1972	Vice President & Board Secretary	2009.3.23–2012.3.23	—	—
DUAN Qingshan	M	1957	Chief Financial Officer	2010.4.19–2012.3.23	—	—

Notes

1. Mr. Lu Zhiqiang, a Non-executive Director of the Company, has ceased to be a director of Haitong Securities Co., Ltd. (listed on the Shanghai Stock Exchange (SSE: 600837)) with effect from 16 May 2011.
2. Mr. Wang Yugui, a Non-executive Director of the Company, was appointed as a supervisor of Haitong Securities Co., Ltd. (listed on the Shanghai Stock Exchange (SSE: 600837)) with effect from 16 May 2011.

3. Mr. Qin Rongsheng, an Independent Non-executive Director of the Company, has ceased to be an independent director of China National Software and Service Co., Ltd. (listed on the Shanghai Stock Exchange (SSE: 600536)), Poly Real Estate Group Co., Ltd. (listed on the Shanghai Stock Exchange (SSE: 600048)), UFIDA Software Co., Ltd. (listed on the Shanghai Stock Exchange (SSE: 600588)) and Changjiang Securities Co., Ltd. (listed on the Shenzhen Stock Exchange (SHE: 000783)) with effect from 25 January 2010, 23 March 2011, 26 April 2011 and 27 May 2011 respectively.
4. Mr. Wang Lihua, an Independent Non-executive Director of the Company, was appointed as an independent director of Shandong Xingmin Wheel Co., Ltd. (listed on the Shenzhen Stock Exchange (SHE: 002355)) with effect from 15 March 2011. Besides, Mr Wang has ceased to be an independent director of Xinjiang Chalkis Co., Ltd. (listed on the Shenzhen Stock Exchange (SHE: 000972)) with effect from 25 June 2011.
5. Mr. Xing Jijun, a Supervisor of the Company, has ceased to be the president of Orient Group Incorporation (listed on the Shanghai Stock Exchange (SSE: 600811)) with effect from 30 June 2011.

(II) *Service contracts of Directors and Supervisors*

In accordance with Rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, the Company has entered into contracts with its Directors and Supervisors in respect of compliance with the relevant laws and regulations, the Articles of Association of the Company and the provisions of arbitration. Except as disclosed above, the Company has not intended and does not intend to enter into any service contract with its Directors or Supervisors in respect of their services as Directors or Supervisors (excluding the service contracts which will expire in one year or are determinable by the Group within one year without payment of compensation, other than statutory compensation).

II. Employees

As at the end of the reporting period, the Group had 33,695 employees, of which, 32,956 were employees of the Company and 739 employees were employees of its subsidiaries. Divided by professional specialties, 3,486 were categorized as management team, 15,160 as marketing team, and 14,310 as technical team. The Group had 29,826 employees with degrees of diploma and above, accounting for 91% of the total. In addition, the Company had 67 retired employees in the reporting period.

III. Business Network

As at the end of the reporting period, the Company had set up 30 tier-one branches in 30 cities across China, as well as one representative office in Hong Kong, with 538 banking entities in total.

Major entities of the Company as at the end of the reporting period are shown as follows:

Name of entity	Number of outlets	Headcount	Total assets (excluding deferred income tax assets) (RMB million)	Address
Head Office	1	10,351	571,628	No. 2 Fuxingmennei Avenue, Xicheng District, Beijing
Beijing Administrative Department	49	2,335	399,991	No. 2 Fuxingmennei Avenue, Xicheng District, Beijing
Shanghai Branch	51	2,110	249,041	No. 100 Pudong Nan Road, Pudong New Area, Shanghai
Guangzhou Branch	31	1,405	95,011	Guangzhou Minsheng Tower, No. 68 Liede Avenue, Tianhe District, Guangzhou
Shenzhen Branch	34	1,102	102,767	CMBC Building, 11th Xinzhou Street, Futian District, Shenzhen
Wuhan Branch	26	1,105	75,007	CMBC Building, No. 396 Xinhua Road, Jiangnan District, Wuhan
Taiyuan Branch	20	914	73,435	No. 2 Bingzhou Bei Road, Taiyuan
Shijiazhuang Branch	25	1,133	56,021	No. 10 Xidajie, Shijiazhuang
Dalian Branch	16	610	40,724	No. 28 Yan'an Road, Zhongshan District, Dalian
Nanjing Branch	26	1,250	132,127	No. 20 Hongwu Bei Road, Nanjing
Hangzhou Branch	24	1,125	104,241	Yuanyang Building, No. 25 Qingchun Road, Hangzhou
Chongqing Branch	18	708	71,714	Tongjuyuanjing Building, No. 9 Jianxin Bei Road, Jiangbei District, Chongqing
Xi'an Branch	17	651	46,792	CMBC Building, No. 78 Erhuan Nanlu Xiduan, Xi'an
Fuzhou Branch	17	602	26,819	No. 280 Hudong Road, Fuzhou
Jinan Branch	16	938	54,830	No. 229 Leyuan Street, Jinan
Ningbo Branch	14	595	33,400	No. 348 Minan Road, Ningbo
Chengdu Branch	23	808	61,248	No. 2 Remin Nan Road 3 Duan, Chengdu
Tianjin Branch	16	605	39,180	1/F, Tianxin Building, No. 125 Weidi Road, Hexi District, Tianjin
Kunming Branch	15	425	32,532	Chun Tian Yin Xiang Building, No. 331 Huancheng Nan Road, Kunming
Quanzhou Branch	10	329	13,760	No. 689 Citong Road, Fengze District, Quanzhou
Suzhou Branch	11	650	44,483	CMBC Financial Building, Block 23, Times Square, Suzhou Industrial Park, Suzhou
Qingdao Branch	13	521	28,676	Zhong Gang Plaza, No. 18 Fuzhou Nan Road, Shi Nan District, Qingdao
Wenzhou Branch	8	357	22,064	Development Building, No. 335 Xincheng Dadao, Wenzhou
Xiamen Branch	10	351	47,495	Lixin Plaza, No. 90 Hubin Nan Road, Xiamen
Zhengzhou Branch	13	432	40,483	CMBC Building, No. 1 CBD Shangwu Waihuan Road, Zhengdong New District, Zhengzhou
Changsha Branch	9	387	27,140	No. 669 Furong Zhong Road 1 Duan, Changsha
Changchun Branch	5	245	15,392	Ji Xin Building, No. 500 Changchun Street, Nangan District, Changchun
Hefei Branch	5	255	16,220	Tian Qing Building, No. 135 Bozhou Road, Hefei
Nanchang Branch	5	314	33,704	No. 237 Xiangshan Bei Road, Dong Hu District, Nanchang
Shantou Branch	7	232	8,635	1-3/F, Huajing Plaza, No. 17 Hanjiang Road, Shantou
Nanning Branch	2	104	5,473	1/F, 8/F, 12/F, Guangxi Development Tower, East Building, No. 111-1 Minzu Avenue, Nanning
Hong Kong Representative Office	1	7	—	36/F, Bank of America Tower, Hong Kong
Inter-regions adjustment			(472,624)	
Total	538	32,956	2,097,409	

- Note:
1. The number of outlets takes into account all types of banking establishments, including the head office, tier-one branches, business departments of branches, tier-two branches, sub-branches and representative offices.
 2. Total headcount of the Head Office includes the total number of the employees in the Real Estate Finance SBU, the Energy Finance SBU, the Transportation Finance SBU, the Metallurgy Finance SBU, the Trade Finance SBU, the Credit Card Center and the Financial Market SBU.
 3. Inter-region adjustments arise from the reconciliation and elimination of inter-region balances.

Chapter 6 Corporate Governance

I. Corporate Governance Overview

During the reporting period, the Company organized the meetings in compliance with laws and regulations while optimizing its system and internal control management. The Company further strengthened its communication with the investors, consistently enhanced its corporate governance and successfully completed various work:

1. During the reporting period, the Company had coordinated and prepared a total of 45 meetings, including 2 Shareholders' General Meeting, 6 Board meetings, 28 meetings of the special committees of the Board (3 Strategic Development and Investment Management Committee meetings, 10 Risk Management Committee meetings, 5 Audit Committee meetings, 4 Related Party Transactions Supervision Committee meetings, 4 Compensation and Remuneration Committee meetings and 2 Nomination Committee meetings), 3 meetings of the Supervisory Board and 6 meetings of the special committees of the Supervisory Board (2 Nomination and Remuneration Committee meetings and 4 Supervisory Committee meetings).
2. With reference to the domestic and overseas regulatory requirements, the Company has formulated and amended Terms of Reference for Secretary to the Board of Directors of China Minsheng Banking Corp., Ltd. (中國民生銀行董事會秘書工作細則), Provisional Measures on Performance Appraisals of the Board of Directors and Directors by Supervisory Board of China Minsheng Banking Corp., Ltd. (中國民生銀行監事會對董事會及董事履職監督評價試行辦法), Provisional Implementation Rules for Measures on Performance Appraisals of the Board of Directors and Directors by Supervisory Board of China Minsheng Banking Corp., Ltd. (中國民生銀行監事會對董事會及董事履職監督評價實施細則(試行)), Provisional Measures on Performance Appraisals of Senior Management and its Members by Supervisory Board of China Minsheng Banking Corp., Ltd. (中國民生銀行監事會對高級管理層及其成員履職監督評價試行辦法), to further improve the corporate governance system.
3. During the reporting period, the Company fully implemented the internal control standard. It established an Internal Control Management Committee (內控管理委員會), and a leading group as well as a task force for the implementation of the internal control standards (內控規範實施領導小組及工作小組). The Company also formulated its Working Plan for Implementation of Internal Control Standard (內控規範實施工作方案) and specific implementation measures, and restructured and assessed its internal control system and procedures in accordance with the Basic Standards for Enterprise Internal Control (企業內部控制基本規範) and the relevant implementation guidelines, which laid a solid foundation for its internal control development, self-evaluation and auditing in relation to financial statements. In respect of the supervision of related party transactions, the Company strengthened the regulation and evaluation on the implementation of its related party transaction supervision system in order to further enhance the transparency of its related party transactions as well as the efficiency of its appraisal process.

4. During the reporting period, the Company organized a series of activities including analysts meetings and press conferences in respect of the results for the year of 2010, and held analysts tele-conference for re-financing and the first quarterly report for the year of 2011. Two Reports on Identification of H Share Shareholders were completed and on-line road-shows were performed on www.cs.com.cn (中證網) and www.cnstock.com (中國證券網). The management and major department heads visited nearly 30 domestic large-scaled fund companies and 50 major shareholders of the Company in Hong Kong, the United States, Singapore and the United Kingdom to communicate with the investors in respect of performance and operations of the Company.

During the reporting period, the Company participated in 10 large-scaled institutional investment strategy conferences held both at home and abroad, and co-organized 7 seminars with local and foreign major institutions. The Company also held the “Investors’ Day of China Minsheng Banking Corp., Ltd. — Shang Dai Tong Campaign in Hangzhou Branch” with the presence of 65 local and foreign analysts and fund managers. During the reporting period, the Company received 240 investors through various ways such as on-site visits and telephone conference. The Company published 6 special issues of “Investors” (投資者) and over 20 issues of “Investor Relations Weekly” (投資者關係週報). Through these efforts, the Company has established an effective communication platform with the investors and achieved sound effects.

5. A total of 5 issues of Newsletters of the Board of Directors (董事會工作通訊), 27 issues of Internal Circulars (內部參考) and 8 issues of Newsletters of the Supervisory Board (監事會信息通報) were published during the reporting period, serving as a convenient and effective communication platform of corporate governance between the Board, the Supervisory Board and the Management, and between all Directors and Supervisors.
6. During the reporting period, in order to carry out effective supervision with the right approach, the Supervisory Board of the Company performed its responsibilities to supervise and ensure the compliance of the Bank’s operation and facilitated healthy development of the Company. During the reporting period, the Supervisory Board has overseen and reviewed the preparation and content of the regular reports of the Company, completed a special examination on credit extension to the Company’s group clients and continuously carried out supervision and evaluation on due diligence of Directors, Supervisors and Senior Management in accordance with the Articles of Association and relevant rules and provisions of the Supervisory Board. During the reporting period, the Supervisory Board of the Company organized two teams to pay site inspections and research visits to branches in Chongqing, Chengdu, Tianjin and Zhengzhou, as well as to Minsheng township banks in Qijiang and Ziyang according to its working plan and the situation of the Company.
7. During the reporting period, the Company won the “Excellent Board Award” in the “7th China Listed Companies Golden Board Award”, while Mr. Dong Wenbiao, Chairman of the Board, and Mr. Mao Xiaofeng, the Vice President and the Board Secretary, won the awards of “Chairman with the Best Strategic Vision” and “The Most Innovative Board Secretary” respectively.

The Company won “the Golden Bull Built-to-Last Enterprise Award”, while Mr. Dong Wenbiao, Chairman of the Board, and Mr. Mao Xiaofeng, the Board Secretary, won the awards of “the Golden Bull Best Leader” and “the Golden Bull Best Board Secretary”, respectively, in the 13th Golden Bull Listed Companies Forum (第13屆金牛上市公司高峰論壇) organized by China Securities Journal.

In the 4th Election of Best Board of Directors of Listed Companies in China held by Money Week (「理財周報」), the Company was awarded as one of the 2011 Top Ten Best Boards of Directors of the Companies Listed on the Main Board of China.

The Company was recognized as one of China’s Top 100 Enterprises in the China’s Top 100 Listed Companies Forum (中國上市公司百強高峰論壇) organized by Shanghai Warton Economic Institute, while Mr. Dong Wenbiao, Chairman of the Board, Mr. Hong Qi, the President, and Mr. Mao Xiaofeng, the Board Secretary, were awarded as “Outstanding Entrepreneur”, “the Best Leader” and “the Best Board Secretary”, respectively.

The Company received “2011 Golden Shield Award — The Best Information Disclosure Among Listed Companies in China (2011金盾獎 — 中國上市公司最佳信息披露獎)” in the 2011 China Listed Companies Risk Management Summit (2011中國上市公司風險管理高峰論壇) organized by China Times and China Enterprise Legal Risk Management Research Centre of Peking University (北京大學中國企業法律風險管理研究中心).

Mr. Mao Xiaofeng, the Board Secretary, was scored excellent in the 2010–2011 annual performance evaluation by the Shanghai Stock Exchange.

The Company received silver award in the international-renowned LACP 2010 Vision Awards Annual Report Competition for its 2010 Annual Report.

The Company has conducted a thorough internal inspection and was not aware of any non-compliance between the Company’s corporate governance and regulations regarding corporate governance of listed companies promulgated by the CSRC. There were no irregularities of corporate governance and no information has been provided to substantial shareholders or beneficial owners before such information was published.

During the reporting period, the Company has fully complied with the provisions of the Code of Corporate Governance Practices set out in Appendix 14 of the Hong Kong Listing Rules and has been dedicated to maintaining a high standard of corporate governance.

II. Shareholders’ General Meeting

1. The First Extraordinary General Meeting in 2011, the First A Share Class Meeting in 2011 and the First H Share Class Meeting in 2011

On 4 May 2011, the First Extraordinary General Meeting (“EGM”) in 2011, the First A Share Class Meeting in 2011 and the First H Share Class Meeting in 2011 were convened in Beijing, respectively, and both on-site and online voting were adopted.

The following resolutions were considered and passed at the first EGM in 2011: Resolution on the Issuance Plan of A Share Convertible Corporate Bonds by China Minsheng Banking Corp., Ltd., Resolution on the Secondary Offering Plan of H Shares by China Minsheng Banking Corp., Ltd., Resolution on the Feasibility of Use of Proceeds Raised from the Previous Fund Raising Activities of the Company, Resolution on the Use of Proceeds Raised from the Issuance of A Share Convertible Corporate Bonds and the Secondary Offering of H Shares, Resolution on the Capital Management Planning for 2011–2013 of China Minsheng Banking Corp., Ltd..

Please refer to China Securities Journal, Shanghai Securities News and Securities Times on 5 May 2011 for details.

The following resolutions were considered and passed at the first A Share Class Meeting in 2011: Resolution on the Issuance Plan of A Share Convertible Corporate Bonds by China Minsheng Banking Corp., Ltd., and Resolution on the Secondary Offering Plan of H Shares by China Minsheng Banking Corp., Ltd..

The following resolutions were considered and passed at the first H Share Class Meeting in 2011: Resolution on the Issuance Plan of A Share Convertible Corporate Bonds by China Minsheng Banking Corp., Ltd., and Resolution on the Secondary Offering Plan of New H Shares by China Minsheng Banking Corp., Ltd. were reviewed and passed at the.

Please refer to China Securities Journal, Shanghai Securities News and Securities Times on 5 May 2011 for details.

2. *The 2010 Annual General Meeting (“AGM”)*

On 26 May 2011, the 2010 AGM of the Company was convened and held physically in Beijing. The following resolutions were considered and passed at the meeting: Resolution on the 2010 Annual Report, Resolution on the 2010 Work Report of the Board of Directors, Resolution on the 2010 Work Report of the Supervisory Board, Resolution on the 2010 Annual Financial Report, Resolution on the 2010 Profit Distribution Plan, Resolution on the 2011 Financial Budget Report, Resolution on the Appointment of and Remuneration to the Accounting Firm in 2011, Resolution on Amendments to the Administrative Measures on Connected Transactions of China Minsheng Banking Corp., Ltd., Resolution on the Statement on the Use of Proceeds from the Previous Fund Raising Activities of the Company, Resolution on the Authorization to the Board of Directors to Issue RMB Bonds in Hong Kong at Appropriate Time, Resolution on the Amendments to Certain Provisions of the Articles of Association of China Minsheng Banking Corp., Ltd. and Resolution on the Change of Registered Capital of the Company. Please refer to China Securities Journal, Shanghai Securities News and Securities Times on 27 May 2011 for details.

III. Meetings of the Board and its Special Committees

During the reporting period, 6 Board meetings were convened by the Board.

During the reporting period, 28 meetings of the special committees under the Board of the Company were convened, including 3 meetings of the Strategic Development and Investment Management Committee, 10 meetings of the Risk Management Committee, 5 meetings of the Audit Committee, 4 meetings of the Related Party Transaction Supervision Committee, 4 meetings of the Compensation and Remuneration Committee and 2 meetings of the Nomination Committee.

During the reporting period, the Strategic Development and Investment Management Committee under the Board discussed on 6 designated issues and received and considered 5 special reports; the Risk Management Committee discussed on 57 designated issues and received and considered 2 special reports; the Audit Committee discussed on 12 designated issues; the Related Party Transactions Supervision Committee discussed on 5 designated issues; the Compensation and Remuneration Committee discussed on 9 designated issues and received and considered 1 special report; and the Nomination Committee discussed on 5 designated issues.

IV. Meetings of the Supervisory Board and its Special Committees

During the reporting period, 3 Supervisory Board meetings were convened by the Supervisory Board, 6 meetings of the special committees under the Supervisory Board of the Company were convened, including 2 meetings of Nomination and Remuneration Committee and 4 meetings of Supervisory Committee.

V. Internal Control and Internal Audit

(I) Adequacy, effectiveness and completeness of internal control

For the purpose of risk prevention and prudent business operation, since its incorporation, the Company has gradually formed a set of rational and comprehensive internal control system in compliance with the Commercial Bank Law of the PRC (中華人民共和國商業銀行法), Guidelines for Internal Control of Commercial Banks (商業銀行內部控制指引) and other relevant laws and regulations. The Board of the Company attaches high importance to the establishment of internal control system. It reviewed risk management reports, business management reports, authorized task reports and internal audit reports at Board meetings, special committee meetings and various risk management researches, and organized risk management trainings and exchange of experiences with other banks and financial institutions to acquire overview of the internal control of the Company, analyze relevant issues and provide guiding opinions to the management. The management of the Company rigorously implements the instructions and work plans of the Board on internal control management to make comprehensive improvement on risk management. This includes improving the compliance with and authority of the internal control policies and procedures and improving the consistent implementation of internal control management, its involvement in processes and daily operations and its compliance with best practices. The Company has formed an effective and standard internal control management system that incorporates education, early warning, prevention, and incentive and punitive functions, where each department has clearly defined responsibility and cooperates with one another under checks and balances and mutual supervision.

To achieve its operating objectives and development strategies, the Company formulated internal management rules covering all business and operating activities of its existing management departments and operating units. The Company believes that internal control must be prioritized to support healthy business development. In line with the growth of its business and service variety and the complexity of management, the Company has reviewed and improved the internal control system to ensure that the system can meet the needs of its business expansion. It has also formulated internal control mechanisms for risk prevention, control, monitoring and rectification during the relevant processes to ensure stringent management and to keep risks under control.

During the reporting period, the Company further improved its internal control system by taking the following measures: Firstly, the Company implemented the internal control standard throughout the Bank in accordance with the requirements of the five ministries including the Ministry of Finance, and integrated the internal control and compliance risk management system to build an internal control system with its own characteristics. Secondly, the Company thoroughly enhanced its risk management capability at the time when the New Basel Accord was implemented. The Company carried out various tasks in respect of the New Capital Accord gradually, and has achieved interim progress in the establishment and planning of legal person client rating management system, corporate liability rating system, market risk management system and operational risk management system. The Company further enhanced its risk management system to make comprehensive and timely identification, measurement, monitoring and control over various risks. Thirdly, in respect of credit business risk control, the Company strengthened its risk control in key areas including loans to government financing platforms, loans to real estate sector and loans to the industries of high pollution, high energy consumption and with excessive production capacity, and exerted great effort in promoting the recovery and disposal of non-performing assets, and thus remained the asset quality at good level. Fourthly, the Company accelerated the optimization of the middle and back offices, and the construction of process-based banking to further rationalize the management and operation systems. The Company continued to carry out reform on process-based banking and management by adjusting the organizational structure, operational management model and business processes, and by enhancing the establishment of its management supporting system, and initially established an integrated development model encompassing business operation, management and IT system. The Company continued to optimize and restructure the system of middle and back offices and specified the responsibilities of the headquarter and middle and back offices while built up a highly efficient middle and back office management supporting system. Through the innovation of management system and the introduction of advanced management tools, such as balanced scorecard and Six Sigma, the Company reformed its system in a rational, systematic and delicate manner, which significantly improved the service quality and effectiveness. Fifthly, the Company strengthened the inspection on effectiveness of its internal control and risk management. Through specific examinations on business lines including credit, accounting and information technology, as well as operational risk cases, the Company further enhanced its supervision and rectification mechanism for risk management and internal control. Sixthly, the Company continued to promote the internal control assessment and carried out a comprehensive internal control assessment on Beijing Branch and Shanghai Branch. The assessment covered primary businesses and risk points of the Bank, and the results of which were linked with the evaluation results of operation units. This measure has substantially improved the overall internal control of the Bank.

With its internal control system, the Company can prevent, identify and rectify any potential errors and fraudulence in the operation of the Company in a timely manner, ensure the safety and completeness of the Company's assets, and guarantee the truthfulness, accuracy and integrity of its accounting records and information. With a true, accurate, timely and full disclosure of information, the interests of the Company and its investors are protected and the rationality, integrity and effectiveness of the internal control system are realized, which have a positive effect on the financial risk prevention and management.

(II) Internal Audit

The Internal Audit Department of the Company is a supervisory and evaluation department of the risk management and internal control, which is responsible for performing independent examination and evaluation on all business operations and management activities of the Company, monitoring and examining effectiveness of its internal control and risk management as well as carrying out evaluation and advisory activities for its internal control on an independent and objective basis.

The Company has established an independent internal audit management system. The Internal Audit Department has 4 regional internal audit centres in Northern China, Eastern China, Southern China and Mid-China, and internal audit centres assigned in SBUs and industry-oriented departments, all of which are under direct management of the head office. The Internal Audit Department reports to the Board as well as the management. Daily auditing tasks are directly reported to the management. The execution of internal audits and the relevant findings shall also be reported to the management on a regular or temporary basis. Regular reports on internal audits shall be made to the Board and material internal control findings shall be reported to the Board in a timely manner.

The Company has set up a standardized internal audit system and an integrated audit examination system comprising on-site and off-site audit and special and regular audit to conduct overall internal control evaluation on branches and SBUs, which covers all business lines and significant internal control management procedures including corporate banking business, retail banking business, bills business, financial market, trade finance, credit card, financial accounting and risk management, etc..

In the first half of 2011, the Company performed supervision and examination on internal control of business units through on-site audits, off-site audits, special audits and departure audits, which included 21 on-site audits, 6 off-site special audits and departure audits for 78 persons. The Internal Audit Department issued 103 audit reports and research reports and 14 risk warnings and audit recommendations. The Company performed its supervision, evaluation and consultation duties on internal audit works in a more effective way. The examinations covered various lines of the Company's business, including corporate credit, loans to government financing platforms, asset custody business, financial accounting business, personal credit and counter business. The problems identified in the audit were tracked and urged to be rectified, the persons responsible for the problems were held accountable. Collaborations among head office, branches and business management departments in resolving problem were also strengthened. In addition to conducting examination on overall business and process risks, the Company has notably improved its internal control system and management level.

VI. Compliance with the Code on Corporate Governance Practices under the Hong Kong Listing Rules

The Company has fully complied with the provisions of the Code on Corporate Governance Practices set out in Appendix 14 of the Hong Kong Listing Rules and most of the recommended best practices set out therein.

Chapter 7 Report of the Board of Directors

I. Profit Appropriation in 2010

The Board of the Company has distributed bonus and dividend to the shareholders according to the 2010 Profit Appropriation Plan which was passed in the 2010 AGM. On the basis of a total of 26,714,732,987 issued shares (including both A share and H share) as at 31 December 2010, the Company distributed cash dividend to shareholders registered of the close of the market on 8 June 2011: a cash dividend of RMB1.00 (tax included) for every 10 shares and the total cash dividend will be approximately RMB2,671 million. The cash dividend will be denominated and declared in Renminbi and paid to the holders of A Shares in Renminbi whereas the holders of H Shares will be paid in Hong Kong dollars. The Company accomplished the cash dividend distributions to the holders of A Shares and H Shares on 14 June 2011 and 26 July 2011, respectively.

Please refer to the announcements of the Company for details of distribution.

II. Interim Profit Appropriation in 2011

The Board does not recommend the payment of dividend in respect of the six months ended 30 June 2011.

III. Operations and Performances of Major Subsidiaries and Investee Companies

1. As at 30 June 2011, Minsheng Financial Leasing Co., Ltd., a subsidiary of the Company, had total assets of RMB53,462 million and net assets of RMB4,490 million, representing increases of 28.88% and 13.70% as compared with the beginning of the year, respectively. It posted a net profit of RMB540 million in the first half of 2011, representing an increase of 77.05% as compared with the corresponding period last year.
2. As at 30 June 2011, Minsheng Royal Fund Management Co., Ltd., a subsidiary of the Company, had total assets of RMB64 million and net assets of RMB57 million, representing decreases of 25.58% and 19.72%, respectively. It posted a net loss of RMB13.73 million in the first half of 2011, representing a decrease of 58.20% as compared with the corresponding period last year.
3. As at 30 June 2011, 14 Minsheng Township Banks, which were established by the Company, had total assets of RMB10,268 million and total net assets of RMB1,258 million, and posted a total net profit of RMB67.29 million in the first half of 2011.
4. As at 30 June 2011, China UnionPay Co., Ltd., of which the Company was an equity holder, completed 4,830 million inter-bank bank card transactions amounting to RMB7.2 trillion, representing increases of 22.7% and 47.3% respectively as compared with the corresponding period of the previous year.

IV. Equity Interests of the Company in Other Listed Companies and Financial Enterprises

1. Listed companies in which the Company holds equity interests

Nil.

2. Equity interests of the Company in non-listed financial enterprises

	Registered capital (in RMB million)	Shareholding of the Company	Nature and scope of business	Place of registration
Minsheng Financial Leasing Co., Ltd.	3,200	81.25%	Leasing	Tianjin
Minsheng Royal Fund Management Co., Ltd.	200	60%	Offering and sale of funds	Guangdong
Pengzhou Minsheng Township Bank Co., Ltd.	55	36.36%	Commercial banking	Sichuan
Cixi Minsheng Township Bank Co., Ltd.	100	35%	Commercial banking	Zhejiang
Shanghai Songjiang Minsheng Township Bank Co., Ltd.	100	35%	Commercial banking	Shanghai
Qijiang Minsheng Township Bank Co., Ltd.	60	50%	Commercial banking	Chongqing
Tongnan Minsheng Township Bank Co., Ltd.	50	50%	Commercial banking	Chongqing
Ziyang Minsheng Township Bank Co., Ltd.	80	51%	Commercial banking	Sichuan
Meihekou Minsheng Township Bank Co., Ltd.	50	51%	Commercial banking	Jilin
Wuhan Jiangxia Minsheng Township Bank Co., Ltd.	80	51%	Commercial banking	Hubei
Changyuan Minsheng Township Bank Co., Ltd.	50	51%	Commercial banking	Henan
Yidu Minsheng Township Bank Co., Ltd.	50	51%	Commercial banking	Hubei
Shanghai Jiading Minsheng Township Bank Co., Ltd. (上海嘉定民生村鎮銀行股份有限公司)	200	51%	Commercial banking	Shanghai
Zhongxiang Minsheng Township Bank Co., Ltd. (鐘祥民生村鎮銀行股份有限公司)	70	51%	Commercial banking	Hubei
Penglai Minsheng Township Bank Co., Ltd. (蓬萊民生村鎮銀行股份有限公司)	100	51%	Commercial banking	Shandong
Anxi Minsheng Township Bank Co., Ltd. (安溪民生村鎮銀行股份有限公司)	100	51%	Commercial banking	Fujian

V. Securities Transactions by Directors, Supervisors and Relevant Employees

The Company has adopted its own code of conduct regarding Directors' and Supervisors' dealings in the securities on terms no less exacting than the Model Code as set out in Appendix 10 of the Hong Kong Listing Rules. The Company has made specific enquiries to all Directors and Supervisors to confirm that they have complied with the above-mentioned Code during the reporting period up to 30 June 2011. The Company also formulates guidelines on dealings in securities of the Company by relevant employees, which are no less strict than the Model Code. The Company is not aware of any non-compliance with these guidelines by the relevant employees.

VI. Interests or Short Positions of the Directors and Supervisors in the Securities of the Company or its Associated Corporations under Hong Kong Laws and Regulations

(I) *As at 30 June 2011, the following Directors of the Company had the following interests in the shares of the Company:*

Name	Position	Class of shares	Long/short position	Capacity	No. of shares	Notes	Percentage of the relevant class of shares in issue (%)	Percentage of all the issued shares (%)
Liu Yonghao	Non-executive Director	A	Long position	Held by his controlled corporations	1,891,893,763	1	8.38	7.08
Zhang Hongwei	Non-executive Director	A	Long position	Held by his controlled corporations	931,073,370	2	4.12	3.49
Wong Hei	Non-executive Director	A	Long position	Held by her controlled corporation	574,603,116	3	2.54	2.15
Lu Zhiqiang	Non-executive Director	A	Long position	Held by his controlled corporations	698,939,116	4	3.09	2.62
Shi Yuzhu	Non-executive Director	A	Long position	Held by his controlled corporations	739,078,535	5	3.27	2.77

Notes:

1. The 1,891,893,763 A shares comprised 558,306,938 A shares directly held by Sichuan South Hope Industrial Co., Ltd. and 1,333,586,825 A shares directly held by New Hope Investment Co., Ltd. Sichuan South Hope Industrial Co., Ltd. was wholly-owned by New Hope Group Co., Ltd., while New Hope Investment Co., Ltd. was held as to 25% and 75% of its issued share capital by New Hope Group Co., Ltd. and Sichuan New Hope Agri-Business Co., Ltd., respectively. New Hope Group Co., Ltd. held 45.7% of the issued share capital of Sichuan New Hope Agri-Business Co., Ltd. According to the SFO, New Hope Group Co., Ltd. was deemed to be interested in the 558,306,938 A shares held by Sichuan South Hope Industrial Co., Ltd. and the 1,333,586,825 A shares held by New Hope Investment Co., Ltd.

As Mr. Liu Yonghao held 63.65% (in which 1.31% was personally held by his spouse, Ms. Li Wei) of the issued share capital of New Hope Group Co., Ltd., Mr. Liu Yonghao was deemed to be interested in the 1,891,893,763 A shares held by New Hope Group Co., Ltd. according to the SFO, such interests held by Mr. Liu Yonghao and the interests held by New Hope Group Co., Ltd., Ms. Li Wei and Ms. Liu Chang were the same block of shares, the details of which are disclosed in the section headed “Substantial Shareholders’ and Other Persons’ Interests or Short Positions in Shares and Underlying Shares of the Company under Hong Kong Laws and Regulations” in this interim report.

2. The 931,073,370 A shares comprised 888,970,224 A shares directly held by Orient Group Incorporation and 42,103,146 A shares directly held by Orient Group Industrial Co., Ltd. 27.98% of the issued share capital of Orient Group Incorporation was held by Orient Group Industrial Co., Ltd., of which 32.58% of the issued share capital was held by Mr. Zhang Hongwei and 31.20% of the issued share capital was held by him indirectly through Orient Group Investment Holdings Co., Ltd. 94% of the issued share capital of Orient Group Investment Holdings Co., Ltd. was held by Mingze Orient Investment Co., Ltd., which is wholly-owned by Mr. Zhang Hongwei.
3. The 574,603,116 A shares were held by Fuxin Group Co., Ltd., of which 51.03% of the issued share capital was held by Ms. Wong Hei.
4. The 698,939,116 A shares were held by China Oceanwide Holdings Group Co., Ltd., of which 96.7% of the issued share capital was held by Oceanwide Group Co., Ltd., which was wholly owned by China Oceanwide Holdings Group. Mr. Lu Zhiqiang held 77.14% of the issued share capital of China Oceanwide Holdings Group.
5. The 739,078,535 A shares were held by Shanghai Giant Lifetech Co., Ltd. 95.14% of the issued share capital of Shanghai Giant Lifetech Co., Ltd. was held by Giant Investment Co., Ltd., of which 95% of the issued share capital was held by Mr. Shi Yuzhu.

(II) As at 30 June 2011, the following Director of the Company had the following interests in Pengzhou Minsheng Township Bank Co., Ltd (彭州民生村鎮銀行有限責任公司), a subsidiary of the Company:

Name	Position	Long/short position	Capacity	Interest in share capital	Note	Percentage of the total registered capital (%)
Liu Yonghao	Non-executive Director	Long position	Interest held by his controlled corporation	RMB2,000,000	1	3.64

Note:

1. New Hope Group Co., Ltd. is interested in RMB2,000,000 of the registered capital of Pengzhou Minsheng Township Bank Co., Ltd. As Mr. Liu Yonghao held 63.65% (in which 1.31% was personally held by his spouse, Ms. Li Wei) of the issued share capital of New Hope Group Co., Ltd., Mr. Liu Yonghao was deemed to be interested in the equity interest held by New Hope Group Co., Ltd. in Pengzhou Minsheng Township Bank Co., Ltd. according to the SFO.

(III) As at 30 June 2011, the following Director of the Company had the following interests in Shanghai Songjiang Minsheng Township Bank Co., Ltd. (上海松江民生村鎮銀行股份有限公司), a subsidiary of the Company:

Name	Position	Long/short position	Capacity	Interest in share capital	Note	Percentage of the total share capital (%)
Shi Yuzhu	Non-executive Director	Long position	Interest held by his controlled corporations	RMB6,000,000	1	6.00

Note:

1. Shanghai Giant Lifetech Co., Ltd. is interested in RMB6,000,000 of the total share capital of Shanghai Songjiang Minsheng Township Bank Co., Ltd. 95.14% of the issued share capital of Shanghai Giant Lifetech Co., Ltd was held by Giant Investment Co., Ltd, while Mr. Shi Yuzhu in turn held 95% of the issued share capital of Giant Investment Co., Ltd. Mr. Shi Yuzhu was deemed to be interested in the equity interest held by Shanghai Giant Lifetech Co., Ltd. in Shanghai Songjiang Minsheng Township Bank Co., Ltd. according to the SFO.

Save as disclosed above, as at 30 June 2011, none of the Directors, Supervisors or chief executives held or was deemed to hold any interests and/or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in the SFO), which were recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code set out in Appendix 10 to the Hong Kong Listing Rules, nor had they been granted such rights.

VII. Major Connected Transactions

In the reporting period, there was no major connected transactions. For the accounting treatments of related party transaction as at the end of the reporting period under the relevant accounting standards, please see Note 38 to the Consolidated Financial Statements.

VIII. Disciplinary Measures and Penalties to the Company, the Board and Directors of the Company

In the reporting period, none of the Company, the Board or Directors of the Company was subject to any disciplinary measures or penalties.

IX. Contractual Rights and Service Contracts of Directors and Supervisors

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director or Supervisor of the Company had a material interest, subsisted during the reporting period. None of the Directors and Supervisors of the Company has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (excluding statutory compensation).

Chapter 8 Major Events

I. Material Litigation and Arbitration

In the reporting period, the Company had no litigation or arbitration which has significant impact on its operations. As at 30 June 2011, there were 86 outstanding litigations with disputed amounts of over RMB1 million involving the Company as plaintiff for RMB1,124.22 million and 40 outstanding litigations involving the Company as defendant for RMB242.12 million.

II. Purchase and Disposal of Assets and Mergers and Acquisitions

The Company has strictly complied with the provisions of the Articles of Association, the Basic Accounting Rules and the Administrative Measures on Fixed Assets of the Company in its recognition and account management of residual value of retired fixed assets. No event that has resulted in the damage to the interests of shareholders or the loss of assets of the Company occurred.

III. Material Contracts and Their Performance

The Company participated and won the bid for use right of Plot Z4 of Core Area of Beijing CBD. The application of land use rights certificate by the Company is accepted.

The Company participated and won the bid for use right of Plot 2010P26 at the intersection of Dou Zai Wei Lu and Hubin South Road in Xiamen. Currently the Company is proceeding with the application of land use rights certificate which has already been accepted by the land management authority.

The progress of the construction of Shunyi Headquarter Base in Beijing has been satisfactory. Installation of fire prevention facilities and elevators was partly completed, and 70% of the external curtain wall work has been completed. Tender invitation for the procurement and installation of boiler equipment has been completed. Bid invitations for switching cabinet procurement project, decorative lighting project, and kitchen equipment procurement and installation are underway. Most of the design works of outdoor pipe network, transformer room and gas engineering are completed. Consultation of suppliers and quotation of dumbwaiters and freight elevators have been completed.

IV. Major Guarantees

The Company has provided no guarantee other than financial guarantees within the scope of business approved by the PBOC.

V. Commitments by the Company

In the reporting period, the Company had no commitment requiring disclosure.

VI. Repurchase, Sale or Redemption of Securities

During the six months ended 30 June 2011, the Group has neither sold any securities of the Company nor repurchased or redeemed any securities of the Company.

VII. Audit Committee

An Audit Committee has been established in accordance with the requirements of Appendix 14 as set out in the Hong Kong Listing Rules and its members are Mr. Qin Rongsheng (Chairman), Mr. Andrew Wong, Mr. Wang Songqi, Mr. Han Jianmin, Mr. Shi Yuzhu and Ms. Wong Hei. The main responsibilities of the Audit Committee include reviewing and providing supervision over the financial reporting procedures and internal controls system of the Company and providing advices to the Board. The Audit Committee of the Company has reviewed and confirmed the interim results announcement for the six months ended 30 June 2011 and the interim report for the first half of 2011.

VIII. Other Major Events

1. The Company received the reply on the approval by the CSRC and the State Administration of Foreign Exchange (Zhengjian Xuke [2010] No.1913), which approved the Company's qualification as QFII custodian bank. For details, please refer to China Securities Journal, Shanghai Securities News and Securities Times on 5 January 2011.
2. The Company received the Decision on Administrative Licensing from the PBOC (Yin Shi Chang Xu Zhun yu Zi [2011] No. 64), pursuant to which, the approval was granted to the Company to issue subordinated bonds of no more than RMB10 billion in national inter-bank bond market. For details, please refer to China Securities Journal, Shanghai Securities News and Securities Times on 8 March 2011.
3. The Company issued RMB10 billion subordinated bonds in the national inter-bank bonds market, and accomplished the registration and custody at China Government Securities Depository Trust & Clearing Co., Ltd. on 21 March 2011. The bonds were referred to as "China Minsheng Bank Subordinated Bonds 2011". The subordinated bonds issued amounted to RMB10 billion, of which, RMB6 billion were 10-year-term (issuer's call option executable commencing the end of the 5th year) fixed interest rate bonds with coupon rate of 5.50%, RMB4 billion were 15-year-term (issuer's call option executable commencing the end of the 10th year) fixed interest rate bonds with coupon rate of 5.70%. Proceeds of the issuance will be used as supplementary capital of the Company in compliance with the applicable laws and approval of the regulatory authorities.

Chapter 9 Financial Reports

- I. Report on the Review of Interim Financial Information**
- II. Financial Statements (Summary of Consolidated Income Statement, Summary of Consolidated Statement of Comprehensive Income, Summary of Consolidated Statement of Financial Position, Summary of Consolidated Statement of Changes in Shareholders' Equity, Summary of Consolidated Statement of Cash Flows)**
- III. Notes to the Interim Financial Information.**

Please refer to the appendix for the above information.

Independent review report to the Board of Directors of China Minsheng Banking Corp., Ltd.

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information of China Minsheng Banking Corp., Ltd. (the “Bank”) and its subsidiaries (collectively the “Group”) set out on pages 76 to 122, which comprises the condensed consolidated statement of financial position as at 30 June 2011, and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statements of changes in equity, the condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on this interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standards 34 “Interim Financial Reporting”.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

16 August 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

(Expressed in millions of Renminbi, unless otherwise stated)

		Six months ended 30 June	
		2011	2010
		(unaudited)	(unaudited)
Interest income		51,859	31,688
Interest expense		(22,314)	(10,523)
Net interest income	5	29,545	21,165
Fee and commission income		8,181	4,659
Fee and commission expense		(262)	(150)
Net fee and commission income	6	7,919	4,509
Net trading gain	7	146	99
Net gain arising from disposals of securities and discounted bills	8	1,191	308
Impairment losses on assets	9	(4,337)	(2,263)
Operating expenses	10	(15,659)	(11,587)
Other operating expenses		(398)	(616)
Profit before income tax		18,407	11,615
Income tax expense	11	(4,351)	(2,691)
Net profit		14,056	8,924
Net profit attributable to:			
Equity shareholders of the Bank		13,918	8,866
Non-controlling interests		138	58
		14,056	8,924
Earnings per share (expressed in RMB)			
— basic	12	0.52	0.33
— diluted	12	0.52	0.33

The notes on pages 83 to 122 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in millions of Renminbi, unless otherwise stated)

		Six months ended 30 June	
		2011	2010
	Note	(unaudited)	(unaudited)
Net profit		14,056	8,924
Other comprehensive (loss)/income:			
(Losses)/gains of available-for-sale securities	34	(113)	252
Income tax relating to available-for-sale securities	34	27	(63)
Other comprehensive (loss)/income, net of tax		(86)	189
Total comprehensive income		13,970	9,113
Total comprehensive income attributable to:			
Equity shareholders of the Bank		13,832	9,055
Non-controlling interests		138	58
		13,970	9,113

The notes on pages 83 to 122 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in millions of Renminbi, unless otherwise stated)

		As at 30 June 2011 (unaudited)	As at 31 December 2010 (audited)
	Note		
ASSETS			
Cash and due from banks and other financial institutions	13	157,962	130,059
Precious metals		468	279
Balances with central banks	14	276,548	262,238
Trading financial assets	15	17,589	6,024
Positive fair value of derivatives	16	476	476
Placements with banks and other financial institutions	17	306,633	149,385
Loans and advances to customers	18	1,118,295	1,037,723
Investment securities:			
— available-for-sale	19	58,700	35,192
— held-to-maturity	19	133,345	128,610
— loans and receivables	19	10,106	11,117
Finance lease receivables	20	38,627	29,288
Property and equipment	21	9,167	8,809
Deferred income tax assets	22	5,807	4,455
Other assets	24	27,282	20,082
Total assets		2,161,005	1,823,737
LIABILITIES			
Deposits from customers	26	1,536,586	1,416,939
Due to and placements from banks and other financial institutions	27	397,311	225,144
Borrowings from foreign governments		336	333
Borrowings from banks and other financial institutions	28	34,519	25,211
Negative fair value of derivatives	16	405	368
Provisions		2,301	1,966
Debt securities issued	29	31,026	21,048
Current income tax liabilities		4,397	4,940
Other liabilities	30	37,315	22,531
Total liabilities		2,044,196	1,718,480

The notes on pages 83 to 122 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(Expressed in millions of Renminbi, unless otherwise stated)

		As at 30 June 2011	As at 31 December 2010
	Note	(unaudited)	(audited)
EQUITY			
Share capital	31	26,715	26,715
Capital reserve	31	38,075	38,075
Surplus reserve	32(1)	5,903	5,903
General reserve	32(2)	13,823	13,822
Retained earnings	32(3)	31,127	19,881
Reserve for fair value changes of available-for sale securities	34	(374)	(288)
Capital and reserves attributable to equity shareholders of the Bank		115,269	104,108
Non-controlling interests		1,540	1,149
Total equity		116,809	105,257
Total equity and liabilities		2,161,005	1,823,737

Approved and authorized for issue by the Board of Directors on 16 August 2011.

Dong Wenbiao
Chairman

Hong Qi
Director and president

Wang Songqi
Director

The notes on pages 83 to 122 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in millions of Renminbi, unless otherwise stated)

Unaudited

Attributable to equity shareholders of the Bank

						Reserve for fair value changes of available- for-sale securities	Non- controlling interests	Total equity
	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings		
As at 1 January 2011		26,715	38,075	5,903	13,822	19,881	(288)	105,257
Total comprehensive income		—	—	—	—	13,918	(86)	13,970
Capital injection of non-controlling interests		—	—	—	—	—	253	253
Appropriation to general reserve	32	—	—	—	1	(1)	—	—
Cash dividends of 2010	33	—	—	—	—	(2,671)	—	(2,671)
As at 30 June 2011		26,715	38,075	5,903	13,823	31,127	(374)	116,809
As at 1 January 2010		22,262	38,075	4,184	10,904	12,503	106	88,894
Total comprehensive income		—	—	—	—	8,866	189	9,113
Cash dividends of 2009		—	—	—	—	(1,113)	—	(1,113)
As at 30 June 2010		22,262	38,075	4,184	10,904	20,256	295	96,894
As at 1 July 2010		22,262	38,075	4,184	10,904	20,256	295	96,894
Total comprehensive income		—	—	—	—	8,715	(583)	8,181
Capital injection of non-controlling interests		—	—	—	—	—	182	182
Appropriation to surplus reserve	32	—	—	1,719	—	(1,719)	—	—
Appropriation to general reserve	32	—	—	—	2,918	(2,918)	—	—
Stock dividends of 2009		4,453	—	—	—	(4,453)	—	—
As at 31 December 2010		26,715	38,075	5,903	13,822	19,881	(288)	105,257

The notes on pages 83 to 122 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in millions of Renminbi, unless otherwise stated)

	<i>Note</i>	Six months ended 30 June	
		2011 (unaudited)	2010 (unaudited)
Cash flows from operating activities			
Profit before income tax		18,407	11,615
Adjustments for:			
— Impairment losses on assets		4,337	2,263
— Depreciation and amortisation		559	451
— Charges of provisions		335	540
— Revaluation losses on financial instruments at fair value through profit or loss		53	8
— Net gains on disposal of securities		(83)	(308)
— Interest expense on debt securities issued and other financing activities		628	464
— Interest income from investment securities		(2,961)	(2,636)
		<u>21,275</u>	<u>12,397</u>
<i>Changes in operating assets:</i>			
Net increase in balances with central banks and due from banks and other financial institutions		(92,708)	(37,027)
Net increase in placements with banks and other financial institutions		(157,248)	(14,023)
Net increase in loans and advances to customers		(84,857)	(72,039)
Increase in other operating assets		(31,274)	(24,288)
		<u>(366,087)</u>	<u>(147,377)</u>
<i>Changes in operating liabilities:</i>			
Net increase in deposits from customers		119,647	191,622
Net increase/(decrease) in due to and placements from banks and other financial institutions		172,167	(7,171)
Payment of income tax		(6,219)	(2,081)
Net increase in other operating liabilities		29,942	15,077
		<u>315,537</u>	<u>197,447</u>
Net cash (utilised by)/from operating activities		<u>(29,275)</u>	<u>62,467</u>

The notes on pages 83 to 122 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(CONTINUED)

(Expressed in millions of Renminbi, unless otherwise stated)

		Six months ended 30 June	
		2011	2010
	Note	(unaudited)	(unaudited)
Cash flows from investing activities			
Proceeds from sale and redemption of investments		65,080	60,041
Proceeds from disposal of property and equipment, intangible assets and other long-term assets		48	3
Purchase of investment securities		(89,544)	(87,465)
Purchase of property and equipment, intangible assets and other long-term assets		(3,920)	(1,937)
Net cash utilised by investing activities		(28,336)	(29,358)
Cash flows from financing activities			
Capital received from non-controlling interests of subsidiaries		253	—
Proceeds from issuance of debt securities		9,975	5,771
Repayments for debt securities		—	(6,000)
Interest paid		(706)	(630)
Dividends paid		(2,258)	—
Net cash from/(utilised by) financing activities		7,264	(859)
Cash and cash equivalents at beginning of the period		172,217	161,750
Effect of foreign exchange rate changes		(148)	(240)
Cash and cash equivalents at end of the period	35	121,722	193,760

The notes on pages 83 to 122 form part of these financial statements.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(Expressed in millions of Renminbi, unless otherwise stated)

1 GENERAL INFORMATION

China Minsheng Banking Corp., Ltd. (the “Bank”) is a national joint-stock commercial bank established in the People’s Republic of China (“PRC”) on 7 February 1996 with the approval of the State Council of the PRC and the People’s Bank of China (the “PBOC”).

The Bank has a primary listing of 350,000,000 ordinary shares on the Shanghai Stock Exchange in 2000. On 26 November and 23 December 2009, the Bank issued 3,439,275,500 ordinary shares through offerings related to listings on the Stock Exchange of Hong Kong Limited, and the total issued share capital increased to RMB22,262 million.

The Bank obtained the financial service certificate No. B10911000H0001 as approved by the China Banking Regulatory Commission (the “CBRC”), and the business license No. 1000001001898 as approved by the State Administration for Industry and Commerce of the PRC.

The Bank and its subsidiaries (collectively the “Group”) provides retail and corporate banking, treasury business, finance leasing, assets management and other financing services in the PRC.

As at 30 June 2011, the Bank has 30 tier one branches and 16 subsidiaries in the PRC.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information has been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting (“IAS34”) and should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

Except as described below, the accounting policies applied are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2010.

The Group has adopted new International Financial Reporting Standards (“IFRSs”) and interpretations effective for the current period. There is no early adoption of any new IFRSs not yet effective for the six months ended 30 June 2011. The following developments are relevant to the interim financial information.

- IAS 24 (revised 2009), Related party disclosures
- Improvements to IFRSs (2010)
- IFRIC 19, Extinguishing financial liabilities with equity instruments

The aforesaid amendments of IFRSs have no material impact on the accounting policies of the Group.

3 FINANCIAL RISK MANAGEMENT

(1) Credit risk

The following tables present the Group's maximum exposure to credit risk as at the end of the reporting period without taking into consideration of any collateral held or other credit enhancement, which is represented by the carrying amount of each type of financial assets in the statement of financial position after deducting any impairment allowance.

	30 June 2011	31 December 2010
Credit risk exposures relating to financial assets in the statement of financial position are as follows:		
Due from banks and other financial institutions	151,715	125,462
Balances with central banks	276,548	262,238
Trading financial assets	17,589	6,024
Positive fair value of derivatives	476	476
Placements with banks and other financial institutions	306,633	149,385
Loans and advances to customers		
— Loans to corporate entities	794,971	761,632
— Loans to individuals	323,324	276,091
Investment securities		
— Debt securities	202,026	174,794
Finance lease receivables	38,627	29,288
Other financial assets	19,530	13,220
Subtotal	2,131,439	1,798,610
Credit risk exposures relating to items off the statement of financial position are as follows:		
Bank acceptances	430,514	308,584
Letters of credit	44,062	30,062
Guarantees	61,616	50,115
Trade refinancing*	56,223	24,267
Credit card commitments	24,839	18,618
Finance lease commitments	2,853	1,898
Irrevocable loan commitments	2,323	5,629
Subtotal	622,430	439,173
Total	2,753,869	2,237,783

* Trade refinancing refers to the arrangement that the Bank, at the request of its customer, authorises a paying bank to refinance the trade transaction of the customer on its behalf.

(2) Market risk

(a) Currency risk

The following tables present the Group's foreign exchange risk exposures as at the end of the reporting period. The carrying values of financial instruments denominated in foreign currencies have been converted into RMB.

30 June 2011	RMB	USD	HKD	Others	Total
Cash and due from banks and other financial institutions	151,541	4,335	495	1,591	157,962
Balances with central banks	274,934	1,462	145	7	276,548
Placements with banks and other financial institutions	305,980	653	—	—	306,633
Loans and advances to customers	1,097,819	19,274	797	405	1,118,295
Investment securities	200,451	1,593	—	107	202,151
Finance lease receivables	38,627	—	—	—	38,627
Other financial assets	35,999	1,541	11	512	38,063
Total financial assets	2,105,351	28,858	1,448	2,622	2,138,279
Deposits from customers	1,513,334	15,034	5,845	2,373	1,536,586
Due to and placements from banks and other financial institutions	390,013	6,889	289	120	397,311
Borrowings from banks and other financial institutions	34,519	—	—	—	34,519
Debt securities issued	31,026	—	—	—	31,026
Other financial liabilities	24,087	2,111	718	555	27,471
Total financial liabilities	1,992,979	24,034	6,852	3,048	2,026,913
Net on statement of financial position	112,372	4,824	(5,404)	(426)	111,366
Foreign currency derivatives	(1,714)	(4,026)	5,082	727	69
Credit commitments	560,751	55,418	543	5,718	622,430

31 December 2010	<u>RMB</u>	<u>USD</u>	<u>HKD</u>	<u>Others</u>	<u>Total</u>
Cash and due from banks and other financial institutions	122,281	5,340	406	2,032	130,059
Balances with central banks	261,109	1,072	57	—	262,238
Placements with banks and other financial institutions	148,524	861	—	—	149,385
Loans and advances to customers	1,025,273	12,170	1	279	1,037,723
Investment securities	171,117	3,698	—	104	174,919
Finance lease receivables	29,288	—	—	—	29,288
Other financial assets	<u>19,325</u>	<u>338</u>	<u>10</u>	<u>326</u>	<u>19,999</u>
Total financial assets	<u>1,776,917</u>	<u>23,479</u>	<u>474</u>	<u>2,741</u>	<u>1,803,611</u>
Deposits from customers	1,400,204	13,536	864	2,335	1,416,939
Due to and placements from banks and other financial institutions	215,121	9,537	454	32	225,144
Borrowings from banks and other financial institutions	25,211	—	—	—	25,211
Debt securities issued	21,048	—	—	—	21,048
Other financial liabilities	<u>16,366</u>	<u>567</u>	<u>6</u>	<u>355</u>	<u>17,294</u>
Total financial liabilities	<u>1,677,950</u>	<u>23,640</u>	<u>1,324</u>	<u>2,722</u>	<u>1,705,636</u>
Net on statement of financial position	<u>98,967</u>	<u>(161)</u>	<u>(850)</u>	<u>19</u>	<u>97,975</u>
Foreign currency derivatives	(41)	163	1	(54)	69
Credit commitments	<u>387,737</u>	<u>46,627</u>	<u>70</u>	<u>4,739</u>	<u>439,173</u>

(b) *Interest rate risk*

The following tables present the Group's exposure to interest rate risks as at the end of the reporting period, which indicate the expected next repricing dates (or maturity dates whichever are earlier) for the financial instruments at carrying amounts.

30 June 2011	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non- interest bearing	Total
Financial assets:						
Cash and due from banks and other financial institutions	134,151	17,564	—	—	6,247	157,962
Balances with central banks	276,548	—	—	—	—	276,548
Placements with banks and other financial institutions	257,029	49,604	—	—	—	306,633
Loans and advances to customers	915,154	195,217	6,453	1,471	—	1,118,295
Investment securities	28,760	74,475	72,823	25,968	125	202,151
Finance lease receivables	38,627	—	—	—	—	38,627
Other financial assets	4,542	4,932	5,041	3,074	20,474	38,063
Total financial assets	1,654,811	341,792	84,317	30,513	26,846	2,138,279
Financial liabilities:						
Deposits from customers	1,057,310	458,341	20,935	—	—	1,536,586
Due to and placements from banks and other financial institutions	338,371	53,540	5,400	—	—	397,311
Borrowings from banks and other financial institutions	18,778	15,241	500	—	—	34,519
Debt securities issued	—	8,668	11,760	10,598	—	31,026
Other financial liabilities	—	—	61	275	27,135	27,471
Total financial liabilities	1,414,459	535,790	38,656	10,873	27,135	2,026,913
Total interest repricing gap	240,352	(193,998)	45,661	19,640	(289)	111,366

31 December 2010	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non- interest bearing	Total
Financial assets:						
Cash and due from banks and other financial institutions	123,990	1,472	—	—	4,597	130,059
Balances with central banks	262,238	—	—	—	—	262,238
Placements with banks and other financial institutions	122,615	26,770	—	—	—	149,385
Loans and advances to customers	895,825	129,555	9,745	2,598	—	1,037,723
Investment securities	38,467	51,911	60,386	24,030	125	174,919
Finance lease receivables	29,288	—	—	—	—	29,288
Other financial assets	11,856	3,845	1,026	39	3,233	19,999
Total financial assets	<u>1,484,279</u>	<u>213,553</u>	<u>71,157</u>	<u>26,667</u>	<u>7,955</u>	<u>1,803,611</u>
Financial liabilities:						
Deposits from customers	992,109	408,028	16,715	87	—	1,416,939
Due to and placements from banks and other financial institutions	180,928	37,716	6,500	—	—	225,144
Borrowings from banks and other financial institutions	19,544	5,667	—	—	—	25,211
Debt securities issued	—	8,665	—	12,383	—	21,048
Other financial liabilities	8,774	26	64	243	8,187	17,294
Total financial liabilities	<u>1,201,355</u>	<u>460,102</u>	<u>23,279</u>	<u>12,713</u>	<u>8,187</u>	<u>1,705,636</u>
Total interest repricing gap	<u>282,924</u>	<u>(246,549)</u>	<u>47,878</u>	<u>13,954</u>	<u>(232)</u>	<u>97,975</u>

(3) Liquidity risk

(a) Maturity analysis

The following tables provide an analysis of the assets and liabilities of the Group based on the remaining periods from the end of the reporting period to the contractual maturity date.

30 June 2011	<u>Indefinite</u>	<u>Repayable on demand</u>	<u>Less than 1 month</u>	<u>1 to 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Financial assets:								
Cash and due from banks and other financial institutions	—	43,853	70,196	26,341	17,572	—	—	157,962
Balances with central banks	238,319	38,229	—	—	—	—	—	276,548
Placements with banks and other financial institutions	—	—	114,577	140,109	49,604	2,343	—	306,633
Loans and advances to customers	5,226	3,077	60,543	122,812	520,812	265,811	140,014	1,118,295
Investment securities								
— available-for-sale	147	—	3,940	3,677	29,598	16,507	4,831	58,700
— held-to-maturity	—	—	6,675	6,100	36,905	63,865	19,800	133,345
— loans and receivables	—	—	96	241	622	2,892	6,255	10,106
Finance lease receivables	—	—	1,458	1,075	8,865	24,930	2,299	38,627
Other financial assets	52	499	1,739	11,130	4,286	12,322	8,035	38,063
Total financial assets	<u>243,744</u>	<u>85,658</u>	<u>259,224</u>	<u>311,485</u>	<u>668,264</u>	<u>388,670</u>	<u>181,234</u>	<u>2,138,279</u>
Financial liabilities:								
Deposits from customers	—	656,849	211,919	188,551	345,726	131,541	2,000	1,536,586
Due to and placements from banks and other financial institutions	—	31,017	195,620	99,060	56,844	14,293	477	397,311
Borrowings from banks and other financial institutions	—	—	1,660	5,869	24,297	2,326	367	34,519
Debt securities issued	—	—	—	—	6,000	11,760	13,266	31,026
Other financial liabilities	81	4,522	12,229	2,325	4,826	2,663	825	27,471
Total financial liabilities	<u>81</u>	<u>692,388</u>	<u>421,428</u>	<u>295,805</u>	<u>437,693</u>	<u>162,583</u>	<u>16,935</u>	<u>2,026,913</u>

31 December 2010	<u>Indefinite</u>	<u>Repayable on demand</u>	<u>Less than 1 month</u>	<u>1 to 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Financial assets:								
Cash and due from banks and other financial institutions	—	56,106	44,441	28,040	1,472	—	—	130,059
Balances with central banks	198,234	64,004	—	—	—	—	—	262,238
Placements with banks and other financial institutions	—	—	64,798	55,474	26,770	2,343	—	149,385
Loans and advances to customers	4,583	1,251	58,456	94,359	458,458	286,959	133,657	1,037,723
Investment securities								
— available-for-sale	148	—	1,389	4,990	18,519	5,279	4,867	35,192
— held-to-maturity	—	—	8,628	16,145	24,101	61,940	17,796	128,610
— loans and receivables	—	—	—	681	1,444	3,007	5,985	11,117
Finance lease receivables	—	—	848	1,224	6,345	18,613	2,258	29,288
Other financial assets	<u>42</u>	<u>16</u>	<u>2,460</u>	<u>1,399</u>	<u>12,337</u>	<u>2,851</u>	<u>894</u>	<u>19,999</u>
Total financial assets	<u>203,007</u>	<u>121,377</u>	<u>181,020</u>	<u>202,312</u>	<u>549,446</u>	<u>380,992</u>	<u>165,457</u>	<u>1,803,611</u>
Financial liabilities:								
Deposits from customers	—	652,411	194,012	145,686	285,754	138,489	587	1,416,939
Due to and placements from banks and other financial institutions	—	36,608	64,384	66,827	43,991	13,070	264	225,144
Borrowings from banks and other financial institutions	—	—	760	5,750	17,592	720	389	25,211
Debt securities issued	—	—	—	—	—	11,773	9,275	21,048
Other financial liabilities	<u>77</u>	<u>55</u>	<u>2,245</u>	<u>846</u>	<u>10,177</u>	<u>2,639</u>	<u>1,255</u>	<u>17,294</u>
Total financial liabilities	<u>77</u>	<u>689,074</u>	<u>261,401</u>	<u>219,109</u>	<u>357,514</u>	<u>166,691</u>	<u>11,770</u>	<u>1,705,636</u>

(b) *Analysis on cash flows of non-derivative financial liabilities and assets*

The following tables present the cash flows payable by the Group under non-derivative financial liabilities and assets by remaining contractual maturities as at the end of the reporting period. The amounts disclosed in the tables are the contractual undiscounted cash flows, whereas the Group manages the inherent liquidity risk based on its estimation of expected future cash flows.

30 June 2011	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial liabilities:						
Deposits from customers	871,244	193,849	362,163	161,663	2,322	1,591,241
Due to and placements from banks and other financial institutions	273,736	100,825	58,900	15,309	672	449,442
Borrowings from banks and other financial institutions	1,715	5,947	25,248	2,647	546	36,103
Debt securities issued	—	—	7,552	16,795	15,524	39,871
Other financial liabilities	9,984	347	1,739	1,650	705	14,425
Total financial liabilities (contractual maturity date)	<u>1,156,679</u>	<u>300,968</u>	<u>455,602</u>	<u>198,064</u>	<u>19,769</u>	<u>2,131,082</u>
Financial assets:						
Total financial assets (expected maturity date)	<u>602,459</u>	<u>327,602</u>	<u>730,007</u>	<u>482,531</u>	<u>242,097</u>	<u>2,384,696</u>
31 December 2010	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Financial liabilities:						
Deposits from customers	855,814	147,369	298,137	156,836	639	1,458,795
Due to and placements from banks and other financial institutions	102,065	69,588	45,913	15,080	297	232,943
Borrowings from banks and other financial institutions	763	5,935	18,008	862	442	26,010
Debt securities issued	—	277	644	9,142	21,144	31,207
Other financial liabilities	2,359	804	1,358	2,498	732	7,751
Total financial liabilities (contractual maturity date)	<u>961,001</u>	<u>223,973</u>	<u>364,060</u>	<u>184,418</u>	<u>23,254</u>	<u>1,756,706</u>
Financial assets:						
Total financial assets (expected maturity date)	<u>505,640</u>	<u>215,154</u>	<u>581,491</u>	<u>478,204</u>	<u>232,383</u>	<u>2,012,872</u>

(c) *Analysis on cash flows of derivatives*

(i) Derivatives settled on a net basis

The Group's derivatives that will be settled on a net basis include:

- Interest rate derivatives: interest rate swaps;
- Credit derivatives: credit default swaps.

The following tables provide an analysis of the Group's derivatives that will be settled on a net basis based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
30 June 2011						
Interest rate derivatives	(2)	4	16	2	—	20
Credit derivatives	—	—	—	1	—	1
	<u>(2)</u>	<u>4</u>	<u>16</u>	<u>3</u>	<u>—</u>	<u>21</u>
31 December 2010						
Interest rate derivatives	(6)	9	28	88	—	119
Credit derivatives	—	—	—	1	—	1
	<u>(6)</u>	<u>9</u>	<u>28</u>	<u>89</u>	<u>—</u>	<u>120</u>

(ii) Derivatives settled on a gross basis

The Group's derivatives that will be settled on a gross basis include:

- Foreign exchange derivatives: currency forwards, currency swaps and currency options;
- Precious metal derivatives: precious metal forwards.

The following tables provide an analysis of the derivatives that will be settled on a gross basis based on the remaining period from the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
30 June 2011						
Foreign exchange derivatives						
— Cash outflow	(25,483)	(11,552)	(21,334)	(1,782)	—	(60,151)
— Cash inflow	25,508	11,548	21,369	1,784	—	60,209
Precious metal derivatives						
— Cash outflow	(1,158)	(459)	—	—	—	(1,617)
— Cash inflow	1,176	452	—	—	—	1,628
Total cash outflow	<u>(26,641)</u>	<u>(12,011)</u>	<u>(21,334)</u>	<u>(1,782)</u>	<u>—</u>	<u>(61,768)</u>
Total cash inflow	<u>26,684</u>	<u>12,000</u>	<u>21,369</u>	<u>1,784</u>	<u>—</u>	<u>61,837</u>

31 December 2010	Less than 1 months	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Foreign exchange derivatives						
— Cash outflow	(10,902)	(8,259)	(10,065)	—	—	(29,226)
— Cash inflow	10,895	8,272	10,092	—	—	29,259
Precious metal derivatives						
— Cash outflow	(762)	—	(24)	—	—	(786)
— Cash inflow	798	—	24	—	—	822
Total cash outflow	<u>(11,664)</u>	<u>(8,259)</u>	<u>(10,089)</u>	<u>—</u>	<u>—</u>	<u>(30,012)</u>
Total cash inflow	<u>11,693</u>	<u>8,272</u>	<u>10,116</u>	<u>—</u>	<u>—</u>	<u>30,081</u>

(d) *Analysis on cash flows of items off the statement of financial position*

Contractual maturity is used by the management as best estimate to analyse the liquidity risk of the items off the statement of financial position, unless the objective evidence of default is identified.

	Less than 1 year	1 to 5 years	More than 5 years	Total
30 June 2011				
Bank acceptances	430,514	—	—	430,514
Letters of credit	43,236	826	—	44,062
Guarantees	31,381	21,286	8,949	61,616
Trade refinancing	56,223	—	—	56,223
Credit card commitments	24,839	—	—	24,839
Capital commitments	7,032	—	—	7,032
Financial lease commitments	2,169	684	—	2,853
Irrevocable loan commitments	10	19	2,294	2,323
Operating lease commitments	998	3,094	1,210	5,302
Total	<u>596,402</u>	<u>25,909</u>	<u>12,453</u>	<u>634,764</u>
31 December 2010				
Bank acceptances	308,584	—	—	308,584
Letters of credit	28,872	1,190	—	30,062
Guarantees	27,087	20,253	2,775	50,115
Trade refinancing	24,267	—	—	24,267
Credit card commitments	18,618	—	—	18,618
Capital commitments	3,087	5,209	—	8,296
Financial lease commitments	1,898	—	—	1,898
Irrevocable loan commitments	1,160	1,228	3,241	5,629
Operating lease commitments	1,134	2,094	921	4,149
Total	<u>414,707</u>	<u>29,974</u>	<u>6,937</u>	<u>451,618</u>

4 SEGMENT INFORMATION

The Group manages its business both by business segments and geographical segments. The geography segments can be divided into four regions, Northern China, Eastern China, Southern China and other locations. The business segments can be divided into four lines, corporate banking business, retail banking business, treasury business, and other business.

Segment assets, liabilities, revenues, operating results and capital expenditures are measured based on the Group's accounting policies. The items of segments include those directly attributable to the segment and those can be allocated to the segment based on reasonable criteria. As part of the management of assets and liabilities, the Group's funding resources are allocated to various business segments through treasury business. The Group's fund transfer price is determined based on the interest rates of loans, deposits and other market interest rates, with reference to different products and their specific periods. The impact of internal transaction has been offset when preparing condensed consolidated financial statements.

The segment information is disclosed as following regions and lines:

Geography segments:

1. Northern China: Minsheng Financial Leasing Co., Ltd. ("Minsheng Leasing"), Headquarter, Beijing, Taiyuan, Shijiazhuang and Tianjin.
2. Eastern China: Cixi Minsheng Township Bank Co., Ltd. ("Cixi Township Bank"), Shanghai Songjiang Minsheng Township Bank Co., Ltd. ("Songjiang Township Bank"), Shanghai Jiading Minsheng Township Bank Co., Ltd. ("Jiading Township Bank"), Penglai Minsheng Township Bank Co., Ltd. ("Penglai Township Bank"), Shanghai, Hangzhou, Ningbo, Nanjing, Jinan, Suzhou, Wenzhou, Qingdao, Hefei and Nanchang.
3. Southern China: Minsheng Royal Fund Management Co., Ltd. ("Minsheng Royal Fund Management"), Anxi Minsheng Township Bank Co., Ltd. ("Anxi Township Bank"), Fuzhou, Guangzhou, Shenzhen, Quanzhou, Shantou, Xiamen and Nanning.
4. Other locations: Pengzhou Minsheng Township Bank Co., Ltd. ("Pengzhou Township Bank"), Qijiang Minsheng Township Bank Co., Ltd. ("Qijiang Township Bank"), Tongnan Minsheng Township Bank Co., Ltd. ("Tongnan Township Bank"), Meihekou Minsheng Township Bank Co., Ltd. ("Meihekou Township Bank"), Ziyang Minsheng Township Bank Co., Ltd. ("Ziyang Township Bank"), Wuhan Jiangxia Minsheng Township Bank Co., Ltd. ("Jiangxia Township Bank"), Changyuan Minsheng Township Bank Co., Ltd. ("Changyuan Township Bank"), Yidu Minsheng Township Bank Co., Ltd. ("Yidu Township Bank"), Zhongxiang Minsheng Township Bank Co., Ltd. ("Zhongxiang Township Bank"), Xi'an, Dalian, Chongqing, Chengdu, Kunming, Wuhan, Changsha, Zhengzhou and Changchun.

Six months ended 30 June 2011	Northern China	Eastern China	Southern China	Other locations	Inter- segment elimination	Total
External net interest income	8,896	11,108	3,559	5,982	—	29,545
Inter-segment net interest (expense)/income	(683)	122	232	329	—	—
Net interest income	8,213	11,230	3,791	6,311	—	29,545
Fee and commission income	5,848	1,239	397	697	—	8,181
Fee and commission expense	(117)	(79)	(32)	(34)	—	(262)
Net fee and commission income	5,731	1,160	365	663	—	7,919
Operating expenses	(8,207)	(3,764)	(1,546)	(2,142)	—	(15,659)
Impairment losses on assets	(1,073)	(1,658)	(506)	(1,100)	—	(4,337)
Net other income	344	260	175	160	—	939
Total profit	<u>5,008</u>	<u>7,228</u>	<u>2,279</u>	<u>3,892</u>	<u>—</u>	<u>18,407</u>
Depreciation and amortisation	296	110	67	86	—	559
Capital expenditure	<u>3,567</u>	<u>139</u>	<u>100</u>	<u>114</u>	<u>—</u>	<u>3,920</u>
As at 30 June 2011						
Segment assets	1,190,322	724,008	300,048	413,444	(472,624)	2,155,198
Unallocated						<u>5,807</u>
Total assets						<u>2,161,005</u>
Segment liabilities	(1,109,945)	(709,702)	(294,056)	(403,117)	472,624	<u>(2,044,196)</u>
Credit commitments	<u>176,687</u>	<u>248,894</u>	<u>69,153</u>	<u>127,696</u>	<u>—</u>	<u>622,430</u>

Six months ended 30 June 2010	Northern China	Eastern China	Southern China	Other locations	Inter- segment elimination	Total
External net interest income	7,894	6,950	1,943	4,378	—	21,165
Inter-segment net interest (expense)/income	(894)	352	489	53	—	—
Net interest income	7,000	7,302	2,432	4,431	—	21,165
Fee and commission income	2,810	853	460	536	—	4,659
Fee and commission expense	(87)	(36)	(15)	(12)	—	(150)
Net fee and commission income	2,723	817	445	524	—	4,509
Operating expenses	(4,148)	(3,755)	(1,551)	(2,133)	—	(11,587)
Impairment losses on assets	(1,934)	(242)	58	(145)	—	(2,263)
Net other income	157	(213)	(67)	(86)	—	(209)
Total profit	3,798	3,909	1,317	2,591	—	11,615
Depreciation and amortisation	212	101	59	79	—	451
Capital expenditure	1,545	160	64	168	—	1,937
As at 31 December 2010						
Segment assets	1,082,213	613,448	228,677	328,094	(433,150)	1,819,282
Unallocated						4,455
Total assets						1,823,737
Segment liabilities	(1,011,283)	(599,242)	(223,080)	(318,025)	433,150	(1,718,480)
Credit commitments	93,735	174,539	55,872	115,027	—	439,173

The Group provides services through four business segments: corporate banking business, retail banking business, treasury business and other business.

Corporate banking business — providing banking products and services for corporate customers, government agencies and financial institutions. These products and services include deposits, overdrafts, loans, hosting, trade related products and other credit services, foreign currency and derivative products.

Retail banking business — providing banking products and services for individual clients. These products and services include savings deposits, investment savings products, credit cards and debit cards, consumer credit and mortgage loans.

Treasury business — including foreign exchange trading, foreign exchange derivatives transactions, money market transactions, self-support trade, as well as asset-liability management. The business segment's operating results include foreign currency profit and the affect of the profit and loss which generated from internal fund surplus or shortage from interest bearing assets and interest-bearing liabilities.

Other business — the Group's other businesses including the Group's investments and any other business which is not reported separately in report.

As the Group's segment operations are all financial with the total revenues deriving from interest and the Group senior management relies primarily on net interest revenue to assess the performance of each segment, the total interest income and expense for all reportable segments is disclosed on a net basis.

Transactions between the business segments are carried out at arm's length. The revenue from external parties reported to the Group senior management is measured in a manner consistent with that in the condensed consolidated income statement.

Funds are normally allocated between segments, resulting in funding cost transfers disclosed in inter-segment net interest income. Interest charged for these funds is based on the Group's capital cost. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. External customer revenues are allocated to each business segment on a reasonable basis.

The Group's management reporting is based on a measure of operating profit comprising net interest income, loan impairment charges, net fee and commission income, other income and non-interest expenses. As the Group senior management reviews operating profit, the results of discontinued operations are not included in the measure of operating profit. Non-recurring gains and losses should be allocated to other business lines.

The information provided about each segment is based on the internal reports about segment profit or loss, assets and other information, which are regularly reviewed by the Group's senior management.

Segment assets include all tangible, and intangible assets, other long-term assets, the receivables and other assets with the exception of deferred tax assets. Segment liabilities include all the liabilities of the Group.

Six months ended 30 June 2011	Corporate banking business	Retail banking business	Treasury business	Other business	Total
Net interest income	13,948	7,948	7,030	619	29,545
Include: inter-segment net interest (expense)/income	(2,524)	(2,161)	4,683	2	—
Net fee and commission income	4,320	1,379	1,820	400	7,919
Include: inter-segment net fee and commission income/(expense)	5	—	—	(5)	—
Operating expenses	(7,366)	(3,918)	(4,297)	(78)	(15,659)
Impairment losses on assets	(1,370)	(2,845)	—	(122)	(4,337)
Net other income	(609)	—	1,570	(22)	939
Total profit	<u>8,923</u>	<u>2,564</u>	<u>6,123</u>	<u>797</u>	<u>18,407</u>
Depreciation and amortisation	183	110	125	141	559
Capital expenditure	<u>1,714</u>	<u>966</u>	<u>1,093</u>	<u>147</u>	<u>3,920</u>
As at 30 June 2011					
Segment assets	805,025	330,980	961,061	58,132	2,155,198
Unallocated					<u>5,807</u>
Total assets					<u>2,161,005</u>
Segment liabilities	(1,263,166)	(279,376)	(434,449)	(67,205)	<u>(2,044,196)</u>
Credit commitments	<u>594,738</u>	<u>24,839</u>	<u>—</u>	<u>2,853</u>	<u>622,430</u>

Six months ended 30 June 2010	Corporate banking business	Retail banking business	Treasury business	Other business	Total
Net interest income	13,734	3,653	3,778	—	21,165
Include: inter-segment net interest (expense)/income	(1,095)	(383)	1,478	—	—
Net fee and commission income	3,399	441	669	—	4,509
Include: inter-segment net fee and commission income	—	—	—	—	—
Operating expenses	(7,703)	(1,740)	(2,144)	—	(11,587)
Impairment losses on assets	(1,655)	(541)	(65)	(2)	(2,263)
Net other income	(393)	—	332	(148)	(209)
Total profit	<u>7,382</u>	<u>1,813</u>	<u>2,570</u>	<u>(150)</u>	<u>11,615</u>
Depreciation and amortisation	290	71	90	—	451
Capital expenditure	<u>1,631</u>	<u>135</u>	<u>171</u>	<u>—</u>	<u>1,937</u>
As at 31 December 2010					
Segment assets	765,678	281,331	731,024	41,249	1,819,282
Unallocated					<u>4,455</u>
Total assets					<u>1,823,737</u>
Segment liabilities	(1,194,969)	(231,269)	(243,194)	(49,048)	<u>(1,718,480)</u>
Credit commitments	<u>418,657</u>	<u>18,618</u>	<u>—</u>	<u>1,898</u>	<u>439,173</u>

5 NET INTEREST INCOME

	Six months ended 30 June	
	2011	2010
Interest income:		
— Loans and advances to customers		
— Loans to corporate entities	26,624	20,842
— Loans to individuals	9,917	5,032
— Investment securities	2,961	2,641
— Balances with central banks	2,004	1,304
— Placements with banks and other financial institutions	5,997	720
— Finance lease receivables	1,532	662
— Due from banks and other financial institutions	2,824	487
Subtotal	<u>51,859</u>	<u>31,688</u>
Interest expense:		
— Deposits from customers	(13,628)	(8,003)
— Due to and placements from banks and other financial institutions	(7,436)	(1,771)
— Debt securities issued	(628)	(464)
— Borrowings from banks and other financial institutions	(622)	(285)
Subtotal	<u>(22,314)</u>	<u>(10,523)</u>
Net interest income	<u>29,545</u>	<u>21,165</u>
Of which:		
Interest income of impaired financial assets	<u>108</u>	<u>91</u>

6 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2011	2010
Fee and commission income:		
— Trust and other fiduciary services	2,259	895
— Financial advisory services	1,593	1,538
— Credit commitments	1,436	661
— Bank card services	972	287
— Settlement services	891	510
— Financial lease services	406	397
— Securities underwriting services	257	162
— Others	367	209
Fee and commission income	8,181	4,659
Fee and commission expense	(262)	(150)
Net fee and commission income	7,919	4,509

7 NET TRADING GAIN

	Six months ended 30 June	
	2011	2010
Gain on exchange rate instruments	179	236
Gain/(loss) on interest rate instruments	39	(51)
Loss on precious metals and other products	(72)	(86)
Total	146	99

8 NET GAIN ARISING FROM DISPOSALS OF SECURITIES AND DISCOUNTED BILLS

	Six months ended 30 June	
	2011	2010
Net gain arising from disposals of discounted bills	1,110	—
Net gain arising from disposals of securities	81	308
Total	1,191	308

The Bank updated its acceptance system and changed the accounting treatment of the gain or loss arising from the disposal of discounted bills in the first half of 2011. After the system update, the difference between the discounted interest incomes unamortized and rediscounted interest costs is recognised as disposal gain or loss, while it was recognised as interest income in prior periods.

9 IMPAIRMENT LOSSES ON ASSETS

	Six months ended 30 June	
	2011	2010
Loans and advances to customers	4,217	2,117
Finance lease receivables	136	94
Available-for-sale securities	—	65
Other assets	(16)	(13)
Total	<u>4,337</u>	<u>2,263</u>

10 OPERATING EXPENSES

	Six months ended 30 June	
	2011	2010
Staff costs, including directors' emoluments		
— Salaries and bonuses	6,427	4,739
— Social insurance	750	591
— Other benefits	716	446
Business tax and surcharges	2,833	1,814
Business development expenses	838	726
Office expenses	759	717
Rental expenses	663	530
Depreciation and amortisation	559	451
Electronic equipment operating expenses	581	357
Automobile expenses	199	178
Mailing and telegraph expenses	167	156
Travelling expenses	97	100
CBRC supervisory charges	61	93
Conference expenses	82	65
Others	927	624
Total	<u>15,659</u>	<u>11,587</u>

11 INCOME TAX EXPENSE

Taxation in the condensed consolidated income statement represents the income tax in Mainland China:

	Six months ended 30 June	
	2011	2010
Current tax for the reporting period	5,678	3,248
Adjustment for prior years	(2)	(29)
Subtotal	<u>5,676</u>	<u>3,219</u>
Deferred tax (Note 22)	<u>(1,325)</u>	<u>(528)</u>
Total	<u>4,351</u>	<u>2,691</u>

The applicable income tax rate (except for Shenzhen Branch) is 25% for the six months ended 30 June 2011 (for the six months ended 30 June 2010: 25%). For Shenzhen Branch, the applicable income tax rate is 24% for the six months ended 30 June 2011 (for the six months ended 30 June 2010: 22%).

The reconciliation between income tax expense and accounting profit of the Group is listed as follows:

	Six months ended 30 June	
	2011	2010
Profit before income tax	18,407	11,615
Income tax calculated at the statutory tax rates	4,600	2,900
Non-taxable interest income from government bonds	(327)	(234)
Non-deductible entertainment and other expenses	83	59
Others	(5)	(34)
Income tax expense	4,351	2,691

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Bank by the weighted average number of ordinary shares issued during the period. During the period, there's no dilutive potential ordinary share.

The Bank distributed stock dividends to registered shareholders as at 14 July 2010, based on the total share capital as at 31 December 2009. The Bank distributed 2 bonus shares for every 10 shares, with total of 4,452,455,498 bonus shares. In the calculation of earnings per share, the weighted average number of ordinary shares issued for the period in 2011 and the comparative period in 2010 were calculated as if the bonus shares had existed from the beginning of the comparative period.

	Six months ended 30 June	
	2011	2010
Profit attributable to equity shareholders of the Bank	13,918	8,866
Weighted average number of ordinary shares issued (<i>in million shares</i>)	26,715	26,715
Basic/diluted earnings per share (<i>in RMB</i>)	0.52	0.33

13 CASH AND DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2011	31 December 2010
Cash	6,247	4,597
Due from banks and other financial institutions		
— Banks	149,823	122,747
— Other financial institutions	1,892	2,715
Total	157,962	130,059

14 BALANCES WITH CENTRAL BANKS

	30 June 2011	31 December 2010
Statutory deposit reserves	238,319	198,234
Surplus deposit reserves	38,229	64,004
Total	276,548	262,238

The Group places statutory deposit reserves with the PBOC. The statutory deposit reserves are not available for use in the Group's daily business. As at 30 June 2011, the statutory deposit reserve rate applicable to the Bank for RMB deposits is 19.5% and the reserve rate for foreign currency deposits is 5% (31 December 2010: 17% of RMB deposits and 5% of foreign currency deposits).

The statutory RMB deposit reserve rates applicable to the fourteen township banking subsidiaries of the Bank are determined by the PBOC.

15 TRADING FINANCIAL ASSETS

	30 June 2011	31 December 2010
Government and quasi-government bonds	15,209	4,823
Corporate bonds	2,380	1,201
Total	17,589	6,024

All the above bond investments are listed. The Group classifies debt securities traded on China Domestic Interbank Bond Market as listing bonds.

16 DERIVATIVES

The notional amount and fair value of derivative financial instruments held by the Group are set out in the following table:

	Notional Amount	Fair value	
		Assets	Liabilities
30 June 2011			
Interest rate swaps	37,197	296	(236)
Currency forwards	28,704	111	(103)
Currency swaps	26,500	47	(34)
Precious metal swaps	1,633	21	(31)
Credit default swaps	532	1	(1)
Extension options	8,300	—	—
Total		476	(405)
31 December 2010			
Interest rate swaps	21,277	319	(260)
Currency forwards	11,215	77	(66)
Currency swaps	18,171	63	(41)
Precious metal swaps	762	16	—
Credit default swaps	366	1	(1)
Extension options	8,300	—	—
Total		476	(368)

The notional amount of derivatives provide a basis for comparison with fair value recognised on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the derivatives and, therefore, do not indicate the Group's exposure to credit or market risks. The derivatives become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates or equity/commodity prices relative to their terms. The aggregate fair values of derivatives can fluctuate significantly from time to time.

17 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2011	31 December 2010
Placements with banks and other financial institutions		
— Banks	251,381	110,813
— Other financial institutions	40,252	29,072
— Others	15,000	9,500
Total	<u>306,633</u>	<u>149,385</u>

Placements with banks and other financial institutions include balances under resale agreements as follows:

	30 June 2011	31 December 2010
Discounted bills	259,676	104,801
Government and quasi-government bonds	5,020	5,708
Finance lease receivables	2,343	2,343
Corporate loans	—	80
Total	<u>267,039</u>	<u>112,932</u>

18 LOANS AND ADVANCES TO CUSTOMERS

	30 June 2011	31 December 2010
Loans to corporate entities		
— Corporate loans	790,346	752,639
— Discounted bills	7,712	11,931
— Others	15,016	13,839
Subtotal	813,074	778,409
Loans to individuals		
— Shang Dai Tong*	207,649	158,986
— Residential mortgage	88,405	97,494
— Credit cards	24,720	16,432
— Others	8,426	6,250
Subtotal	329,200	279,162
Gross balance	1,142,274	1,057,571
Less: allowance for impairment losses		
— Individually assessed	(3,080)	(3,583)
— Collectively assessed	(20,899)	(16,265)
	(23,979)	(19,848)
Net balance	1,118,295	1,037,723

* Shang Dai Tong is a line of loan products offered to the small and medium-sized owners and proprietors.

(1) Loans and advances to customers analysed by assessment method of allowances for impairment losses

	Impaired loans and advances				
	Collective assessment	Collective assessment	Individual assessment	Subtotal	Total
As at 30 June 2011					
Gross balance					
— Loans to corporate entities	806,776	—	6,298	6,298	813,074
— Loans to individuals	328,325	875	—	875	329,200
Allowance for impairment losses	(20,240)	(659)	(3,080)	(3,739)	(23,979)
Net balance	1,114,861	216	3,218	3,434	1,118,295
As at 31 December 2010					
Gross balance					
— Loans to corporate entities	771,871	—	6,538	6,538	778,409
— Loans to individuals	278,361	801	—	801	279,162
Allowance for impairment losses	(15,651)	(614)	(3,583)	(4,197)	(19,848)
Net balance	1,034,581	187	2,955	3,142	1,037,723

(2) Loans and advances to customers analysed by industries

	30 June 2011		31 December 2010	
	Amount	(%)	Amount	(%)
Manufacturing	168,263	14.74	143,036	13.51
Real estate	130,270	11.40	129,424	12.23
Leasing and commercial services	114,593	10.03	107,736	10.19
Mining	65,791	5.76	61,845	5.85
Transportation, storage and postal service	64,044	5.61	69,248	6.55
Water, environment and public utilities management	42,989	3.76	53,798	5.09
Wholesale and retail trade	79,950	7.00	62,031	5.87
Public administration and social organisations	27,858	2.44	32,567	3.08
Production and supply of electronic power, gas and water	29,177	2.55	31,712	3.00
Construction	28,793	2.52	26,237	2.48
Education and community services	23,540	2.06	24,277	2.30
Financial services	13,935	1.22	18,112	1.71
Information transmission, IT service and software	4,962	0.43	3,933	0.37
Others	18,909	1.66	14,453	1.37
Subtotal	813,074	71.18	778,409	73.60
Loans to individuals	329,200	28.82	279,162	26.40
Total	1,142,274	100.00	1,057,571	100.00

(3) Loans and advances to customers analysed by types of collateral

	30 June 2011		31 December 2010	
	Amount	(%)	Amount	(%)
Unsecured loans	177,333	15.52	177,165	16.75
Guaranteed loans	336,420	29.45	296,146	28.00
Loans secured by				
— tangible assets other than monetary assets	523,146	45.80	492,037	46.53
— monetary assets	105,375	9.23	92,223	8.72
Total	1,142,274	100.00	1,057,571	100.00

(4) Movement of allowance for impairment losses:

	Loans to corporate entities		Loans to individuals	Total
	Individual assessment	Collective assessment	Collective assessment	
As at 1 January 2011	3,583	13,194	3,071	19,848
Charge for the period	353	1,902	2,857	5,112
Reversal for the period	(895)	—	—	(895)
Reclassification	73	(73)	—	—
Transfers out	—	—	(1)	(1)
Write-offs	(3)	—	(79)	(82)
Recoveries	73	—	35	108
Unwinding of discount	(101)	—	(7)	(108)
Exchange gain	(3)	—	—	(3)
As at 30 June 2011	3,080	15,023	5,876	23,979
As at 1 January 2010	4,378	9,024	1,839	15,241
Charge for the period	580	4,366	1,291	6,237
Reversal for the period	(934)	—	—	(934)
Reclassification	197	(197)	—	—
Write-offs	(612)	—	(161)	(773)
Recoveries	144	—	102	246
Unwinding of discount	(170)	—	—	(170)
Exchange loss	—	1	—	1
As at 31 December 2010	3,583	13,194	3,071	19,848

19 INVESTMENT SECURITIES

		30 June 2011	31 December 2010
Available-for-sale	(1)	58,700	35,192
Held-to-maturity	(2)	133,345	128,610
Loans and receivables	(3)	10,106	11,117
Total		202,151	174,919
Analysed as follows:			
— Listed in Hong Kong		895	2,512
— Listed outside Hong Kong		190,565	159,732
— Unlisted		10,691	12,675
Total		202,151	174,919

(1) Available-for-sale

	30 June 2011	31 December 2010
Debt securities at fair value		
Government and quasi-government bonds		
— listed in Hong Kong	826	2,374
— listed outside Hong Kong	35,713	16,379
— unlisted	—	391
Financial institution bonds		
— listed in Hong Kong	69	71
— listed outside Hong Kong	143	239
— unlisted	177	177
Corporate bonds		
— listed outside Hong Kong	21,647	15,436
Subtotal	58,575	35,067
Equity securities at fair value		
Financial institution securities — unlisted	125	125
Total	58,700	35,192

The Group's fair value changes relating to impaired available-for-sale securities have been charged to the profit or loss. The carrying value of the Group's impaired available-for-sale securities amounted to RMB895 million as at 30 June 2011 (31 December 2010: RMB889 million), and related provision amounted to RMB871 million (31 December 2010: RMB879 million).

The Group did not make any reclassification of investment securities as at 30 June 2011. As a result of a change in intention, the Group reclassified RMB22,132 million available-for-sale securities to held-to-maturity securities in 2010.

(2) Held-to-maturity

	30 June 2011	31 December 2010
Government and quasi-government bonds		
— listed in Hong Kong	—	67
— listed outside Hong Kong	112,451	108,564
Financial institution bonds		
— listed outside Hong Kong	351	354
— unlisted	283	865
Corporate bonds		
— listed outside Hong Kong	20,260	18,760
Total	133,345	128,610
Fair value of listed securities	131,442	126,599

(3) Loans and receivables

	30 June 2011	31 December 2010
Government and quasi-government bonds	2,014	2,633
Financial institution bonds	7,075	6,605
Financial institution trust products	1,017	1,879
Total	10,106	11,117

All the above loans and receivables are unlisted.

20 FINANCE LEASE RECEIVABLES

	30 June 2011	31 December 2010
Finance lease receivables	45,664	35,035
Less: unearned finance income	(6,473)	(5,319)
Total	39,191	29,716
Less: allowance for impairment losses — collectively assessed (Note 25)	(564)	(428)
Net balance	38,627	29,288
Gross balance:		
— Less than 1 year	14,134	10,068
— 1 year to 5 years	29,036	22,265
— More than 5 years	2,494	2,702
Subtotal	45,664	35,035
Unearned finance income on finance leases	(6,473)	(5,319)
Present value of minimum lease receivables	39,191	29,716
The present value of minimum lease receivables are analysed as follows:		
— Less than 1 year	11,398	8,540
— 1 year to 5 years	25,494	18,884
— More than 5 years	2,299	2,292
Total	39,191	29,716

21 PROPERTY AND EQUIPMENT

	<u>Buildings</u>	<u>Leasehold improvements</u>	<u>Office equipment</u>	<u>Motor vehicles</u>	<u>Construction in progress</u>	<u>Leasing assets</u>	<u>Total</u>
30 June 2011							
Original cost	7,032	2,270	3,479	264	441	300	13,786
Accumulated depreciation	(955)	(1,417)	(2,055)	(177)	—	(15)	(4,619)
Net value	<u>6,077</u>	<u>853</u>	<u>1,424</u>	<u>87</u>	<u>441</u>	<u>285</u>	<u>9,167</u>
31 December 2010							
Original cost	6,855	1,881	3,215	252	355	300	12,858
Accumulated depreciation	(831)	(1,191)	(1,858)	(161)	—	(8)	(4,049)
Net value	<u>6,024</u>	<u>690</u>	<u>1,357</u>	<u>91</u>	<u>355</u>	<u>292</u>	<u>8,809</u>
	<u>Buildings</u>	<u>Leasehold improvements</u>	<u>Office equipment</u>	<u>Motor vehicles</u>	<u>Construction in progress</u>	<u>Leasing assets</u>	<u>Total</u>
Net value							
1 January 2011	6,024	690	1,357	91	355	292	8,809
Additions	19	288	266	12	246	—	831
Transfer in/(out)	160	—	—	—	(160)	—	—
Disposals	(2)	—	(2)	—	—	—	(4)
Depreciation charge	(124)	(125)	(197)	(16)	—	(7)	(469)
30 June 2011	<u>6,077</u>	<u>853</u>	<u>1,424</u>	<u>87</u>	<u>441</u>	<u>285</u>	<u>9,167</u>
31 December 2010	<u>6,024</u>	<u>690</u>	<u>1,357</u>	<u>91</u>	<u>355</u>	<u>292</u>	<u>8,809</u>

As at 30 June 2011 and 31 December 2010, the Group did not have any property and equipment acquired by means of finance leasing and temporarily idle or held for sale.

The carrying value of buildings and leasehold improvements is analysed based on the remaining terms of the leases as follows:

	<u>30 June 2011</u>	<u>31 December 2010</u>
Held outside Hong Kong		
on long-term lease (more than 50 years)	1,070	877
on medium-term lease (10–50 years)	5,619	5,663
on short-term lease (less than 10 years)	241	174
	<u>6,930</u>	<u>6,714</u>

22 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority. Deferred income tax is provided in full, using the liability method, on all temporary differences.

Movement on the deferred income tax account is as follows:

	Six months ended 30 June 2011	Year ended 31 December 2010
Opening balance	4,455	3,181
Recognised in profit or loss	1,325	1,140
Recognised in other comprehensive income	27	134
Ending balance	<u>5,807</u>	<u>4,455</u>

Movement of deferred income tax assets and liabilities, without taking into consideration of the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets and liabilities:

	Assets impairment allowance	Fair value losses	Others	Gross deferred income tax assets	Fair value gains	Gross deferred income tax liabilities
As at 1 January 2011	3,784	250	595	4,629	(174)	(174)
Recognised in profit or loss	630	16	682	1,328	(3)	(3)
Recognised in other comprehensive income	—	2	—	2	25	25
As at 30 June 2011	<u>4,414</u>	<u>268</u>	<u>1,277</u>	<u>5,959</u>	<u>(152)</u>	<u>(152)</u>
As at 1 January 2010	2,928	222	312	3,462	(281)	(281)
Recognised in profit or loss	856	(5)	283	1,134	6	6
Recognised in other comprehensive income	—	33	—	33	101	101
As at 31 December 2010	<u>3,784</u>	<u>250</u>	<u>595</u>	<u>4,629</u>	<u>(174)</u>	<u>(174)</u>

23 INVESTMENT IN SUBSIDIARIES

The Bank's subsidiaries information is as follows:

Name	Place of incorporation and operation	Registered Capital	Principal activities	Interest Held	Voting Interest
Minsheng Leasing	Tianjin China	3,200	Leasing	81.25%	81.25%
Minsheng Royal Fund Management	Guangdong China	200	Fund raising, fund sales and asset management	60.00%	60.00%
Pengzhou Township Bank	Sichuan China	55	Commercial bank	36.36%	36.36%
Cixi Township Bank	Zhejiang China	100	Commercial bank	35.00%	35.00%
Songjiang Township Bank	Shanghai China	100	Commercial bank	35.00%	35.00%
Qijiang Township Bank	Chongqing China	60	Commercial bank	50.00%	50.00%
Tongnan Township Bank	Chongqing China	50	Commercial bank	50.00%	50.00%
Meihekou Township Bank	Jilin China	50	Commercial bank	51.00%	51.00%
Ziyang Township Bank	Sichuan China	80	Commercial bank	51.00%	51.00%
Jiangxia Township Bank	Hubei China	80	Commercial bank	51.00%	51.00%
Changyuan Township Bank	Henan China	50	Commercial bank	51.00%	51.00%
Yidu Township Bank	Hubei China	50	Commercial bank	51.00%	51.00%
Jiading Township Bank	Shanghai China	200	Commercial bank	51.00%	51.00%
Zhongxiang Township Bank	Hubei China	70	Commercial bank	51.00%	51.00%
Penglai Township Bank	Shandong China	100	Commercial bank	51.00%	51.00%
Anxi Township Bank	Fujian China	100	Commercial bank	51.00%	51.00%

All interests in subsidiaries are directly held.

There are three township banks of which the voting rights the Bank owned are below half, but the Bank owns the majority of the seats in the board of directors of these companies, which enables the Bank to govern their financial and operating policies. These companies are treated as subsidiaries and have been consolidated in these financial statements.

24 OTHER ASSETS

	30 June 2011			31 December 2010		
	Gross balance	Allowance for impairment losses (Note 25)	Net balance	Gross balance	Allowance for impairment losses (Note 25)	Net balance
Prepayments for leasing assets	7,888	(80)	7,808	8,174	(98)	8,076
Interest receivable	5,738	—	5,738	5,169	—	5,169
Intangible assets	4,623	—	4,623	1,519	—	1,519
Investment properties	1,796	—	1,796	1,426	—	1,426
Items in the process of clearance and settlement	1,596	—	1,596	226	—	226
Repossessed assets	1,143	(94)	1,049	1,035	(94)	941
Accrued non-interest income	1,088	—	1,088	306	—	306
Prepayment of decoration	832	—	832	227	—	227
Prepayment of properties	284	(27)	257	308	(27)	281
Long-term deferred expenses	284	—	284	471	—	471
Prepayment of equipment	265	—	265	161	—	161
Prepayment of rent and deposits	261	—	261	607	—	607
Claims and legal fee recoverable	53	(27)	26	82	(37)	45
Prepayment of land use rights	—	—	—	280	—	280
Others	1,690	(31)	1,659	366	(19)	347
Total	<u>27,541</u>	<u>(259)</u>	<u>27,282</u>	<u>20,357</u>	<u>(275)</u>	<u>20,082</u>

25 MOVEMENTS OF ALLOWANCES FOR IMPAIRMENT LOSSES

		Six months ended 30 June 2011				
	Note	As at 1 January	Charge/ (reversal)	Transfer out	Write-offs	As at 30 June
Loans and advances						
to customers	18	19,848	4,217	(4)	(82)	23,979
Available-for-sale securities	19	879	—	(8)	—	871
Finance lease receivables	20	428	136	—	—	564
Other assets	24	275	(16)	—	—	259
Total		21,430	4,337	(12)	(82)	25,673

		Year ended 31 December 2010				
	Note	As at 1 January	Charge/ (reversal)	Transfer out	Write-offs	As at 31 December
Loans and advances						
to customers	18	15,241	5,303	77	(773)	19,848
Available-for-sale securities	19	955	(64)	—	(12)	879
Finance lease receivables	20	233	195	—	—	428
Other assets	24	350	70	—	(145)	275
Total		16,779	5,504	77	(930)	21,430

26 DEPOSITS FROM CUSTOMERS

	30 June 2011	31 December 2010
Demand deposits		
— Corporate deposits	565,356	579,448
— Individual deposits	88,892	71,644
Time deposits (including notice deposits)		
— Corporate deposits	689,070	604,663
— Individual deposits	189,995	159,571
Other deposits	3,273	1,613
Total	<u>1,536,586</u>	<u>1,416,939</u>

The pledged deposits are analysed as follows:

Pledged deposits for bank acceptances	207,930	133,116
Pledged deposits for letters of credit and guarantees	21,720	12,462
Other pledged deposits	46,180	32,752
Total	<u>275,830</u>	<u>178,330</u>

27 DUE TO AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2011	31 December 2010
Due to and placements from banks and other financial institutions		
— Banks	283,580	134,194
— Other financial institutions	113,731	90,950
Total	<u>397,311</u>	<u>225,144</u>

Included in due to and placements from banks and other financial institutions, the amounts received from counterparties under repurchase agreements are categorised as follows:

	30 June 2011	31 December 2010
Debt securities		
— Government and quasi-government bonds	27,584	3,100
— Financial institution bonds	19,770	4,394
Discounted bills	14,335	7,773
Finance lease receivables	6,882	8,606
Total	<u>68,571</u>	<u>23,873</u>

RMB1,945 million included in the amounts of repurchase agreements, was generated from the rediscounted unified repurchase business between the Group and the PBOC.

28 BORROWINGS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2011	31 December 2010
Unsecured borrowings	32,619	23,818
Collateralised borrowings	1,900	1,393
Total	34,519	25,211

As at 30 June 2011, the collateral of the borrowings of RMB1,900 million (31 December 2010: RMB1,393 million) was the finance lease receivables of RMB1,710 million (31 December 2010: RMB1,868 million) and due from banks and other financial institutions of RMB377 million (31 December 2010: nil). The available credit limit under such collateralisation was RMB100 million (31 December 2010: RMB150 million).

29 DEBT SECURITIES ISSUED

		30 June 2011	31 December 2010
Financial bonds	(1)	6,000	6,000
Subordinated bonds	(2)	15,750	5,773
Hybrid capital bonds	(3)	9,276	9,275
Total		31,026	21,048

(1) Financial bonds

	30 June 2011	31 December 2010
2007 RMB6.0 billion financial bonds with floating rate — 5 years	6,000	6,000
Total	6,000	6,000

The floating-rate financial bonds issued in 2007 have a maturity of 5 years, with a face value of RMB6.0 billion, and a floating rate that is based on the one-year PBOC time deposit rate published plus a spread of 0.76% per annum, payable annually.

There were no defaults of principal and interest or other breaches with respect to these bonds. None of these bonds are secured.

(2) Subordinated bonds

		30 June 2011	31 December 2010
2010 RMB5.8 billion subordinated bonds with fixed rate — 10 years	(i)	5,774	5,773
2011 RMB6.0 billion subordinated bonds with fixed rate — 10 years	(ii)	5,986	—
2011 RMB4.0 billion subordinated bonds with fixed rate — 15 years	(iii)	3,990	—
Total		15,750	5,773

- (i) The fixed-rate subordinated bonds issued in 2010 have a maturity of 10 years, with a face value of RMB5.8 billion, and a fixed coupon rate of 4.29% per annum and payable annually. According to the terms, the Bank has the option to redeem all or part of the subordinated bonds at face value in the period from the last day of the fifth year to the maturity date.

- (ii) The fixed-rate subordinated bonds issued in 2011 have a maturity of 10 years, with a face value of RMB6.0 billion, and a fixed coupon rate of 5.50% per annum and payable annually. According to the terms, the Bank has the option to redeem all or part of the subordinated bonds at face value in the period from the last day of the fifth year to the maturity date.
- (iii) The fixed-rate subordinated bonds issued in 2011 have a maturity of 15 years, with a face value of RMB4.0 billion, and a fixed coupon rate of 5.70% per annum and payable annually. According to the terms, the Bank has the option to redeem all or part of the subordinated bonds at face value in the period from the last day of the tenth year to the maturity date.

These bonds are subordinated to all other claims on the assets of the Bank, except those of the hybrid capital bond holders and shareholders. According to relevant regulation, these bonds qualify for inclusion as supplementary capital in the calculation of the Bank's capital adequacy ratio.

There were no defaults of principal and interest or other breaches with respect to these bonds. None of these bonds are secured.

(3) Hybrid capital bonds

		30 June 2011	31 December 2010
2006 RMB3.3 billion hybrid capital bonds with fixed rate — 15 years	(i)	3,293	3,292
2006 RMB1.0 billion hybrid capital bonds with floating rate — 15 years	(ii)	998	998
2009 RMB3.325 billion hybrid capital bonds with fixed rate — 15 years	(iii)	3,315	3,315
2009 RMB1.675 billion hybrid capital bonds with floating rate — 15 years	(iv)	1,670	1,670
Total		<u>9,276</u>	<u>9,275</u>

- (i) The fixed-rate hybrid capital bonds issued in 2006 have a maturity of 15 years, with a face value of RMB3.3 billion, and a fixed coupon rate of 5.05% per annum from year 1 to 10, payable annually. For the last 5 years, the annual coupon rate will be 8.05%.
- (ii) The floating-rate hybrid capital bonds issued in 2006 have a maturity of 15 years, with a face value of RMB1.0 billion, and a floating rate that is based on the one-year PBOC time deposit rate published plus a spread of 2% per annum for the first 10 years, payable annually. From the eleventh year, the original spread will increase to 3% per annum.
- (iii) The fixed-rate hybrid capital bonds issued in 2009 have a maturity of 15 years, with a face value of RMB3.325 billion, and a fixed coupon rate of 5.70% per annum from year 1 to 10, payable annually. For the last 5 years, the annual coupon rate will be 8.70%.
- (iv) The floating-rate hybrid capital bonds issued in 2009 have a maturity of 15 years, with a face value of RMB1.675 billion, and a floating rate that is based on the one-year PBOC time deposit rate published plus a spread of 3% per annum for the first 10 years, payable annually. From the eleventh year, the original spread will increase to 6% per annum.

According to the terms, the Bank has the option to redeem all or part of the bonds described above at face value from the last day of the tenth year to the maturity date.

The holders of the hybrid capital bonds are subordinated to holders of long-term subordinated bonds, but have priority over shareholders. All holders of hybrid capital bonds enjoy the same priority of claim. According to the terms, the Bank has the option to defer interest payment if the core capital adequacy ratio is below 4% using audited financial report of latest period. If the sum of statutory reserve plus retained earnings is negative in the audited statement of financial position of latest period and no cash dividends have been paid in the last 12 months, the Bank must defer interest payment.

According to relevant regulation, these bonds qualify for inclusion as supplementary capital in the calculation of the Bank's capital adequacy ratio.

There were no defaults of principal and interest or other breaches with respect to these bonds. None of these bonds are secured.

30 OTHER LIABILITIES

	30 June 2011	31 December 2010
Interest payable	12,721	9,222
Payroll and welfare payable	6,140	3,199
Items in the process of clearance and settlement	3,962	1,474
Guarantee deposits for finance lease	2,989	2,172
Receipt in advance	1,459	809
Deferred fee and commission income	2,237	1,626
Suspense balance of wealth management products	2,178	481
Other tax payable	1,960	1,302
Payable of equipment purchase	1,477	446
Dividend payable	467	54
Accrued expenses	248	191
Withholding tax payable	80	876
Others	1,397	679
Total	37,315	22,531

31 SHARE CAPITAL AND CAPITAL RESERVE

The total number of authorised ordinary shares is 26,715 million shares as at 30 June 2011 and 31 December 2010 with a par value of RMB1 yuan per share, this includes 22,588 million domestic listed A-shares and 4,127 million overseas listed H-shares. All issued shares are on sale, and are fully paid.

The Group's capital reserve is RMB38,075 million as at 30 June 2011, which mainly comprises capital premium (31 December 2010: RMB38,075 million).

All A-shares and H-shares rank pari passu with the same rights and benefits.

32 SURPLUS RESERVE, GENERAL RESERVE AND RETAINED EARNINGS

(1) Surplus reserve

Under relevant PRC laws, the Bank is required to appropriate 10% of its net profit, as determined under PRC Accounting Standards, to a non-distributable statutory surplus reserve until the balance reaches 50% of its registered capital. Subject to the approval of the equity holders, the statutory surplus reserve can be used for replenishing the accumulated losses or increasing the Bank's share capital. The statutory surplus reserve amount used to increase the share capital is limited to a level where the balance of statutory surplus reserve after such capitalization is not less than 25% of the share capital.

(2) General reserve

Pursuant to circulars issued by the Ministry of Finance ("MOF") in 2005, the Bank is required to set aside a general reserve through the appropriation of net profit to cover potential losses against its assets. The general reserve should not be lower than 1% of the ending balance of gross risk-bearing assets as defined by this policy. As at 30 June 2011, the Bank has not appropriated the general reserve.

In addition, fourteen township banking subsidiaries of the Bank also appropriated 1% of the ending balance of gross risk-bearing assets following the same requirement as above. Pursuant to circulars issued by the MOF in 2007, Minsheng Leasing appropriated 1% of its net profit to general reserve. Minsheng Royal Fund Management appropriated 10% of its monthly fee income from securities investment fund based on circulars issued by the China Securities Regulatory Commission (the “CSRC”) in 2006.

(3) Retained earnings

As at 30 June 2011, the retained earnings contained statutory surplus reserve of RMB59 million contributed by subsidiaries (31 December 2010: RMB59 million).

The retained earnings contained statutory surplus reserve contributed by subsidiaries cannot be further distributed.

33 DIVIDENDS

The 2010 Annual General Meeting held on 26 May 2011 approved the 2010 dividend distribution plan of distributing to the registered equity shareholders as of the close of the market on 8 June 2011 cash dividends of RMB1.00 (before tax) for every 10 shares of the total equity stock of the Bank as of the close of the market on 31 December 2010, for a total of cash dividends of RMB2,671 million. As at 30 June 2011, the cash dividends of A-shares had been distributed, but the cash dividends of H-shares had not been distributed.

34 RESERVE FOR FAIR VALUE CHANGES OF AVAILABLE-FOR-SALE SECURITIES

	Six months ended 30 June 2011	Year ended 31 December 2010
Opening balance	(288)	106
Fair value changes of available-for-sale securities	(103)	(241)
Less: deferred income tax	25	61
Transfer to profit or loss upon disposal	(82)	(223)
Less: deferred income tax	20	57
Amortisation charged into profit or loss relating to reclassification of available-for-sale securities	72	—
Less: deferred income tax	(18)	—
Impairment losses on available-for-sale securities	—	(64)
Less: deferred income tax	—	16
	<u>(374)</u>	<u>(288)</u>
Ending balance	<u>(374)</u>	<u>(288)</u>

35 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the condensed consolidated statement of cash flows are listed as follow:

	30 June 2011	30 June 2010
Cash (Note 13)	6,247	5,601
Surplus deposit reserves with central banks (Note 14)	38,229	75,803
Original maturity within 3 months:		
— Due from banks and other financial institutions	77,246	105,752
— Government and quasi-government bonds	—	6,604
	<u>121,722</u>	<u>193,760</u>
Total	<u>121,722</u>	<u>193,760</u>

36 CONTINGENT LIABILITIES AND COMMITMENTS

(1) Credit commitments

	30 June 2011	31 December 2010
Bank acceptances	430,514	308,584
Letters of credit	44,062	30,062
Guarantees	61,616	50,115
Trade refinancing	56,223	24,267
Credit card commitments	24,839	18,618
Finance lease commitments	2,853	1,898
Irrevocable loan commitments	2,323	5,629
Total	622,430	439,173

(2) Capital commitments

	30 June 2011	31 December 2010
Property and equipment		
— Contracted but not provided for	7,032	6,700
— Authorised but not contracted for	—	1,596
Total	7,032	8,296

(3) Operating lease commitments

The future minimum lease payments under non-cancellable operating lease of the Group are summarised as follows:

	30 June 2011	31 December 2010
Within 1 year	998	1,134
After 1 year but within 5 years	3,094	2,094
After 5 years	1,210	921
Total	5,302	4,149

(4) Assets pledged

	30 June 2011	31 December 2010
Due from banks and other financial institutions	377	—
Finance lease receivables	9,848	10,468
Investment securities	60,939	8,682
Trading financial assets	960	1,991
Bills	14,335	7,773
Total	86,459	28,914

Assets are pledged as collateral under repurchase agreements with banks and other financial institutions, borrowings agreements with banks and credit quotas obtainment.

Mandatory reserve deposits are also held with the PBOC in accordance with statutory requirements (Note 14). These deposits are not available to finance the Group's daily business.

The pledged bills accepted by the Group in relation to resale agreements can be sold and repledged. The carrying value of such pledged assets was RMB262,188 million as at 30 June 2011 (31 December 2010: RMB105,307 million). Furthermore, RMB14,319 million pledged assets were sold by the Group with the obligation to be returned as at the expiration at 30 June 2011 (31 December 2010: RMB7,736 million).

(5) Security underwriting

	30 June 2011	31 December 2010
Medium- and short-term financing bills	<u>15,150</u>	<u>13,050</u>

(6) Redemption commitments

As an underwriting agent of PRC government bonds, the Bank has the obligation to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. The redemption obligation, which represents the nominal value of government bonds underwritten and sold by the Bank, but not yet matured as at 30 June 2011 was RMB4,233 million (31 December 2010: RMB4,806 million). The original maturities of these bonds vary from 1 to 5 years.

(7) Legal proceedings

There were a number of outstanding litigation matters against the Group as at 30 June 2011. After considering professional advice received, the Group's management believes such litigation will not cause significant losses to the Group.

37 FIDUCIARY ACTIVITIES

The Group commonly acts as a trustee, or in other fiduciary capacities, that result in its holding or managing assets on behalf of individuals, trusts and other institutions. These assets and any profit or loss arising thereon are excluded from these condensed financial statements, as they are not the assets of the Group.

The Group's balances of fund custodian operations were RMB33,778 million as at 30 June 2011 (31 December 2010: RMB36,772 million). The Group's balances of corporate annuity funds custodian operations were RMB3,858 million as at 30 June 2011 (31 December 2010: RMB3,189 million). The Group's balances of credit assets entrusted management were RMB14,843 million as at 30 June 2011 (31 December 2010: RMB78,256 million). And the Group's balances of entrusted loans were RMB47,621 million as at 30 June 2011 (31 December 2010: RMB38,814 million).

38 RELATED PARTY TRANSACTIONS

(1) Related parties

Related parties of the Group refer to entities controlled or, jointly controlled by or under significant influence of the Group; entities that control, jointly control or have significant influence over the Group; or entities with which the Group is under control, or joint control of another party. Related parties can be individuals or enterprises. Related parties that have significant influence on the Group include: companies controlled or significantly influenced by the members of the Board of Directors and the Board of Supervisors, senior management and close family members of such individuals, the subsidiaries of these companies, and major shareholders with the power to influence the operating decision-making or financial policies of the Group.

The detailed information of the subsidiaries of the Bank is listed in note 23.

(2) Related party transactions

(a) Pricing policy

Transactions between the Group with related parties are conducted in normal and ordinary course of the business and under normal commercial terms. The pricing policies are no more favorable than those offered to third parties.

(b) Loans to related parties

Balances outstanding as at the end of the reporting period:

	Types of collateral	30 June 2011	31 December 2010
Legend Holdings Ltd.	Guaranteed	1,970	1,970
WuXi Jiantel Pharmaceutical Co., Ltd.	Guaranteed	400	—
Orient Group Corporation Ltd.	Pledged	300	300
Xiamen Good First Group Ltd.	Pledged	225	250
East Hope (San Men Xia) Aluminum Co., Ltd	Guaranteed	145	215
Shandong Xinfu Orient Aluminum Co., Ltd	Guaranteed	100	100
Wuxi Jiantel Biological Engineering Co., Ltd.	Pledged	100	—
Sichuan Tequ Investment Co., Ltd.	Guaranteed	65	65
Maoxian Minjiangmei Electric Salt Co., Ltd.	Collateralised	57	57
Chengdu Beautiful Home Commercial Management Co., Ltd.	Guaranteed	50	20
Sichuan Hope West Construction Co., Ltd.	Guaranteed	40	50
Maoxian Xinyan Chemical Co., Ltd.	Guaranteed	30	20
Jinan Ward Auto Parts Co., Ltd.	Guaranteed	20	20
Jinan Qilipu Market Co., Ltd.	Guaranteed	10	10
Individuals	Collateralised	2	3
East Hope Baotou Rare Earth and Aluminum Co., Ltd.	Pledged	—	300
Chengdu Mayflower Computer School	Guaranteed	—	10
CSPC Ouyi Pharmaceutical Co., Ltd.	Pledged	—	10
Total		<u>3,514</u>	<u>3,400</u>

Amount of transactions:

	Six months ended 30 June	
	2011	2010
Interest income from loans	<u>190</u>	<u>64</u>

All the above enterprises of related parties are controlled or significantly influenced by the members of the Board of Directors and close family members of such individuals; Individuals of related parties are the members of the Board of Directors and the Board of Supervisors, senior management and close family members of such individuals.

There was no impaired loan identified among the above loans to related parties as at 30 June 2011 (31 December 2010: nil).

(c) *Other transactions with related parties*

Balances outstanding as at the end of the reporting period:

	30 June 2011		31 December 2010	
	Balance	Ratio to similar transactions	Balance	Ratio to similar transactions
		(%)		(%)
Placements with other financial institutions	350	0.88	—	—
Discounted bills under resale agreements	2,283	0.88	160	0.14
Corporate loans under resale agreements	—	—	80	0.07
Loans guaranteed or pledged by related parties	942	0.08	952	0.09
Discounted bills issued by related parties	2	0.03	1	0.01
Investment securities	679	0.31	179	0.10
Finance lease receivables	720	1.86	—	—
Due to other financial institutions	2,092	0.71	2,878	1.51
Placement from other financial institutions	1,000	2.78	—	—
Deposits from customers	37,828	2.46	35,347	2.49
Receipt in advance	—	—	122	0.01
Bank acceptances	550	0.13	363	0.12
Guarantees	97	0.16	—	—
Letters of credit	5	0.01	3	0.01

Amount of transactions:

	Six months ended 30 June			
	2011		2010	
	Amount	Ratio to similar transactions (%)	Amount	Ratio to similar transactions (%)
Interest income from finance lease	20	1.31	—	—

All the above related parties transactions do not have a significant impact on the consolidated income statement for the six months ended 30 June 2011 and 30 June 2010, and the consolidated statement of financial position as at 30 June 2011 and 31 December 2010.

(d) *Services provided by related parties*

The Bank commissioned China Life Pension Company Limited to take the responsibilities of investment and operational management for corporate pension plans.

All the above related parties transactions do not have a significant impact on the consolidated income statement for the six months ended 30 June 2011 and 30 June 2010, and the consolidated statement of financial position as at 30 June 2011 and 31 December 2010.

(e) *Transactions with key management personnel*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including directors, supervisors and executive officers.

The Group enters into transactions with key management personnel in normal course of business. These include loans and deposits, which are carried out at rates in accordance with the terms of the underlying agreements. Loans outstanding to the key management amounted to RMB2 million as at 30 June 2011 (31 December 2010: RMB3 million), which have been included in the above loans granted to related parties.

Salaries and other short-term benefits paid to the key management personnel amounted to RMB35 million for the six months ended 30 June 2011 (for the six months ended 30 June 2010: RMB29 million). No post-employment benefits, termination benefits or other long-term benefits were provided to the key management personnel for the six months ended 30 June 2011 and 30 June 2010.

(f) The balances with subsidiaries

The balance with the subsidiary are not significant, which has been offset in condensed consolidated financial statements.

39 EVENTS AFTER THE DATE OF THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Up to the date of this report, the Group had no material events for disclosure after the reporting date.

40 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with changes in disclosures in current period.

APPENDIX: SUPPLEMENTARY FINANCIAL INFORMATION

(Expressed in millions of Renminbi, unless otherwise stated)

1 Liquidity ratios

	30 June 2011	31 December 2010
RMB current assets to RMB current liabilities	<u>26%</u>	<u>33%</u>
Foreign currency current assets to foreign currency current liabilities	<u>52%</u>	<u>93%</u>

Liquidity ratio is calculated in accordance with the relevant provisions of the PBOC and the CBRC, and the PRC Accounting Standards.

2 Currency concentrations

	<u>USD</u>	<u>HKD</u>	<u>Other</u>	<u>Total</u>
As at 30 June 2011				
Spot assets	24,680	6,491	3,232	34,403
Spot liabilities	(18,528)	(6,866)	(3,178)	(28,572)
Forward purchases	27,849	6,128	3,680	37,657
Forward sales	(31,875)	(1,046)	(2,953)	(35,874)
Net long position*	<u>2,126</u>	<u>4,707</u>	<u>781</u>	<u>7,614</u>
As at 31 December 2010				
Spot assets	23,512	474	2,691	26,677
Spot liabilities	(23,607)	(1,324)	(2,772)	(27,703)
Forward purchases	9,543	682	1,915	12,140
Forward sales	(9,380)	(681)	(1,969)	(12,030)
Net long/(short) position*	<u>68</u>	<u>(849)</u>	<u>(135)</u>	<u>(916)</u>

* The net option position is calculated using the delta equivalent approach as set out in the requirements of the CBRC.

The Group has no structural position.

3 Loans and advances to customers

(1) Loans and advances overdue for more than 3 months

	30 June 2011		31 December 2010	
	Gross amount	% of total	Gross amount	% of total
After 3 months but within 6 months	735	0.07%	295	0.03%
After 6 months but within 1 year	375	0.03%	434	0.04%
More than 1 year	3,446	0.30%	4,239	0.40%
	4,556	0.40%	4,968	0.47%

(2) Impaired loans by geographical sector

	Northern China	Eastern China	Southern China	Other locations	Total
As at 30 June 2011					
Impaired loans	5,433	1,393	195	152	7,173
Specific provision	2,557	479	11	33	3,080
Collective provision	338	147	113	61	659
As At 31 December 2010					
Impaired loans	4,410	1,785	979	165	7,339
Specific provision	2,412	890	259	22	3,583
Collective provision	317	121	98	78	614

(3) Overdue loans by geographical sector

	Northern China	Eastern China	Southern China	Other locations	Total
As at 30 June 2011					
Overdue loans	3,349	895	163	149	4,556
Specific provision	2,003	351	5	34	2,393
Collective provision	536	229	139	89	993
As at 31 December 2010					
Overdue loans	3,213	1,004	587	164	4,968
Specific provision	2,071	526	182	22	2,801
Collective provision	465	131	110	94	800

The above analysis represents the gross amount of loans and advances overdue for more than 90 days as required by the related regulations.

4 Cross-border claims

	Asia Pacific excluding Mainland China	North America	Europe	Other	Total
As at 30 June 2011					
Banks and other financial institutions	1,173	2,033	900	—	4,106
Public sector entities	70	28	—	—	98
Other	2,628	62	—	629	3,319
Total	3,871	2,123	900	629	7,523
As at 31 December 2010					
Banks and other financial institutions	5	157	215	168	545
Public sector entities	—	473	—	—	473
Other	—	—	160	—	160
Total	5	630	375	168	1,178

Chapter 10 Index of Reference

- I. Financial statements bearing the signatures and seals of three directors of the Bank**
- II. Original copy of the interim report**
- III. All original copies of documents and announcements disclosed to the public during the reporting period in the China Securities Journal, Shanghai Securities News and the Securities Times**
- IV. Articles of Association of the Company**

Dong Wenbiao
Chairman of the Board of Directors
China Minsheng Banking Corp., Ltd.

16 August 2011

Chapter 11 Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Bank” or “Company” or “China Minsheng Bank” or “Minsheng Bank”:	China Minsheng Banking Corp., Ltd.
“Board”:	Board of directors
“CBRC”:	China Banking Regulatory Commission
“CSRC”:	China Securities Regulatory Commission
“CAS”:	China Accounting Standards
“CBD”:	Central Business District
“FCI”:	Factors Chain International
“Group”:	the Bank and its subsidiaries
“Hong Kong Stock Exchange”:	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”:	the Rules Governing the Listing of Securities on Hong Kong Stock Exchange
“IFRS”:	International Financial Reporting Standards
“IT”:	Information Technology
“LACP”:	League of American Communications Professionals
“RMB”:	Renminbi
“PBOC”:	People’s Bank of China
“QFII”:	Qualified Foreign Institutional Investors
“SFO”:	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SBU”:	Strategic Business Unit
“SME”:	small and medium enterprise