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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)

(USD Preference Shares Stock Code: 04609)

ANNOUNCEMENT FOR THE FIRST QUARTERLY INVESTOR COMMUNICATION MEETING

The board of directors (the “**Board**”) of China Minsheng Banking Corp., Ltd. (the “**Company**”, the “**Bank**” or “**Minsheng Bank**”) held the 2017 first quarterly results release investor communication meeting on 27 April 2017. A brief summary of the results release investor communication meeting notes setting out information which the Company considers might be of interest to its shareholders is set out below.

Briefing on Fake Wealth Management Products of Hangtianqiao Sub-branch and Measures Carried Out by the Company

I. Briefing

Recently, in the course of implementing the inspection of “three kinds of violation” of the China Banking Regulatory Commission (the “**CBRC**”), the Beijing Branch of the Company, guided by the information reflected by customers, surveyed and found that Zhang Ying, the president of Hangtianqiao sub-branch, defrauded customers of their funds by use of forged wealth management contracts and bank seals. This operational risk incident was triggered by one individual’s moral hazard, and is suspected of being illegal conduct. The Company immediately reported the incident to the police department, and the police department took Zhang Ying away to assist with the investigation and for the collection of evidence on 13 April. The police detained Zhang Ying on 14 April, and formally initiated an investigation.

After the incident was uncovered, the Company paid great attention to it, and immediately initiated an emergency response plan: firstly, the Company quickly established a leading group at the Headquarter, with the president as leader, the discipline inspection commission secretary as deputy leader, and the vice president of Hangtianqiao sub-branch and head of departments as members. The Beijing Branch set up a special working group, the members of which stationed at the Hangtianqiao sub-branch at the first instance, and assisted the police in their investigation and collection of evidence. Meanwhile, special working group sorted out the businesses of the sub-branch and conducted an investigation while ensuring the orderly operation of business.

Secondly, the Company reported to local party and government organizations and regulatory authorities at first instance, communicated and coordinated with the police department continually to enhance investigation efforts, speed up the investigation process and make a full investigation of the case. Thirdly, the Headquarter of the Company and its branches conducted the overall self-examination of risks, and checked the key business and key posts by lines and institutions individually. Fourthly, the Company took the initiative to explain to and appease the wider customers in order to eliminate their concerns through customer service channels and public platforms such as 95568, websites and WeChat public accounts.

Based on the clues currently available, Zhang Ying, herself found or instructed individual employees of the sub-branch to find target customers for the fake investment or wealth management products and the relevant transfer products fabricated by her, through controlling others' accounts as a capital collection account, to raise funds from such customers in an illegal way for her own use, with a part of them for the investment in real estate, cultural relics, jewelry and other fields. The funds raised did not enter the accounting system of the Company. Up to now, after the Company's working group's registration and verification with the each of the relevant customers, the amount involved in this case is approximately RMB1.65 billion, and the initial estimated amount involved will not exceed the number reported by the media and involves over 150 customers. In addition to Zhang Ying, certain other individual employees of the sub-branch are now subject to police investigation. Meanwhile, the Company, in collaboration with the police department, has frozen the accounts involved, and seized a part of cash, property and goods of the suspects. After the initial judgment, the future loss will be controllable. It should be specifically noted that Hangtianqiao sub-branch case is not engaged in the bills business.

To maximise protection of the customers' interest, in keeping with the principles of no tolerance, no prevarication and no procrastination, premised on due compliance with relevant laws and rules, the Company intends to adopt feasible ways to first resolve investors' initial investment funds and then deal with subsequent matters under final judicial judgement. Currently, such work is in orderly process.

The Company will strive to mitigate losses by assisting the police department to strengthen the disposals of assets involved, so as to better maintain the brand image of Minsheng Bank and protect the benefit of shareholders.

II. Problem Analysis

After this case, the Bank conducted a serious self-examination and thorough evaluation, and we believe the main reasons resulting in this case are:

- (I) Flaws exist in internal control mechanism and internal control management of grass root units, and our compliance awareness needs to be further improved, and the establishment of our compliance system and the cultivation of our compliance culture also needs to be continually strengthened.

- (II) Violation of rules by and irregularities of individuals are the main reasons for this case. It also reflected that the intensity and frequency for daily operation checks in branches is not sufficient, the checks are not conducted on timely basis and the necessary sensitivity towards potential risks is lacking.
- (III) Insufficient management by branch of its employees' behavior, and daily management has not played its due role in preventions and restriction, and in particular, there lacks moral hazard management for key positions and personnels.

III. Follow-up measures

This incident drew great attention from society, adversely affecting the development of the Bank. The Bank has held a council meeting, during which all staff were required to learn lessons from this incident, appreciate the underlying problem, seriously carry out such special governance against the “three types of violations”, “three types of arbitrage”, “four types of improper behavior”, and “banking market chaos” as required by the CBRC, and to strictly observe the systems in place to completely remedy any deficiency and thoroughly investigate any hidden dangers for the purpose of preventing similar incidents from happening.

Firstly, the Bank will proactively cooperate with the police department and endeavour to find out the truth as soon as practicable so as to safeguard the funds and capital of the Company's clients to the greatest extent possible, properly settle appeals and claims from each party and bear the relevant responsibilities in accordance with the law. Secondly, strictly follow the requirements of the CBRC to regulate the wealth management and agency sale operations and standardize sales conducts, conduct thorough investigation without any reservation to seek out any problems, as well as to list and rectify each and every problem identified. Thirdly, strengthen the development of our systems and ensure the systems are enforced. In particular, the openness and information principle in terms of product sales must be followed to standardize operations, communication with clients, training with regards to products and statement alerts, so as to ensure the sales are compliant and to protect the public interest. Fourthly, strengthen the staff management and restricting personnel access and employment, while enforcing such systems and arrangements as key job rotations and mandatory leave.

To the investors of the Bank, Minsheng Bank, as a responsible bank, shall not only solve the problems but also eliminate the root cause. On one hand, the Bank tackle the problems face on and bear the relevant responsibilities in accordance with the law, and under no circumstance shall we forget our goal of serving the public, by properly handling the consequential matters of this incident, enhancing the accountability efforts against those who have violated relevant regulations or disciplines, as well as delivering a satisfying answer to the regulators, our shareholders, clients and those whose care and concern are with Minsheng Bank. On the other hand, the Bank would draw lessons from and seriously reflect on this incident, while prevent similar incidents from happening through making overall rectification, eliminating any hidden danger, restructuring our risk system, refining our management system, enhancing our internal control system and implementing rigid staff management

Question One: During the current period of stringent supervision and deteriorated asset quality, what is the next strategic positioning of the new Board of Directors of Minsheng Bank and how to achieve differentiated business?

Minsheng Bank is the first national bank which provides services to non-state-owned enterprises. Since its establishment, the Company adheres to its original intention of providing services to non-state-owned enterprises, which is the strategy center of Minsheng Bank. At the present, the whole banking industry faces a situation in which economy has entered into the “new normal”. Meanwhile, interest rate liberalization is deepening and financial disintermediation is accelerating, and internet finance has made great impact on banks. In addition, the Company also recognized changes in financial regulation, mixed operation and other sectors, as well as increasingly stringent financial regulation in deepening reforms. Under such a background, Minsheng Bank implements an overall prudent strategy.

Based on the three-year plan and mid-to-long-term plan of the Company, it is a general trend that Minsheng Bank will become a technological finance company within ten years. The Company has considered comprehensive transformation since June 2015. Although the Company did not transform the strategy on non-state-owned enterprises, small and micro enterprises, the Company has been improved in accordance with the changes on environment, policies, regulation and itself, and seriously explored the way to improve the Company’s core competitiveness to make it differentiated, distinctive and global.

From the perspective of the “Phoenix Project”, the Company’s orientation is serving the real economy and focus on providing services to non-state-owned enterprises and small and micro enterprises. The Company transformed quality and effectiveness development-oriented from growth scale-oriented. Having made appropriate adjustments to the former orientation, currently the Company forges ahead “three excellent and one special”. It is well known that the “three excellent” refers to excellent state-owned enterprise, excellent non-state-owned enterprise and excellent listed company, against which all banks are competing. The key is “one special”. The “Phoenix Project” of the Company is actually customer-based and customer-oriented to improve the quality of services provided to customers, to carry on fine multi-level measures starting from customers’ experience and the products and hinging around different customer groups including large customers, medium and small customers, small and micro customers. Focusing on such services provided to customers, the organization of end-to-end management of front, middle and back offices are also carried out.

In terms of large customers, the Company provides comprehensive, diversified and structured services including investment and financing. Large customers require for our financing on bond investment, integration of home and abroad and cash management, etc. In addition, the proportion of direct financing of large customers is increasing in the course of financial disintermediation. In terms of such changes, the Company correspondingly sets our pricing system, service system, risk management system, cost control and resource allocation system, and considers auxiliary support with talent, science and technology, which is front, middle and back end-to-end system design, transformation and upgrade.

In terms of small and medium enterprises, small and micro enterprises and private bank customers, the Company pays attention to wealth management and financial inclusion, and carries out the refined system transformation and adjustment of the management of end-to-end, front, middle and back offices, which involves system, mechanism, talent, resource allocation and cost control, etc., transforming to new model from original extensive scale-oriented operation model. On this basis, the Company considers how to realize digitization, informatization, science and technology intellectualization and forge ahead this way. The Phoenix Project of the Company includes seven pillars, namely focusing on customer, cost management, risk management, talent allocation, appropriate pricing, assets and liabilities allocation and financial science and technology application, which constitute an integrate system.

Up to date, the design for Phase I and Phase II has been finished and gradually implemented. The design for Phase III will be finished at the end of this year. Some projects have been implemented, and the transformation effect at previous stage is good. For example, after screening and cancelling inefficient outlets, the effect of community banks has already reflected gradually. 60% of the community banks will make profit at the end of this year. Moreover, the Company is developing new version of pilot work in small and micro businesses, refined marketing and small and medium enterprises businesses. In terms of cost control, the Company has already saved RMB865 million during the past half year. The Company will continue to reduce cost next year.

In addition, The Company relies on the advantages of serving non-state-owned enterprises. The Company has been serving non-state-owned enterprises with common root and one line for long period. In addition, the Company has accumulated abundant experiences, lessons and data in serving non-state-owned enterprises for a long term. For small and micro businesses and small and medium enterprises, the risk-based pricing and appraisal model is the core, which is also the core technology of banks. In that respect, the Company is concentrating strength to improve that. In respect of service, the Company combined the online and offline resources to build core competitiveness of the Company; meanwhile, the Company conducted standard verification on small and medium enterprises and controlled costs during the course of service, and cultivated the teams of the Company. The Company will serve the non-state-owned enterprises for a long term to promote them to become future top 500 in both China and Asia.

In general, the Company adhered to its initial determination, and carried out general innovation in digitalization and informatization as well as improvement in refined management, so as to actualize the group construction, integrated service and professional development. In the next three to five years, the Company will take the service to non-state-owned enterprises as focus and fully improve the core competitiveness of the Company.

Question Two: In 2016, the asset scale of Minsheng Bank has dramatically increased. Will Minsheng Bank maintain same expansion pace in 2017? How to consider deployment of corporate and retail businesses? How to consider the development of three major business lines in corporate, retail and financial market? Is there any particular emphasis? How to consider the positioning of customers and future target of total assets growth? What volume of Minsheng Bank will be maintained?

Judging from last year, the growth of the assets of Minsheng Bank is relatively fast. Minsheng Bank has been developing very quickly during the past 21 years. The capital fund of the Bank was RMB1.38 billion when it was founded on 12 January 1996. After 21 years of development, it now owns assets of RMB6 trillion. The total assets of the Company increased by RMB1.38 trillion last year, with an increase of 3% in size, which was a comparatively fast growth. In the past, the businesses in which the Company engaged involved the ones occupying large capital and having higher risk costs, relatively speaking, the percentage of risk weights of the Company was higher. In the beginning of last year, in general, during the process of promoting liberalization of interest rates, the profit point was lower. At that time, the Company developed the said businesses out of two considerations. One is the adjustment of whole business structure. The Company invested in debt securities especially Treasury Bonds and Local Bonds with tax-exemption. The Company deemed that it could make huge profit relying on the capital raised from the market because of tax-return revenue, as such, the Company increased the proportion of investment in that respect last year. In addition, out of the demand for liquidity, the Company needed to deploy certain Treasury Bonds and Local Bonds to ensure the daily liquidity. On the other hand, the Company increased efforts in support of real economy. Among 12 joint-stock banks, the growth of loan of the Company amounted to over RMB400 billion, in particular, the loans to individuals and corporates increased by over RMB180 billion and RMB200 billion, respectively. In general, loans to individuals mainly include mortgage loans, consumer loans, credit card overdraft and so on. In respect of supporting real economy, especially in “three excellent and one special”, the Company proposed to optimize the structure of assets. In this respect, the size of assets is larger, occupying over 50%. Up to date, the total assets of the Company is approximately RMB6 trillion, which is no big difference from that of the banks with larger size of assets. In view of current situation and under the background of deleveraging, the condition of market is undergoing great change, and currency policy is showing a prudent and neutral trend. The Company’s capital source generally relies on traditional deposits, so the development speed of that business could not be too fast; therefore, under the background of rising interest rate and deleveraging, the total assets of the Company could not keep the growth speed as before. In terms of structure adjustment, the Company has already optimized the structure, and reached the universal weight which the interbank is required to occupy. In respect of bonds, the Company has already met the liquidity requirements from various aspects. During the previous year, the Company has fully reached various regulatory standards. Under such circumstances, the Company needn’t increase in large scale in total assets but kept a proper and reasonable growth. Therefore, the total assets of the Company only increased by RMB40 billion, which is almost no growth. In future development plan, the approximate growth speed of the Company for future three years actually will reflect matching between the Company’s deposits, the abilities in absorbing deposits liability and offering loans. Basically, the Company predicted that the growth would be around 10%. The growth of the deposits is corresponding to the growth of loans, and then the total assets of the Company will also grow, as the proportion of the assets of the Company has been optimized to a certain extent.

As to the second question on how to develop the three segments, generally speaking, the Company adheres to the development concept of strengthening corporate banking business, expanding retail banking business and optimizing the financial markets business. Besides, the Company puts forward the idea of promoting internet finance. It is expected that the Company will become a technology finance company in the next decade, as the management of the Company by segment focuses on the abovementioned four major segments. For the next step, the Company will facilitate the development of integrated operation, among which, some subsidiaries of the Company are promoting the growth of cross-selling. In respect of internationalization development, according to the Company's strength and on the basis of a steady growth, the Company gradually forms six segments and promotes their development. From a long-term perspective, the technology finance of the Company is developing in a relatively high speed. In particular, over the past years, the direct banking of the Company has doubled almost every year, including the doubling of the number of customers, financial assets and profits. In respect of the corporate banking business, the overall guidelines of the Company is to focus on providing services to non-state-owned enterprises while taking "Three Premiums and One Distinctive (三優一特)" as key subjects, which are quality non-state-owned enterprises, quality state-owned enterprises, quality listed companies and small and medium enterprises with regional characteristics and competitive advantages. The Company has maintained the proportion of loans to non-state-owned enterprises above 50% and the number of customers above 60% to provide corporate customers with distinctive services. At the same time, through the "Three Premiums and One Distinctive", the overall non-performing assets ratio in loans of the Company may decline accordingly. The Company is also of the view that the one distinctive has development prospects, because it refers to good small and micro enterprises and small and medium enterprises. In addition, in respect of the investment banking business, the Company carried out a system reform. The Company has set up a sub-department under the investment banking department, mainly responsible for investment. Such sub-department has initially shown its characteristics. The Company is of the view that during the process of supply-side structural reform, the demand of investment banking services will increase during the adjustment of the overall economic structure and address of overcapacity. The adjustment of investment banking institutions of the Company is to provide investment banking services, including bond issuance, to the society for the next step. The Company now ranks the top three among joint-stock commercial banks in terms of issuance of bonds and the Company will further promote the development in such aspect. In addition, in respect of trade finance and cash management services, the current corporate deposits of the Company amount to more than RMB2 trillion, the balance of cash management sector amounts to more than RMB600 billion. The cost of the above can be maintained at a relatively low level. Through the good innovation, the Company created a series of liquidity products, "Placement and Custody (募管通)" and "Cross-Bank Service (跨行通)". Being customer-oriented, these products enabled us to provide more efficient and convenient services to the customers, especially for the cash management services for some group enterprises. For example, when the group enterprises open their accounts in Minsheng Bank, the Bank can provide comprehensive management and control of their capital, improving usable fund for each year, and ensuring the interest rate of netting in Minsheng bank in the most efficient way. The second segment is the retail banking business. The Company would like to adhere to its own characteristics. It is known that Minsheng Bank's businesses mainly comprised of three segments, which are small business finance, consumer loans which in turn include mortgage loans and credit card. The business of credit card is also developing relatively fast, which is

especially reflected in its definite increase of the number of cards issued, roughly doubling as compared with the same time of its previous year. After several years of adjustment by the Company, Minsheng Bank targeted its public customers as non-state-owned enterprises, and its private customers as small and micro enterprises, which is Minsheng Bank's characteristic. The direction is extraordinarily good after adjustments to loans to small and micro enterprises. However, years ago, there were still relatively a number of non-performing loans because of the failure in effective risk management of the Company on loans to small and micro enterprises. After recent years of adjustment, the Company has already offset the non-performing loans within a relatively controllable scope, which showed that loans to small and micro enterprises has started to bear profits, gradually moving towards a positive direction. During the past two years, the Bank has conducted adjustment to loans to small and micro enterprises and this year witnessed an increase in its balance. The Company estimates that the balance of loans to small and micro enterprises may increase by RMB20 to 30 billion, which can be internally calculated by the Bank. This is because there are two statistical standards for loans to small and micro enterprises, one being that of the CBRC, and the other being that of the Bank's internal calculation. According to the internal statistical standards, average loans to small and micro enterprises by the Bank is around RMB1 million. Based on this calculation, the Company loaned more than RMB330 billion in total, with an estimated increase of approximately 10% for one year. Also the Company's mortgage rate has reached beyond 60%. This is to say that the small business finance of some of the Bank's branches are handled relatively well. The small business finance of the Bank has moved from originally losses, then balance and finally to earning money. This makes the same sense concerning the community finance. Though in the past, the Bank had many outlets and services, in general, the whole sector is losing money. After the structural adjustments, which, among other things, include the implementation in accordance with the Phoenix Plan (鳳凰計劃), the adjustment to the location of the whole community, and the currently successful application of banking licenses of many outlets which did not have such licenses in the past. Generally speaking, the average asset of each of the 2,000 community outlets has already reached beyond RMB100 million. The main guidance of retail banking business is to make it big, subject to the effective risk control. Not to mention there are several sectors which demonstrate the yearly increase rate of 20% or 30%, from the perspective of the income of recent years' retail banking business. The third is the aspect of comprehensive asset management. The development of all aspects of the Bank's asset management business and service are relatively good. The development speed of the bank currently ranks the top three among banks in terms of interbank business, asset management and custody. The Company will keep its reasonable development speed subject to the effective risk control. Also, the Company will keep regulating, improving itself to become a fintech company, in accordance with the recent inspection of the CBRC, and especially the requirements from the interbank business inspection. The Bank will keep its growth momentum strong to set up a new version of Minsheng Bank. As mentioned by the chairman of the Board, the Company will have expanded its internet business probably larger than its traditional banking businesses for the next decade with a doubled increase rate yearly. In addition, the whole series of the Bank's products, which include, such as home loan (好房貸) and wealth management are very convenient.

Question Three: during the supply-side structural reform, how will Minsheng Bank leverage its own strength, to combine its own development and business layout with deepening reforms and macroeconomic trends? In addition, how does Minsheng Bank interpret the Guidelines on Improving the Banking Sector's Serving of the Real Economy as stipulated by the CBRC, and what specific measures will the Bank implement to serve the real economy?

As a joint-stock commercial bank who is the first to make non-state-owned enterprises its substantial shareholder, during the past 21 years of Minsheng Bank's establishment, it has persistently held on to the characteristic management, and competitive advantages such as the well-structured corporate governance, market-oriented mechanism and system and the innovation capability which ranked top in the industry and practical and proactive corporate culture and achieves constant and healthy development on its business management. Currently, the Bank carefully implements the supply-side structural reform with the main contents of "addressing overcapacity, reducing inventory, deleverage, lower costs, and bolstering areas of weakness", and proactively make full use of its own competitive advantages, which meets the needs of the reform of the supply front in the following three aspects, business innovation, risk prevention and control and transformation and development.

First, Minsheng Bank will insist on the combination of business innovation and real economy serving. Minsheng's business innovation is not out of the purpose of innovation itself, but is oriented by the real economy serving and being carried out with the focus on the five major tasks to "address overcapacity, reduce inventory, deleverage, lower costs, and bolster areas of weakness". On the one hand, the Bank will strictly carry out the decision and deployment of the Central Committee, stick to supportive and restrictive policies and favorable and discouraging policies, properly reduce the loan proportion of overcapacity industries, and support the annexation and reorganization of enterprises through various financial instruments of the investment bank type; The Bank will vigorously support the strategic emerging industries, promote the cooperation between investment and loans to support the development of technology-type enterprises, so as to provide high quality financial services for industry upgrading and the supply quality improvement. On the other hand, the Bank will focus on the layout in the regions of the "Belt and Road Initiative", "coordinated development of Beijing-Tianjin-Hebei region" and "Yangtze River Economic Belt", develop inclusive finance and proactively explore products and service which are suitable for different groups of customers and markets. The Bank will also strictly implement regulatory requirements during financial innovation to prevent the Company from "Capital Flowing from Real to Virtual Economy (脱實向虛)", "Making Money out of Money (以錢炒錢)" and unreasonable increasing of leverage.

Second, Minsheng Bank will combine the risk prevention and control with the five major tasks of supply-side structural reform. For the problems of credit risk exposed during the course of "address overcapacity, reduce inventory, deleverage", on one hand, the Bank will increase the adjustment intensity of credit structure, and ensure the quality safety of newly-added credit; on the other hand, the Bank will earnestly take traditional methods including write-offs, restructure, and transfer, and actively explore new measures including debt-for-equity swap and securitization of non-performing assets, disposing of non-performing assets through multi-methods at the same. For the problems of liquidity risk, the Bank will strictly carry out the

macro and prudent management requirement and implement comprehensive risk management mechanism and strengthen the administration of assets and liabilities, in order to prevent the liquidity risk. Meanwhile, the Bank will implement the comprehensive and strict regulatory requirements in a stringent way, strictly take actions for comprehensive risk management, continuously deepen the construction of rule of law and people's livelihood, fully intensify the party's construction, and put risk prevention and control in the prominent and important position.

Third, Minsheng Bank will combine its own reform and development with the supply-side structural reform. Faced with the financial demands differentiated between city and countryside, and between districts, industries and enterprises which are initiated by the system improvement, economy transformation and technology escalation of our country, the Bank will change its old similar customer positioning and product services, and accelerate its transformation into differentiated strategy and featured financial supply, so as to meet the financial demands of different customer group. In addition, under the background of the liberalization of interest rate and the technology development, the Bank will make significant adjustments in profit-making model, internal management, service approaches, risk management and cost control. The Bank will practically improve some of its basic management capabilities, such as the human resources, assets and liabilities, risks, technology, operation, cost control and lean management, etc. with the Phoenix Project as the starting point, so as to make up for its own development weaknesses and improve its capabilities to serve for real economy.

In the recent two years, Minsheng Bank earnestly carried out the supply-side structural reform and implemented a series of national micro-control policies, complied with the five major development principles of "innovation, coordination, green development, opening-up and sharing", rendered it the foothold to serve for real economy, innovated the approaches to financial services and practically improved the service efficiency.

First, supporting and coordinating the three major national strategies, "the Belt and Road", "coordinated development of Beijing-Tianjin-Hebei region" and "Yangtze River Economic Belt" and bringing out service measures, including: establishing relevant organizations to promote business development; enhancing the development and support for establishment of relevant infrastructures in "the Belt and Road" regions, financial services for supply chain and international financial business; increasing the supply for credit resources in special industry groups; earnestly promoting the Public-Private Partnership (PPP) business pattern and supporting the national important strategic areas and the construction of major engineering projects; carrying out specific credit lines and price subsidies; and enhancing the financial support for customers who meet the entry requirements of relevant national and industrial policies.

Second, supporting the development of strategic emerging industries, including: determining the strategic positioning of strategic emerging industries and mainly focusing on supporting strategic emerging industries such as high-end equipment, energy saving and environment protection, new energy, new materials, a new generation of information technology, medical health, new energy vehicles, etc.; innovating and broadening the approaches and channels of supporting the development strategic emerging industries, such as new models like industry funds; making innovative system arrangements and differentiated resource allocation to guide

the resources to lean towards the strategic emerging industries. As at the end of 2016, the total amount of the Bank's assets of the strategic emerging industries amounted to RMB117 billion, the total credit amount was RMB435.3 billion and the loan balance was RMB46.3 billion, which represented increases of 53% and 11% respectively, as compared with the end of 2015. Meanwhile, the Bank continuously carried out specific research, summarized classic cases, improved the recognition of all of its staff so as to better serve for the strategic emerging industries.

Third, supporting the development of small and micro enterprises. In the second half of 2009, Minsheng Bank put forward the strategic positioning of "Bank for NSOEs, Bank for MSEs and Bank for High-end Retail Customers (做民營企業的銀行、小微企業的銀行、高端客戶的銀行)", of which "bank for MSEs (做小微企業的銀行)" is the core and backbone for the Bank's development strategy. Led by such strategy, the Bank continuously facilitated the development consensus of the Bank and increased its resource investment. As at the end of the first quarter, the outstanding balance of loans to small and micro enterprises amounted to RMB333.4 billion, maintaining the leading position among joint-stock banks. The Bank made use of limited credit resources to offer help to the small and micro enterprises and provided comprehensive financial services such as settlement and financial management for the mass small and micro enterprise owners. Meanwhile, the Bank has been continuously optimizing in terms of the products, the system and mechanism and the services, which effectively supported the development of small business finance. Since the starting of the credit business in 2014, the Bank has provided the support for the loan transferring with an aggregate amount of more than RMB160 billion for a total of nearly more than 80,000 small and micro customers, which saved the cost of loan transferring of more than RMB3.2 billion, effectively relieving the stress of the loan transferring for small and micro enterprises. In respect of the products, the Bank kept strengthening its innovation by the research and development of the online service platform of the "House of Small Business Finance (小微之家)" and by the establishment of convenient service procedures which combined the online to offline natures and applied the O2O pattern, so as to enhance the convenience of services. For the "Happy Payment (樂收銀)" business only, the Bank paid the commission fee for inter-bank acquiring transaction of a total of RMB2.1 billion for small and micro customers from 2014 to 2016. In respect of the system and mechanism, the Bank promoted the loan transferring services to reduce the financing cost of small and micro customers and provided support for the loan transferring for small and micro enterprises, which increased the financial supply and reduced the financing cost of small and micro enterprises. In respect of the services, the Bank provided flexible and convenient financial services, which enabled small and micro customers to withdraw money according to practical needs and repay the loans at any time in the credit period. And there's no limit of times as to money withdrawing, which practically reduced the financing cost of small and micro customers.

Fourth, developing inclusive finance. Minsheng Bank will proactively hold on to the principle of inclusive finance, build the financial ecosystem of Minsheng network, provides financial products, which are convenient for account opening, of low entry barriers and high profits and with only online access. Meanwhile, the Bank will provide safe and reliable electronic account services for customers by means of the most advanced technology to prevent Internet financial crimes. In addition, regarding the inclusive financial service objects, such as small and micro enterprises, "Sannong (三農)" and disadvantaged people, etc., the Bank will insist

on the principles of service preference and expense and profit reduction. In respect of the loaning, the Bank only charges the interest expense and shall not charge in any other name. In terms of intermediary business income, the Bank insists on not charging expenses in Internet banks, mobile banks, settlement machines, etc. In addition, the Bank will continue to carry out preferential policies in key areas, such as the remission of the remittance in and beyond the city and city-wide interbank ATM money withdrawing.

Lastly, the Bank will uphold the service concept of “From the People, For the People (為民而生 , 與民共生)” in a long term, actively promote poverty alleviation through offering of financial services, and perform the social responsibility, which includes establishing bank-wide work mechanism for finance-based poverty alleviation, formulating of special and differentiated poverty alleviation plans; ensuring the loan amount for finance-based poverty alleviation and its growth rate are higher than the average level of the whole industry, and offering pricing discount; widening the diversified financing channels and strengthening the “hematopoietic function” of poverty alleviation targets; boosting the coverage of financial service outlets for benefiting the agriculture and farmers; dedicating finance strength for nation’s targeted poverty alleviation through utilizing donation, loan, appointment of cadres on-the-job placement, reinforcement of cooperation between the bank and government, and etc. The Bank stuck to targeted poverty alleviation, and poverty alleviation through various means such as public welfare, industry, education and medical care. Among which, taking education support work as an example, during recent years, the Bank has donated accumulated RMB80.46 million in Weiyuan, Linyao of Gansu Province, and four counties of Henan Province including Fengqiu County and Hua County.

Question Four: Last year, the wealth management achieved great progress and the Bank was in a relatively leading position among domestic banks. Under the background of increasing rigid regulation of MPA or the CBRC, what kind of level the Bank will maintain regarding wealth management for this year? Will there be certain changes to the percentage and distribution ratio of outsourcing?

The scale of whole asset management across the industry is relatively lowering the increasing rate after its continuous high-speed growth for several years. In 2017, off-balance-sheet wealth management has been introduced into MPA generalized credit assessment. The scale of asset management business will be restricted to certain extent. Abiding by the regulatory idea of MPA generalized credit assessment and the wealth management scale of Minsheng Bank in the future, the Company’s whole idea for 2017 is to remain stable and maintain moderate growth. The development of the Company’s asset management business in 2017 will be focused on business transformation, structural adjustment and support of transformation and upgrading of real economy through intensive operation management together with supply-side structural reform. The Company will pursue a structural adjustment instead of the fast increase in scale. The specific direction of asset allocation will be focused on the following significant points. Firstly, actively following the supply-side structural reform, and increasing the investment in the significant strategy projects across the nation such as the Belt and Road, coordinated development of Beijing-Tianjin-Hebei region and Yangtze River Economic Belt. Secondly, actively researching and participating in the reform of mixed-ownership of state-owned enterprises, and increasing the investment in the areas including environmental-protection, consumption, safeguard and improvement of livelihood projects. Thirdly, expanding

the categories of asset allocation, and allocating the assets to securities market, capital market and credit market in a decentralized manner. In the meantime, the Bank will increase the ratio for alternative and overseas investment. Fourthly, improving the active management capability by utilizing various financing tools and positively seizing the opportunities of asset initiative allocation in domestic and overseas market, and taking FOF and MOM as important methods for asset management. Fifthly, gradually increasing the investment in categories of public welfare, comprehensive consumption, innovation and high-quality asset securitization products under the premise of the risk can be controlled, and supporting and servicing for the development of real economy.

The outsourcing scale of Minsheng Bank in general is around RMB30 billion. There has been few changes recently.

Question Five: last year, in respect of Minsheng Bank's allocation of increased quantity of loan, what is the industry regional structure? Against the general market environment, what are the changes to the direction loan distribution this year? Besides, is the demand for loan stronger this year?

- (1) In respect of customer structure, the Bank stuck to "Three Premiums and One Distinctive" strategy, and continuously optimized the corporate loans client structure. From the customers' ranking perspective, the outstanding loans of customers with a ranking of AA- and above represented approximately 23% at the end of 2016. During the first quarter of 2017, the Bank continuously adhered to high-quality customers-oriented, and raised the proportion of outstanding loans of customers with a ranking of AA- and above to 27%. From the industry structure perspective, the outstanding asset in the "reduced and out-of-phase" industry decreased tens of billions of RMB in 2016 compared with that of last year, and the outstanding asset in the positive "entry" industry increased 4 percentage points at the same time.
- (2) In respect of loan pricing management, the Bank paid attention to the balance between risks and benefits and the comprehensive application of both price and non-price approaches. It enhanced the loan marketing for high quality customers, and meanwhile strengthened classification management, guided the Bank to promote comprehensive services and cross-selling, developed ancillary businesses such as settlement and cash management, investment banking, and the cooperation between corporate and retail banking, etc., and strengthened supervision by means of analysis, notification, assessment and adjustment, etc. Especially since this February, the Bank has proactively advocated the policy intent of the Central Bank and further strengthened the pricing management and control. In general, the liberalization of interest rates and adjustment of customer structure will exert certain influences on the pricing standard for loan, despite which a relatively reasonable level will be basically maintained, and will support the development of relevant businesses.

According to the first quarterly results, the Company witnessed obvious recovery of real economy at first stage. In other words, the demand of real economy especially in the region of Pearl River Delta and Yangtze River Delta has largely increased. The Company believes that the economy is gradually recovering.

Question Six: regarding the small business finance, the management just mentioned a lot of positive changes, showing a stable trend while starting to rise. As Minsheng Bank's traditional advantage business, the market is more concerned about small business. Could you please introduce the development in small business finance and the growth of housing mortgage loans?

As at the end of the first quarter, the outstanding balance of loans to small and micro enterprises amounted to RMB333.4 billion and continued to lead among joint-stock banks. In the next stage, by integrating the customer target positioning in the three-year development plan, the Bank will continue to increase the loans to small and micro enterprises and expand the amount of loans to small and micro enterprises under the premise of controllable risk.

Regarding the risks and benefits of loans to small and micro enterprises, on the one hand, under the current trend in economic operation, the Bank put forward the development fast mortgages and continued to explore the micro loan business which is based on settlement comes first; the other hand, based on customer's demand for diversified financial services, the Bank will strengthen the comprehensive development on small and micro customers, increase the sales of mid-income products including insurance, wealth management, fund to small and micro customers, thereby promoting the diversification of income sources and deepening the adjustment on income structure.

At the end of the first quarter of 2017, the Bank's outstanding balance of loans to small and micro enterprises amounted to RMB193.1 billion, of which the deposits of small and micro enterprises increased by RMB5.4 billion, representing a quarterly increase of 4%.

Regarding the increase of small and micro customers, the Company made use of the two-dimensional barcode bills, cloud accounts, third-party cooperative institutions diversion and other products and models, continued to develop the living essential consumer products industry and living services industry which are less affected by economic fluctuations, with small demand elasticity, closely related to people's lives, relatively stable operation, high daily awareness and with the concept of expanding domestic demand.

Specifically, regarding the increase of new small and micro customers, the Bank focused on the development of "verified" customers or familiar customers, mainly including:

1. Referral and tapping of the high-quality stock customers: the referral of stock customers included upstream and downstream, peers, enterprises within the same business district or other familiar enterprises of the Bank's high-quality customers; tapping the stock customers focused on stock settlement customers, stock wealth management customers and loan customers who have needs to increase amount of loan facilities.
2. Customers from the third party platform: making use of various trade platforms including Unionpay, tax and Yonyou, the Company understood the operating situations of the customers by their tax, transaction history and transaction information and diverse the small and micro customers by batch.

3. Pulling the new products: in 2017, the Bank actively used the online fast mortgage products including “cloud mortgage (雲抵押)”, secondary mortgage and other new and products to meet the differentiated financing demand of segmented customers, thereby exploring potential customers from new sources and expanding customers base; and
4. Intersection of the residential community and other channels: making use of the outlet channels in convenience stores within the residential community where our outlets are located in, the Bank explored the financing demands of the community and shops around the residential community. Based on the residential address of the small and micro customers, the Bank increased the effort of marketing on loan.

In the next stage, based on the deployment of credit resources and combination of risk assets, the Bank will increase the focus on increasing the loans to small and micro enterprises. The Bank will ensure the sufficiency of credit lines of the loans to small and micro enterprises based on the customer demands and market development.

At the same time, in 2017, the Bank will continue to reduce the exposure of loans to small and micro enterprises through the increase in the proportion of mortgages on the basis of narrowing the risk year by year, and strive to reach 68% in the proportion of collateral by the end of 2017.

Question Seven: what does Minsheng Bank think of the dividends distribution for the next period of time?

In the past three years, the Company has implemented a positive dividend policy. The proportion of cash dividends has increased year by year, from 15% in 2014 to 19% in 2015 and 22% in 2016. Returns to the shareholders continued to increase. Commencing the implementation of interim dividend distribution policy since 2012, Minsheng Bank is the only bank among current A share listed banks that distributed dividends twice a year.

In the year of 2016, cash dividends of RMB2.80 (before tax) for every 10 shares were distributed for the whole year, the total amount of cash dividends was RMB10,216 million and the cash dividend ratio was 22%. In the first half of the year, cash dividends of RMB1.15 (before tax) for every 10 shares were distributed, the total amount of cash dividends was RMB4,196 million and the cash dividend ratio was 15.63%, which has been distributed in the third quarter of 2016. In the second half of 2016, cash dividends of RMB1.65(before tax) for every 10 shares were distributed, the total amount of cash dividends was RMB6,020 million and the cash dividend ratio was 30%, pending approval by the general meeting.

In the future, the Company will maintain a moderate, stable and continuous dividend policy on the basis of fully considering the sustainable business development and in compliance with regulatory requirements on the capital adequacy ratio.

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

Hong Qi
Chairman

Beijing, PRC
27 April 2017

As at the date of this announcement, the executive directors of the Company are Mr. Hong Qi, Mr. Liang Yutang and Mr. Zheng Wanchun; the non-executive directors are Mr. Zhang Hongwei, Mr. Lu Zhiqiang, Mr. Liu Yonghao, Mr. Shi Yuzhu, Mr. Wu Di, Mr. Yao Dafeng, Mr. Song Chunfeng, Mr. Tian Zhiping and Mr. Weng Zhenjie; and the independent non-executive directors are Mr. Liu Jipeng, Mr. Li Hancheng, Mr. Xie Zhichun, Mr. Cheng Hoi-chuen, Mr. Peng Xuefeng and Mr. Liu Ningyu.