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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)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made by China Minsheng Banking Corp., Ltd. (the “**Company**”) pursuant to Rule 13.09(2) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and provisions of Inside Information in Part XIVA of the Securities and Futures Ordinance of Chapter 571 of Hong Kong Laws.

Please refer to the attached 2019 Third Quarterly Report of China Minsheng Banking Corp., Ltd. released by the Company on the website of Shanghai Stock Exchange and newspapers in the PRC.

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

Beijing, PRC
30 October 2019

As at the date of this announcement, the executive directors of the Company are Mr. Hong Qi 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. Song Chunfeng and Mr. Weng Zhenjie; and the independent non-executive directors are Mr. Liu Jipeng, Mr. Li Hancheng, Mr. Xie Zhichun, Mr. Peng Xuefeng, Mr. Liu Ningyu and Mr. Tian Suning.

2019 Third Quarterly Report
China Minsheng Banking Corp., Ltd.

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1. Important Notice

- 1.1 The Board of Directors (the “Board”), the Board of Supervisors and the Directors, Supervisors and Senior Management of the Company warrant the truthfulness, accuracy and completeness of the contents of this quarterly report and that there are no misstatements, misleading representations or material omissions in this quarterly report, and shall assume several and joint liabilities.
- 1.2 This Quarterly Report was considered and approved on 30 October 2019 at the 19th meeting of the seventh session of the Board of Directors of the Company. Of the 15 Directors who were entitled to attend the meeting, seven Directors attended the meeting in person and eight Directors, being Vice Chairmen Zhang Hongwei and Liu Yonghao, as well as Directors Shi Yuzhu, Wu Di, Song Chunfeng, Liu Jipeng, Xie Zhichun and Tian Suning attended the meeting by teleconference. Of the nine Supervisors who were entitled to attend the meeting, nine Supervisors attended the meeting as the non-voting delegates.
- 1.3 Hong Qi (Chairman), Zheng Wanchun (President), Bai Dan (Senior Management responsible for finance and accounting) and Li Wen (person in charge of the accounting department) warrant the truthfulness, accuracy and completeness of the financial statements included in this quarterly report.
- 1.4 The Third Quarterly Report of the Company is unaudited.
- 1.5 The financial data and indicators contained in this quarterly report are prepared in accordance with the Chinese accounting standards. Unless otherwise specified, all amounts are consolidated data of the Company and its subsidiaries (the “Group”) and are denominated in RMB.

2. Company Profile

2.1 Major financial data

Item	<i>(Unit: RMB million)</i>		
	As at the end of the Reporting Period 30 September 2019	As at the end of the previous year 31 December 2018	Change from the end of the previous year to the end of this Reporting Period (%)
Total assets	6,273,743	5,994,822	4.65
Total equity attributable to equity shareholders of the Company	491,441	420,074	16.99
Total equity attributable to ordinary shareholders of the Company	441,557	410,182	7.65
Net assets per share attributable to ordinary shareholders of the Company (RMB)	10.09	9.37	7.68

(Unit: RMB million)

Item	During the Reporting Period July–September 2019	Change of the Reporting Period over the corresponding period of the previous year (%)	From the beginning of the year to the end of the Reporting Period January–September 2019	Change from the beginning of the year to the end of the Reporting Period over the corresponding period of the previous year (%)
Operating income	44,872	11.52	133,128	15.11
Net interest income	25,778	29.23	71,301	32.48
Net profit attributable to equity shareholders of the Company	13,906	6.42	45,529	6.66
Net profit attributable to equity shareholders of the Company excluding extraordinary gain/loss items	13,928	5.68	45,545	5.98
Basic earnings per share (RMB)	0.32	10.34	1.04	7.22
Diluted earnings per share (RMB)	0.32	10.34	1.04	7.22
Return on weighted average equity (%) (annualised)	12.80	Decreased by 0.46 percentage points	14.19	Decreased by 0.76 percentage points
Return on weighted average equity excluding extraordinary gain/loss items (%) (annualised)	12.82	Decreased by 0.55 percentage points	14.19	Decreased by 0.86 percentage points
Net cash flow from operating activities	Inapplicable	Inapplicable	-119,656	Negative for both periods
Net cash flow per share from operating activities (RMB)	Inapplicable	Inapplicable	-2.73	Negative for both periods

Extraordinary gain/loss items are as follows:

<i>(Unit: RMB million)</i>	
Item	From the beginning of the year to the end of the Reporting Period January–September 2019
Government subsidies	100
Expenses on donations	-46
Net gain/loss from disposal of non-current assets	-8
Other net extraordinary gain/loss	-36
Income tax effect of the extraordinary gain/loss	-19
Net extraordinary gain/loss impact (after tax)	-9
Of which: Extraordinary gain/loss impact on net profit attributable to equity shareholders of the Company	-16
Extraordinary gain/loss impact on net profit attributable to non-controlling interests	7

2.2 Supplemental financial data

<i>(Unit: RMB million)</i>		
Item	As at the end of the Reporting Period 30 September 2019	As at the end of the previous year 31 December 2018
Total liabilities	5,770,667	5,563,821
Total deposits from customers	3,408,072	3,167,292
Of which: Corporate deposits	2,710,412	2,578,613
Personal deposits	690,523	575,289
Outward remittance and remittance payable	2,816	2,946
Certificates of deposits	4,321	10,444
Total balance of loans and advances to customers	3,311,028	3,056,746
Of which: Corporate loans and advances	1,963,711	1,826,201
Personal loans and advances	1,347,317	1,230,545
Non-performing loans (“NPLs”)	55,309	53,866
Allowance for impairment loss on loans	80,600	72,208

2.3 Analysis of capital adequacy ratio and leverage ratio

The Group calculated its capital adequacy ratio (the “CAR”) in accordance with the Administrative Measures for the Capital of Commercial Banks (Provisional) (the “New Measures”) and other relevant regulatory provisions. The calculation of CAR covers the Company and the financial institutions directly or indirectly invested by the Company in compliance with the requirements of the New Measures. As at the end of the Reporting Period, the CAR, core tier-one CAR and tier-one CAR of the Group satisfied the requirements of the New Measures.

CARs of the Group are as follows:

(Unit: RMB million)

Item	30 September 2019	
	The Group	The Company
Net core tier-one capital	447,845	425,989
Net tier-one capital	498,714	475,865
Total net capital base	639,601	612,845
Core tier-one CAR (%)	9.30	9.24
Tier-one CAR (%)	10.36	10.32
CAR (%)	13.29	13.29

Capital instruments entitled for the preferential policy during the transitional period: According to the applicable requirements under the New Measures, non-qualified tier-two capital instruments issued by commercial banks before 12 September 2010 may be entitled to the preferential policy of a progressive deduction of book value by 10% per annum starting from 1 January 2013. As at the end of the Reporting Period, the balance of non-qualified tier-two capital instruments of the Company was RMB4 billion, which can be put into calculation.

As at the end of the Reporting Period, net tier-one capital increased by RMB14,670 million, on- and off-balance sheet assets after adjustment decreased by RMB98,058 million, and leverage ratio increased by 0.29 percentage points, as compared with the end of June 2019. The leverage ratio of the Group is as follows:

(Unit: RMB million)

Item	30 September 2019	30 June 2019	31 March 2019	31 December 2018
Leverage ratio (%)	6.90	6.61	6.12	6.04
Net tier-one capital	498,714	484,044	443,936	426,550
On- and off-balance sheet assets after adjustment	7,224,493	7,322,551	7,254,441	7,060,882

2.4 Discussion and analysis on business operation

During the Reporting Period, the Company actively responded to the adjustment and changes of external operation environment and regulatory policies, closely focused on the three strategic positionings of becoming “a bank for the non-state-owned enterprises, a fintech-based bank and a bank of comprehensive services”. The Company adhered to the overall business strategy of “developing light-capital business, optimising liabilities, adjusting structure, promoting synergy and maintaining high quality”, which was formulated at the beginning of the year, deepened the reform and transformation, achieving significant results. The Company also strengthened the risk management and control. The asset quality remained stable in general, operating efficiency continued to improve, and various businesses have maintained steady development.

2.4.1 Continuously improved operating efficiency and maintained stable return to shareholders

During the Reporting Period, the Group achieved operating income of RMB133,128 million, representing an increase of RMB17,476 million, or 15.11%, as compared with the corresponding period of the previous year. The cost-to-income ratio was 23.71%, representing a decrease of 2.93 percentage points as compared with the corresponding period of the previous year. The Group achieved net profit attributable to shareholders of the Company of RMB45,529 million, representing an increase of RMB2,844 million, or 6.66%, as compared with the corresponding period of the previous year.

During the Reporting Period, the Group’s annualised average return on total assets was 1.00%, representing an increase of 0.03 percentage points as compared with the corresponding period of the previous year. The annualised weighted average return on equity was 14.19%, representing a decrease of 0.76 percentage points as compared with the corresponding period of the previous year. Basic earnings per share was RMB1.04, representing an increase of 7.22% as compared with the corresponding period of the previous year. As at the end of the Reporting Period, net assets per share attributable to ordinary shareholders of the Company was RMB10.09.

2.4.2 Achieved steady growth of business scale and continuously optimised business structure

As at the end of the Reporting Period, the Group’s total assets amounted to RMB6,273,743 million, representing an increase of RMB278,921 million, or 4.65%, as compared with the end of the previous year. Loans and advances to customers totaled RMB3,311,028 million, representing an increase of RMB254,282 million, or 8.32%, as compared with the end of the previous year, of which, retail loans amounted to RMB1,347,317 million, representing an increase of RMB116,772 million as compared with the end of the previous year; small business loans were RMB445,155 million, representing an increase of RMB29,591 million as compared with the end of the previous year. Total liabilities were RMB5,770,667 million, representing an increase of RMB206,846 million or 3.72% as compared with the end of the previous year. Total deposits from customers were RMB3,408,072 million,

representing an increase of RMB240,780 million, or 7.60%, as compared with the end of the previous year. Of which, personal deposits totaled RMB690,523 million, representing an increase of RMB115,234 million, or 20.03%, as compared with the end of the previous year. Personal deposits accounted for 20.26% of total deposits from customers, representing an increase of 2.10 percentage points as compared with the end of the previous year.

2.4.3 Strengthened collection and disposal efforts and kept generally controllable asset quality

During the Reporting Period, the Group accelerated the construction of integrated and intelligent risk management and control platform, enhanced its overall risk management and monitoring capabilities, strengthened the construction of risk culture system, improved the internal control and compliance management system, so as to improve risk prevention in key areas. By constantly strengthening the collection and disposal of existing problem and non-performing assets, the Company kept its asset quality at a generally stable level and rebounded its provision coverage ratio. As at the end of the Reporting Period, the Group's NPL balance was RMB55,309 million, representing an increase of RMB1,443 million as compared with the end of the previous year. The NPL ratio was 1.67%, representing a decrease of 0.09 percentage points as compared with the end of the previous year. The provision coverage ratio was 145.73%, representing an increase of 11.68 percentage points as compared with the end of the previous year. The provision coverage ratio is implemented in accordance with the Notice on Adjusting the Supervision Requirements for Loan Loss Provisions of Commercial Bank issued by the China Banking and Insurance Regulatory Commission ("CBIRC") (Yin Jian Hui Fa [2018] No. 7).

2.5 Total number of shareholders, particulars of shareholdings of top ten shareholders, top ten holders of tradable shares (or holders of shares not subject to restriction on sales) as at the end of the Reporting Period

Unit: share

Total number of shareholders

387,351

Particulars of shareholdings of top ten shareholders

Full name of shareholder	Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares subject to restriction on sales held	Status of shares	Shares pledged or locked-up Number of shares	Type of shareholder
HKSCC Nominees Limited	8,283,390,190	18.92%	—	Unknown	—	Others
Anbang Life Insurance Co., Ltd. — Conservative Investment Portfolio	4,508,984,567	10.30%	—	Nil	—	Domestic legal person
Anbang Life Insurance Co., Ltd. — Steady Investment Portfolio	2,843,300,122	6.49%	—	Nil	—	Domestic legal person
China Oceanwide Holdings Group Co., Ltd.	2,019,182,618	4.61%	—	Pledged	2,015,582,617	Domestic non-state-owned legal person
New Hope Liuhe Investment Co., Ltd.	1,828,327,362	4.18%	—	Nil	—	Domestic non-state-owned legal person
Shanghai Giant Lifetech Co., Ltd.	1,379,679,587	3.15%	—	Pledged	1,379,678,400	Domestic non-state-owned legal person
Huaxia Life Insurance Co., Ltd. — Universal Insurance Product	1,375,763,341	3.14%	—	Nil	—	Domestic non-state-owned legal person
China Shipowners Mutual Assurance Association	1,324,284,453	3.02%	—	Nil	—	Domestic non-state-owned legal person
Orient Group Incorporation	1,280,117,123	2.92%	—	Pledged	1,279,999,488	Domestic non-state-owned legal person
China Securities Finance Corporation Limited	1,254,418,908	2.87%	—	Nil	—	Domestic legal person

Top ten holders of shares not subject to restriction on sales

Full name of shareholder	Number of tradable shares not subject to restriction on sales	Class and number of shares	
		Class	Number
HKSCC Nominees Limited	8,283,390,190	Overseas listed foreign invested shares	8,283,390,190
Anbang Life Insurance Co., Ltd. — Conservative Investment Portfolio	4,508,984,567	Ordinary shares in RMB	4,508,984,567
Anbang Life Insurance Co., Ltd. — Steady Investment Portfolio	2,843,300,122	Ordinary shares in RMB	2,843,300,122
China Oceanwide Holdings Group Co., Ltd.	2,019,182,618	Ordinary shares in RMB	2,019,182,618
New Hope Liuhe Investment Co., Ltd.	1,828,327,362	Ordinary shares in RMB	1,828,327,362
Shanghai Giant Lifetech Co., Ltd.	1,379,679,587	Ordinary shares in RMB	1,379,679,587
Huaxia Life Insurance Co., Ltd. — Universal Insurance Product	1,375,763,341	Ordinary shares in RMB	1,375,763,341
China Shipowners Mutual Assurance Association	1,324,284,453	Ordinary shares in RMB	1,324,284,453
Orient Group Incorporation	1,280,117,123	Ordinary shares in RMB	1,280,117,123
China Securities Finance Corporation Limited	1,254,418,908	Ordinary shares in RMB	1,254,418,908
Statement on the related relationships or concerted actions among the aforesaid shareholders	Orient Group Incorporation and Huaxia Life Insurance Co., Ltd. signed a concerted action agreement. Save as above, the Company is not aware of any related relationship among other aforementioned shareholders.		
Statement on preference share holder(s) whose voting rights have been restored and the number of shares held	—		

Notes:

- The number of shares held by H shareholders was recorded in the Register of Members as kept by the H Share Registrar of the Company;
- HKSCC Nominees Limited acted as an agent representing the total amount of H shares held by all institutional and individual investors that registered in the account of such investors as at 30 September 2019.
- Pursuant to the approval by the CBIRC, Anbang Life Insurance Co., Ltd. has been renamed as Dajia Life Insurance Co., Ltd. (大家人壽保險股份有限公司) and the holding company of Anbang Life Insurance Co., Ltd. has been changed from Anbang Insurance Group Co., Ltd. to Dajia Insurance Group Co., Ltd. (大家保險集團有限責任公司). The share holding account of Dajia Life Insurance Co., Ltd. is still subject to completion of the change of name procedure at China Securities Depository and Clearing Corporation Limited (Shanghai Branch).

2.6 Total number of holder(s) of preference shares and particulars of shareholdings of the top ten holder(s) of preference shares and the top ten holder(s) of preference shares not subject to restriction on sales as at the end of the Reporting Period

✓ Applicable ☐ Inapplicable

Unit: share

Total number of holder(s) of preference shares

1

Particulars of shareholdings of the top ten holder(s) of preference shares

Full name of shareholder	Number of shares held as at the end of the Reporting Period	Percentage (%)	Class of shares held	Shares pledged or locked-up		Type of shareholder
				Status of shares	Number of shares	
The Bank of New York Mellon Depository (Nominees) Limited	71,950,000	100	Offshore preference shares	Unknown	—	Foreign shareholder

Particulars of shareholdings of the top ten holder(s) of preference shares not subject to restriction on sales

Shareholder name	Number of preference shares not subject to restriction on sales held as at the end of the Reporting Period	Class and number of shares	
		Class	Number

The Bank of New York Mellon Depository (Nominees) Limited	71,950,000	Others	71,950,000
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Statement on the related relationships or concerted actions among the top ten preference share holder(s), the aforesaid shareholders and the top ten ordinary shareholders

Unknown

Notes:

1. The shareholdings of the preference share holder was recorded according to the register of holders of the preference shares of the Company;
2. As the preference shares were issued through private offering in the overseas market, information of nominees of the allotted investors were listed on the register of holders of the preference shares;
3. The Company is not aware of any related relationships or concerted actions between the above holders of preference shares and the top ten ordinary shareholders.

3. Major Events

3.1 Significant changes in key accounting items and financial indicators of the Company and explanation on such changes

✓ Applicable □ Inapplicable

(Unit: RMB million)

Item	30 September 2019	31 December 2018	Change from the end of the previous year (%)	Main reason
Precious metals	13,382	7,205	85.73	Increase in business scales of raw gold and precious metals leasing
Financial assets purchased under resale agreements	21,265	39,190	-45.74	Reduction in the scale of bonds purchased under resale agreements
Long-term equity investments	3	—	Nil for the end of the previous year	Increase in subsidiaries' long-term equity investments
Right-of-use assets	10,590	—	Inapplicable	New items were added to the statements due to the implementation of the new leasing standards
Lease liabilities	10,004	—		
Borrowings from central bank	154,425	304,323	-49.26	Decrease in borrowings from central bank
Placements from banks and other financial institutions	119,461	176,638	-32.37	Decrease in business scale of placements from banks and other financial institutions
Financial liabilities at fair value through profit or loss	1,371	987	38.91	Impact of changes in scale and fair value of financial liabilities at fair value through profit or loss
Financial assets sold under repurchase agreements	168,770	89,687	88.18	Increase in business scale of bonds sold under repurchase agreements
Tax payable	22,279	13,118	69.84	Increase in corporate income tax payable
Other equity instruments	49,884	9,892	404.29	Issuance of undated capital bonds

Item	30 September 2019	31 December 2018	Change from the end of the previous year (%)	Main reason
Other comprehensive income	2,535	1,518	67.00	Impact of changes in fair value of financial assets at fair value through other comprehensive income

Item	January– September 2019	January– September 2018	Change from the corresponding period of the previous year (%)	Main reason
Investment gains	16,559	8,124		Decrease in income during holding of financial assets at fair value through profit or loss, and impacts of foreign exchange rate fluctuation and changes in fair value
Gains from changes in fair value	38	14,431		
Foreign exchange gains/(losses)	2,324	-149	-15.55	
Impairment losses on credit	43,136	30,381	41.98	Increase in impairment losses on loans
Impairment losses on other assets	123	-118	Negative for the previous period	Increase in impairment losses on other assets
Non-operating expenses	121	411	-70.56	Decrease in non-operating expenses

3.2 Development and impacts of significant events and analysis and explanation on the solutions

☐ Applicable ☒ Inapplicable

3.3 Undertakings unfulfilled within the time limit during the Reporting Period

☐ Applicable ☒ Inapplicable

3.4 Warning and explanation on the anticipated accumulated losses from the beginning of the year to the end of the following Reporting Period or on significant changes over the corresponding period of the previous year

☐ Applicable ☒ Inapplicable

Name of the Company	China Minsheng Banking Corp., Ltd.
Legal Representative	Hong Qi
Date	30 October 2019

4. Appendices

4.1 Financial statements

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Balance Sheets as at 30 September 2019
(Expressed in millions of Renminbi, unless otherwise stated)

Assets	The Group		The Bank	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Cash and balances with central bank	337,833	389,281	334,561	385,239
Balances with banks and other financial institutions	54,398	52,154	42,153	38,688
Precious metals	13,382	7,205	13,382	7,205
Placements with banks and other financial institutions	216,147	246,525	234,573	264,255
Positive fair value of derivatives	34,064	33,112	33,965	33,007
Financial assets purchased under resale agreements	21,265	39,190	17,504	35,284
Loans and advances to customers	3,257,988	3,008,272	3,240,783	2,993,146
Financial investment	2,064,263	1,970,017	2,044,171	1,954,382
— Financial assets at fair value through profit or loss	425,637	381,093	422,306	378,301
— Financial assets at amortised cost	1,141,418	1,127,231	1,136,321	1,119,177
— Financial assets at fair value through other comprehensive income	497,208	461,693	485,544	456,904
Long-term receivables	113,194	110,824	—	—
Long-term equity investments	3	—	6,634	6,396
Fixed assets	47,917	47,012	20,273	20,652
Intangible assets	4,630	4,756	3,764	3,863
Right-of-use assets	10,590	—	10,490	—
Deferred income tax assets	35,388	30,691	33,898	29,500
Other assets	62,681	55,783	39,030	34,595
Total assets	6,273,743	5,994,822	6,075,181	5,806,212

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Balance Sheets as at 30 September 2019
(continued)

(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Liabilities and shareholders' equity	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Liabilities				
Borrowings from central bank	154,425	304,323	153,985	303,837
Deposits from banks and other financial institutions	894,961	915,222	900,581	921,908
Placements from banks and other financial institutions	119,461	176,638	118,458	176,136
Financial liabilities at fair value through profit or loss	1,371	987	1,352	873
Borrowings from other financial institutions	128,173	125,043	—	—
Negative fair value of derivatives	21,535	18,000	21,509	17,995
Financial assets sold under repurchase agreements	168,770	89,687	162,994	88,628
Deposits from customers	3,440,152	3,194,441	3,412,219	3,167,112
Employee benefits payable	10,268	11,130	9,942	10,804
Tax payable	22,279	13,118	21,652	12,487
Provisions	1,318	1,371	1,318	1,370
Debt securities issued	756,754	674,523	751,681	669,396
Lease liabilities	10,004	—	9,928	—
Deferred income tax liabilities	155	123	—	—
Other liabilities	41,041	39,215	25,921	22,565
Total liabilities	5,770,667	5,563,821	5,591,540	5,393,111

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Balance Sheets as at 30 September 2019
(continued)

(Expressed in millions of Renminbi, unless otherwise stated)

Liabilities and shareholders' equity (continued)	The Group		The Bank	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Shareholders' equity				
Share capital	43,782	43,782	43,782	43,782
Other equity instruments	49,884	9,892	49,884	9,892
Of which: Preference shares	9,892	9,892	9,892	9,892
Perpetual bonds	39,992	—	39,992	—
Capital reserve	57,409	57,470	57,150	57,150
Other comprehensive income	2,535	1,518	2,215	1,342
Surplus reserve	39,911	39,911	39,911	39,911
General reserve	74,468	74,370	73,129	73,129
Retained earnings	223,452	193,131	217,570	187,895
Total equity attributable to equity shareholders of the Company	491,441	420,074	483,641	413,101
Non-controlling interests	11,635	10,927	—	—
Total shareholders' equity	503,076	431,001	483,641	413,101
Total liabilities and shareholders' equity	6,273,743	5,994,822	6,075,181	5,806,212

Hong Qi
Legal Representative, Chairman

Zheng Wanchun
President

Bai Dan
Senior Management responsible
for finance and accounting

Li Wen
Person in charge
of the accounting department

(Company seal)

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Income Statements for the 9 Months Ended
30 September 2019

(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	9 months ended 30 September		9 months ended 30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1. Operating income				
Interest income	186,369	174,490	180,032	167,907
Interest expenses	(115,068)	(120,668)	(110,507)	(115,364)
Net interest income	71,301	53,822	69,525	52,543
Fee and commission income	42,835	39,137	41,749	37,770
Fee and commission expenses	(3,352)	(2,970)	(3,026)	(2,701)
Net fee and commission income	39,483	36,167	38,723	35,069
Investment gains	16,559	8,124	16,465	8,101
Of which: Income from termination of recognition of financial assets measured at amortised costs	657	796	647	796
Other gains	104	97	63	62
Gains from changes in fair value	38	14,431	125	14,444
Foreign exchange gains/(losses)	2,324	(149)	2,318	(148)
Other business income	3,319	3,160	496	900
Total operating income	133,128	115,652	127,715	110,971
2. Operating expenses				
Tax and surcharges	(1,264)	(1,210)	(1,160)	(1,149)
Operation and management expenses	(31,558)	(30,814)	(30,414)	(29,719)
Impairment losses on credit	(43,136)	(30,381)	(42,498)	(29,571)
Impairment losses on other assets	(123)	118	(122)	47
Other business expenses	(1,803)	(1,451)	(33)	(62)
Total operating expenses	(77,884)	(63,738)	(74,227)	(60,454)
3. Operating profit	55,244	51,914	53,488	50,517
Add: Non-operating income	39	30	38	21
Less: Non-operating expenses	(121)	(411)	(111)	(409)
4. Total profit	55,162	51,533	53,415	50,129
Less: Income tax expenses	(9,052)	(8,375)	(8,635)	(7,993)
5. Net profit	46,110	43,158	44,780	42,136
Net profit attributable to equity shareholders of the Company	45,529	42,685	44,780	42,136
Net profit attributable to non-controlling interests	581	473	—	—

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Income Statements for the 9 Months Ended
30 September 2019 (continued)

(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	9 months ended 30 September		9 months ended 30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
6. Other comprehensive income, net of tax	1,126	2,794	873	2,965
Other comprehensive income attributable to equity shareholders of the Company, net of tax	1,012	2,879	873	2,965
Items that may not be reclassified subsequently to profit or loss				
Changes in fair value of non-tradable equity instruments measured at fair value through profit and loss	24	—	—	—
Items that may be reclassified subsequently to profit or loss				
Financial assets measured at fair value and recorded in other comprehensive income				
Changes in fair value	144	2,447	211	2,593
Credit loss provision	752	316	728	308
Effective hedging arising from cash flow hedging instruments	(48)	(5)	(48)	(5)
Exchange difference on translating foreign operations	140	121	(18)	69
Other comprehensive income attributable to non-controlling interests, net of tax	114	(85)	—	—
7. Total comprehensive income	47,236	45,952	45,653	45,101
Total comprehensive income attributable to equity shareholders of the Company	46,541	45,564	45,653	45,101
Total comprehensive income attributable to non-controlling interests	695	388	—	—
8. Earnings per share (RMB)				
Basic earnings per share	1.04	0.97		
Diluted earnings per share	1.04	0.97		

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Income Statements for the 3 Months
from July to September 2019

(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	3 months from		3 months from	
	July to September		July to September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1. Operating income				
Interest income	63,501	60,364	61,280	58,200
Interest expenses	(37,723)	(40,416)	(36,175)	(38,744)
Net interest income	25,778	19,948	25,105	19,456
Fee and commission income	13,400	12,946	13,002	12,519
Fee and commission expenses	(1,199)	(1,106)	(1,099)	(1,002)
Net fee and commission income	12,201	11,840	11,903	11,517
Investment gains	7,994	846	7,949	859
Of which: Income from the termination of recognition of financial assets measured at amortised costs	293	374	283	374
Other gains	31	20	27	16
(Losses)/gains from changes in fair value	(2,929)	2,961	(2,909)	2,944
Foreign exchange gains	612	3,579	595	3,593
Other business income	1,185	1,041	136	178
Total operating income	44,872	40,235	42,806	38,563
2. Operating expenses				
Tax and surcharges	(429)	(429)	(366)	(390)
Operation and management expenses	(13,169)	(12,725)	(12,748)	(12,365)
Impairment losses on credit	(13,823)	(10,804)	(13,580)	(10,625)
Other impairment losses on assets	—	72	—	1
Other business expenses	(666)	(541)	(8)	(40)
Total operating expenses	(28,087)	(24,427)	(26,702)	(23,419)
3. Operating profit	16,785	15,808	16,104	15,144
Add: Non-operating income	15	9	15	7
Less: Non-operating expenses	(61)	(170)	(59)	(169)
4. Total profit	16,739	15,647	16,060	14,982
Less: Income tax expenses	(2,597)	(2,342)	(2,446)	(2,191)
5. Net profit	14,142	13,305	13,614	12,791
Net profit attributable to equity shareholders of the Company	13,906	13,067	13,614	12,791
Net profit attributable to non-controlling interests	236	238	—	—

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Income Statements for the 3 Months
from July to September 2019 (continued)
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	3 months from		3 months from	
	July to September		July to September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
6. Other comprehensive income, net of tax	289	1,122	228	1,027
Other comprehensive income attributable to equity shareholders of the Company, net of tax	243	1,103	228	1,027
Items that may not be reclassified subsequently to profit or loss				
Changes in fair value of non-tradable equity instruments measured at fair value through profit and loss	38	—	—	—
Items that may be reclassified subsequently to profit or loss				
Financial assets measured at fair value and recorded in other comprehensive income				
Changes in fair value	(269)	768	(97)	750
Credit loss provision	335	265	332	272
Effective hedging arising from cash flow hedging instruments	(31)	(12)	(31)	(12)
Exchange difference on translating foreign operations	170	82	24	17
Other comprehensive income attributable to non-controlling interests, net of tax	46	19	—	—
7. Total comprehensive income	14,431	14,427	13,482	13,818
Total comprehensive income attributable to equity shareholders of the Company	14,149	14,170	13,842	13,818
Total comprehensive income attributable to non-controlling interests	282	257	—	—
8. Earnings per share (RMB)				
Basic earnings per share	0.32	0.29		
Diluted earnings per share	0.32	0.29		

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Statements of Cash Flows
for the 9 Months Ended 30 September 2019
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	9 months ended 30 September		9 months ended 30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1. Cash flow from operating activities				
Net increase in deposits from customers and deposits from banks and other financial institutions	221,676	60,540	220,069	61,338
Net decrease in balances with central bank and balances with banks and other financial institutions	14,122	47,421	11,596	46,269
Cash received from interests, fee and commissions	179,394	171,683	172,802	165,312
Net increase in borrowings from central bank	—	30,737	—	31,000
Net decrease in placements with banks and other financial institutions	31,931	—	31,217	—
Net decrease in financial assets purchased under resale agreements	17,856	—	17,889	—
Net increase in financial assets sold under repurchase agreements	79,070	—	74,380	—
Cash received in relation to other operating activities	16,688	28,235	10,920	22,652
Subtotal of cash inflow from operating activities	560,737	338,616	538,873	326,571

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Statements of Cash Flows
for the 9 Months Ended 30 September 2019 (continued)
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	9 months ended		9 months ended	
	30 September		30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net increase in loans and advances to customers	(287,462)	(296,563)	(285,259)	(295,937)
Net decrease in placements from banks and other financial institutions	(56,137)	(26,657)	(56,906)	(28,307)
Net decrease in borrowings from the central bank	(151,983)	—	(151,937)	—
Net increase in placements with banks and other financial institutions	—	(52,210)	—	(69,165)
Net decrease in financial assets sold under repurchase agreements	—	(39,347)	—	(41,325)
Net increase in financial assets purchased under resale agreement	—	(25,922)	—	(25,414)
Net increase in financial assets held for trading purposes	(31,239)	(21,146)	(29,112)	(22,438)
Cash paid for interests, fee and commissions	(95,374)	(105,123)	(90,481)	(99,631)
Cash paid to and paid for employees	(19,393)	(17,513)	(18,609)	(16,680)
Taxes paid	(14,512)	(18,869)	(13,724)	(18,323)
Cash paid in relation to other operating activities	(24,293)	(73,621)	(18,412)	(33,412)
Subtotal of cash outflow from operating activities	(680,393)	(676,971)	(664,440)	(650,632)
Net cash flow from operating activities	(119,656)	(338,355)	(125,567)	(324,061)

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Statements of Cash Flows
for the 9 Months Ended 30 September 2019 (continued)
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	9 months ended		9 months ended	
	30 September		30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
2. Cash flow from investing activities				
Cash received from sale and redemption of investments	973,429	1,236,090	964,325	1,234,248
Cash received from investment returns	60,353	50,984	59,680	50,486
Cash received from disposal of fixed assets, intangible assets and other long-term assets	425	2,002	32	66
Subtotal of cash inflow from investing activities	1,034,207	1,289,076	1,024,037	1,284,800
Cash paid for investments	(1,029,614)	(982,069)	(1,018,278)	(973,952)
Cash paid for investments for subsidiaries or other business units	(3)	—	(238)	—
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	(6,073)	(3,580)	(1,913)	(1,894)
Subtotal of cash outflow from investing activities	(1,035,690)	(985,649)	(1,020,429)	(975,846)
Net cash flow from investing activities	(1,483)	303,427	3,608	308,954

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Statements of Cash Flows
for the 9 Months Ended 30 September 2019 (continued)
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	9 months ended		9 months ended	
	30 September		30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
3. Cash flow from financing activities				
Cash proceeds from issue of other equity instruments	40,000	—	40,000	—
Cash received from investments of non-controlling shareholders in subsidiaries	20	179	—	—
Cash proceeds from issue of debt securities	693,280	864,913	693,280	860,925
Subtotal of cash inflow from financing activities	733,300	865,092	733,280	860,925
Cash paid for repayment of debts	(623,453)	(836,695)	(623,453)	(836,695)
Cash paid for distribution of dividends, profit or interests payable of debt securities	(21,419)	(10,679)	(21,118)	(10,604)
Cash paid for other financing related activities	(2,101)	—	(2,032)	—
Subtotal of cash outflow from financing activities	(646,973)	(847,374)	(646,603)	(847,299)
Net cash flow from financing activities	86,327	17,718	86,677	13,626

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Statements of Cash Flows
for the 9 Months Ended 30 September 2019 (continued)
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	9 months ended		9 months ended	
	30 September		30 September	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
4. Effect of changes in foreign exchange rate on cash and cash equivalents	1,568	1,574	1,509	1,471
5. Changes in net cash and cash equivalents	(33,244)	(15,636)	(33,773)	(10)
Add: Cash and cash equivalents at the beginning of the period	138,026	109,099	125,067	86,204
6. Cash and cash equivalents at the end of the period	104,782	93,463	91,294	86,194

4.2 Adjustment on related items of financial statements of the beginning of the year when implementing new financial instrument standards, new income standards or new leasing standards for the first time

✓ Applicable ☐ Inapplicable

The Group has applied the new leasing standards since 1 January 2019. For the operating lease contracts of low-value assets existed before the first execution of the new leasing standards, the Group and the Company adopted a simplified method and did not recognise the right-of-use assets and lease liabilities, which had no significant impact on the financial statements. For other operating lease contracts existed before the first execution of the new leasing standards, the Group and the Company adopted different transitional methods according to their due terms:

- The contracts with due terms of more than one year and existed before the first execution date, will not be re-evaluated as a lease or include a lease. The Group and the Company determined the lease liabilities according to the lease payment amount due and incremental borrowing rates as at 1 January 2019. Based on the amount of the lease liabilities and prepaid rent, relevant adjustments will be made to determine the book value of right-of-use assets. The lessee weighted average incremental borrowing interest rates applicable to lease liabilities on 1 January 2019 was 4.59%.

- The contracts with due terms of less than one year, the Group and the Company adopted a simplified method and did not recognise the right-of-use assets and lease liabilities, which had no significant impact on the financial statements.

The impact of the new leasing standards on the Group and the Company is as follows:

	<u>The Group</u>	<u>The Company</u>
Right-of-use assets	11,339	11,229
Lease liabilities	10,609	10,498

On 1 January 2019, the Group and the Company adjusted the outstanding minimum operating lease payment disclosed under the original leasing standards to the lease liabilities recognised under the new leasing standards as follows:

	<u>The Group</u>	<u>The Company</u>
Operating lease commitment as at 31 December 2018	<u>13,679</u>	<u>13,269</u>
Lessee's remaining lease payment on the first applicable date after discount rate	10,877	10,712
Add: Items adjusted due to renewal option or canceling option	1	1
Less: Short-term lease amortised into profit or loss by straight-line method	(239)	(185)
Less: Low-value assets lease amortised into profit or loss according by straight-line method	<u>(30)</u>	<u>(30)</u>
Lease liabilities confirmed on 1 January 2019	<u>10,609</u>	<u>10,498</u>

4.3 Explanation to the comparative data at the early stage of retrospective adjustment when implementing new financial instrument standards or new leasing standards for the first time

☒ Applicable ☐ Inapplicable

The Group has applied the new leasing standards since 1 January 2019, and has not restated the comparative figures in the 2018 Annual Report in accordance with the transitional provisions of the new leasing standard. The reclassification and adjustments due to the adoption of the new leasing standards were confirmed in the Group and the Company's Balance Sheets dated 1 January 2019.

4.4 Audit reports

☐ Applicable ☒ Inapplicable