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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)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made by China Minsheng Banking Corp., Ltd. (the “**Bank**”) 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 the Laws of Hong Kong.

Please refer to the attached 2022 First Quarterly Report of China Minsheng Banking Corp., Ltd. released by the Bank on the website of Shanghai Stock Exchange and newspapers in the PRC.

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

Beijing, PRC
29 April 2022

As at the date of this announcement, the Executive Directors of the Bank are Mr. Gao Yingxin, Mr. Zheng Wanchun and Mr. Yuan Guijun; the Non-Executive Directors are Mr. Zhang Hongwei, Mr. Lu Zhiqiang, Mr. Liu Yonghao, Mr. Shi Yuzhu, Mr. Wu Di, Mr. Song Chunfeng, Mr. Yang Xiaoling and Mr. Zhao Peng; and the Independent Non-Executive Directors are Mr. Liu Jipeng, Mr. Li Hancheng, Mr. Xie Zhichun, Mr. Peng Xuefeng, Mr. Liu Ningyu and Mr. Qu Xinjiu.

2022 First Quarterly Report

China Minsheng Banking Corp., Ltd.

The Board of Directors and all Directors of the Bank warrant that there are no misstatements, misleading representations or material omissions in the contents of this announcement and shall assume several and joint liabilities for the truthfulness, accuracy and completeness of the contents.

Important Notice

The Board of Directors (the “Board”), the Board of Supervisors and the Directors, Supervisors and Senior Management of China Minsheng Banking Corp., Ltd. (the “Bank”) warrant the truthfulness, accuracy and completeness of the contents of this quarterly report and that there are no misstatements, misleading representations or material omissions, and shall assume several and joint liabilities.

GAO Yingxin (Chairman), ZHENG Wanchun (President), LI Bin (person in charge of finance and accounting) and YIN Xuwen (person in charge of the accounting department) warrant the truthfulness, accuracy and completeness of the financial statements included in this quarterly report.

The financial statements in the First Quarterly Report are audited or not.

☐ Yes ☒ No

The financial data and indicators contained in this quarterly report are unaudited and are prepared in accordance with the Chinese accounting standards. Unless otherwise specified, all amounts are consolidated data of the Bank and its subsidiaries (the “Group”) and are denominated in Renminbi.

The forward-looking statements about matters such as future plans in this quarterly report do not constitute substantive commitments of the Bank to the investors, and the investors and related persons shall maintain sufficient risk awareness in this regard, and shall understand the difference among plans, forecasts and commitments.

I. Major Financial Data

(I) Major accounting data and financial indicators

	As at the end of the Reporting Period 31 March 2022	As at the end of the previous year 31 December 2021	Changes from the end of the previous year to the end of the Reporting Period
			Increase/ decrease (%)
Scale indicators (RMB million)			
Total assets	7,157,698	6,952,786	2.95
Total loans and advances to customers	4,189,399	4,045,692	3.55
Of which: Corporate loans and advances	2,454,343	2,304,361	6.51
Personal loans and advances	1,735,056	1,741,331	-0.36
Total non-performing loans (NPLs)	73,029	72,338	0.96
Allowance for impairment losses on loans	104,510	105,108	-0.57
Total liabilities	6,558,951	6,366,247	3.03
Total deposits from customers	3,941,615	3,775,761	4.39
Of which: Corporate deposits	3,027,813	2,944,013	2.85
Personal deposits	905,755	825,423	9.73
Other deposits	8,047	6,325	27.23
Total equity attributable to shareholders of the Bank	586,407	574,280	2.11
Total equity attributable to holders of ordinary shares of the Bank	496,443	484,316	2.50
Net assets per share attributable to holders of ordinary shares of the Bank (RMB)	11.34	11.06	2.53
			Changes by percentage points
Asset quality indicators (%)			
NPL ratio	1.74	1.79	-0.05
Allowance to NPLs	143.11	145.30	-2.19
Allowance to total loans	2.49	2.60	-0.11

	During the Reporting Period January- March 2022	The corresponding period of the previous year January- March 2021	Changes of the Reporting Period over the corresponding period of the previous year
Operating results (RMB million)			Increase/ decrease (%)
Operating income	36,634	43,072	-14.95
Net interest income	27,547	33,889	-18.71
Net profit attributable to holders of equity shares of the Bank	13,724	14,747	-6.94
Net profit attributable to holders of equity shares of the Bank excluding extraordinary gain/loss items	13,691	14,757	-7.22
Net cash flow from operating activities	142,204	61,197	132.37
Data per share (RMB)			
Basic earnings per share	0.31	0.34	-8.82
Diluted earnings per share	0.31	0.34	-8.82
Net cash flow per share from operating activities	3.25	1.40	132.14
Profitability indicators (%)			Changes by percentage points
Return on average assets (annualised)	0.78	0.83	-0.05
Return on weighted average equity (annualised)	11.19	12.62	-1.43
Return on weighted average equity excluding extraordinary gain/loss items (annualised)	11.17	12.63	-1.46
Cost-to-income ratio	26.05	21.78	4.27
Net interest spread (annualised)	1.59	2.02	-0.43
Net interest margin (annualised)	1.69	2.10	-0.41

Notes:

1. $\text{Return on average assets} = \text{net profit} / \text{average balance of total assets at the beginning and the end of the period.}$
2. Earnings per share and return on weighted average equity were calculated according to the regulations including the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings Per Share (2010 Revision) (《公開發行證券的公司信息披露編報規則第 9 號 – 淨資產收益率和每股收益的計算及披露》(2010 年修訂)) promulgated by China Securities Regulatory Commission, etc.
3. $\text{Cost-to-income ratio} = \text{business and management expenses} / \text{operating income.}$
4. $\text{Net interest spread} = \text{average return ratio on interest-earning assets} - \text{average cost ratio of interest-bearing liabilities.}$
5. $\text{Net interest margin} = \text{net interest income} / \text{average balance of interest-earning assets.}$
6. Total loans and advances to customers, total deposits from customers and the compositions of which did not include accrued interests.
7. Allowance for impairment losses on loans included allowance for impairment losses on loans measured at amortised cost, and allowance for impairment losses on loans at fair value through other comprehensive income.
8. Other deposits included issued certificates of deposit, outward remittance and remittance payables.
9. $\text{NPL ratio} = \text{total NPLs} / \text{total loans and advances to customers.}$
10. Allowance to NPLs and allowance to total loans were calculated according to the Notice on Adjusting the Regulatory Requirements on Allowance for Impairment Losses on Loans of Commercial Banks (Yin Jian Fa [2018] No.7) (《關於調整商業銀行貸款損失準備監管要求的通知》(銀監發[2018]7號)) promulgated by China Banking and Insurance Regulatory Commission. As at the end of the Reporting Period, the regulatory standards for allowance to NPLs and allowance to total loans applicable to the Group and the Bank were 130% and 1.8%, respectively. Allowance to NPLs = allowance for impairment losses on loans/total NPLs; allowance to total loans = allowance for impairment losses on loans/total loans and advances to customers.

(II) Extraordinary gain/loss

Item (RMB million)	January- March 2022	January- March 2021
Government subsidies	27	11
Expenses on donations	-2	—
Net gain/loss from disposals of non-current assets	—	-5
Other net extraordinary gain/loss	33	-15
Income tax effect of the extraordinary gain/loss	-20	1
Extraordinary gain/loss impact, net of tax	38	-8
Of which: Extraordinary gain/loss impact on net profit attributable to holders of equity shares of the Bank	33	-10
Extraordinary gain/loss impact on net profit attributable to non-controlling interests	5	2

Note: Calculated in accordance with the Explanatory Announcement No. 1 on Information Disclosure by Companies offering Securities to the Public – Extraordinary Gain/Loss (2008 Revision) (《公開發行證券的公司信息披露解釋性公告第 1 號 – 非經常性損益 (2008 年修訂)》).

Explanation on defining the extraordinary gain/loss items listed in the Explanatory Announcement No. 1 on Information Disclosure by Companies offering Securities to the Public – Extraordinary Gain/Loss as ordinary gain/loss items

☐ Applicable ☒ Not applicable

(III) Changes in major accounting data and financial indicators and explanation on such changes

☒ Applicable ☐ Not applicable

Item	January- March 2022	January- March 2021	Increase(%)	Main Reason
Net cash flow from operating activities (RMB million)	142,204	61,197	132.37	Increase in the net decrease in placements with banks and other financial institutions overdue for more than 3 months from the original due date
Net cash flow per share from operating activities (RMB)	3.25	1.40	132.14	

II. Information on Shareholders

(I) Total number of holders of ordinary shares and particulars of shareholding of the top ten holders of ordinary shares

Unit: share

Total number of holders of ordinary shares as at the end of the Reporting Period	427,905	Total number of holders of preference shares whose voting rights had been restored as at the end of the Reporting Period (if any)	–
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Particulars of shareholding of the top ten holders of ordinary shares

Name of shareholder	Type of shareholder	Number of shares held	Shareholding percentage (%)	Number of shares held subject to restriction on sales	Shares pledged, marked or frozen	
					Status	Number
HKSCC Nominees Limited	Others	8,284,807,550	18.92	–	Unknown	
Dajia Life Insurance Co., Ltd. – Universal Product	Domestic legal person	4,508,984,567	10.30	–	Nil	
Dajia Life Insurance Co., Ltd. – Traditional Product	Domestic legal person	2,843,300,122	6.49	–	Nil	
Tsinghua Tongfang Guoxin Investment Holding Co., Ltd.	Domestic non-state-owned legal person	1,888,530,701	4.31	–	Pledged	1,850,802,321
New Hope Liuhe Investment Co., Ltd.	Domestic non-state-owned legal person	1,828,327,362	4.18	–	Nil	
China Oceanwide Holdings Group Co., Ltd.	Domestic non-state-owned legal person	1,803,182,618	4.12	–	Pledged Frozen Marked	1,799,582,617 388,800,001 1,410,782,617
Shanghai Giant Lifetech Co., Ltd.	Domestic non-state-owned legal person	1,379,679,587	3.15	–	Pledged	1,379,678,400
Huaxia Life Insurance Co., Ltd. – Universal Insurance Product	Domestic non-state-owned legal person	1,375,763,341	3.14	–	Nil	
China Shipowners Mutual Assurance Association	Domestic non-state-owned legal person	1,324,284,453	3.02	–	Nil	
Orient Group Incorporation	Domestic non-state-owned legal person	1,280,117,123	2.92	–	Pledged Frozen Marked	1,270,709,488 9,407,635 1,270,709,488

Particulars of shareholding of the top ten holders of ordinary shares not subject to restriction on sales

Name of shareholder	Number of shares held not subject to restriction on sales	Class and number of shares	
		Class	Number
HKSCC Nominees Limited	8,284,807,550	Overseas listed foreign invested shares	8,284,807,550
Dajia Life Insurance Co., Ltd. – Universal Product	4,508,984,567	Ordinary shares in RMB	4,508,984,567
Dajia Life Insurance Co., Ltd. – Traditional Product	2,843,300,122	Ordinary shares in RMB	2,843,300,122
Tsinghua Tongfang Guoxin Investment Holding Co., Ltd.	1,888,530,701	Ordinary shares in RMB	1,888,530,701
New Hope Liuhe Investment Co., Ltd.	1,828,327,362	Ordinary shares in RMB	1,828,327,362
China Oceanwide Holdings Group Co., Ltd.	1,803,182,618	Ordinary shares in RMB	1,803,182,618
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
Statement on the related relationship or concerted actions among the above shareholders	1.	Dajia Life Insurance Co., Ltd. – Universal Product and Dajia Life Insurance Co., Ltd. – Traditional Product have the same legal person;	
	2.	Save as mentioned above, the Bank is not aware of any related relationship or concerted action among the above shareholders.	
Statement on margin trading, short selling and refinancing engaged by the top ten shareholders and the top ten holders of shares not subject to restriction on sales (if any)	1.	The margin account of China Oceanwide Holdings Group Co., Ltd. holds 3,600,000 shares of the Bank, representing 0.0082% of total share capital of the Bank;	
	2.	Save as mentioned above, the Bank is not aware of any margin trading, short selling and refinancing engaged by the above shareholders.	

Notes:

1. The number of shares held by holders of H shares was recorded in accordance with the register of members as kept by the H share registrar of the Bank;
2. HKSCC Nominees Limited acted as an agent, representing the total amount of H shares of the Bank held by all institutional and individual investors that registered account with it as at 31 March 2022;
3. Shares pledged by China Oceanwide Holdings Group Co., Ltd. included 388,800,000 shares frozen after the pledge and 1,410,782,617 shares under judicial marking after pledge; on 8 April 2022, the 388,800,001 frozen shares and 1,410,782,617 shares under judicial marking held by China Oceanwide Holdings Group Co., Ltd. were under waiting list freezing;
4. The 1,270,709,488 shares pledged by Orient Group Incorporation were all under judicial marking.

(II) Total number of holders of preference shares and particulars of shareholding of the top ten holders of preference shares

✓Applicable □ Not applicable

Unit: share

Total number of holders of preference shares as at the end of the Reporting Period

26

Particulars of shareholding of the top ten holders of preference shares

Name of shareholder	Type of shareholder	Number of shares held	Shareholding percentage (%)	Number of shares held subject to restriction on sales	Shares pledged, marked or frozen	
					Status	Number
Bosera Fund – ICBC – Bosera – ICBC – Flexible Allocation No. 5 Specific Multi – Customer Asset Management Plan	Others	20,000,000	10.00	–	Nil	–
China Post & Capital Fund – Huaxia Bank – Huaxia Bank Co., Ltd.	Others	18,000,000	9.00	–	Nil	–
Hwabao Trust Co., Ltd. – Hwabao Trust – Bao Fu Investment No. 1 Collective Fund Trust Plan	Others	17,780,000	8.89	–	Nil	–
Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – General Insurance Product	Others	14,000,000	7.00	–	Nil	–
CCB Trust Co., Ltd. – “Qian Yuan – Ri Xin Yue Yi” Open-Ended Wealth Management Single Fund Trust	Others	14,000,000	7.00	–	Nil	–
Jiangsu International Trust Corporation Limited – JSITC – He Xiang Tian Li No.1 Collective Fund Trust Plan	Others	12,220,000	6.11	–	Nil	–
China Life Insurance Company Limited – Traditional – General Insurance Product – 005L – CT001SH	Others	10,000,000	5.00	–	Nil	–
Ping An Property & Casualty Insurance Company of China, Ltd. – Self-Owned Funds	Others	10,000,000	5.00	–	Nil	–
Taiping Life Insurance Co., Ltd. – Traditional – General Insurance Product – 022L – CT001SH	Others	10,000,000	5.00	–	Nil	–
Guotai Junan Securities Asset Management – Futong • Rixin H14001 RMB Wealth Management Product – Guojun Asset Management 0638 Targeted Asset Management Contract	Others	10,000,000	5.00	–	Nil	–
BOCOM Schroder Asset Management – BOCOM – BOCOM Schroder Asset Management Zhuoyuan No. 2 Collective Asset Management Plan	Others	10,000,000	5.00	–	Nil	–

Particulars of shareholding of the top ten holders of preference shares whose voting rights had been restored

Name of shareholder	Number of preference shares with restored voting rights
Nil	–

Statement on the related relationship or concerted actions among the above shareholders

There was related relationship between “Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – General Insurance Product” and “Ping An Property & Casualty Insurance Company of China, Ltd. – Self-Owned Funds”. Save as disclosed above, the Bank is not aware of any related relationship or concerted action among the above holders of domestic preference shares or among the above holders of domestic preference shares and the top 10 holders of ordinary shares.

Notes:

1. The number of shares held by the holders of domestic preference shares was recorded in accordance with the register of holders of domestic preference shares of the Bank;
2. “Shareholding percentage” refers to the number of shares held by the holders of domestic preference shares as a percentage of the total number of domestic preference shares of the Bank.

III. Other Reminders

Other important information about the operation of the Bank during the Reporting Period that investors need to pay attention to

☒ Applicable ☐ Inapplicable

(I) Management discussion and analysis

During the Reporting Period, the Group resolutely implemented the decisions and arrangements of the CPC Central Committee and the requirements of China Banking and Insurance Regulatory Commission (CBIRC), grasped the strategic opportunity arising from long-term positive economic trend, actively responded to the complicated and changing internal and external situation, and coordinated the implementation of strategies and significant reforms in accordance with requirements of stability on the six fronts (e.g. employment, financial operations, foreign trade, foreign investment, domestic investment and market expectations) and security in six areas (e.g. employment, people’s livelihood, the development of market entities, food and energy security, stable operation of the industrial and supply chains and smooth functioning at the community level). The Group acted in line with the development spirit of “finance returning to origins and serving the economic and social development”, focused on the work arrangements of “stabilising growth, expanding customer groups, consolidating foundation, adjusting structure, optimising evaluation, controlling risk, enhancing technology, and promoting reform” made at the beginning of the year, and fully integrated into and served national strategies. Committed to the customer-centric operation philosophy, the Group continuously strengthened customer and product base, optimised business structure, enhanced risk management and control capability, and sped up digital transformation, so as to further enhance the quality and efficiency in serving the real economy.

During the Reporting Period, the Group realised net profit attributable to holders of equity shares of the Bank of RMB13,724 million, representing a decrease of RMB1,023 million, or 6.94%, as compared with the corresponding period of the previous year. The Group recorded an operating income of RMB36,634 million, representing a decrease of RMB6,438 million, or 14.95%, as compared with the corresponding period of the previous year. The main reasons for the decline in operating income were: the Bank further optimised customer group structure, reduced credit risk and increased credit granting to high quality customers while deepening customer group management; the Bank continued to implement the policies on fee reductions and enhanced the support for the real economy; during the Reporting Period, the average return rate of loans and advances to customers of the Bank declined as compared with the corresponding period of the previous year, resulting in a decrease of RMB4,040 million in interest rate income from loans as compared with the corresponding period of the previous year. The Bank constantly optimised investment structure and enhanced the comprehensive financial service capability to support the economic and social development. As at the end of the Reporting Period, the balance of domestic investments in real estate industry decreased by 18.78% as compared with the end of the corresponding period of the previous year. During the Reporting Period, the average return rate of financial investments of the Bank dropped as compared with the corresponding period of the previous year, leading to a decrease of RMB1,404 million in interest income from investments as compared with the corresponding period of the previous year. Affected by capital market, insurance policy and other factors, business scale of fund agency and single-premium insurance agency and other businesses shrank, and the income from agency business of the Bank decreased by RMB947 million as compared with the corresponding period of the previous year.

1. *Assets and liabilities grew rapidly with continuously optimised structure*

During the Reporting Period, the Group pooled efforts to guide and support credit granting, and achieved rapid growth of loans, which took greater proportion in total assets. As at the end of the Reporting Period, total assets of the Group amounted to RMB7,157,698 million, representing an increase of RMB204,912 million, or 2.95%, as compared with the end of the previous year. Of which, loans and advances to customers totaled RMB4,189,399 million, representing an increase of RMB143,707 million, or 3.55%, as compared with the end of the previous year, accounting for 58.53% of total assets, representing an increase of 0.34 percentage points as compared with the end of the previous year. During the Reporting Period, the credit structure of the Bank was further optimised. As at the end of the Reporting Period, the balance of loans to the manufacturing industry amounted to RMB385,198 million, representing an increase of RMB38,513 million, or 11.11%, as compared with the end of the previous year; the balance of green credit amounted to RMB124,056 million, representing an increase of RMB16,739 million, or 15.60%, as compared with the end of the previous year; the balance of loans to key regions, such as Guangdong-Hong Kong-Macau Greater Bay Area, Yangtze River Delta, Beijing-Tianjin-Hebei and Chengdu-Chongqing, amounted to RMB2,505,534 million, representing an increase of RMB129,310 million, or 5.44%, as compared with the end of the previous year, the growth rate of which was significantly higher than the average loan growth rate of the whole Bank. With more credit resources constantly allocated to key areas and regions, the capability of the Bank to serve national key areas was enhanced.

The Group focused on key customer groups and key products, allocated more resources, strengthened the cultivation of basic customers, and optimised the construction of deposit platform, realising relatively rapid growth of deposits. At the same time, the deposit customer structure was improved with rising proportion of personal deposits and greater deposit stability. As at the end of the Reporting Period, total liabilities of the Group amounted to RMB6,558,951 million, representing an increase of RMB192,704 million, or 3.03%, as compared with the end of the previous year; total deposits from customers reached RMB3,941,615 million, representing an increase of RMB165,854 million, or 4.39%, as compared with the end of the previous year, and representing an increase of RMB185,017 million as compared with the increased amount of the corresponding period of the previous year, accounting for 60.10% of total liabilities, representing an increase of 0.79 percentage points as compared with the end of the previous year. Of which, personal deposits amounted to RMB905,755 million, representing an increase of RMB80,332 million, or 9.73%, as compared with the end of the previous year, accounting for 22.98% of deposits from customers, representing an increase of 1.12 percentage points as compared with the end of the previous year. The scale of core liabilities¹ of the Bank continued to expand. As at the end of the Reporting Period, core liabilities totaled RMB3,682,555 million, representing an increase of RMB143,386 million, or 4.05%, as compared with the end of the previous year, representing an increase RMB83,621 million as compared with the increased amount of the corresponding period of the previous year.

¹ Core liabilities refer to other deposits than structured deposits and negotiated deposits.

2. *The depth of customer group management was expanded and product and service capability was improved*

During the Reporting Period, the Bank maintained strategic focus, thoroughly implemented the value proposition of “customer first”, promoted and improved professional classified and segmented management system of customer groups, continuously optimised corporate, retail and treasury business models and enhanced the quality and efficiency of customer services. Oriented to enhance customer experience, the Bank analysed the needs of segmented customer groups, continuously improved basic products and services, focused on innovated and distinctive products and models, and created value for customers.

(1) Corporate banking business

During the Reporting Period, the Bank insisted on customer-centric philosophy, continued to deepen and improve the marketing system reform of corporate banking business, solidly pressed ahead with the transformations of service model for strategic customer group and acquisition model for basic customer group, as a result, the vitality of system reform was gradually released, and all lines of business achieved steady and healthy development. As at the end of the Reporting Period, corporate deposits totaled RMB3,017,078 million, representing an increase of RMB83,660 million, or 2.85%, as compared with the end of the previous year; the balance of corporate loans amounted to RMB2,450,310 million, representing an increase of RMB150,363 million, or 6.54%, as compared with the end of the previous year; the number of effective corporate customers² was 275.1 thousand, representing an increase of 7,024, or 2.62%, as compared with the end of the previous year.

Marketing and service models of strategic customer groups were continuously optimised. During the Reporting Period, the Bank continued to deepen the implementation of the new marketing model of strategic customer groups, focused on strategic customers, promoted supply chain-based development and ecosystem-based customer acquisition, advanced the integrated development of large, medium, small, micro and retail businesses, and achieved a good start in the transformation and development of corporate banking business. The business scale of strategic customer groups maintained rapid expansion. As at the end of the Reporting Period, the number of strategic customers of the Head Office level and of the branch level of the Bank was 1,418, representing an increase of 2 as compared with the end of the previous year; the balance of deposits reached RMB1,041,161 million, representing an increase of RMB78,710 million, or 8.18%, as compared with the end of the previous year; the balance of loans amounted to RMB985,912 million, representing an increase of RMB95,886 million, or 10.77%, as compared with the end of the previous year.

² To demonstrate the integrated management philosophy of large, medium, small and micro enterprises, the Bank changed the definition and the statistic caliber of effective customers, and the new caliber comprehensively evaluates customers from aspects including deposit scale, transaction records and credit granting records.

Management of basic customer groups was consolidated and improved. During the Reporting Period, the Bank accelerated the development of the new marketing model of basic customer groups. On the basis of the optimised classified and segmented management system of customer groups and the implementation of the “Joint Hands Plan”, “SME Credit Plan”, and the “Sparks Plan”, the Bank focused on the upstream and downstream of strategic customers, the “dedicated, refined, distinctive and innovative” customer groups of the Beijing Stock Exchange, and the medium, small and micro enterprises of various industrial parks, integrated resources to strengthen financial and non-financial services and comprehensively enhanced customer service efficiency. In the meantime, the Bank constantly enhanced online service capability for medium, small and micro customers, continuously improved and upgraded E-Account Opening services, strengthened the marketing and promotion of online products including E-Procurement and E-Credit Finance, and continued to improve the service system of basic customer groups. During the Reporting Period, the number of new corporate customers of the Bank was 63,293, of which, basic customers accounted for 71.32%.

Transaction banking product system was improved. During the Reporting Period, the Bank strove to promote the innovation and online operation of products. With solving the pain points of enterprises’ needs as the core and enhancing customer experience as the focus, the Bank deepened the promotion and application of settlement and cash management products, and accelerated the process of online migration of international business products, continuously enhanced product and service efficiency of electronic letters of guarantee and online bills, so as to optimise customer service capability. During the Reporting Period, the daily average deposits under settlement products amounted to RMB944,330 million, representing an increase of RMB18,682 million, or 2.02%, as compared with the previous year; a total of 1,232 electronic letters of guarantee were issued, representing an increase of 256, or 26.23%, as compared with the corresponding period of the previous year; the balance of discounted bills of the Bank was RMB326,368 million, representing an increase of RMB45,763 million, or 16.31%, as compared with the end of the previous year.

Customised investment banking service was enhanced. During the Reporting Period, the Bank deepened the marketing of diversified investment banking products of strategic customers including bond issuance, asset securitisation, M&A loans, syndicated loans, project loans and equity financing through “optimising business models and refining application scenarios”. It strengthened the development of comprehensive businesses, and improved comprehensive and customised investment banking services for strategic customers, satisfying customers’ diversified financial needs in all-around manner. As at the end of the Reporting Period, the balance of M&A loans and M&A syndicated loans reached RMB158,606 million, representing an increase of RMB11,667 million, or 7.94%, as compared with the end of the previous year; the balance of domestic syndicated loans amounted to RMB92,886 million, representing an increase of RMB5,260 million, or 6.00%, as compared with the end of the previous year.

Institutional business developed in a steady and healthy manner. During the Reporting Period, the Bank refined the management of local government bond investments, reasonably controlled the distribution and investment limit, steadily promoted the cash management business of local treasury and assisted local governments to fight against the pandemic and promote economic development. The Bank pushed forward the construction of and cooperation with intelligent government service platform, helped local governments deepen the reform of “streamlining administration and delegating power, improving regulation and upgrading services”, and obtained high quality liabilities. The Bank conducted differentiated marketing to institutional customer groups, strove to acquire more business permits and licenses, and greatly expanded customer base. As at the end of the Reporting Period, the balance of institutional deposits of the Bank amounted to RMB798,227 million, representing an increase of RMB13,693 million as compared with the end of the previous year.

(2) Retail banking business

During the Reporting Period, the Bank recorded operating income from retail business of RMB17,079 million, representing a decrease of 4.55% as compared with the corresponding period of the previous year, accounting for 49.82% of total operating income of the Bank, representing an increase of 6.33 percentage points as compared with the corresponding period of the previous year (accounting for 49.16% of operating income from corporate and retail businesses of the Bank, representing an increase of 5.77 percentage points as compared with the corresponding period of the previous year). Net non-interest income from retail business amounted to RMB3,766 million, representing a decrease of 9.08% as compared with the corresponding period of the previous year, accounting for 22.05% of operating income from retail business and 47.65% of net non-interest income of the Bank, representing a decrease of 2.86 percentage points as compared with the corresponding period of the previous year.

As at the end of the Reporting Period, total assets of retail customers under the management of the Bank amounted to RMB2,164,460 million, representing an increase of RMB71,800 million as compared with the end of the previous year. Of which, savings deposits amounted to RMB887,825 million, representing an increase of RMB79,081 million as compared with the end of the previous year. Total amount of retail wealth management products reached RMB949,280 million, representing an increase of 1.28% as compared with the end of the previous year.

As at the end of the Reporting Period, retail loans of the Bank (including credit card overdraft business) totaled RMB1,759,222 million, representing a decrease of RMB635 million as compared with the end of the previous year. Of which, credit card overdrafts amounted to RMB459,992 million, representing a decrease of RMB12,085 million as compared with the end of the previous year. Mortgage loans amounted to RMB594,737 million, representing an increase of RMB2,546 million as compared with the end of the previous year.

Basic customer groups were expanded. Firstly, the Bank continued to strengthen the main customer acquisition channel of payroll agency and deepen the integrated coordination. During the Reporting Period, the number of new payroll agency enterprises increased by 76.60% as compared with the corresponding period of the previous year. Secondly, the Bank deepened the cross-selling of credit cards. During the Reporting Period, the number of new debit card holders transferred from existing credit card holders increased by 39.43% as compared with the corresponding period of the previous year. Thirdly, based on the ecosystem-oriented cooperation with large platform, the Bank developed customer acquisition model through flow conversion from consumption scenarios, transportation scenarios, content scenarios and UnionPay ecosystem cooperation scenarios. Fourthly, the Bank focused on large projects and promoted customer acquisition from flexible employment platforms. During the Reporting Period, against the unfavourable background of the resurging pandemic and temporary lockdowns in cities where a few branches were located, the number of new customers of the Bank achieved steady growth, and the accumulated number of new individual customers reached 1,085.4 thousand, representing an increase of 3.35% as compared with the corresponding period of the previous year, of which, the number of customers with deposits and the number of new effective customers were 562.9 thousand and 105.7 thousand, respectively, representing increases of 7.28% and 13.53% as compared with the corresponding period of the previous year, respectively.

As at the end of the Reporting Period, the number of retail customers of the Bank was 111,912.5 thousand, representing an increase of 1,774.7 thousand as compared with the end of the previous year. Of which, the number of credit card customers was 45,569.2 thousand, representing an increase of 1.54% as compared with the end of the previous year. The accumulated number of cross-selling customers was 18,753.8 thousand. The number of retail loan customers was 2,767.7 thousand, representing an increase of 58.9 thousand as compared with the end of the previous year.

Professional management of segmented customer groups was deepened. Firstly, the Bank carried out differentiated management of segmented retail customer groups. It conducted standardised journey management of general customer groups, focused on the journeys of new customers, planned and conducted online management operations, and provided new customers with standardised services covering all service nodes. Pilot programmes had been rolled out at branches. By highlighting differentiated non-financial benefit market advantages of private banking customers and taking family trust as the breakthrough, the Bank conducted personalised management of private banking customer groups. During the Reporting Period, the number of private banking customers introduced from family trust business for private banking customer groups exceeded 200. The Bank developed “Minsheng Intelligent Butler” service system and conducted customised management of entrepreneur customer group. Eight service series and 19 customised services had been launched. Secondly, the Bank continuously deepened distinctive customer group management, developed portraits of payroll agency enterprise customer group, built service scenarios and sport scenarios of online courses for the elderly customer group of “Happy College (悦享學院)” and strengthened segmented management of customer groups.

Products and services were enhanced. Firstly, the Bank promoted targeted marketing of wealth management business through optimising wealth management product shelf and streamlining mapping of recommended wealth management products, carried out contrarian selection of preferred publicly offered funds. Secondly, the Bank consolidated basic products and services and launched the services for electronic social security card and pledge of certificated savings bonds. Thirdly, the Bank accelerated the upgrading of payment platforms and put online the Daily Life App (Quick Pass version), increasing the transaction volume and frequency of electronic payments. During the Reporting Period, total transaction volume of electronic payments amounted to RMB142,058 million, representing an increase of 29.61% as compared with the corresponding period of the previous year, and the number of transactions was 306 million, representing an increase of 13.62% as compared with the corresponding period of the previous year. Fourthly, the Bank introduced 23 benefit reservation services into the VIP benefit system of “Apex Privileges”, during the Reporting Period, the use rate of private banking customers accounted for over 10% of the total.

Digitalisation empowered the management of retail customer groups. Firstly, the Bank deepened digital marketing and made breakthroughs in marketing through corporate WeChat accounts and AI-based outbound calls. During the Reporting Period, the number of customers newly added the corporate WeChat accounts of the Bank was 1,272.5 thousand, and 78.06% of total new customers added the accounts. As at the end of the Reporting Period, digital targeted marketing was under solid progress with 702 strategies produced, representing an increase of 254 as compared with the end of the previous year. Secondly, the Bank optimised digital risk control, improved risk control decision-making system of proprietary loan business, pushed forward process optimisation, strengthened data analysis and self-risk control of platform cooperation-based loans, and comprehensively upgraded the anti-fraud system. As at the end of the Reporting Period, the approval rate of online application for the first credit card increased by 1.52 percentage points as compared with the end of the previous year. In terms of post-loan management, the Bank accurately segmented customer groups with the support of AI technology and adopted differentiated collection strategies accordingly.

As at the end of the Reporting Period, the balance of small business loans³ of the Bank amounted to RMB615,341 million, representing an increase of RMB14,591 million as compared with the end of the previous year. The number of small business customers with loan balance (excluding customers taking loans through the Bank's cooperation with MY Bank) was 336 thousand, representing an increase of 3,947 as compared with the end of the previous year. The balance of inclusive small business loans amounted to RMB511,104 million, representing an increase of RMB6,289 million as compared with the end of the previous year.

As at the end of the Reporting Period, financial assets of small business customers amounted to RMB643,548 million, representing an increase of RMB12,954 million as compared with the end of the previous year. Of which, personal financial assets of small business amounted to RMB528,007 million, representing an increase of RMB29,552 million as compared with the end of the previous year.

3 Small business loans include small business loans to legal persons and to individual customers.

Inclusive finance services were upgraded. Firstly, the Bank steadily pressed ahead with online migration. The Bank accelerated the promotion of Minsheng Small Business App. As at the end of the Reporting Period, the number of users of Minsheng Small Business App exceeded 250 thousand, laying a solid foundation for enhancing online basic service and digital operation capabilities. Secondly, the Bank continued to enrich financial products of small business. Minsheng Cloud Express Credit realised full-channel investigation on mobile devices. Breakthroughs have been made in the distributions of Cloud Enterprise Loan, Cotton Grower Loan and Photovoltaic Loan. Thirdly, the Bank insisted on the integrated development model of large, medium, small and micro enterprises, and advanced the launching of supply chain credit enhancement project in small business. Fourthly, the Bank carried out small business marketing activities in industrial parks and established the service system of small enterprises with “Happy Rent (享樂租) + Factory Building Mortgage/Rent Loan” as the main body and “Sci-tech and Innovation Loan + Non-Financial Services” as the supplement.

Fintech supported the development of small business. Firstly, the Bank introduced data from external platforms to conduct in-depth identification and analysis of customers with improved customer portraits, and develop accurate clues for targeted marketing, so as to constantly enhance the digital marketing capability of small business. Secondly, the Bank promoted the construction of digital risk control system, and steadily pressed ahead with the construction of digital risk control platform by focusing on the aspects including innovating approval model, optimising loan procedures, introducing external data and establishing legal person risk control system.

(3) Treasury Business

Implementing new operation philosophy and enhancing comprehensive contribution of financial institution customer groups

During the Reporting Period, the Bank adhered to the concept of “integrated management of financial institution customer groups”, strengthened comprehensive marketing capability of teams, intensified coordination between the Head Office and the branches, and constantly enhanced the comprehensive contribution of financial institution customer groups. The Bank strove to reinforce risk management of financial institution customer groups, strengthened digital transformation, and strongly supported the management transformation of financial institution customer groups. The Bank took coordinated measures to meet the requirements of internal liquidity and regulatory indicators, steadily expanded interbank liability business, proactively expanded the scale of demand deposits of financial institution business, reduced the cost of deposits, and achieved steady and healthy development of financial institution business. As at the end of the Reporting Period, demand liabilities of financial institution business amounted to RMB376,225 million, representing an increase of 9.78% as compared with the end of the previous year.

Building professional financial markets service platform and enhancing the capability to serve customer groups

In terms of fixed-income business, the Bank resolutely pushed forward the reform of bond investment business, and continued to standardise and strengthen bond-related business, so as to enhance comprehensive efficiency and effectively prevent risks. Through building a market-oriented and professional fixed-income service platform, the Bank has created an integrated Minsheng fixed-income brand covering investment, trading, sales, agency and other businesses. The Bank continued enhanced investment and trading capability, strove to satisfy the needs of customer groups, increased asset liquidity, and boosted investment profitability.

In terms of foreign exchange business, the Bank actively guided corporate customers to take hedging and value preservation as the core objectives for exchange rate risk management, proactively advocated the idea of exchange rate risk neutral for customers, strengthened the development of foreign exchange risk hedging products, provided corporate customers with a richer set of exchange rate risk hedging tools, optimised the foreign exchange agency business system, and kept increasing the quality and efficiency of services to corporate customers in foreign exchange risk hedging.

In terms of precious metals business, the Bank made greater efforts to promote inclusive finance, and built and iterated the “Minsheng Gold Bank”, which offered online and offline gold products and services and served as an integrated service platform encompassing “trading, risk hedging, stocking, physical gold, investment, wealth management and financing”, continuously enhancing customer experience. As at the end of the Reporting Period, the Bank has become one of the top 10 interbank traders at Shanghai Gold Exchange in terms of trading volume, one of the most active proprietary traders in precious metals at Shanghai Futures Exchange and one of the most important gold importers in China.

Consolidating basic service capability and developing custodian bank serving customer journeys

During the Reporting Period, the Bank deepened the structural adjustment of custody business, strengthened the marketing of high-yield businesses, and made new progress in the high quality development of custody business. As at the end of the Reporting Period, the custody size of the Bank amounted to RMB11.52 trillion, representing an increase of over RMB400 billion as compared with the end of the previous year, nearly reaching the overall increased amount in 2021. During the Reporting Period, the custody business delivered a comprehensive profit of RMB1.3 billion.

The custody business realised continuous high quality development. The Bank implemented the operation philosophy of “high quality development” of custody business, actively optimised business structure, and laid emphasis on the long-term and high-yield custody products. During the Reporting Period, the Bank tackled with the market fluctuations, and achieved positive growth in the size of core products including publicly offered funds, insurance fund, and net-worth wealth management products, in particular, income from publicly offered funds increased by 52% as compared with the corresponding period of the previous year, maintaining a growth rate of over 45% in two consecutive years.

The duty performance of pension business continued to improve. The Bank highly valued the development of pension business including corporate annuity and occupational annuity in accordance with the strategic layout of the national pension system, and proactively deployed the third-pillar personal pension business. During the Reporting Period, the Bank continued to enhance its duty performance capabilities for annuity business in line with customers' needs, and provided enterprises and public institutions as well as individual customers with high quality pension management services, and achieved healthy development of pension business throughout the Bank. As at the end of the Reporting Period, the number of new corporate annuity accounts reached 10.6 thousand.

Strengthening professional investment research and building a distinctive asset management product system

During the Reporting Period, the Bank continued to enhance core capabilities in product research and development, sales promotion and investment management, and further enriched product offerings, striving to cover all mainstream product types. By analysing the needs of the market and customers, the Bank launched the “cash+strategy”-based short-term, low-volatility and steady-yield wealth management products to proactively meet the needs of investors for low-risk products in a volatile market. In the meantime, with reducing performance fluctuation as the core, the Bank continued to optimise the investment strategies and product forms of existing short-term “fixed-income+” products, strengthened the layout of medium- to long-term products, provided long-term steady investment returns for customers, and constantly enhanced customer stickiness. As at the end of the Reporting Period, the size of wealth management products of the Bank amounted to RMB1,025,923 million, representing an increase of RMB13,090 million as compared with the end of the previous year.

3. *Digital transformation entered the phase of full promotion and acceleration*

During the Reporting Period, the Bank improved digital finance implementation strategy in line with regulatory guiding opinions, started the construction of “eco-bank” and “intelligent bank” in a all-round manner, and established normalised agile working mechanism with cross-function coordination by strengthening coordinated leadership in digital transformation. New achievements have been made in digital transformation and the digital financial service capability has been further enhanced.

(1) Eco-bank and intelligent bank

Significant breakthroughs have been made in the incubation of eco-bank projects. In terms of ecosystem finance, the Bank planned to create 25 ecosystem scenarios, and more than 10 scenarios were launched and promoted, and the first batch of ecosystem finance products have been introduced. The Bank innovated data-based credit financing products and realised data-based credit enhancement and financing of the distribution ends at downstream of supply chains. The Bank realised automatic credit approval and online issuance of the letter of guarantee for customs duties under “Minsheng Express Credit” product series. The “Express Loan” was connected with six cooperative enterprises and the internet ecosystem loan system was put into operation. The ecosystem finance operation platform was launched to support the full-process and integrated operations of new products and new models. **In terms of open bank,** the Bank continuously expanded ecosystem scenarios. During the Reporting Period, the number of new small and micro enterprises using “Cloud Agency Book Keeping” was 750, making the accumulated number of users to nearly 5,500. The number of new enterprise customers using payroll agency through Cloud Human Resource was 15, making the accumulated number of users to 173. The number of new cooperative enterprises of “Cloud Wallet” was 16, making the accumulated numbers to over 360.

The construction of intelligent bank was accelerated. Adhering to the “customer first” philosophy, the Bank restructured the customer group management system, comprehensively optimised the supporting capabilities of systems of business, risk management, human resources, finance and asset and liability, improved the corporate marketing management system of “Stand By Me”, the retail benefit system and the online and offline integrated operation platform, and empowered the integrated development and comprehensive management of large, medium, small and micro enterprises and individual customers. **The Bank built an intelligent risk control system to support risk management reform,** continuously upgraded risk control system to improve intelligent risk control, and supported the automatic approval and quick batch fund placement of inclusive finance and small business with digital risk identification. During the Reporting Period, 17 monitoring models were newly added for the early-warning of operational risks, covering 32 medium – to high-frequency trading scenarios, ensuring precise identification and real-time handling of risks. **The Bank constantly improved online service and marketing capabilities.** The Bank established mobile banking experience officer mechanism to continuously enhance customer experience, launched V+ membership benefits⁴, electronic social security card services, as well as developed Minsheng Small Business App. The Bank also improved security perception strategies to prevent telecom fraud. The AI-based outbound calling platform provided multi-scenario-based real-person voice services. The mobile working platform continued to be upgraded to empower front-line employees to enhance work efficiency. As at the end of the Reporting Period, the Bank had 95,712.3 thousand users of online retail platform, representing an increase of 2.30% as compared with the end of the previous year, and 23,844.2 thousand monthly active users of online retail platform, representing an increase of 8.00% as compared with the corresponding period of the previous year. The Bank had 3,045.9 thousand users of online corporate platform, representing an increase of 2.52% as compared with the end of the previous year, and 1,008.4 thousand monthly active users of online corporate platform, representing an increase of 41.19% as compared with the corresponding period of the previous year. **The Bank enhanced the multi-functional comprehensive service capability of “Operation+Experience”.** The Bank upgraded the intelligent bank experience stores, built “Remote Specialist” supporting system, and upgraded more than 10 intelligent operation functions including virtual teller, AI assistant and others. During the Reporting Period, the daily average number of customers served by remote banking and customer service hotline amounted to 36 thousand, and the call capture rate increased by over 6% as compared with the corresponding period of the previous year.

4 V+ membership benefits include: “Apex Travel”, “Apex Health Care”, “Apex Sports” and “Apex Life”.

Customer journeys were reshaped to enhance customer experience. The Bank set up cross-function agile teams covering customer group management, products, channels, technology and data, carried out end-to-end reshaping of two major customer journeys, namely payroll agency and experience optimisation of non-financial services to VIP customers, and comprehensively enhanced customer-oriented digital operation through use case-driven design.

(2) Data capability and technological capability

Data capability was improved to release the value of data elements. The Bank deepened data governance, enhanced data quality through data owner identification and origin governance, strengthened coordinated management of data assets, and established the compliant data sharing mechanism and supporting platform. **The platform supporting capability for large-scale intelligent application of data and real-time empowerment were improved.** The Bank optimised search engines, tag engines, recommendation engines, large machine learning platforms and AI platforms.

Technological capability was improved to empower agile innovation and stable support. The transformation to a Cloud Native technology system was under solid progress, the Bank developed the “Flying Code”, a low-code web development platform, through which, the web development efficiency of specific scenarios, such as mobile banking loans, increased by over 60%. **The Bank established the enterprise-level architecture that supported ecosystem-based online operations,** empowered agile innovations and scenario links, and conducted the migration of distributed core system of credit card business. **The Bank secured the safe operation of businesses** and enhanced contingency operation capabilities such as remote operations and mutual back-ups of remote centres.

4. Risk compliance management and control was strengthened and asset quality remained stable

During the Reporting Period, the Group further consolidated the internal risk control management system, strengthened the guidance of credit policy, deepened the reform of credit approval system, actively prevented risks in key areas, made early-warning more efficient and more forward-looking, and strictly controlled new risks. In the meantime, the Group continued to conduct strict asset classifications, improve special asset preservation system and speed up the collection and disposal of non-performing assets. During the Reporting Period, asset quality indicators improved steadily. As at the end of the Reporting Period, total non-performing loans (NPLs) of the Group amounted to RMB73,029 million, representing an increase of RMB691 million as compared with the end of the previous year; the NPL ratio was 1.74%, representing a decrease of 0.05 percentage points as compared with the end of the previous year; the ratios of loans overdue for over 90 days and 60 days to total NPLs were both less than 100%; the allowance to NPLs was 143.11%, representing a decrease of 2.19 percentage points as compared with the end of the previous year; allowance to total loans was 2.49%, representing a decrease of 0.11 percentage points as compared with the end of the previous year.

Item (RMB million)	31 March 2022		31 December 2021		Changes (%)
	Total loans	% of total	Total loans	% of total	
Performing loans	4,116,370	98.26	3,973,354	98.21	3.60
Of which: Pass	4,003,354	95.56	3,858,057	95.36	3.77
Special-mentioned	113,016	2.70	115,297	2.85	-1.98
NPLs	73,029	1.74	72,338	1.79	0.96
Of which: Substandard	21,643	0.52	24,198	0.60	-10.56
Doubtful	28,713	0.68	26,043	0.64	10.25
Loss	22,673	0.54	22,097	0.55	2.61
Total	4,189,399	100.00	4,045,692	100.00	3.55

(II) Capital adequacy ratio and leverage ratio

During the Reporting Period, the various capital requirements of the CBIRC for the Group and the Bank are: the minimum core tier-one capital adequacy ratio, tier-one capital adequacy ratio, and capital adequacy ratio should be 5%, 6%, and 8%, respectively. Based on the aforesaid minimum capital requirements, reserve capital, counter-cyclical capital, and additional paid-in capital should also be withdrawn. Specifically, the requirements for reserve capital, counter-cyclical capital, and additional paid-in capital were 2.5%, 0%, and 0%, respectively. During the Reporting Period, the core tier-one capital adequacy ratio, tier-one capital adequacy ratio, and capital adequacy ratio of the Group and the Bank should be no less than 7.5%, 8.5%, and 10.5%, respectively.

As at the end of the Reporting Period, the Group's core tier-one capital adequacy ratio, tier-one capital adequacy ratio, and capital adequacy ratio were 9.01%, 10.64% and 13.40%, respectively, representing a decrease of 0.03 percentage points, 0.09 percentage points, and 0.24 percentage points, respectively, as compared with the end of the previous year. The table below sets out the capital adequacy ratio of the Group and the Bank:

Item (RMB million)	31 March 2022		31 December 2021	
	The Group	The Bank	The Group	The Bank
Net core tier-one capital	500,115	469,364	486,552	456,364
Net tier-one capital	590,823	559,321	577,079	546,320
Total net capital base	743,951	707,538	733,703	698,418
Core tier-one capital adequacy ratio (%)	9.01	8.95	9.04	8.96
Tier-one capital adequacy ratio (%)	10.64	10.67	10.73	10.72
Capital adequacy ratio (%)	13.40	13.50	13.64	13.71

As at the end of the Reporting Period, the leverage ratio of the Group was 7.47%, representing a decrease of 0.13 percentage points as compared with the end of the previous year. The leverage ratio of the Group is as follows:

Item (RMB million)	31 March 2022	31 December 2021	30 September 2021	30 June 2021
Leverage ratio (%)	7.47	7.60	7.62	7.50
Net tier-one capital	590,823	577,079	589,454	579,531
On-and off-balance sheet assets after adjustment	7,904,655	7,596,574	7,738,516	7,727,571

(III) Liquidity coverage ratio

As at the end of the Reporting Period, the liquidity coverage ratio of the Group was 139.78%, exceeding the regulatory requirements by 39.78 percentage points, representing an increase of 6.36 percentage points as compared with the end of the previous year. The Group had an adequate reserve of prime quality current assets and was well positioned to resist shocks from short-term liquidity risk.

Item (RMB million)	31 March 2022	31 December 2021
Liquidity coverage ratio (%)	139.78	133.42
Qualified current assets	911,949	956,827
Net cash outflow in 30 days	652,426	717,163

(IV) Corporate governance

During the Reporting Period, the Bank thoroughly implemented the national macro financial policies and regulatory requirements, further promoted the integration of the CPC's leadership with its corporate governance, improved the policy system of corporate governance, and continued to optimise the supporting mechanism and operation mode of the duty performance of the Board of Directors and its special committees, and the Board of Supervisors and its special committees. Independent Directors understood the operation and management of the Bank through various means, such as attending office in the Bank and attending special meetings of Independent Directors, proactively attended the Board meetings and meetings of the special committees of the Board, gave independent opinions, supervised the compliant operation of the Board and protected the legitimate rights and interests of the Bank and shareholders. In accordance with the duties conferred by laws and regulations, regulatory rules and the Articles of Association, the External Supervisors of the Bank actively attended meetings of the Board of Supervisors, called and convened meetings of the special committees of the Board of Supervisors, attended the Board meetings and meetings of the special committees of the Board as non-voting delegates, studied conscientiously various documents and reports of the Bank, gave independent and professional opinions on strategies, risk management, internal control, and finance, upheld professional ethics, and performed their supervisory duties in a faithful, diligent, law-abiding and compliant manner, contributing to the sustainable and healthy development of the Bank.

During the Reporting Period, the Bank newly opened one tier-two branch, e.g. Bengbu Tier-Two Branch under the management of Hefei Branch. As at the end of the Reporting Period, the Bank had 42 tier-one branches and 100 tier-two branches (including remote sub-branches).

IV. Quarterly Financial Statements

(I) Type of auditing opinions

☐ Applicable ☒ Not applicable

(II) Financial statements

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Balance Sheets as at 31 March 2022
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	31	31	31	31
	March	December	March	December
	2022	2021	2022	2021
Assets	Unaudited	Audited	Unaudited	Audited
Cash and balances with central bank	355,694	361,302	352,625	357,855
Balances with banks and other financial institutions	73,043	92,546	52,287	72,964
Precious metals	16,357	13,189	16,357	13,189
Placements with banks and other financial institutions	165,867	158,768	191,823	191,108
Derivative financial assets	28,806	27,461	28,752	27,461
Financial assets held under resale agreements	52,920	1,362	52,381	823
Loans and advances to customers	4,112,635	3,967,679	4,091,133	3,945,707
Financial investments				
– Financial assets at fair value through profit or loss	324,809	300,684	319,023	294,753
– Financial assets measured at amortised cost	1,293,971	1,298,220	1,292,187	1,296,413
– Financial assets at fair value through other comprehensive income	452,573	435,529	430,721	418,670
Long-term receivables	113,225	122,716	–	–
Long-term equity investments	2	2	8,381	8,381
Fixed assets	51,657	52,191	23,676	23,319
Intangible assets	5,272	5,286	4,501	4,503
Right-of-use assets	10,487	10,736	10,294	10,520
Deferred income tax assets	52,260	51,904	49,424	48,983
Other assets	48,120	53,211	36,377	40,218
Total assets	7,157,698	6,952,786	6,959,942	6,754,867

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Balance Sheets as at 31 March 2022 (continued)
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	31	31	31	31
	March	December	March	December
	2022	2021	2022	2021
	Unaudited	Audited	Unaudited	Audited
Liabilities and shareholders' equity				
Liabilities				
Borrowings from central bank	268,034	279,787	267,097	278,835
Balances from banks and other financial institutions	1,279,064	1,230,334	1,285,820	1,237,985
Placements from banks and other financial institutions	53,859	64,024	43,659	54,077
Financial liabilities at fair value through profit or loss	2,424	2,856	2,424	2,856
Borrowings from other financial institutions	113,173	114,461	–	–
Derivative financial liabilities	25,897	26,114	25,881	26,018
Financial assets sold under repurchase agreements	68,208	36,485	58,740	26,624
Deposits from customers	3,990,291	3,825,693	3,960,847	3,797,630
Lease liabilities	10,065	10,225	9,866	10,011
Employee benefits payable	9,987	12,907	9,634	12,336
Tax payable	12,783	13,485	11,876	12,513
Provisions	2,077	2,250	2,077	2,250
Debt securities issued	687,965	711,024	687,965	710,092
Deferred income tax liabilities	201	247	–	–
Other liabilities	34,923	36,355	17,065	18,929
Total liabilities	<u>6,558,951</u>	<u>6,366,247</u>	<u>6,382,951</u>	<u>6,190,156</u>

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Balance Sheets as at 31 March 2022 (continued)
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	31	31	31	31
	March	December	March	December
	2022	2021	2022	2021
Liabilities and shareholders' equity (continued)	Unaudited	Audited	Unaudited	Audited
Shareholders' equity				
Share capital	43,782	43,782	43,782	43,782
Other equity instruments	89,964	89,964	89,964	89,964
Of which: Preference shares	19,975	19,975	19,975	19,975
Perpetual bonds	69,989	69,989	69,989	69,989
Capital reserve	58,149	58,149	57,880	57,880
Other comprehensive income	(1,179)	385	(573)	686
Surplus reserve	51,843	51,843	51,843	51,843
General reserve	87,028	87,013	85,278	85,278
Retained earnings	256,820	243,144	248,817	235,278
Total equity attributable to shareholders of the Bank	586,407	574,280	576,991	564,711
Equity attributable to non-controlling interests	12,340	12,259		
Total shareholders' equity	598,747	586,539	576,991	564,711
Total liabilities and shareholders' equity	7,157,698	6,952,786	6,959,942	6,754,867

GAO Yingxin
Legal Representative, Chairman

ZHENG Wanchun
Vice Chairman, President

LI Bin
Person in charge of
finance and accounting

YIN Xuwen
Person in charge of the
accounting department

(Company seal)

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Income Statements for the 3 Months Ended 31 March 2022
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	January- March 2022	January- March 2021	January- March 2022	January- March 2021
	Unaudited	Unaudited	Unaudited	Unaudited
1. Operating income	36,634	43,072	34,284	41,145
Net interest income	27,547	33,889	26,381	32,945
Interest income	65,374	70,841	63,022	68,591
Interest expenses	(37,827)	(36,952)	(36,641)	(35,646)
Net fee and commission income	5,452	6,920	5,418	6,675
Fee and commission income	6,540	8,173	6,385	7,830
Fee and commission expenses	(1,088)	(1,253)	(967)	(1,155)
Investment gains	3,199	1,248	3,164	1,199
Of which: Gains from disposals of the financial assets measured at amortised cost	212	—	212	—
Other gains	70	30	60	26
(Loss)/Gains from changes in fair value	(1,513)	245	(1,492)	287
Foreign exchange gains/(loss)	653	(154)	667	(155)
Other business income	1,226	894	86	168
2. Operating expenses	(21,153)	(26,165)	(19,171)	(23,925)
Tax and surcharges	(406)	(457)	(392)	(417)
Business and management expenses	(9,543)	(9,381)	(9,209)	(8,990)
Impairment losses on credit	(10,300)	(15,516)	(9,387)	(14,283)
Impairment losses on other assets	(167)	(203)	(168)	(203)
Other business expenses	(737)	(608)	(15)	(32)
3. Operating profit	15,481	16,907	15,113	17,220
Add: Non-operating income	61	8	61	6
Less: Non-operating expenses	(12)	(29)	(12)	(29)
4. Total profit	15,530	16,886	15,162	17,197
Less: Income tax expenses	(1,711)	(2,270)	(1,623)	(2,363)
5. Net profit	13,819	14,616	13,539	14,834
Net profit attributable to holders of equity shares of the Bank	13,724	14,747		
Profit or loss attributable to non-controlling interests	95	(131)		

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Income Statements for the 3 Months Ended 31 March 2022 (continued)
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	January- March 2022	January- March 2021	January- March 2022	January- March 2021
	Unaudited	Unaudited	Unaudited	Unaudited
6. Other comprehensive income, net of tax	(1,580)	893	(1,259)	884
Other comprehensive income attributable to holders of equity shares of the Bank, net of tax	(1,577)	883	(1,259)	884
Other comprehensive income that will not be reclassified subsequently to profit or loss				
Changes in fair value of non-tradable equity instruments designated as measured at fair value through other comprehensive income	(33)	5	–	–
Other comprehensive income that may be reclassified subsequently to profit or loss				
Financial assets at fair value through other comprehensive income				
Changes in fair value	(1,513)	666	(1,237)	681
Allowance for impairment losses on credit	(14)	111	(40)	113
Effective hedging portion of gains or losses arising from cash flow hedging instruments	(5)	6	(5)	6
Exchange difference on translating foreign operations	(12)	95	23	84
Other comprehensive income attributable to non-controlling interests, net of tax	(3)	10		
7. Total comprehensive income	<u>12,239</u>	<u>15,509</u>	<u>12,280</u>	<u>15,718</u>
Comprehensive income attributable to holders of equity shares of the Bank	12,147	15,630		
Comprehensive income attributable to non-controlling interests	<u>92</u>	<u>(121)</u>		
8. Basic and diluted earnings per share (RMB)	<u>0.31</u>	<u>0.34</u>		

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Statements of Cash Flows
for the 3 Months Ended 31 March 2022
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	January- March 2022	January- March 2021	January- March 2022	January- March 2021
	Unaudited	Unaudited	Unaudited	Unaudited
1. Cash flows from operating activities				
Net increase in balances from customers and deposits				
from banks and other financial institutions	212,158	225,066	209,871	224,240
Net increase in borrowings from central bank	–	2,092	–	2,200
Net decrease in balances with central bank and balances				
with banks and other financial institutions	7,088	4,652	8,005	11,159
Net decrease in financial assets held for trading purposes	–	14,632	–	13,348
Net decrease in placements with banks and other				
financial institutions	102,535	10,946	108,493	11,929
Net increase in financial assets sold under repurchase				
agreements	31,693	–	32,080	–
Cash received from interests, fees and commissions	65,618	65,009	63,375	62,746
Net cash received from other operating activities	11,884	10,557	2,092	10,296
Subtotal of cash inflows from operating activities	430,976	332,954	423,916	335,918
Net increase in loans and advances to customers	(153,560)	(166,030)	(154,043)	(165,510)
Net decrease in borrowings from central bank	(12,154)	–	(12,140)	–
Net decrease in placements from banks and other				
financial institutions	(10,139)	(35,556)	(10,398)	(36,574)
Net increase in financial assets held under resale				
agreements	(51,532)	(10,655)	(51,536)	(12,581)
Net decrease in financial assets sold under repurchase				
agreements	–	(9,936)	–	(9,083)
Net increase in financial assets held for trading purposes	(4,349)	–	(3,118)	–
Cash payment for interests, fees and commissions	(32,336)	(30,200)	(30,896)	(29,172)
Cash payment to and payment for employees	(9,486)	(8,708)	(9,039)	(8,432)
Tax payments	(5,544)	(5,456)	(5,395)	(5,350)
Net cash payment in other operating activities	(9,672)	(5,216)	(8,720)	(2,995)
Subtotal of cash outflows from operating activities	(288,772)	(271,757)	(285,285)	(269,697)
Net cash flow from operating activities	142,204	61,197	138,631	66,221

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Statements of Cash Flows
for the 3 Months Ended 31 March 2022(continued)
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	January- March 2022	January- March 2021	January- March 2022	January- March 2021
	Unaudited	Unaudited	Unaudited	Unaudited
2. Cash flows from investing activities				
Proceeds from sale and redemption of investments	291,427	245,831	286,073	240,463
Proceeds from investment gains	18,941	19,495	18,603	19,376
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	1,083	21	75	(4)
Subtotal of cash inflows from investing activities	311,451	265,347	304,751	259,835
Cash payment for investments	(331,404)	(272,701)	(322,075)	(265,514)
Cash payment for purchase of fixed assets, intangible assets and other long-term assets	(1,284)	(1,546)	(1,635)	(1,493)
Subtotal of cash outflows from investing activities	(332,688)	(274,247)	(323,710)	(267,007)
Net cash flow from investing activities	(21,237)	(8,900)	(18,959)	(7,172)
3. Cash flows from financing activities				
Proceeds from issue of debt securities	212,992	211,232	212,992	211,232
Subtotal of cash inflows from financing activities	212,992	211,232	212,992	211,232
Cash repayment of debts	(238,632)	(300,904)	(237,782)	(300,904)
Cash payment for dividends and profits or interests payable of debt securities	(2,503)	(2,640)	(2,421)	(2,640)
Cash payment in other financing activities	(900)	(842)	(849)	(813)
Subtotal of cash outflows from financing activities	(242,035)	(304,386)	(241,052)	(304,357)
Net cash flow from financing activities	(29,043)	(93,154)	(28,060)	(93,125)

China Minsheng Banking Corp., Ltd.
Consolidated and the Bank's Statements of Cash Flows
for the 3 Months Ended 31 March 2022 (continued)
(Expressed in millions of Renminbi, unless otherwise stated)

	The Group		The Bank	
	January- March 2022	January- March 2021	January- March 2022	January- March 2021
	Unaudited	Unaudited	Unaudited	Unaudited
4. Effect of exchange rate changes on cash and cash equivalents	(411)	398	(376)	366
5. Net increase in cash and cash equivalents	91,513	(40,459)	91,236	(33,710)
Add: Cash and cash equivalents at the beginning of the year	163,418	157,919	152,228	152,241
6. Cash and cash equivalents at the end of the period	254,931	117,460	243,464	118,531

GAO Yingxin
Chairman of the Board of Directors
China Minsheng Banking Corp., Ltd.
29 April 2022