

China Minsheng Banking Corp., Ltd.

Q3 2014 Results Announcement



Disclaimer



This presentation contains forward-looking statements that involve risks and uncertainties. These statements are generally indicated by the use of forward-looking terminology such as believe, expect, anticipate, estimate, plan, project, target, may, will or other similar words that express an indication of actions or results of actions that may or are expected to occur in the future. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. These forward-looking statements are based on our own information and information from other sources we believe to be reliable. Our actual results may be materially less favorable than those expressed or implied by these forward-looking statements which could affect the share price of our shares.

Agenda



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Outlook

Business overview



During the first three quarters in 2014, we took proactive measures in response to the adjustment and changes in macro-economic environment and regulatory policies and focused on strategic positioning. We pushed forward our business steadily, kept our asset quality generally under control and continued to improve our profitability

1 Higher profitability and steady return to shareholders

- ◆ The Group's net profit attributable to equity shareholders of the Bank amounted to RMB36,778 million, representing an increase of 10.40% Y-o-Y
- ◆ Operating income amounted to RMB99,916 million, representing an increase of 16.22% Y-o-Y; of which, net non-interest income was RMB32,511 million, representing an increase of 28.07% Y-o-Y, and accounted for 32.54% of operating income, representing an increase of 3.01 percentage points Y-o-Y
- ◆ Net assets per share attributable to equity shareholders of the Bank was RMB6.86, representing an increase of 18.07% over end of 2013; basic earnings per share was RMB1.08, representing an increase of 11.34% Y-o-Y
- ◆ Net interest margin¹ was 2.61%, representing an increase of 0.23 percentage points Y-o-Y

2 Expanding size of assets and liabilities and steady development of strategic businesses

- ◆ Total assets of the Group amounted to RMB3,769,341 million, representing an increase of 16.83% over end of 2013
- ◆ Total balance of loans and advances to customers amounted to RMB1,750,969 million, and total deposits from customers amounted to RMB2,397,690 million, representing an increase of 11.22% and 11.69% over end of 2013, respectively
- ◆ Outstanding loans to small and micro enterprises¹ amounted to RMB406,264 million; and the number of small and micro customers¹ was 2,642.1 thousand, representing an increase of 38.70% over end of 2013
- ◆ The outstanding general loans to NSOEs¹ amounted to RMB620,044 million, and the number of NSOE customers with outstanding loan balances¹ reached 11,468, accounting for 61.43% and 79.69% of the corporate banking segment¹, respectively
- ◆ The number of private banking customers¹ was 14,448, and financial assets under management¹ amounted to RMB230,601 million, representing increases of 12.00% and 20.14% over end of 2013, respectively

3 Strengthened cost control and improved operating efficiency

- ◆ Cost-to-income ratio was 30.51%, representing a decrease of 0.14 percentage points Y-o-Y

4 Enhanced comprehensive risk management and controlled asset quality

- ◆ Non-performing loan ratio of the Group was 1.04%; provision coverage ratio and provision for total loans ratio were 199.96% and 2.07%, respectively

Note:

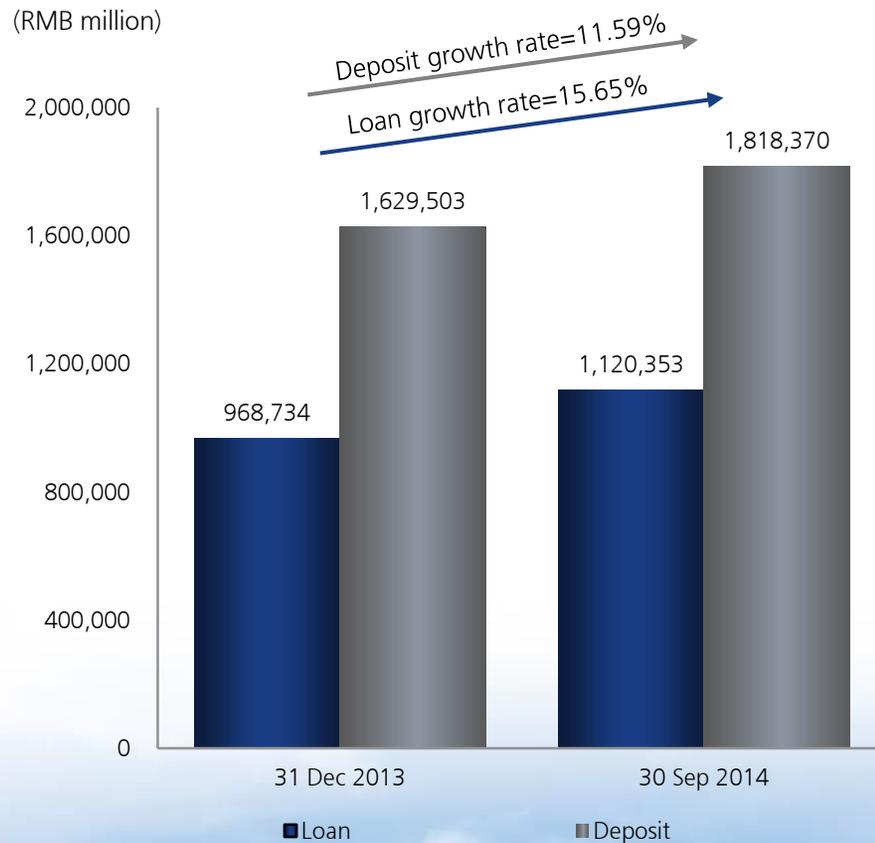
1 Bank standalone

Corporate banking – Consolidating existing customer base and enlarging scale of financial assets

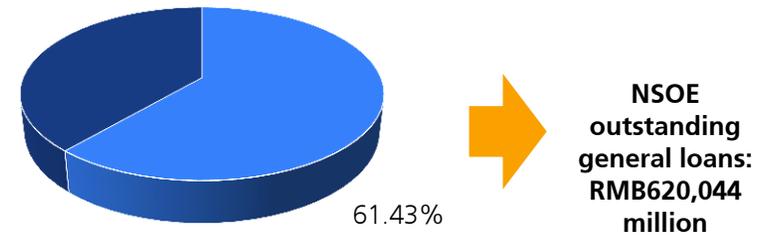


We took initiatives to respond to changes in the economic and financial environment to strengthen the reform of SBUs and corporate banking business development of our branches. We also strengthened our regional distinctive features and our "two chains" financial services and enhanced the innovation of corporate banking products in order to continuously facilitate the transformation and development of our corporate banking business

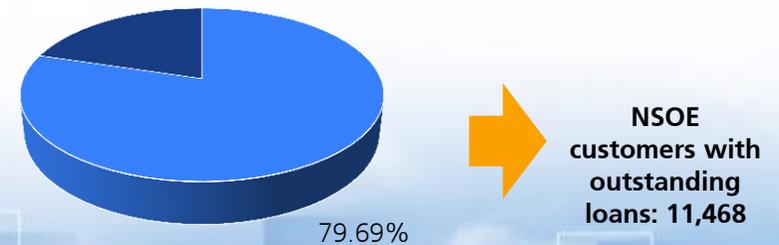
Corporate deposits and loans



NSOE general loan balance and % of corporate banking segment¹



NSOE loan customer base and % of corporate banking segment¹



Source: Company's Q3 Report and Annual Report

Notes:

1 Bank standalone

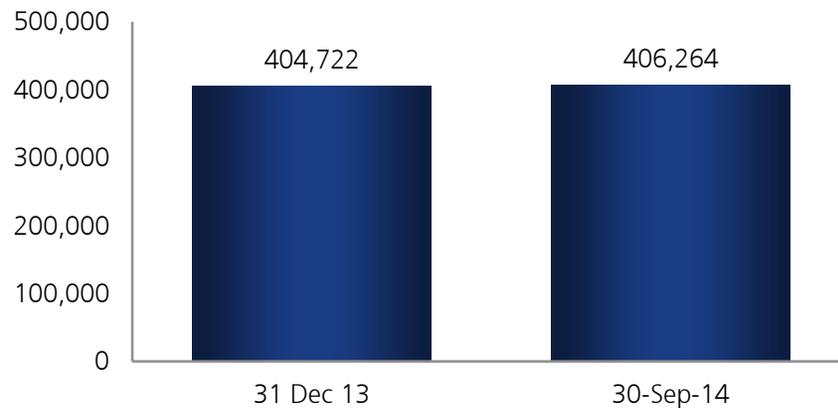
Retail banking – Continued to deepen small business finance and community finance activities



In line with the steady expansion in scale, our retail banking segment continued to develop its strategic business by deepening the execution of small business finance and community finance strategy. We continued to push forward the implementation of business process restructuring of Small Business Finance Version 2.0 and strengthen community finance strategy

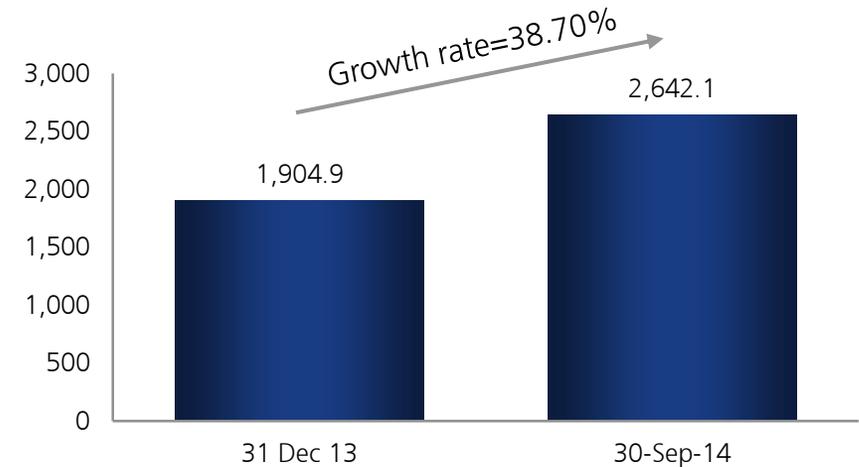
Outstanding loans to small and micro enterprises¹

(RMB million)



No. of small and micro enterprise customers¹

(in thousands)



Continued to strengthen the small business finance and community finance strategic businesses

| | |
|--------------------------------------|--|
| <p>Small business finance</p> | <ul style="list-style-type: none"> Made continuous efforts to push forward the implementation of business process restructuring of Small Business Finance Version 2.0. Updated systems to secure business processes by innovating and optimizing risk management systems to further improve efficiency and control risks. The outstanding loans to small and micro enterprises and the number of small and micro enterprise customers both maintained growing |
| <p>Community finance</p> | <ul style="list-style-type: none"> The community finance strategy was further strengthened. Improved capabilities in providing comprehensive services to satisfy customers' needs, enriched the non-financial service system focusing on daily life services for local residents and formed a connotative development model of community finance |

Source: Company's Q3 Report and Annual Report

Note:
1 Bank standalone

Retail banking and private banking businesses continued to expand



"Best Domestic Private Banking Performance", 2013
— Hurun Report



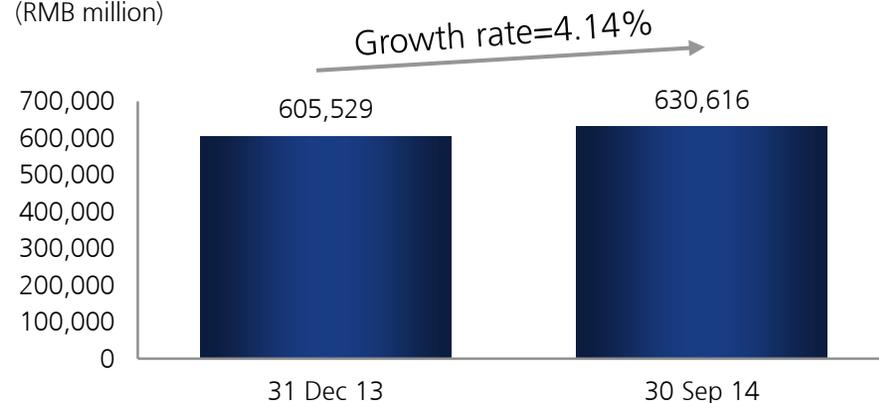
Outstanding Equity and Venture, 2013
Capital Award in China for 2013
— The Investment Association of China



"Gold Medal Services for the Year" 2013
— Financial Money

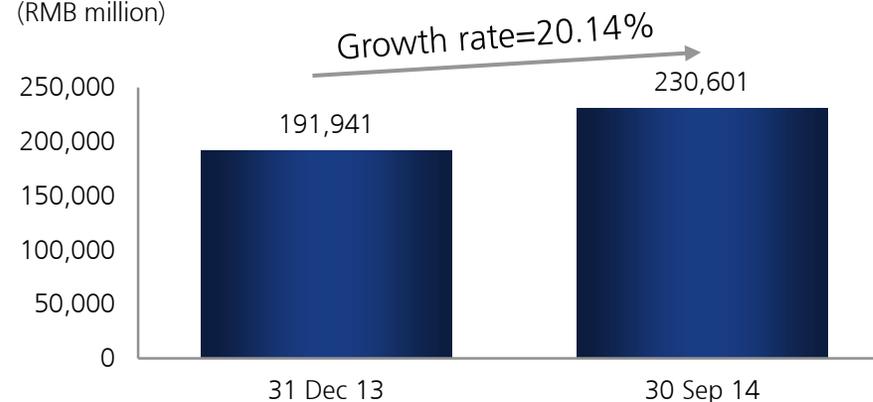
Personal loans and advances

(RMB million)



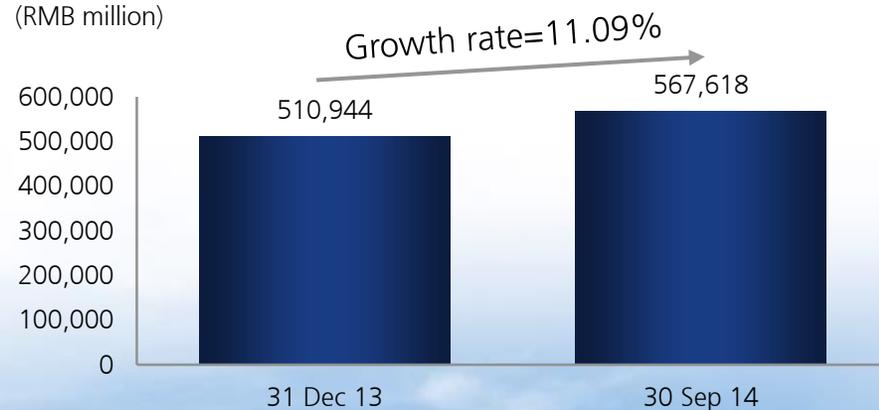
Private banking AuM¹

(RMB million)



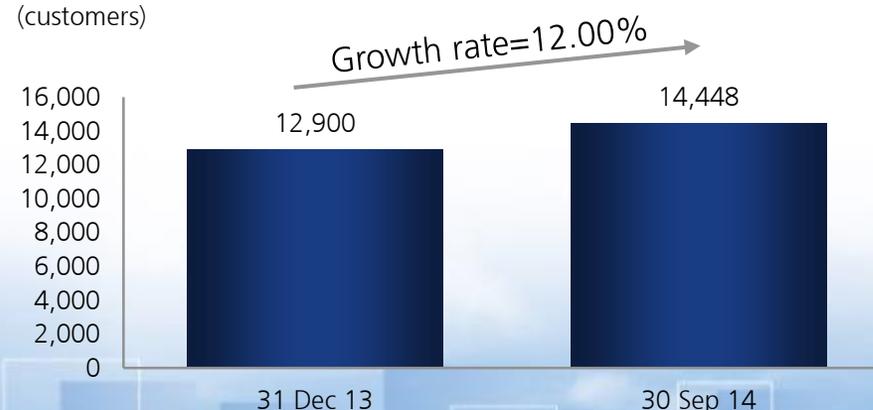
Personal deposits

(RMB million)



No. of private banking customers¹

(customers)



Source: Company's Q3 Report and Annual Report

Note:

1 Bank standalone

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Overview of key financial indicators



Income statement highlights

| (RMB million, except per share data) | Jan-Sep 2014 | Jan-Sep 2013 | Growth(%) | |
|--|--------------|--------------|-----------|-------|
| Operating income | 99,916 | 85,975 | ↑ | 16.22 |
| Of which: Net interest income | 67,405 | 60,589 | ↑ | 11.25 |
| Net non-interest income | 32,511 | 25,386 | ↑ | 28.07 |
| Profit before tax | 49,349 | 45,082 | ↑ | 9.46 |
| Net profit attributable to equity shareholders of the Bank | 36,778 | 33,314 | ↑ | 10.40 |
| Basic earnings per share (RMB) | 1.08 | 0.97 | ↑ | 11.34 |

| Key profitability indicators (%) | Jan-Sep 2014 | Jan-Sep 2013 | Change (ppt) | |
|--|--------------|--------------|--------------|--------|
| Return on weighted average shareholders' equity (annualized) | 22.71 | 24.75 | ↓ | (2.04) |
| Net interest margin (NIM) ³ | 2.61 | 2.38 | ↑ | 0.23 |
| Net fee and commission income to total operating income | 27.83 | 26.74 | ↑ | 1.09 |
| Cost to income ratio ¹ | 30.51 | 30.65 | ↓ | (0.14) |

Balance sheet highlights

| (RMB million) | 30 Sep 2014 | 31 Dec 2013 | Growth(%) | |
|--|-------------|-------------|-----------|-------|
| Total assets | 3,769,341 | 3,226,210 | ↑ | 16.83 |
| Of which: Gross balance of loans and advances to customers | 1,750,969 | 1,574,263 | ↑ | 11.22 |
| Total liabilities | 3,528,538 | 3,021,923 | ↑ | 16.76 |
| Of which: Deposits from customers | 2,397,690 | 2,146,689 | ↑ | 11.69 |
| Equity attributable to equity shareholders of the Bank | 233,577 | 197,712 | ↑ | 18.14 |

| Asset quality indicators (%) | 30 Sep 2014 | 31 Dec 2013 | Change (ppt) | |
|--|-------------|-------------|--------------|---------|
| Non-performing loan ratio | 1.04 | 0.85 | ↑ | 0.19 |
| Provision coverage ratio | 199.96 | 259.74 | ↓ | (59.78) |
| Provision for total loans ratio | 2.07 | 2.21 | ↓ | (0.14) |
| Capital adequacy ratio indicators (%)² | | | | |
| Core tier-one capital adequacy ratio | 8.73 | 8.72 | ↑ | 0.01 |
| Tier-one capital adequacy ratio | 8.74 | 8.72 | ↑ | 0.02 |
| Capital adequacy ratio | 10.95 | 10.69 | ↑ | 0.26 |

Source: Company's Q3 Report and Annual Report

Note:

1. Cost to income ratio = Operating and administrative expenses / operating income

2. Calculated in accordance with the Administrative Measures for the Capital of Commercial Banks (Provisional) (Decree of the CBRC 2012 No. 1) which became effective on 1 January 2013 and other relevant regulatory requirements

3. Bank standalone

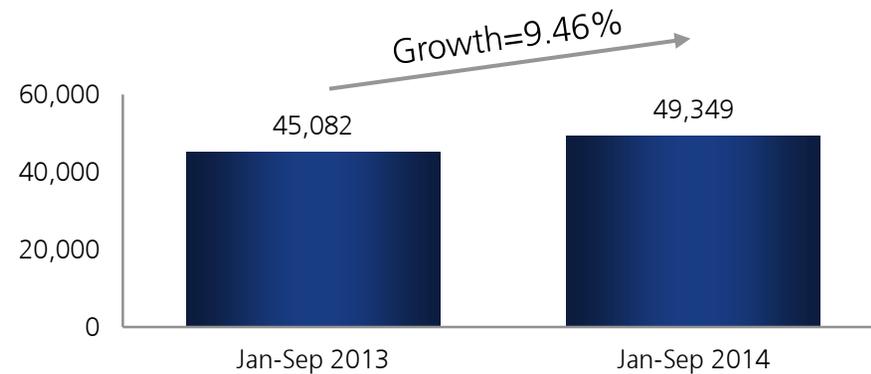
Profitability



The Group maintained good profitability in Q3 2014. Earnings per share grew steadily, and operating efficiency was further improved

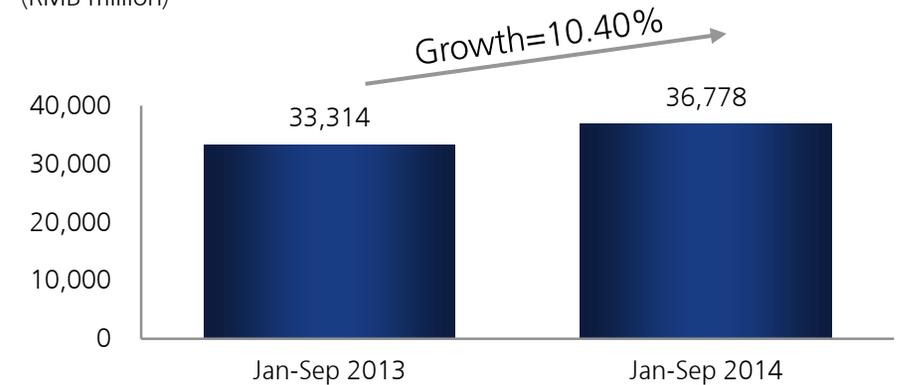
Profit before tax

(RMB million)



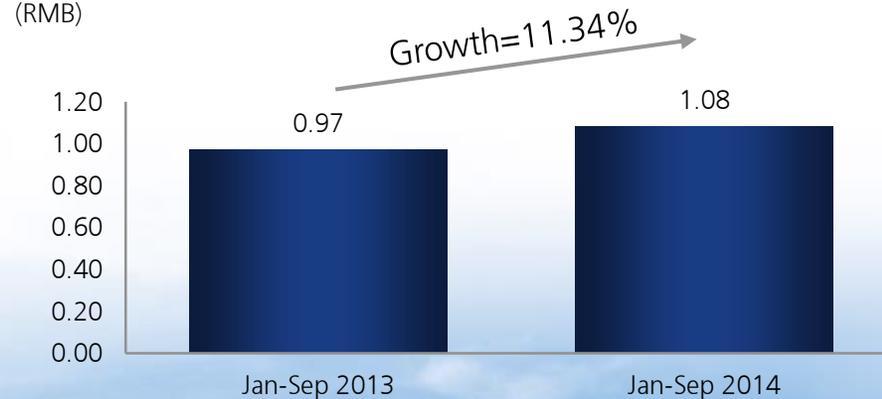
Net profit attributable to equity shareholders of the Bank

(RMB million)

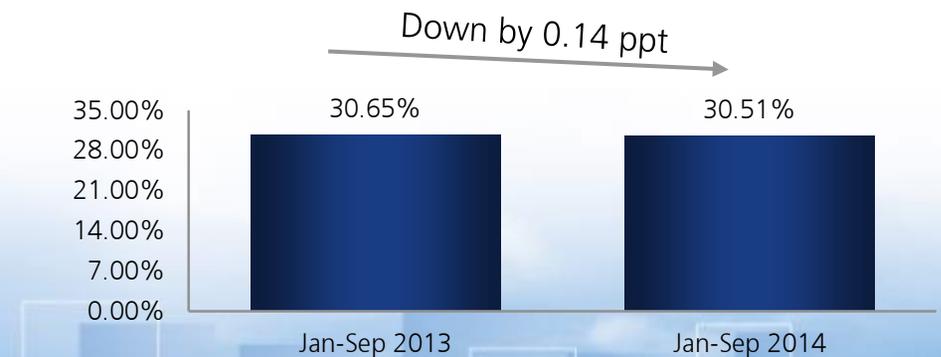


Basic earnings per share

(RMB)



Cost to income ratio



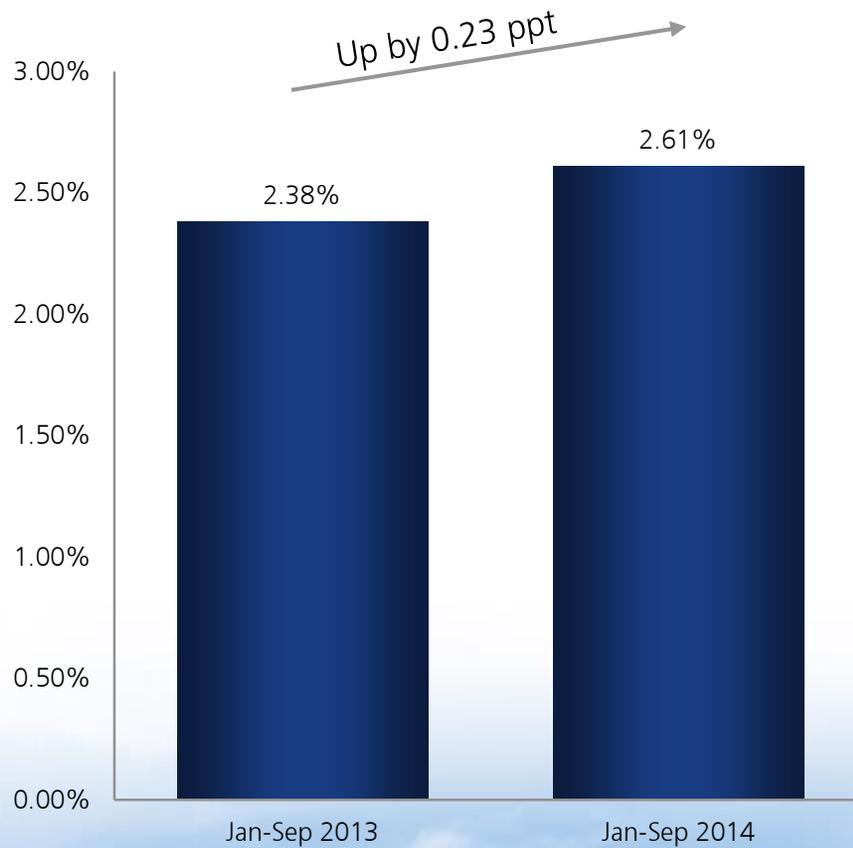
Source: Company's Q3 Report

Net interest income



The Y-o-Y increase in NIM drove the growth in net interest income

NIM¹



Net interest income

(RMB million)



Source: Company's Q3 Report

Note:

1. Bank standalone

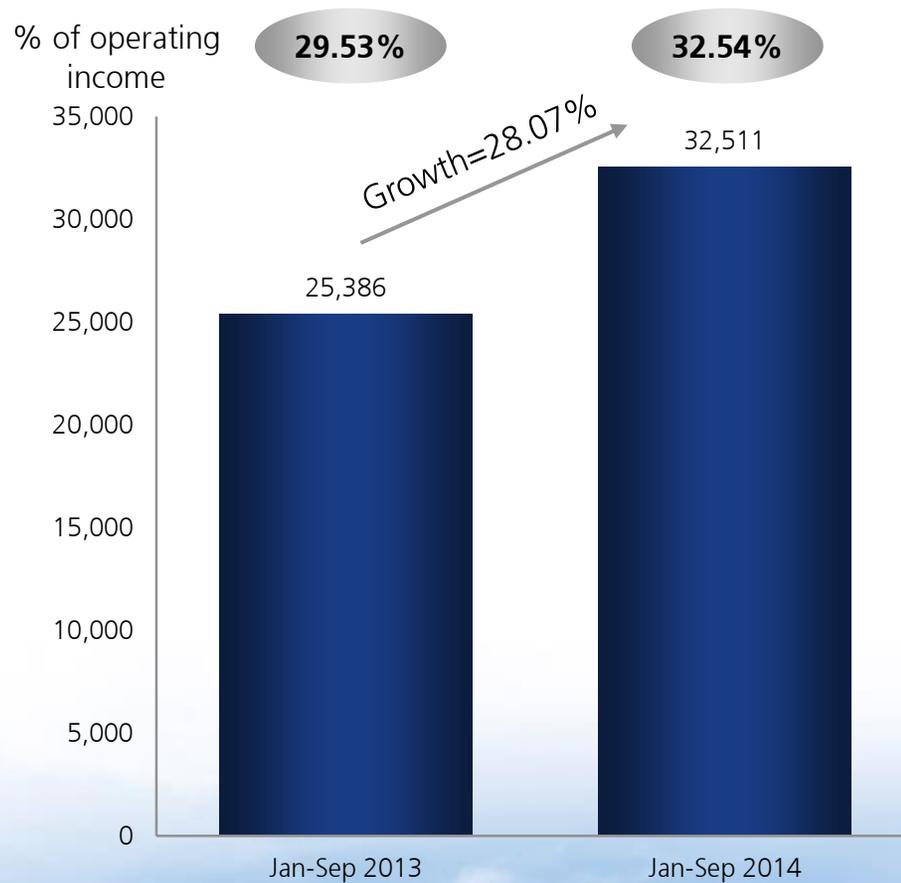
Net non-interest income



Net non-interest income and net fee and commission income continued to grow rapidly

Net non-interest income

(RMB million)



Net fee and commission income

(RMB million)



Source: Company's Q3 Report

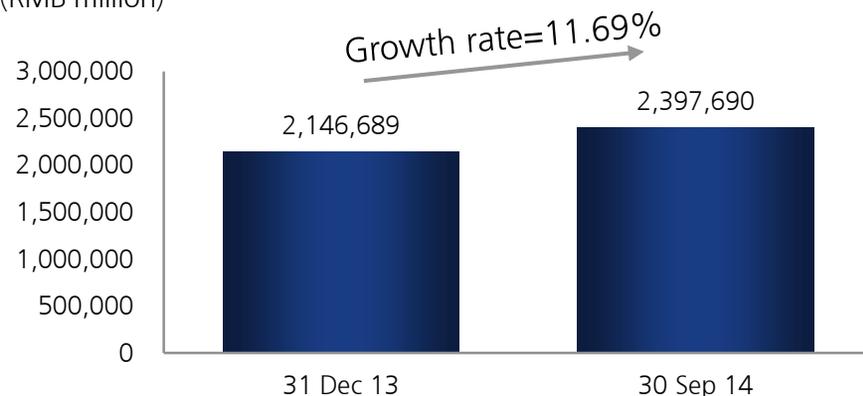
Deposit and loan portfolios



The balance of deposits and loans continued to grow steadily. The deposit mix and loan mix remained stable

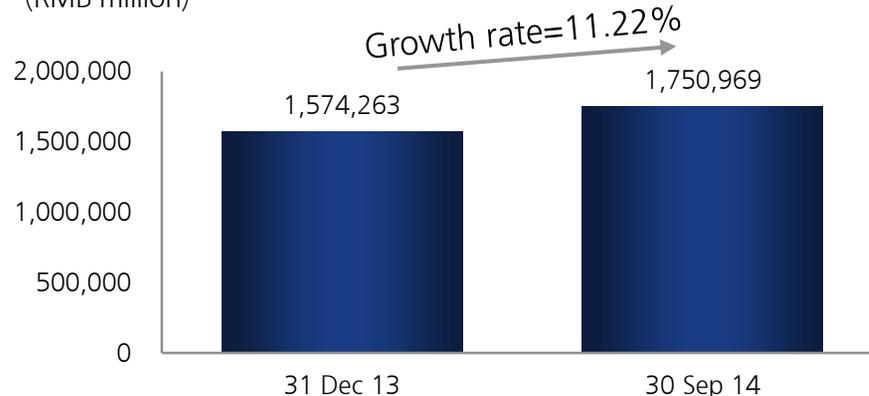
Deposits from customers

(RMB million)

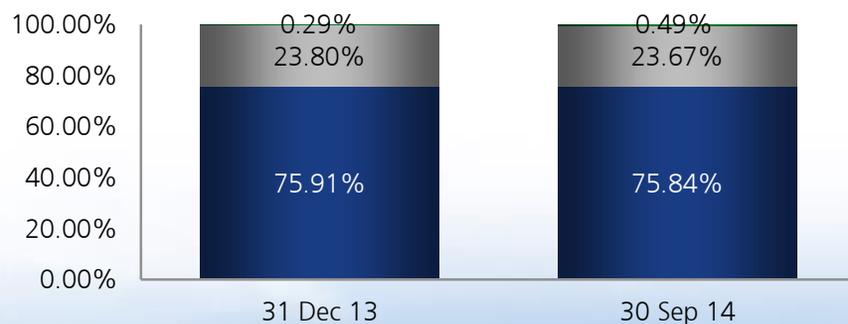


Gross balance of loans and advances to customers

(RMB million)

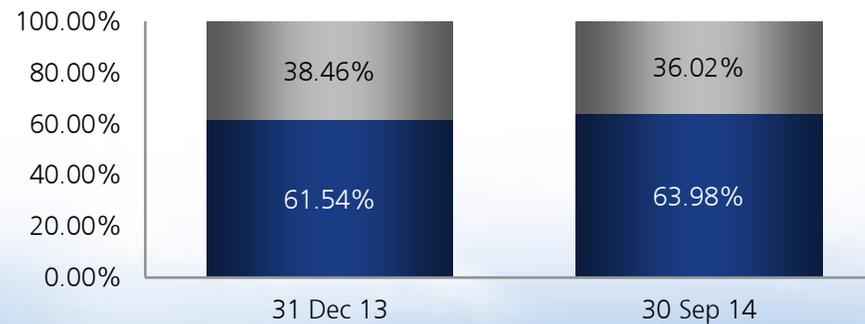


Deposit mix



■ Corporate deposits ■ Personal deposits ■ Other¹

Loan mix



■ Corporate loans and advances ■ Personal loans and advances

Source: Company's Q3 Report and Annual Report

Note:

1. Other include outward remittance and remittance payable and certificates of deposits

Asset quality

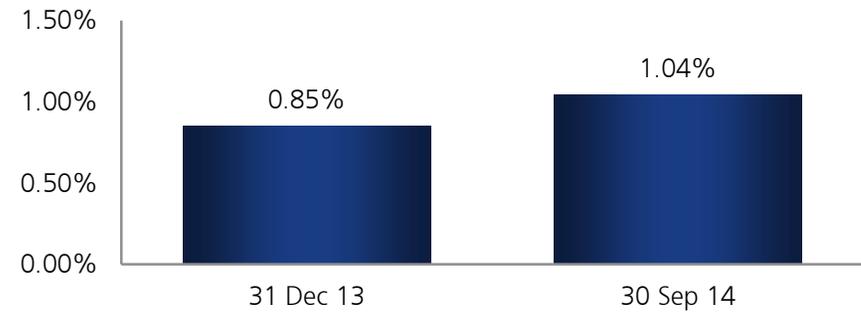


Comprehensive risk management system has been fully implemented to ensure the stability of asset quality

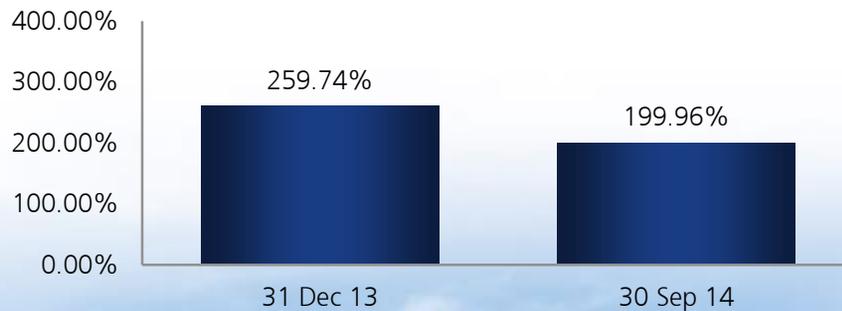
Proactive measures to control asset quality

- ◆ Enhancing credit planning, proactively adjusting loan distribution, and continuously optimizing asset structure
- ◆ Continuing to improve risk management policies and imposing multidimensional risk limit management for various industries and regions
- ◆ Strengthening risk monitoring, early-warning and routine post-loan management
- ◆ Closely monitoring loans with potential risk factors and problems in an early and timely manner
- ◆ Comprehensively utilizing all available recovery and disposal measures to improve efficiency and effectiveness of recovery
- ◆ Strengthening training programs to improve the professional skills and the comprehensive qualities of the risk management team

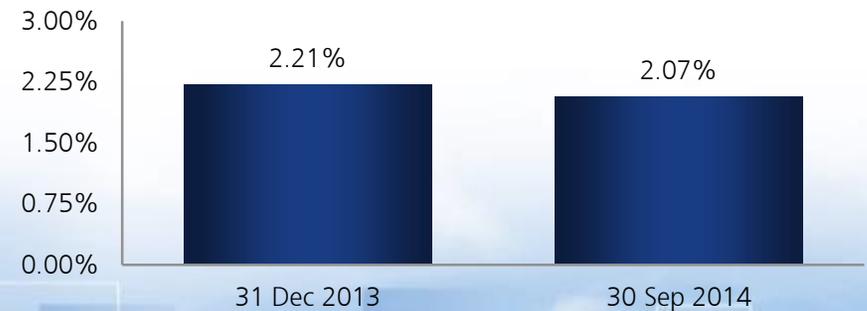
Non-performing loan ratio



Provision coverage ratio



Provision for total loans ratio



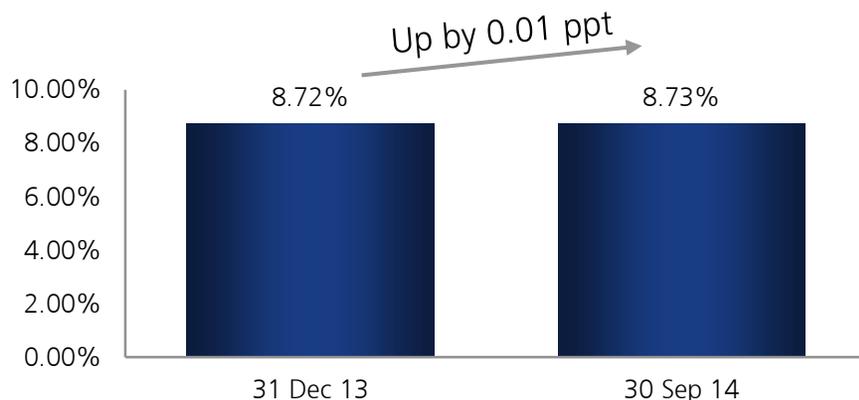
Source: Company's Q3 Report and Annual Report

Capital adequacy ratio

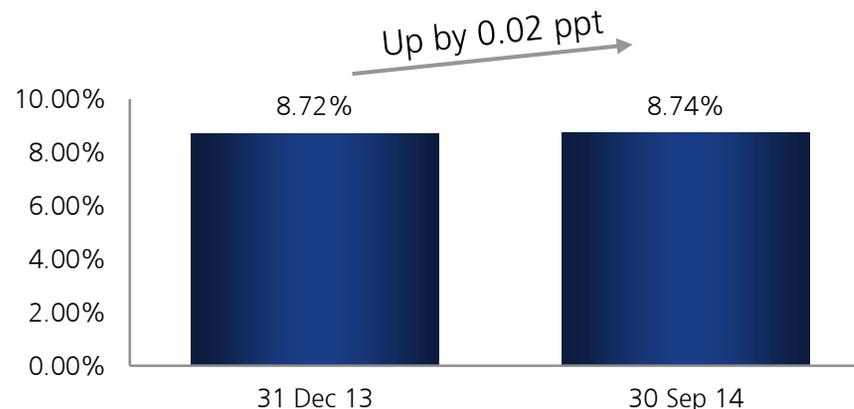


All capital adequacy indicators of the Group have met the regulatory requirements for the transition period under the new measures issued by the CBRC, while total equity to total assets ratio further increased

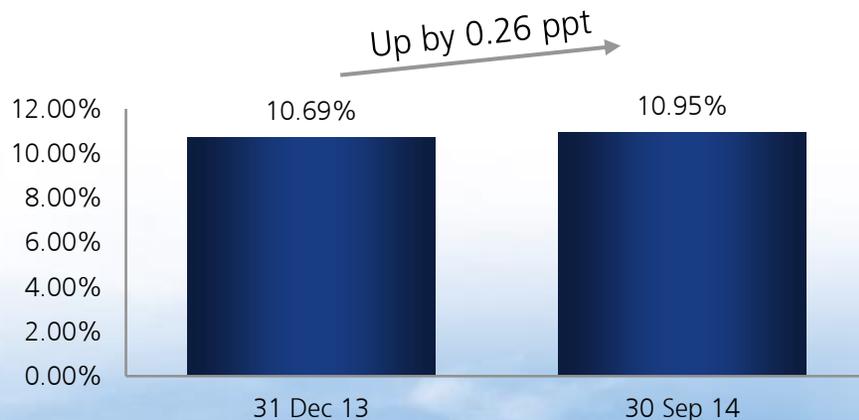
Core tier-one capital adequacy ratio¹



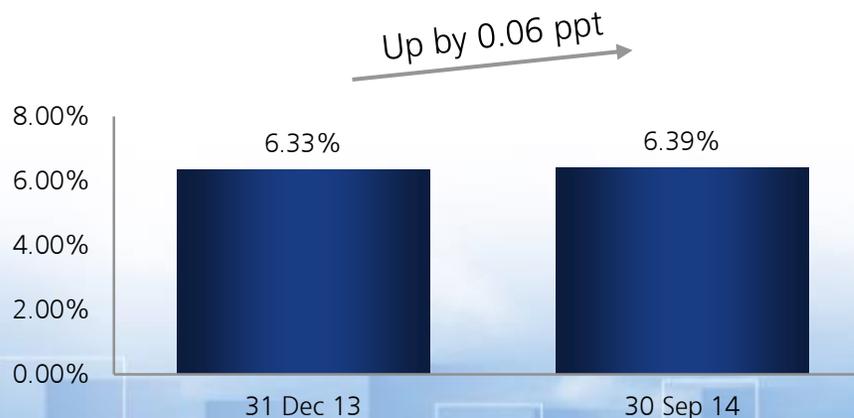
Tier-one capital adequacy ratio¹



Capital adequacy ratio¹



Total equity to total assets ratio



Source: Company's Q3 Report and Annual Report

Notes:

1. Calculated in accordance with the Administrative Measures for the Capital of Commercial Banks (Provisional) which became effective on 1 January 2013 and other relevant regulatory requirements

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Q4 2014 Outlook



In Q4 2014, in order to fully realize the objectives in the “New Three-Year Plan”, our Group will strive to ensure sustainable development across all businesses and achieve the “Second Take-off”. We will endeavor to position ourselves as the best commercial bank in China with core competencies and unique business characteristics. Specific measures are as follows:



- 1 Further refine the structure of corporate governance and provide clear guidelines for comprehensive risk management, so as to further improve and regulate the corporate governance system
- 2 With focus on regional distinctive services and services for small business finance and community finance as well as industry value chains and supply chains, transformation of branches will be implemented to strengthen the growth of branches and sub-branches
- 3 Further enhance risk control, strengthen the collection and disposal of non-performing loans and maintain the stability of asset quality
- 4 Push forward reform and innovation by implementing of the results of major reforms in SBUs, small business financing and private banking version 2.0
- 5 Continue to optimize the management system of e-banking business and improve traditional counter services to better serve customers
- 6 Streamline and optimize the procedures of mid-and-back office to further enhance internal operation efficiency and lower operation cost



Q&A