

年报发布新闻稿（香港发布版本）

## **China Minsheng Bank Announces Performance in 2009**

### **Business Performance Significantly Improved in 2009 Second Take-off to be Implemented in 2010**

#### **Improved Asset Quality Higher Provision Coverage “Double Reduction” in both the Amount and Ratio of Non-performing Loan**

##### **Performance Highlights (as at 31 December, 2009 and as prepared under the IFRS, consolidated )**

- Earnings per share was RMB0.63
- Net assets per share was RMB3.95
- Return on average asset ratio raised to 0.98% from 0.80% in 2008
- Return on average equity ratio raised to 17.06% from 15.15% in 2008
- Total assets amounted to RMB1,426,392 million, up by 35.3%
- Balance of deposits amounted to RMB1,127,938 million, up by 43.5%
- Outstanding loans amounted to RMB882,979million, up by 34.1%
- Net interest spread was 2.49% and net interest margin was 2.59%
- Outstanding Non-performing loan amounted to RMB7,397million, down by RMB524 million; non-performing loan ratio was 0.84%, down by 0.36 percentage points
- Provision coverage was 206.04%, up by 56 percentage points
- Capital adequacy ratio was 10.83%, up by 1.61percentage points; Core capital adequacy ratio was 8.92%, up by 2.32 percentage points

19 April, 2010, Beijing, Hong Kong – China Minsheng Banking Corp., Ltd. (hereinafter referred to as “the Company”; A share stock code: 600016, H share stock code: 01988) announces its 2009 annual results, in which the performance of key businesses of the Company has recorded significant improvement. The amount and ratio of outstanding non-performing loan ("NPL") were both reduced, while the provision for loan losses and the provision coverage ratio were both raised. The healthy development of all lines of business and the rapid expansion of deposit and loan sizes contributed to the significant improvement of performance.

#### **Significant Improvement of Performance Indicators**

In 2009, the business performance indicators of the Company improved significantly. Net profit attributable to equity holders of the Bank was RMB12,104 million, return on average asset ratio raised to 0.98% from 0.80% in 2008, return on average equity ratio raised to 17.06% from 15.15% in 2008, earnings per share was RMB0.63, and net assets per share was RMB3.95 as at the end of the reporting period.

The healthy development of all lines of business and the rapid expansion of deposit and loan sizes contributed to such significant improvement of performance indicators. As

compared with the numbers at the end of 2008, the total assets of the Company as at the end of 2009 increased by 35.3% from RMB1,054,350 million to RMB1,426,392 million, balance of deposits increased by 43.5% from RMB785,786 million to RMB1,127,938 million, and the outstanding loans increased by 34.1% from RMB658,360 million to RMB882,979 million.

In the second half of 2008, the Peoples' Bank of China ("PBOC") cut interest rate for five times to stimulate economy, which led to the contraction of net interest spread of banks in China, and the policy of 30% interest discount on housing mortgage loans brought reduction of earnings from those loans. Facing the unfavorable environment, the Company effectively adopted the strategy of "volume compensating for price" and achieved an increase of 6.1% in net interest income from the same period in the previous year. In 2009, the Company carried out intensive business structure adjustment to improve loan pricing capability by providing professional services through the four Strategic Business Units ("SBUs") and to avoid from impact of the narrowed interest spread by expanding lendings of high negotiating power to small and medium enterprises and small and micro enterprises. The average income ratio of loans and advances of the Company in 2009 was 5.31%, of which, 5.32% for corporate loans and 5.25% for retail loans. The net interest spread was 2.49% and the net interest margin was 2.59%, making the Company a leading position among its peers.

In 2009, the Company took the opportunity to dispose of equity interests held in Haitong Securities Co., Ltd. in a timely manner, and recorded a pre-tax income of RMB4,902 million, which laid a sound foundation for the Company to achieve significant improvement of performance indicators during the year.

While the Company achieved significant improvement of performance indicators the asset quality and provision coverage of the Company have been further improved. As at the end of 2009, the Company realized "double reductions" in terms of outstanding NPL amount and NPL ratio. The outstanding NPL amount dropped to RMB7,397 million from RMB7,921 million, and the NPL ratio decreased to 0.84% from 1.20% as at the end of 2008. Outstanding loans under the category of special-mention dropped to RMB12,928 million from RMB16,366 million and its proportion in total loans declined to 1.5% from 2.5% as at the end of 2008. The Company realized "double increase" in terms of provision for loan impairment losses and the coverage ratio as at the end of 2009. The balance of provision for loan impairment losses increased by RMB3,356 million to RMB15,241 million from RMB11,885 million as at the end of 2008, and the provision coverage ratio increased by 56 percentage points to 206.04% from 150.04% as at the end of 2008.

On 26 November, 2009, the Company successfully launched the H share IPO and the shares were listed and traded on the Main Board of the Hong Kong Stock Exchange. After partial exercise of the over-allotment option, 3,439million shares an amount of RMB26,750 million (net of commission, trading fees and transaction levies) was raised, which had effectively supplemented the core capital of the Company and improved its capital strength. As at the end of 2009, the capital adequacy ratio ("CAR") of the Company rose to 10.83% from 9.22% as at the end of 2008, and its core CAR increased to 8.92%

from 6.60% as at the end of 2008.

### **Significant Breakthroughs in Reform and Restructuring**

In 2009, the Company continued to deepen the SBU reform on corporate banking business initiated at the beginning of 2008, and optimized the operating system of its SBUs. The Company gave full support to SBUs in capacity building, implementing new business models and raising customer services standard to a higher professional level.

As at the end of 2009, deposit balance of the SBUs in real estate, energy, transportation and metallurgy industries was RMB155,467 million, an increase of 34.6% from the beginning of the year; balance of general loans amounted to RMB242,882 million, increasing by 39.1% from the beginning of the period; balance and ratio of NPLs were RMB809 million and 0.33%, respectively. In line with the corporate restructuring and strategic transformation of the Company, the SBUs further streamlined the structure of their customer base, business and income sources and enhanced their profitability by strengthening the pricing management and asset allocation. In the reporting period, the SBUs in the above-mentioned industries realized a net income of RMB7,522 million, up by 10% over the previous year. The turnover of intermediary business increased slightly over the past year to RMB1,142 million. Among the general loans newly extended by the four industry-specific SBUs, 69.6% had an interest rate of or higher than the benchmark rate, which was 5.2 percentage points higher than that of the Company's newly-offered corporate general loans of the same period.

In 2009, the SME Finance SBU accelerated its geographical expansion across the nation, from the preliminary focus at the Yangtze River Delta to other economic zones at Bohai Rim, Western Taiwan Straits and Pearl River Delta and developed specialized business units for SMEs at strategic locations. The number of sales units specializing in SME financial services increased to 23. It has achieved rapid expansion of business scale and increased profit margin under a sound risk management policy. As at the end of 2009, the balance of the loans and deposits of the SME Finance SBU amounted to RMB34,180 million and RMB20,181 million, up by 90.6% and 21.7% respectively over the beginning of the year. The NPL ratio was maintained at a low level of 1.22%. 93% of loans were of short-term nature. The average loan income ratio was 20% above the benchmark rate.

In 2009, the retail banking business of the Company made breakthroughs in size expansion and structural adjustment. As at the end of 2009, the outstanding retail loans amounted to RMB163,880 million, increasing by RMB55,309 million or 50.9% from the previous year, and accounted for 18.6% of the total loans to customers. The retail deposit balance amounted to RMB194,104million, increasing by RMB57,836 million or 42.4% from the previous year, and accounted for 17.2% of the total deposits to customers.

On 20 February, 2009, the Company started to launch Shang Dai Tong – a loan product aiming at small and micro enterprises with loan demand of less than RMB5 million, and became the leading bank in extending loans to such enterprises in just one year. As a result, the retail loans of the Company experienced a rapid growth. As at the end of 2009, Shang Dai Tong had an outstanding loan of RMB44,809 million, accounting for 27.3% of

the outstanding personal loans. The Shang Dai Tong business had over 30,000 customers and the assets were of good quality. In view of loan pricing and the characteristics of Shang Dai Tong loans, the Shang Dai Tong business has effectively optimized the loan interest structure of the Company.

In 2009, the Company's credit card business made an impressively fast progress. The Company has issued 7.63 million credit cards, including 1.14 million cards issued in 2009. Transaction volume was RMB102.4 billion, up by 37.5% over the previous year. Net non-interest income was RMB1.05 billion, up by 45.6% over the previous year. Outstanding loans amounted to RMB14,266 million, up by 12.1% over the previous year. NPL ratio of over 6 months was 2.46%. As at the end of the reporting period, cumulative total of Minsheng platinum and diamond credit cards was 173,000, among the highest in China's banking Industry.

In October 2008, the Company established the Private Banking SBU. In 2009, twelve private banking agencies were established under the Company's branches in Beijing, Shanghai, Nanjing, Shenzhen, Guangzhou, Chengdu and Fuzhou. As at the end of the reporting period, the private banking business had 1,229 clients and the financial assets under management reached RMB25.4 billion.

### **The Second Take-off in Full Implementation**

As indicated by Mr. Dong Wenbiao, Chairman of the Board, the Company will enter into the stage of full implementation of the "second take-off".

Since 2006, the Company has been proceeding with the business restructuring and operation model transformation in various fields including SBU reform of corporate banking business, improvement of retail banking capabilities and construction of new core banking systems. In the SBU reform of corporate banking business, the Company changed the 3-layer traditional operation and management model of head office-branch-sub-branch to one-stop operation and management model of the SBUs for business with high risks, which tremendously improved the professional service capability and level and effectively reduced risks. The promotion of financial services to small and micro enterprises has provided a new business growth point for the Company, making personal loans including the Shang Dai Tong product the key businesses to enhance the strength of branches, and improved the core competitiveness of its retail banking comprehensively. The new core banking system of the Company will be put into full operation in 2010, which will provide a solid IT platform for further improvement of the SBU reform and the construction of a process-based bank.

In 2010, the Company will enhance the coordination of internal restructuring and the development of process-based banking operations. The Company will move forward SBU reform to enhance internal cooperation and business development. Through optimizing the middle and back-office operation system, the Company intends to streamline the organization structure, management model and business process to realize scientific, systematic and procedural reforms. The Company will also work on all supporting systems as the groundwork for the new core systems to operate in a safe, smooth and

efficient manner.

In the second half of 2009, the Company stuck to its market positioning of being a bank for “non-state-owned enterprises”, “small and micro-businesses” and “high-end customers”. In 2010, as indicated by the Company, it will accelerate the planning and expansion of such businesses. By adapting to the features of non-state-owned economies, the Company will build up basic customer base and develop operation system to foster strategic cooperation. It will push forward the geographic distribution of SME financial service agencies and innovate financial products and service systems. The Company will make the Shang Dai Tong business model a long-lasting one, and streamline small and micro-business management system and operation system. While expediting the consolidation of retail business resources, the Company will standardize the service system and development plan to establish a comprehensive and multi-layered platform for mid-high end retail products.

Mr. Hong Qi, President of the Company, said, “In 2010, our Company will speed up the transformation of growth model, realize a balanced development in maintaining growth, adjusting structure, promoting reform and enhancing efficiency. We will change our focus from business and products to customer services and efficiency so as to establish a “distinctive and efficient bank” and set a solid foundation for the “second take-off” of our businesses. We will also endeavour to increase the value of our Company and reward the shareholders and the society with outstanding performance.”