China Minsheng Bank Announces Interim Results in 2010

Profit Increased by 20.23% Second Take-off Proved Effective

Breakthroughs Made in Business Model Transformation

Distinctive Banking Came into Shape

Asset Quality Remained Good

Provision Coverage Gradually Improved

Performance Highlights

(China Minsheng Banking Corp., Ltd. and its subsidiaries as at 30 June, 2010 and as prepared in accordance with the IFRS)

Earnings per share: RMB0.40；

Net asset per share: RMB4.31, up by 9.11% from the beginning of the year；

Average return on assets ratio(annualized)：1.17%；

Shareholder’s equity attributable to equity holders of the bank: RMB95,976 million, up by 9.02% from the beginning of the year；

Return on average equity (“ROAE”, annualized) ratio: 19.28%；

Total assets: RMB1,630,776 million, up by 14.33% from the beginning of the year；

Net profit attributable to equity holders of the bank: RMB8,866 million, up by 20.23% from corresponding of the period previous year；

Net interest income: RMB21,165 million, up by 51.72%;

Net interest margin: 2.80%, up by 0.49 percentage points from the corresponding period of the previous year；

Net interest spread: 2.92%, up by 0.49 percentage points from the corresponding period of the previous year；

Percentage of net non-interest income:18.85%；

Cost to income ratio: 39.83%；

Impaired loan ratio: 0.79%, down by 0.05 percentage points from the beginning of the year；

Allowance to impaired loans ratio: 229.42%, up by 23.38 percentage points from the beginning of the year；

Capital adequacy ratio: 10.77%；

Core Capital adequacy ratio : 8.32%

10 August, 2010, Beijing, Hong Kong – China Minsheng Banking Corp., Ltd. (hereinafter referred as “the Company”; A share stock code: 600016, H share stock code: 01988)

announces its 2010 interim results, which showed significant increase in net profit and net interest margin, good asset quality and improvement in provision coverage ratio. The effective business model transformation of Strategic Business Unit ("SBU") and the strategic transformation of customer and business structure had further improved the overall profitability of the Company.

Significant Improvement in Profitability

As of 30 June, 2010, net profit of the Company amounted to RMB8,866 million, representing an increase of 20.23% from the corresponding period of the previous year. Basic earnings per share was RMB0.40, ROAE（annualized） was 19.28%. When excluding the impact on investment yield from disposal of the equity of Haitong Securities in the first half of 2009, the growth rate of net profit in the first half of this year will reach nearly 140%.

The significant increase in net profit was mainly resulted from the notable growth of net interest income and net non-interest income. In the first half of 2010, the net interest income of the Company amounted to RMB21,165 million, representing an increase of RMB7,215 million, or 51.72% from the corresponding period of the previous year. The increase in net interest income was mainly attributable to the expansion in the size of interest-earning assets and the increase in net interest margin. In the first half of 2010, the average balance of interest-earning assets of the Company amounted to RMB 1,451,878 million, representing an increase of RMB 303,459 million from the corresponding period of the previous year, while the net interest margin reached 2.92%, representing an increase of 0.49 percentage points from the corresponding period of the previous year. The increase in net interest margin was due to the increase in average rate of return of interest-earning assets and the decrease in costs on deposits. In the first half of 2010, the average rate of return of interest-earning assets was 4.37%, increased by 0.08 percentage points from the corresponding period of the previous year, while the average cost ratio of liabilities was 1.57%, decreased by 0.41 percentage points, which led to a decrease of RMB161 million in interest expenses from RMB10,684 million in the first half of last year to current RMB10,523 million despite an increase of RMB264,571 million in average balance of liabilities compared with the corresponding period of the previous year. The main cause of decrease in average cost ratio of liabilities was that the increased proportion of average balance of demand deposits of the Company in the first half of this year dragged down the interest rate of deposits. In addition, the cost ratio of time deposits also declined and the impact of decrease in deposit cost ratio surpassed the impact of increase in deposit balance.

In the first half of 2010, the net non-interest income of the Company amounted to RMB4,916 million, accounting for 18.86% of the operating income. Of which, income from fee and commission was RMB4,509 million, representing an increase by RMB2,211 million, or 96.21%, over the corresponding period of the previous year. Incomes from advisory and consultation services, wealth management, custody and other trust business, and trade finance became the key growth point in such income. As the main body in generating income from fee and commission, the corporate banking departments of the Company contributed a net fee and commission income of RMB3,018 million, which accounted for 73.11% of the total of the Company (excluding that of the subsidiaries), and 104% of the number in 2009. In the meantime, the Company further optimized the structure of fee and commission income so as to make it one of the channels that brings continuous growth to income from intermediary business besides income from fees for new financial advisory services provided to investment banking business in emerging markets, income from fees for trade finance and transaction finance, fees for issuance of debt financing instruments, as well as income from custody and annuity business.

In the first half of 2010, the asset quality of the Company continued to remain good. As at the end of June 2010, the impaired loan ratio was 0.79%, decreased by 0.05 percentage points from the end of 2009. The allowance to impaired loans ratio was 229.42%, increased by 23.38 percentage points from the beginning of the year.

Successful Results in SBU Reform

As of the end of June 2010, the SBU reform on the corporate banking business of the Company, which fully commenced at the beginning of 2008, have been in operation for two years and a half. Major breakthroughs have been made in the reform during the past two years in improving specialized customer services, enhancing risk management capability, pricing capability and profitability of asset-base business. In the first half of 2010, all SBUs of the Company took initiatives to carry out structural adjustments to strengthen risk prevention, explore business in emerging markets and push forward the transformation of business models in response to the complicated and ever-changing external environment.

The transformation of business models in SBUs is mainly reflected by the fact that SBUs no longer take size expansion of deposits and assets as the focus of business development. In the first half of 2010, the four major industry-oriented SBUs, e.g. the Real Estate Finance SBU, Energy Finance SBU, Transportation Finance SBU and Metallurgy

Finance SBU, along with the Trade Finance SBU generated more than half of the net non-interest income of RMB4,916 million. Of which, the deposit balance of the Real Estate Finance SBU amounted to RMB50,417 million, representing an increase of RMB6,821 million, which was RMB9,718 million less the increase in the corresponding period of the previous year. Outstanding loans amounted to RMB96,946 million, representing an increase of RMB23,256 million from the beginning of the year. The adjusted comparable amount increased by RMB12,387 million from the beginning of the year. Deposit balance of the Energy Finance SBU amounted to RMB44,021 million, representing an increase of RMB9,498 million from the beginning of the year, which was RMB7,128 million less than the increase in the corresponding period of the previous year. Outstanding loans amounted to RMB93,147 million, representing an increase of RMB897 million from the beginning of the year, which was RMB32,714 million less than the increase in the corresponding period of the previous year. Deposit balance of the Transportation Finance SBU amounted to RMB46,341 million, representing an increase of RMB4,333 million from the beginning of the year, which was RMB7,421 million less than the increase in the corresponding period of the previous year. Outstanding loans amounted to RMB44,376 million, representing an increase of RMB1,608 million from the beginning of the year, which was RMB15,934 million less than the increase in the corresponding period of the previous year. Deposit balance of the Metallurgy Finance SBU amounted to RMB43,144 million, representing an increase of RMB7,804 million from the beginning of the year, which was RMB7,111 million less than the increase in the corresponding period of the previous year. Outstanding loans amounted to RMB32,263 million, representing an decrease of RMB1,906 million, which was RMB15,714 million less than the increase in the corresponding period of the previous year.

When the growth rate of deposits and loans dropped significantly, the total revenue of intermediary business of SBUs of the Company notably increased to RMB1,568 million, of which, contributions from the Real Estate Finance SBU, Energy Finance SBU, Transportation Finance SBU and Metallurgy Finance SBU were RMB482 million, RMB338 million, RMB391 million and RMB357 million, respectively. In 2009, the total revenue of intermediary business of the four SBUs was RMB1,142 million. Along with the contribution of around RMB1,020 million of non-interest income from the Trade Finance SBU, the SBUs have become the main source of non-interest income for the Company's corporate banking business.

All SBUs of the Company maintained their asset quality at a good level in spite of industry fluctuation and restructuring. As at the end of June 2010, the impaired loan ratio of the finance SBUs of real estate, energy, transportation and metallurgy were 1.23%, 0, 0.01% and 0.51%, respectively.

Distinctive Banking Came into Shape

In the first half of 2010, the Company kept optimizing customer structure and business structure to facilitate its strategic transformation. The business of non-state-owned enterprises, small and micro enterprises and high-end customers grew rapidly, marking that distinctive banking was coming into shape.

The Company has started to implement its strategy of becoming the bank for non-state-owned enterprises, small and micro enterprises and high-end customers since the second half of 2009, and pushed forward the strategic transformation to achieve the second take-off. In the first half of 2010, the Company identified and chose quality non-state-owned customers through cooperation with the ACFIC, All-China General Chamber of Industry and Commerce and industry associations. The Company devised comprehensive financial solutions that meet the development strategies and demands of these customers, and entered into strategic cooperation agreements at the appropriate timing. The Company allocated more credit resources of corporate banking to SMEs and non-state-owned enterprises. In the first half of 2010, the total lendings to non-state-owned enterprises amounted to RMB168,015 million. As at the end of June 2010, the Company had 6,324 customers of non-state-owned enterprises with outstanding balances, and outstanding general loans amounted to RMB352,047 million, representing an increase of 49% and 24% over the beginning of the period, respectively. As at the end of June 2010, outstanding loans to SMEs amounted to RMB59,197 million, representing a significant increase of RMB25,017 million or 73.19% as compared with the beginning of the period. The number of SME customers with outstanding loans increased by 1,916 or 72.3% to 4,566 as compared to the beginning of the period. SMEs maintained their asset quality at a good level despite the financial crisis in 2009, and the impaired loan ratio at the end of the period was 0.77%, representing a decrease of 0.45 percentage points from the beginning of the period. Weighted average interest rates of new loans reached 6.19%, which was 19.16% above the benchmark interest rate.

In addition, retail loans of the Company recorded rapid growth. As at the end of June 2010, the outstanding retail loans amounted to RMB210,076 million, accounting for 22.00% of total loans of the Company, representing an increase of 3.44 percentage points from the end of last year. The growth was mainly contributed by “Shang Dai Tong”, the loan product targeting at small and micro enterprises. As at the end of June 2010, the outstanding loans of Shang Dai Tong amounted to RMB87,268 million, representing an increase of RMB42,459 million or 94.76% from the end of last year. The customer structure was further optimized, giving that the total number of Shang Dai Tong customers reached over 70,000, of which more than 20% were VIP customers. The interest rate structure of newly-issued Shang Dai Tong loans in 2010 continued to improve, resulting in higher product profitability and effective optimization of the loan interest rate structure of the Company, particularly that of retail loans. In respect of risk control, the Company insisted on the use of the principles of "the Law of Large Numbers" to measure the risk exposure of certain industry, and controlled risks by selecting industries for provision of Shang Dai Tong product. As at the end of June 2010, its impaired loan ratio was as low as 0.08%.

The number and assets of high-end customers of the Company increased rapidly, reflecting effective implementation of "becoming the bank for high-end customers". As at the end of June 2010, the aggregate number of Minsheng platinum, diamond and infinite credit cards in issue increased by 107,000 from the end of last year to 280,000. The number of high-end credit card holders ranked top in China. In respect of private banking business of the Company, 4 new special agencies were established, totaling the number of private banking agencies to 16. As at the end of June 2010, the total assets of qualified customers of private banking business amounted to RMB33,700 million, representing an increase of RMB8,300 million from the end of previous year.

Mr. Dong Wenbiao, Chairman of the Company, said, "In view of the changing external environment, our Company will continue to carry out corresponding measures and focus on customer strategy on non-state-owned enterprises, small and micro businesses and high-end customers. The reform of process-based banking will be reinforced while the adjustments of business structure will be made for better integration and efficiency. With our commitment to accomplish all tasks for the year, our Company will strive to develop into a "distinctive and efficient" bank to mark its fifteenth anniversary and build a solid foundation for its "Second Take-off".

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