

Press Release for 2013 H share Interim Report

Net profit of Minsheng Bank increased by 20.43% in the first half of 2013

China Minsheng Banking Corp., Ltd. (“Minsheng Bank”) (A Share Stock Code: 600016; H Share Stock Code: 01988) issued the interim report of 2013 on 28 August 2013. In the first half of 2013, Minsheng Bank Group (Minsheng Bank and its subsidiaries) recorded a net profit attributable to equity shareholders of the Bank of RMB22,945 million, representing an increase of 20.43% as compared to the corresponding period of the previous year.

In addition to the significant increase in net profit, the income structure of Minsheng Bank Group was further improved. In the first half of 2013, the percentage of net fee and commission income to operating income ratio increased to 27.73%. The strategic businesses saw a steady growth. In particular, as at the end of June 2013, loans of Minsheng Bank to MSEs (Micro and Small Enterprises) amounted to RMB386,025 million, representing an increase of RMB69,074 million as compared to the end of the previous year.

Higher profitability

In the first half of 2013, the Group recorded a net profit attributable to equity shareholders of the Bank of RMB22,945 million, representing an increase of RMB3,892 million, or 20.43%, as compared to the corresponding period of the previous year. The annualized return on average total assets and the return on average shareholder’ equity were 1.42% and 13.18%, respectively. Basic earnings per share were RMB0.81, representing an increase of RMB0.12 over the corresponding period of the previous year.

As at the end of June 2013, the total assets, total liabilities, gross balance of loans and advances to customers and total deposits from customers of Minsheng Bank Group amounted to RMB3,410,093 million, RMB3,218,886 million, RMB1,484,970 million and RMB2,174,975 million respectively, representing an increase of RMB198,092 million (or 6.17%), RMB175,429 million (or 5.76%), RMB100,360 million (or 7.25%) and RMB248,781 million (or 12.92%) respectively, as compared to the end of the previous year. In particular, balance of personal deposits amounted to RMB492,945 million, representing an increase of RMB99,171 million, or 25.18%, as compared with the end of the previous year. The percentage of personal deposits in total deposits from customers was 22.66%, representing an increase of 2.22 percentage points as compared to the end of the previous year.

In the first half of 2013, the operation of small enterprises remained difficult due to further slowdown in economic growth. The operation environment in Zhejiang was first affected and the impacts subsequently spread to Jiangsu, Shandong and Fujian. In view of the deteriorating credibility, Minsheng Bank proactively adjusted its loan portfolio and optimized its risk management system. Minsheng Bank also intensified the risk monitoring and warning system. Minsheng Bank managed to maintain the quality of its assets basically through strengthening the collection and disposal of NPLs. As at the end of June 2013, the impaired loan ratio of Minsheng Bank Group

was 0.78%, an increase of 0.02 percentage points as compared to the end of the previous year. The allowance to impaired loans ratio and allowance to total loans ratio were 320.41% and 2.49%, representing an increase of 5.88 percentage points and 0.10 percentage points as compared to the end of previous year, respectively. The ability of risk resistance of Minsheng Bank Group was further improved.

Further optimization of income structure

In addition to improving profitability, the income structure of Minsheng Bank was further optimized and net fee and commission income to operating income ratio has continued to increase.

In the first half of 2013, the Group recorded operating income of RMB58,492 million, representing an increase of RMB7,123 million, or 13.87%, as compared with the corresponding period of the previous year. Among others, net interest income amounted to RMB40,564 million, representing an increase of RMB2,693 million, or 7.11%, as compared with the corresponding period of the previous year. Net non-interest income amounted to RMB17,928 million, representing an increase of RMB4,430 million, or 32.82%, as compared with the corresponding period of the previous year, and accounted for 30.65% of the operating income, representing an increase of 4.37 percentage points as compared with the corresponding period of the previous year. For net non-interest income, net fee and commission income of the Group amounted to RMB16,222 million, representing an increase of RMB6,192 million, or 61.73%, as compared with the corresponding period of the previous year. The net fee and commission income to operating income ratio amounted to 27.73% was mainly due to increases in fee and commission income from custody, other fiduciary services, bank card services, agency business and etc..

In the first half of 2013, subject to the regulatory requirements, Minsheng Bank integrated the development of intermediary business with the expansion of financing assets base. The Bank strengthened its service oriented intermediary business and expanded the scale of trade settlement, custody and fund monitoring services scale so as to secure the stable growth of revenue on basic intermediary business. It also used the issuance of debt financing instruments, trust wealth management and led syndicated loans to boost the continuous growth of fee and commission income from its direct financing business. In addition, the Bank actively developed its intelligence-based intermediary business by integrating financial instruments such as direct and indirect asset financing and asset management. Through the business platform and channels of the Bank and other non-banking financial institutions, the Bank provided integrated financial services including financing, wealth management and wealth advisory to the customers.

In recent years, with strengthened management of costs and expenses and further improved operation efficiency, the cost-to-income ratio has decreased gradually. In the first half of 2013, the cost-to-income ratio of Minsheng Bank was 28.57%, representing a decrease of 2.04 percentage points as compared with the corresponding period of the previous year.

Strengthening strategic businesses

In the first half of 2013, Minsheng Bank expedited the three major strategic businesses of being a “bank for NSOEs”, “bank for MSEs” and “bank for high-end retail customers”.

In the first half of 2013, Minsheng Bank continued to cooperate with the ACFIC, chamber of commerce of the private sector and industry associations for implementing its NSOE strategy. NSOEs which were able to satisfy the requirements of “professional team building, strategy recognition, integrated finance and value creation” were selected as the Bank y’s target customers. The Bank set up dedicated Financial Stewardship service team to provide planning and integrated financial service schemes, including industry chain financing, issuance of debt financing instruments, structured financing and cash management, for its customers based on their strategic development and demands for financial services in order to cultivate the core NSOE customer base of long-term strategic partnership. As at the end of June 2013, the Bank had 13,655 NSOE customers with outstanding loan balances, and outstanding general loans of NSOE amounted to RMB518,950 million. In corporate banking business, the number of NSOE customers with outstanding loans accounted for 84.27% and the relevant general loan amount accounted for 59.66%.

In the first half of 2013, Minsheng Bank sped up its reform of MSE business process and promoted the new MSE business mode of centralized sales and marketing in branches. MSE finance achieved rapid development in the midst of transformation. As at the end of June 2013, the total balance of loan to MSEs of Minsheng Bank amounted to RMB386,025 million, representing an increase of RMB69,074 million, or 21.79%, as compared to the end of the previous year, with an average monthly increase of over RMB10 billion. In the first half of 2013, the number of new MSE customers of Minsheng Bank increased by 463,800 and the total number of customers reached 1,456,100. In the first half of 2013, in the face of the rising MSEs operating pressure and higher degree of risk exposure, Minsheng Bank further improved its after-sale service and reinforced the establishment of back-office supervisory system. The Bank also actively performed risk warning and strengthened the disposal of non-performing assets. The increase in the NPL ratio was effectively restrained. As at the end of June 2013, the NPL ratio of MSE loans of the Bank remained at a low level of 0.47%.

In the first half of 2013, the private banking segment of Minsheng Bank made breakthroughs in new products in respect of asset allocation, featured funds and industry funds by coordinating internal and external platforms in response to the policy changes. These efforts were made to continuously satisfy the long and short term financial needs of private banking customers. Minsheng Bank further expanded financing channels by establishing matching business platforms, high-end credit channels and overseas trust business while securing the target group of wealthy customers. It offered comprehensive stewardship service for affluent customers by leveraging its unique and premium non-financial services so as to develop Minsheng Bank as a top-notch domestic private banker service brand. As at the end of June 2013, the private banking financial assets under the management of Minsheng Bank amounted to RMB172,857 million, representing an increase of RMB44,687 million, or 34.87%, as compared with the end of previous year. The number of private banking customers reached 12,334, representing an increase of 2,945, or 31.37%, as compared with the end of previous year.

Mr. Dong Wenbiao, the chairman of Minsheng Bank, stated that in the second half of 2013, Minsheng Bank will fully implement the second Five-Year Development Outline by the board of directors for structural adjustment, business transformation, management reinforcement and overall promotion. Together with the implementation of the strategy of “targeting at MSEs and free up two wings”, Minsheng Bank will continue to strive for the efficient reform and management of the SBUs. As such, satisfactory results will be presented to shareholders.