

[For Immediate Release]



Minsheng Bank Records Net Profit of RMB44,546 Million in 2014

Optimised Business Structure and Remarkable Achievement of Strategic Transformation

Hong Kong, 30 March 2015—**China Minsheng Banking Corp., Ltd.** (H share stock code: 01988; A share stock code: 600016, “Minsheng Bank”) announced its results for the year ended 31 December 2014. In 2014, net profit attributable to equity shareholders of the parent company of the Group (including Minsheng Bank and subsidiaries of Minsheng Financial Leasing Co., Ltd., Minsheng Royal Fund Management Co., Ltd. and Minsheng rural banks controlled by Minsheng Bank) amounted to RMB44,546 million, representing an increase of RMB2,268 million, or 5.36%, as compared with the corresponding period of the previous year.

In 2014, Minsheng Bank endeavored to implement its strategy of becoming a “bank for Non State-owned Enterprises (NSOEs)”, a “bank for small and micro enterprises” and a “bank for high-end retail customers” to drive the steady development of all businesses, and the continuous refinement of its business structure and income structure, so as to achieve a successful strategic transformation.

Continuous improvement in profitability

In 2014, in response to the profound changes in the macro-economic and financial environment, Minsheng Bank optimised the structure of assets and liabilities. As at the end of 2014, total assets of the Group amounted to RMB4,015,136 million, representing an increase of RMB788,926 million, or 24.45%, as compared with the end of the previous year. Total liabilities of the Group amounted to RMB3,767,380 million, representing an increase of RMB745,457 million, or 24.67% as compared with the end of the previous year. Total balance of loans and advances to customers amounted to RMB1,812,666 million, representing an increase of RMB238,403 million, or 15.14%, as compared with the end of the previous year. Total customer deposits amounted to RMB2,433,810 million, representing an increase of RMB287,121 million, or 13.38%, as compared with the end of the previous

year.

In 2014, the net profit attributable to equity shareholders of the bank of the Group amounted to RMB44,546 million, representing an increase of RMB2,268 million, or 5.36%, as compared with the corresponding period of the previous year. Return on average assets and return on average shareholders' equity were 1.26% and 20.35%, respectively. Basic earnings per share was RMB1.31, representing an increase of RMB0.07, or 5.65%, as compared with the corresponding period of the previous year. Net assets per share attributable to equity shareholders of the Bank was RMB7.03, representing an increase of RMB1.22, or 21.00%, as compared with the corresponding period of the previous year.

In 2014, operating income of the Group amounted to RMB135,007 million, representing an increase of RMB18,905 million, or 16.28%, as compared with the corresponding period of the previous year. The net interest income of the Group amounted to RMB92,136 million, representing an increase of RMB9,103 million, or 10.96%, as compared with the corresponding period of the previous year. The net non-interest income of the Group amounted to RMB42,871 million, representing an increase of RMB9,802 million, or 29.64%, as compared with the corresponding period of the previous year. The net non-interest income also accounted for 31.75% of the operating income, representing an increase of 3.27 percentage points as compared with the corresponding period of the previous year. Among the net non-interest income, net fee and commission income of the Group amounted to RMB38,239 million, representing an increase of RMB8,283 million, or 27.65%, as compared with the corresponding period of the previous year. The net fee and commission income also accounted for 28.32% of the operating income, representing an increase of 2.52 percentage points as compared with the corresponding period of the previous year. While refining the operation structure, the Group continued to optimise management and control of costs. The cost-to-income ratio of 2014 was 33.39%, representing an increase of 0.70 percentage point as compared with the corresponding period of the previous year.

In 2014, Minsheng Bank continued to accelerate the establishment of risk control system to strengthen the awareness of risk accountability. It controlled the general asset quality by implementing new approaches for the collection and disposal of non-performing assets. As at the end of 2014, the impaired loan rate of the Group was 1.17%, representing an increase of 0.32 percentage point as compared with the end of the previous year. Allowances to impaired loans ratio and the provision for total loans ratio were 182.20% and 2.12%, respectively.

Implementation of strategic transformation

In 2014, guided by the strategy of becoming a “bank for NSOEs”, “bank for small and micro enterprises” and “bank for high-end retail customers”, Minsheng Bank further enhanced the synergy of the three strategic businesses. The outcome of the business transformation started to show.

As at the end of 2014, Minsheng Bank had 11,876 NSOE customers with outstanding loan balances, and outstanding general loans of NSOEs amounted to RMB653,505 million. In the corporate banking business segment, the number of NSOE customers with outstanding loan balances and general loan balances accounted for 83.47% and 57.96%, respectively. The strategic position of Minsheng Bank as a “bank for NSOEs” was further strengthened.

In 2014, Minsheng Bank accelerated the development of small business finance (version 2.0) of the business process for official launch and adjusted the structures of customers, products and industries. Emphasis was placed on small and micro enterprises in order to refine its customer structure. In 2014, the annual small and micro loans amounted to RMB453,682 million, representing an increase of 3.22% over the previous year. As at the end of 2014, outstanding loans to small and micro enterprises amounted to RMB402,736 million and the number of small and micro enterprise customers totalled 2,911.9 thousand, representing an increase of 1,007.0 thousand, or 52.86%, as compared with the corresponding period of the previous year. The average loan to small and micro enterprises amounted to RMB1.55 million, representing a decrease of 13.09% as compared with the corresponding period of previous year. The Group implemented its strategy on the development of community finance. As at the end of 2014, the number of community outlets of the Company with comprehensive self-service banking functions increased to 4,902, of which 743 community sub-branches was licensed by regulatory authority. With the strategy of “small business finance and community finance”, the growth in deposit of Minsheng Bank was further enhanced. As at the end of 2014, the financial assets of personal customers managed by the Company amounted to RMB1,073,023 million. The balance of savings deposit was RMB531,628 million. The number of retail customers and non-retail customers increased by 5,887.8 thousand as compared with the beginning of the year, marking the significant expansion of customer base.

In respect of high-end customer strategy, as at the end of 2014, the private banking financial assets under the management of the Company amounted to RMB230,396 million, representing an increase of RMB38,455 million, or 20.03%, as compared with the end of the previous year. The number of private banking customers reached 14,252, representing an increase of 1,352, or 10.48%, as compared with the end of the previous year. The intermediary

business income amounted to RMB2,155 million, representing an increase of RMB456 million or 26.84% as compared with the end of the previous year.

Acceleration of strategic transformation

In 2014, new competition landscape of the banking industry was formed due to the breakthrough in various aspects, including acceleration of liberalisation of interest rates, booming capital market, extended internet application in the financial industry and establishment of NSOE. Minsheng Bank understands the importance of reforms. As such, in 2014, Minsheng Bank completed the three missions of “implementing reform of strategic business units (“SBUs”), transforming branches with a focus on small business finance and community finance as well as the industry chains and supply chains and optimising mid-and back-offices” in order to accelerate its strategic transformation.

In 2014, Minsheng Bank continued the 2.0 SBU reform. Based on the four major principles of “quasi corporation nature, professionalism, financial resources integration and financial stewardship team”, the structures and internal operation procedures of SBUs were refined and adjusted. An operation mechanism with quasi corporation nature was formed to strengthen the capability of professional teams and the transformation of stewardship model and accelerated the business development of investment banks and trading banks. As a result, the integrated and professional financial services and the distinctive operation of commercial banks and investment banks were significantly enhanced.

In 2014, Minsheng Bank refined the organisation structure of its retail business by establishing a small and micro financial department to strengthen the professional management of personal customers and cross-selling and enhance consumer credit. Also, the Group continued to optimise its small and micro commercial model by switching from the traditional model of daily consumption to modern service industry with higher consumption. It also developed businesses of eight emerging industries in order to switch from commercial-oriented economy to O2O economy with efficient business chain integration. Furthermore, the Group established a preferential merchant base as a diversified marketing platform in the communities. As at the end of 2014, the balance of financial assets of the community financial projects was over RMB70,000 million with more than 300,000 current customers, reflecting the effectiveness of the community strategy.

In 2014, Minsheng Bank enhanced the investment and development of internet banking services and developed new products and services so as to further improve customer experience and maintain the top position of its

market share among commercial banks. As at the end of 2014, the number of mobile banking customers was 13,021.2 thousand, representing an increase of 7,476.0 thousand as compared with the end of the previous year. The number of annual transactions amounted to 182 million, representing an increase of 203.51% as compared with the corresponding period of the previous year. The transaction turnover amounted to RMB3.22 trillion, representing an increase of 185.81% as compared with the corresponding period of the previous year. The frequency of customer transactions was beyond the average level of inter-banking industry. Direct banking of Minsheng Bank was officially launched on 28 February 2014. Adhering to the principle of “simple banking”, the Group established an internet banking service system integrating saving, loan borrowing and remittance. As at the end of 2014, the number of direct banking customers was 1,468.1 thousand and total application for “Ru Yi Bao” was RMB236,687 million.

Hong Qi, Chairman of Minsheng Bank, said that in 2015 Minsheng Bank will focus on the Phoenix Plan, its capability enhancement programme in relation to interest rate liberalization, in 2015, and undertake various projects to enhance its strategic position, financial position, risk management, interest rate pricing, cost efficiency, human resources and IT platform. With its comprehensive transformation and innovative strategy, Minsheng Bank will strive towards its stable operating results and become a top commercial bank in China with core competitiveness and unique features so as to create higher value and returns for investors, society and employees.

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