

[Press Release – for immediate release]



Significant Progress of Strategic Transformation with Optimised Business Structure

Minsheng Bank Records Net Profit of RMB47,843 Million in 2016

Hong Kong, 30 March 2017 – **China Minsheng Banking Corp., Ltd.** (“Minsheng Bank” or the “Company”; H share stock code: 01988; A share stock code: 600016; USD Preference share stock code: 04609) announced its results for the year ended 31 December 2016.

In 2016, net profit attributable to equity shareholders of the Company of the Group (including Minsheng Bank and its controlled subsidiaries including Minsheng Financial Leasing Co., Ltd., Minsheng Royal Fund Management Co., Ltd. and Minsheng rural banks controlled) amounted to RMB47,843 million, representing an increase of RMB1,732 million, or 3.76%, as compared with the corresponding period of the previous year.

In 2016, in face of the changing market condition and regulatory policies, Minsheng Bank continued to promote the “Phoenix Project” pursuant to its major operating strategy of “strengthening corporate banking, expanding retail banking and optimizing financial markets business” and deepened the reform on its operating systems. The acceleration of strategic transformation and business restructuring promoted steady growth in operating results.

Steady growth in profitability

As at the end of 2016, total assets of the Group amounted to RMB5,895,877 million, representing an increase of RMB1,375,189 million, or 30.42%, as compared with that as at the end of the previous year. Total outstanding loans amounted to RMB2,461,586 million, representing an increase of RMB413,538 million, or 20.19% as compared with the end of the previous year. Total balance of deposits amounted to RMB3,082,242 million, representing an increase of RMB349,980 million, or 12.81%, as compared with the end of the previous year.

In 2016, operating income of the Group amounted to RMB154,051 million, representing an increase of RMB300 million, or 0.20%, as compared with the previous year. The net non-interest income of the Group amounted to RMB59,367 million, as compared with the corresponding period of the previous year, and accounting for 38.54% of the operating income. Among the net non-interest income, net fee and commission income of the Group amounted to RMB52,261 million, representing an increase of RMB1,056 million, or 2.06%, as compared with the corresponding period of the previous year. The net fee and commission income accounted for 33.92% of the operating income, representing an increase of 0.62 percentage point as compared with the corresponding period of the

previous year. In 2016, the net income of retail business of the Group amounted to RMB49,659 million, which accounted for 32.24% of the operating income, representing an increase of 2.56 percentage points as compared with the corresponding period of the previous year.

In 2016, the net profit attributable to equity shareholders of the Company amounted to RMB47,843 million, representing an increase of RMB1,732 million, or 3.76%, as compared with the previous year. Return on average shareholders' equity and return on average assets were 14.86% and 0.94%, respectively. Basic earnings per share was RMB1.31. Net assets per share attributable to equity shareholders of the Company was RMB9.12.

In 2016, Minsheng Bank continued to refine the risk management policy and strengthen risk monitoring and early-warning system. It controlled the general asset quality by implementing new approaches for the collection and disposal of non-performing assets. As at the end of 2016, the impaired loan ratio of the Group was 1.68%, representing an increase of 0.08 percentage point as compared with the end of the previous year. The provision coverage ratio and the provision for total loans ratio were 155.41% and 2.62% respectively, representing an increase of 1.78 and 0.16 percentage points, respectively, as compared with the end of the previous year.

In 2016, Minsheng Bank further improved the measures to reduce costs and improve efficiency of major areas to refine the cost management level. In 2016, the cost-to-income ratio of the Company was 31.21%, representing a decrease of 0.14 percentage point as compared with the end of the previous year. Operating efficiency of the Company was further enhanced.

Improvement in differentiated operation capabilities

In 2016, the Phoenix Project of Minsheng Bank was fully implemented for further reform and innovation of the operation management system. The viability of operation was fully explored to promote development by reform and generate efficiency by innovation, which has brought remarkable progress.

Firstly, the corporate banking was strengthened. Through categorized management of customers, Minsheng Bank refined the business structure by industry and region to capitalize on opportunities in investment banking and transaction banking businesses, so as to improve the professionalism of its corporate banking. In 2016, Minsheng Bank issued RMB21,351 million credit asset-backed securities, the size of which was the largest in the interbank market. Minsheng Bank also achieved breakthroughs in the development of settlement products, such as Tender Express (招標通), Market Express (市場通), Cross-Bank Service (跨行寶) and E-Payment (e支付). As at the end of 2016, the balance of corporate deposits of the Company amounted to RMB2,503,040 million, representing an increase of RMB372,273 million, or 17.47%, as compared with that as at the end of the previous year. The outstanding corporate loans (including discounted bills) of the Company amounted to RMB1,556,385 million, representing an increase of RMB241,983

million, or 18.41%, as compared with that as at the end of the previous year.

Secondly, retail business was expanded. Minsheng Bank facilitated the transformation of retail business through expanding the customer base management system and refining wealth management system, promoting strategic transformation for small business finance and private banking businesses, and developing consumer credit service. As at the end of 2016, the number of retail customers with existing deposits increased by 4,723.7 thousand as compared with the end of the previous year to 30,337.6 thousand. The Company also strengthened the transformation and improvement of the development model of small business finance. In 2016, the total loans to small and micro enterprises amounted to RMB396,790 million. As at the end of 2016, the outstanding loans to small and micro enterprises and the average of loans to small and micro enterprises per account were RMB327,136 million and RMB1.5346 million, respectively. As at the end of 2016, the private banking financial assets under the management of the Company amounted to RMB296,748 million, representing an increase of RMB23,740 million as compared with the end of the previous year.

Thirdly, financial markets business was optimized. Minsheng Bank continued to promote its platform construction and established interbank cooperation with 14 strategic interbank customers in 2016. In addition, the interbank liabilities structure was refined. As at the end of 2016, the balance of interbank deposits increased by 274.63% as compared with the corresponding period of the previous year to RMB255,345 million. With further innovation of the business model of “Custody + (託管+)”, the funds under custodian of the Company as at the end of 2016 amounted to RMB7,071,366 million, representing an increase of 51.45% as compared with the end of the previous year. With the strengthening of the brand building of “Apex Asset Management (非凡資產管理)”, the scale of wealth management products amounted to RMB1,427,816 million as at the end of 2016, representing an increase of 34.89% as compared with the end of the previous year. The Company ranked top in the industry in terms of the growth rate of wealth management products.

Fourthly, internet finance business was promoted. Minsheng Bank strove to enhance its brand influence by developing internet finance products and services including direct banking, mobile banking, WeChat banking and online banking. As at the end of 2016, financial assets under direct banking business of the Company exceeded RMB50 billion, with 5,284.8 thousand customers. The total subscription volume of Ru Yi Bao (如意寶) amounted to RMB1,489,163 million. The number of mobile banking customers reached 24,751.4 thousand, representing an increase of 5,725.7 thousand as compared with the end of the previous year. The frequency of transactions conducted by the customers has taken a lead in the banking industry. The number of WeChat banking customers reached 16,872.8 thousand, which was one of the top among the industry. Transaction replacement rate of personal online banking was 99.28%.

Fifthly, the layout of distribution channels was enhanced. As at the end of 2016, the distribution network of Minsheng Bank consisted of 124 branch-level institutions and 1,119 business outlets of sub-branches across 118 cities in Mainland China. By

optimizing the business mode of community finance, Minsheng Bank enhanced its capability and capacity of operating community finance. As at the end of 2016, 1,694 community sub-branches had obtained licenses, representing an increase of 118 as compared with that as at the corresponding period of the previous year. The balance of financial assets of the community outlets amounted to RMB166,356 million, representing an increase of RMB47,356 million, or 39.79%, as compared with the end of last year. Number of customers of community outlets reached 4,620.6 thousand, representing an increase of 640.6 thousand customers as compared with the end of previous year.

Sixthly, Minsheng Bank advanced its international development strategy. Focusing on the implementation of offshore mergers and acquisitions and privatization projects as well as the development of offshore bond issuance business, Minsheng Bank successfully completed various large-scale bond issuances with an aggregate amount of USD8 billion, which demonstrated its professional capability in issuing and underwriting bonds amidst intensive international competition.

Looking forward to 2017, Hong Qi, the Chairman of Minsheng Bank, confirmed that Minsheng Bank will adhere to its principle of “For the People and With the People (為民而生、與民共生)” in order to support the real economy. In pursuit of higher development quality and efficiency, Minsheng Bank will speed up its strategic transformation and business restructuring and promote its corporate culture to enhance the cohesion. Devoting to the development of an upgraded Minsheng Bank as a corporate group featuring digitalization and internationalization, Minsheng Bank will devote to create greater value and higher return for its investors, the society and all employees. (End)

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