



China Minsheng Banking Corp., Ltd.

2015 Interim Results Announcement



Aug 2015

Disclaimer



This presentation contains forward-looking statements that involve risks and uncertainties. These statements are generally indicated by the use of forward-looking terminology such as believe, expect, anticipate, estimate, plan, project, target, may, will or other similar words that express an indication of actions or results of actions that may or are expected to occur in the future. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. These forward-looking statements are based on our own information and information from other sources we believe to be reliable. Our actual results may be materially less favorable than those expressed or implied by these forward-looking statements which could affect the share price of our shares.



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Overview

2

Operational performance

3

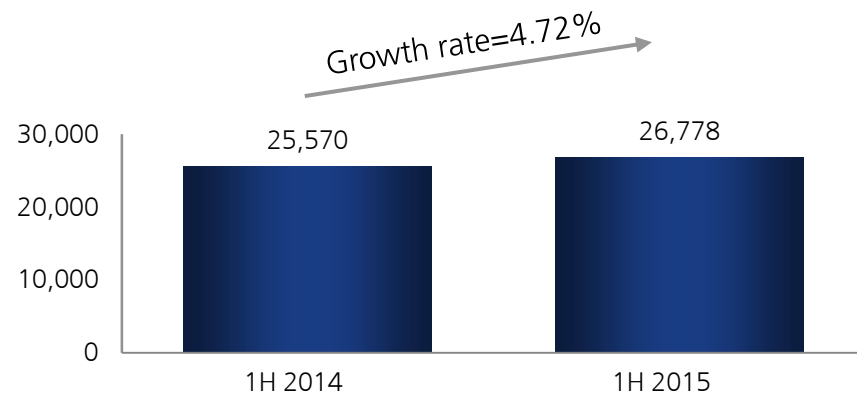
Outlook and Phoenix Project

Continuously strong profitability and stable return to shareholders

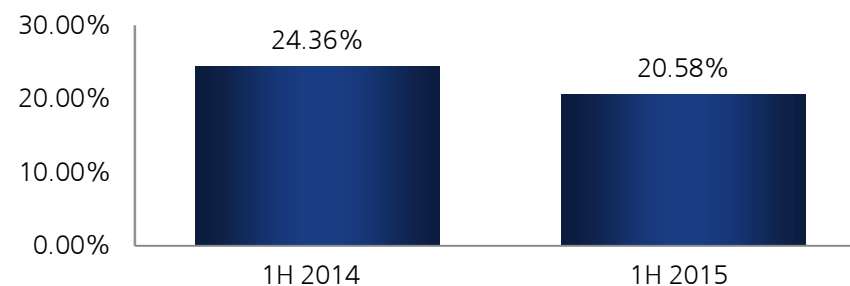


Net profit attributable to equity shareholders of the bank

(RMB million)

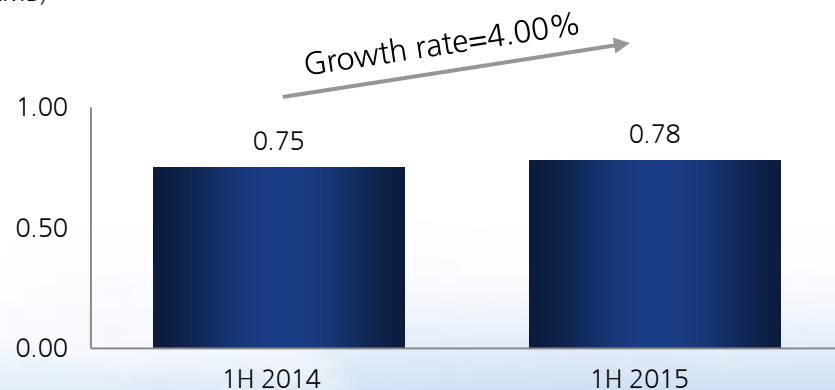


ROAE (annualized)

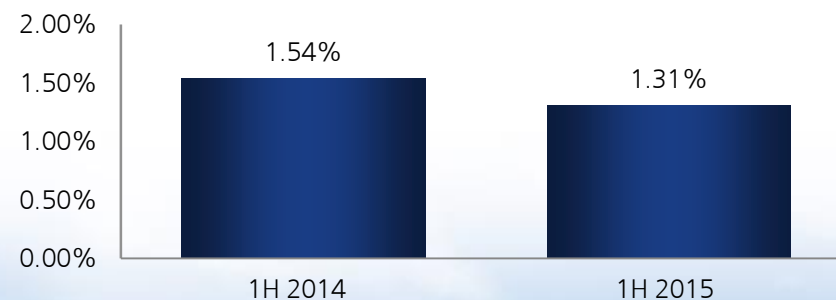


Basic earnings per share

(RMB)



ROAA (annualized)



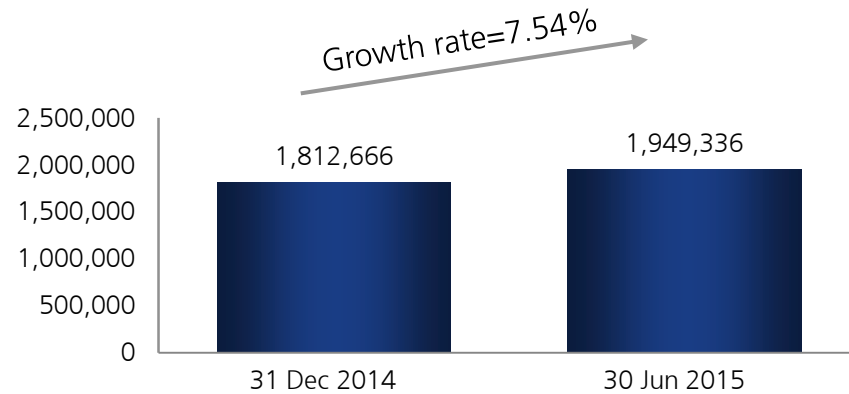
Source: Company interim report

Steady development of assets and liabilities businesses and further improvement in business structure



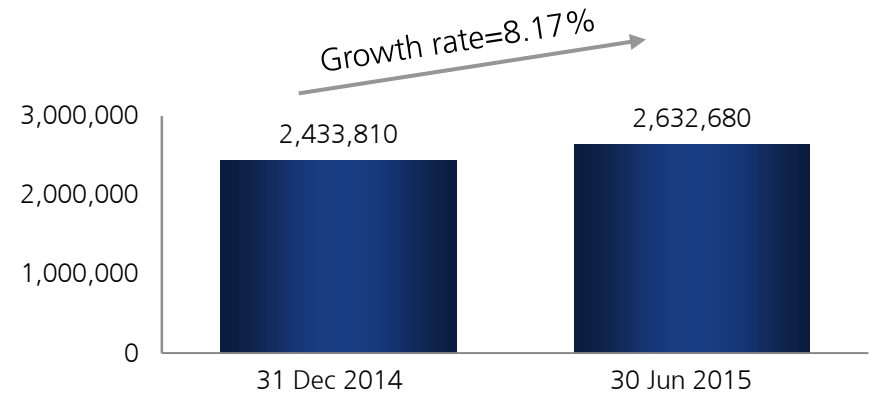
Total balance of loans and advances to customers

(RMB million)



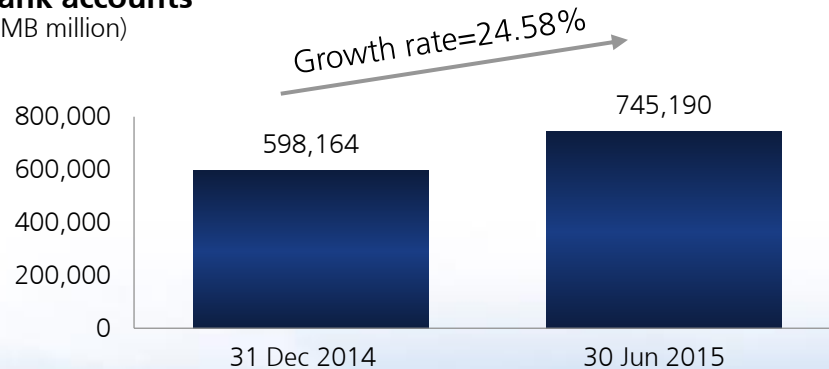
Deposits from customers

(RMB million)



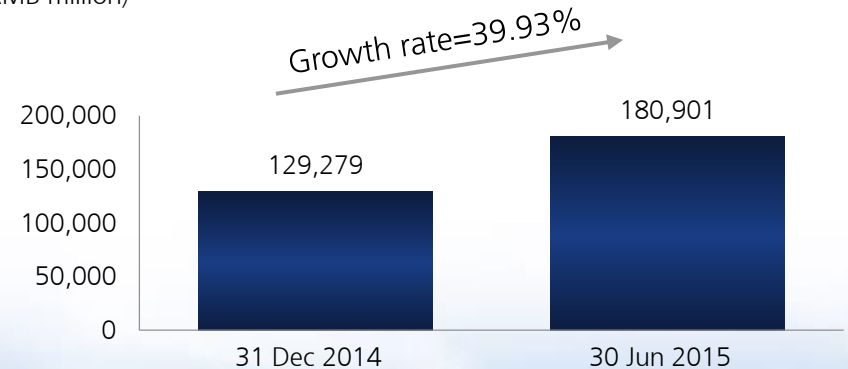
Net investment balance of transaction accounts and bank accounts

(RMB million)



Total debt security issued

(RMB million)



% of total assets

14.90%

17.33%

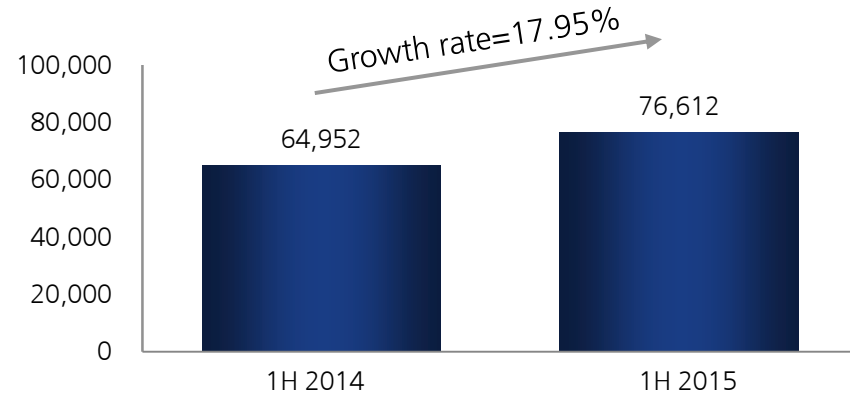
Source: Company interim report, company annual report

The Phoenix Project—Forging differentiated business edge and improving operating efficiency



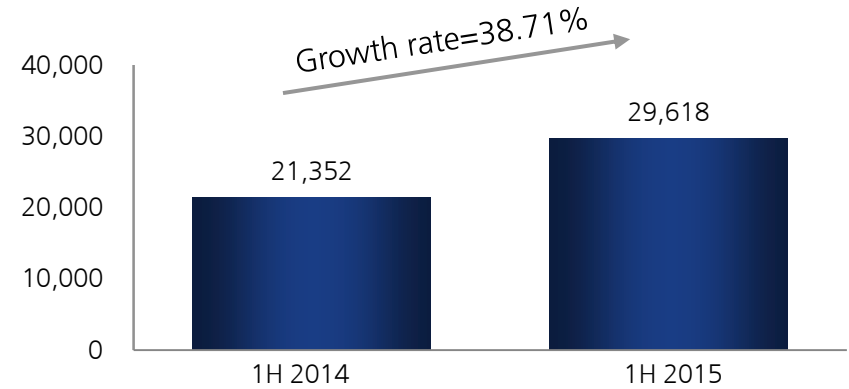
Operating income

(RMB million)

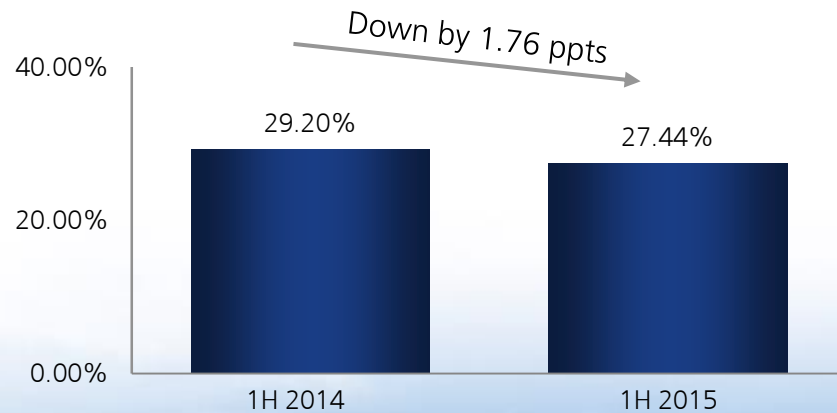


Net non-interest income

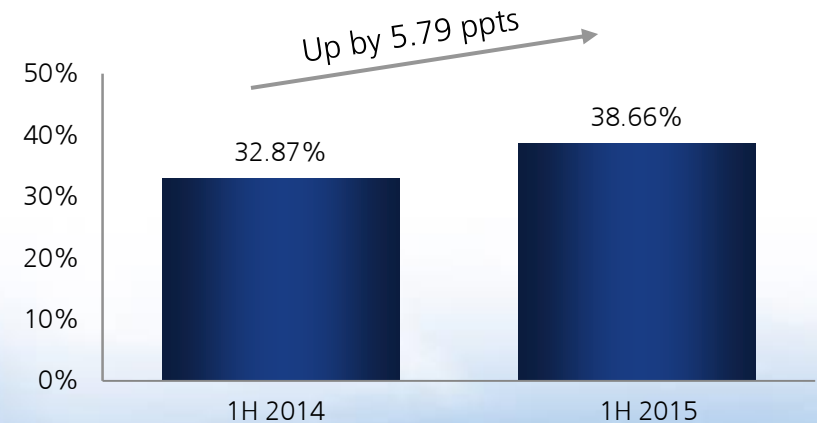
(RMB million)



Cost-to-income ratio



% of net non-interest income to operating income

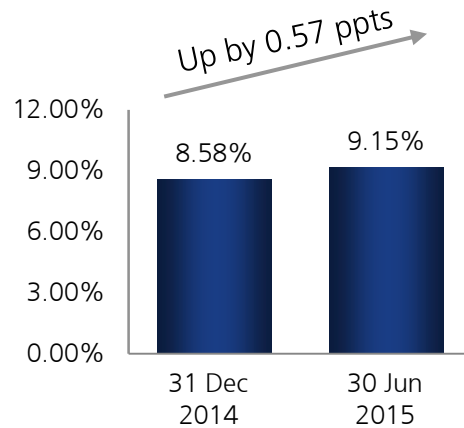


Source: Company interim report

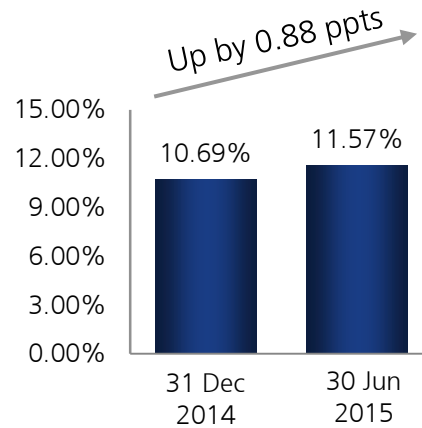
The Phoenix Project – Enhancing comprehensive risk management



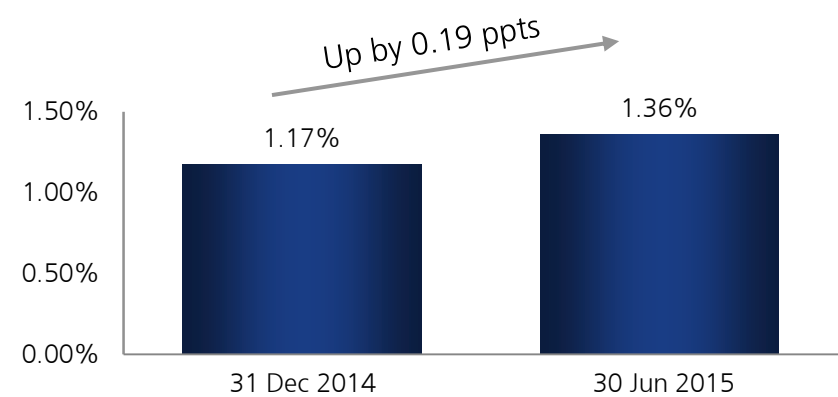
Core tier-one capital adequacy ratio¹



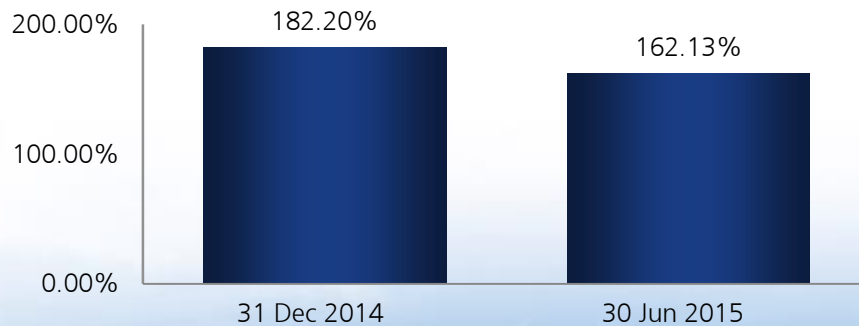
Capital adequacy ratio¹



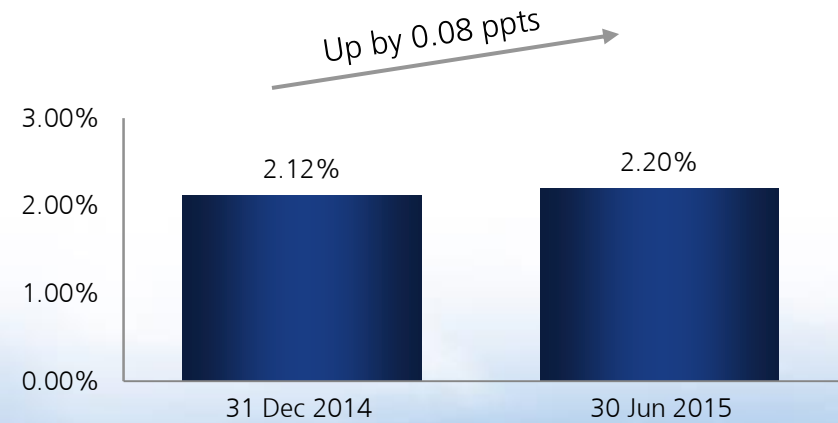
Impaired loans ratio



Provision coverage ratio



Provision for total loans ratio



Source: Company interim report, annual report

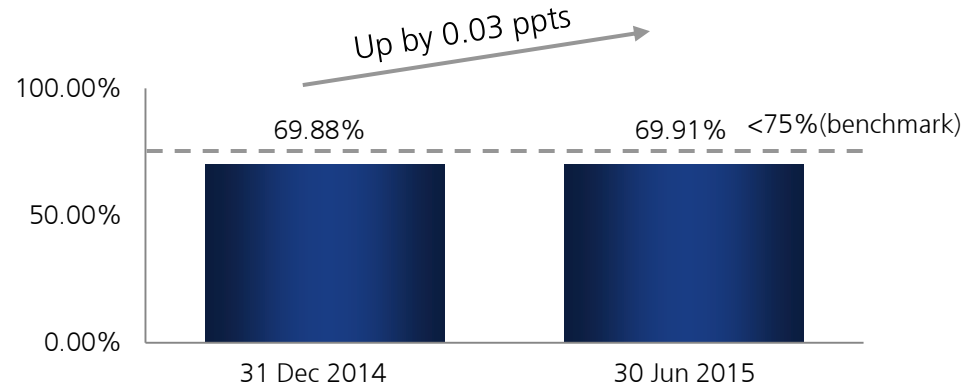
Notes:

1. Calculated in accordance with the Administrative Measures for the Capital of Commercial Banks (Provisional) which became effective on 1 January 2013 and other relevant regulatory requirements

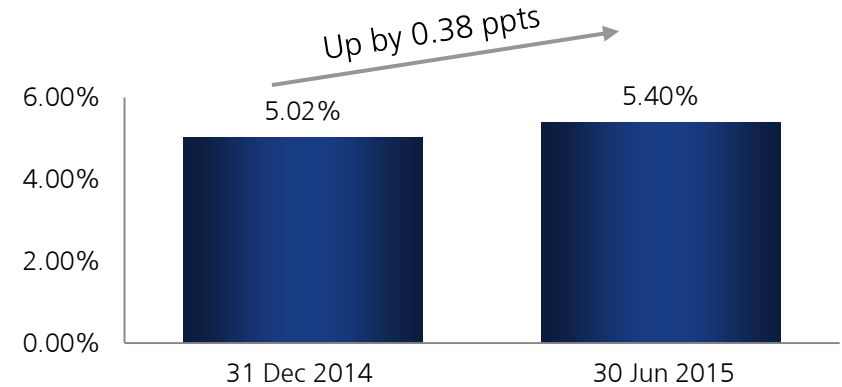
The Phoenix Project—Optimizing asset-liability and liquidity management and strengthening pricing ability



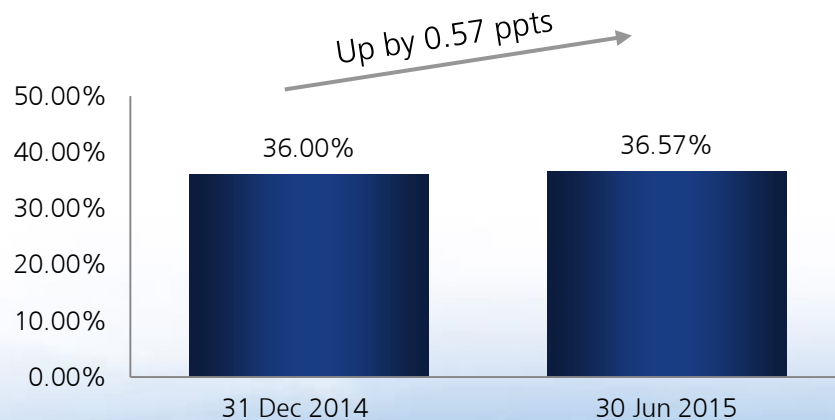
Loan-to-deposit ratio¹



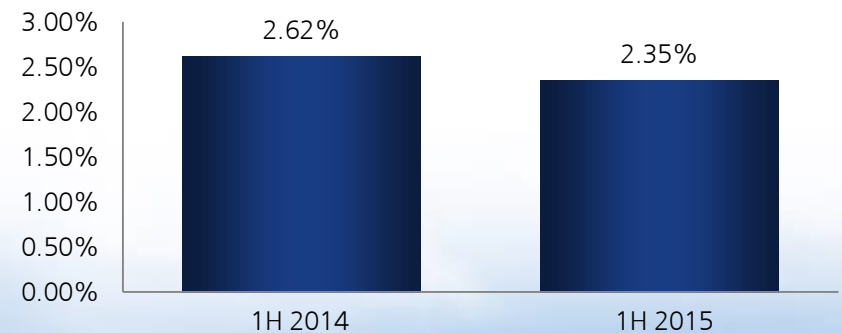
Leverage ratio²



Liquidity ratios¹



Net interest margin



Source: Company interim report, annual report

Note:

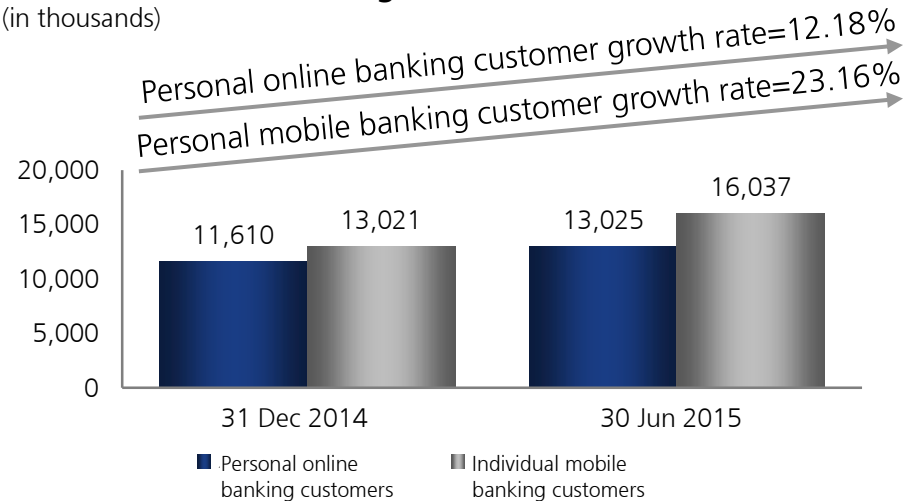
- 1 Bank standalone. The indicators were calculated based on the relevant regulations of the Chinese banking regulations
- 2 Calculated in accordance with Measures for the Administration of the Leverage Ratio of Commercial Banks (revised) (《商業銀行槓桿率管理辦法》) (Decree of the CBRC 2015 No. 1) which became effective on 1 April 2015

The Phoenix Project – Promoting internet finance innovation and reinforcing info-tech capability



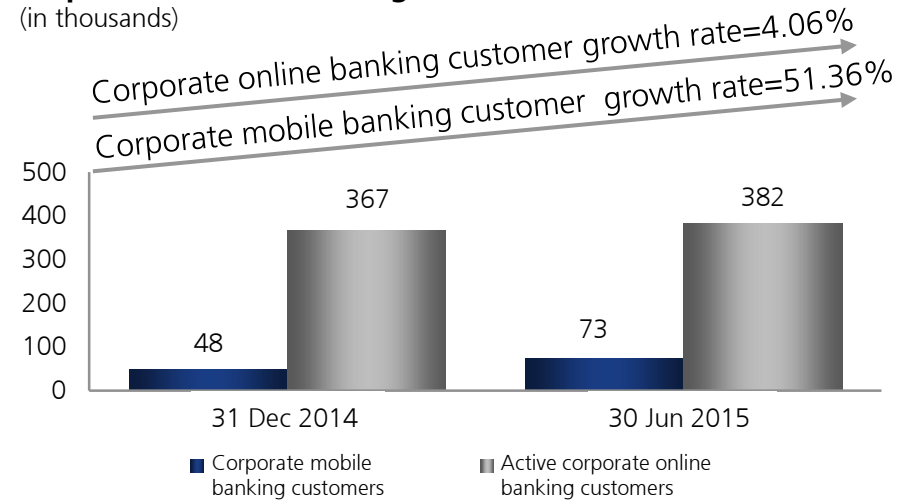
Number of personal online banking customers and individual mobile banking customers¹

(in thousands)



Number of corporate online banking customers and corporate mobile banking customers¹

(in thousands)



Centralised operating systems

One major centralised operating centre and three branches in Zhengzhou, Beijing, Shanghai and Shenzhen, respectively

Mobile operation

Installed over 8,200 machines and issued over 5.2 million cards for its mobile operation, accounting for over 40% of the total cards issued by Minsheng Bank

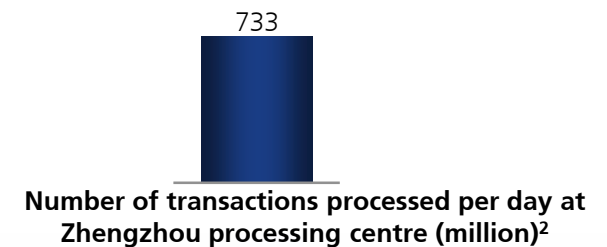
Database

Strengthen the establishment of "database" and set up "big data" management model to enhance Minsheng Bank's data processing and analysis capability

Source: Company interim report, annual report

Note:

1. Bank standalone
2. 1H 2015



Brand influence remained strong



Euromoney

"The Best Trade Finance Bank in China"



The Asian Banker

"The Best Trade Finance Bank for Small and Medium-sized Enterprises in China"
2015 "The Best Multi-channel Innovative Project"



China Securities Daily

"Most Effective Merger, Acquisition and Reorganization for Conventional Industries in 2015"



Gold-Shell Award
金贝奖

Gold-Shell Award
"2015 Best Mobile Bank"



Hurun Report

"Best Performance for the Year" in the field of private banking



Golden Bull Fund Awards

Minsheng Royal Fund—"Golden Bull Bond Investment Fund Company"
Minsheng Royal Strengthen Income Bond—"Winning Golden Bull Five-Year Open-end Bond Fund"

Source: Company interim report



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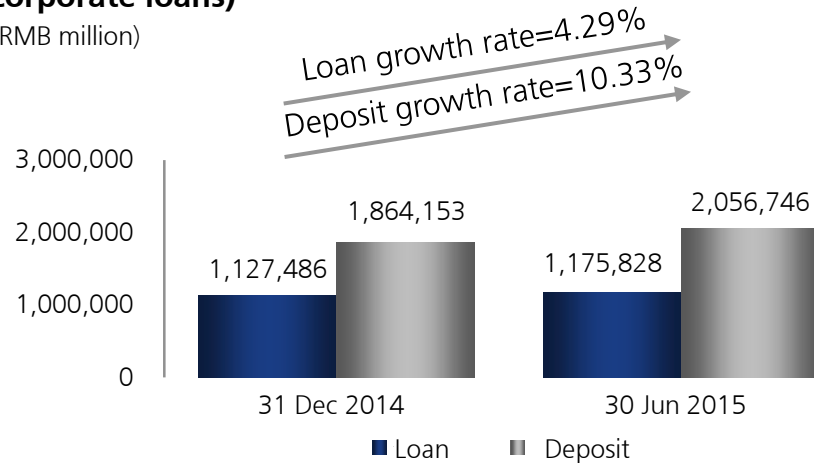
Outlook and Phoenix Project

Corporate banking adhered to the strategic orientation and maintained strong competitiveness



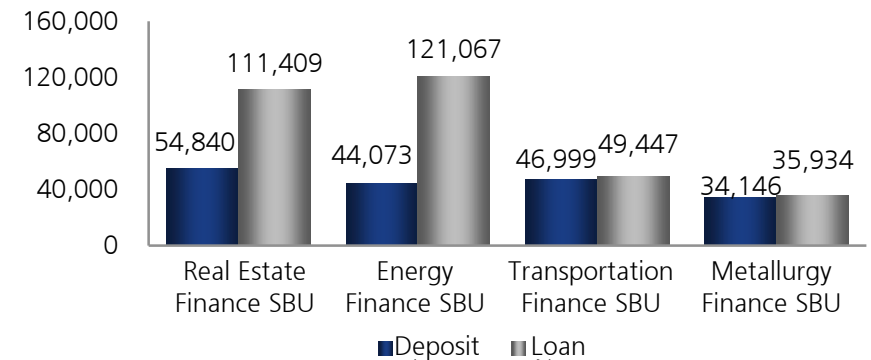
Corporate deposits and loans (general outstanding corporate loans)¹

(RMB million)



Balance of deposits and loans of industry SBUs^{1,2} (general outstanding corporate loans)

(RMB million)



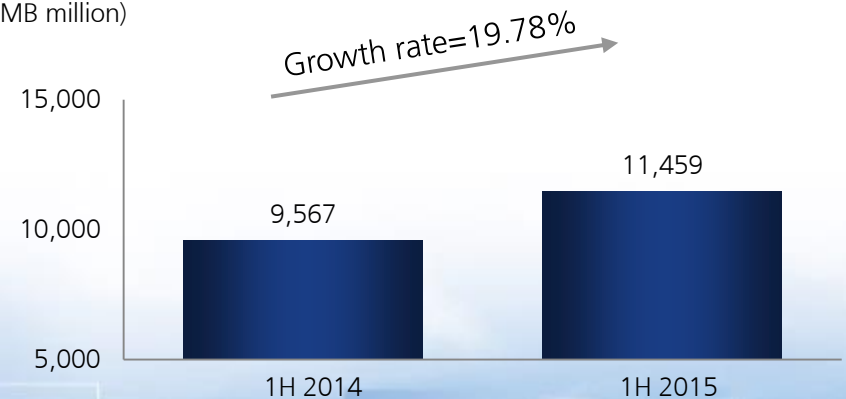
Balance of discounted bills

(RMB million)



Net fee and commission income of the corporate business segment¹

(RMB million)



Source: Company interim report, annual report

Note:

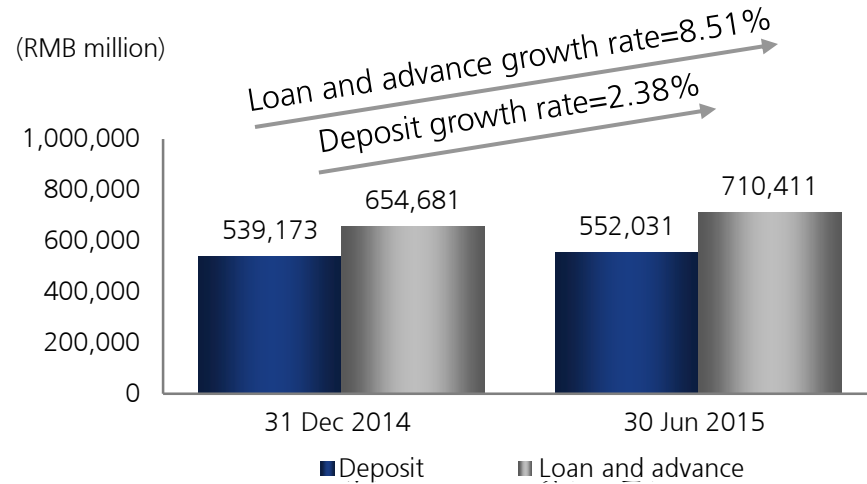
1 Bank standalone

2 Includes Real Estate Finance SBU, Energy Finance SBU, Transportation Finance SBU and Metallurgy Finance SBU, as of 30 June 2015

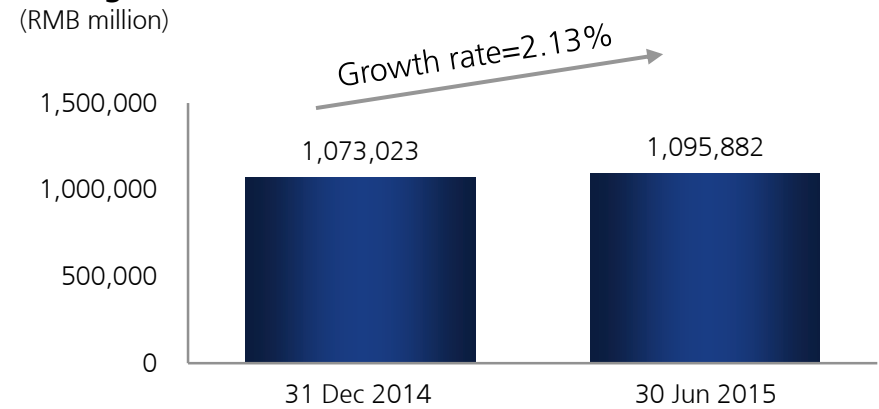
Retail banking transformation accelerated, and resource allocation optimized



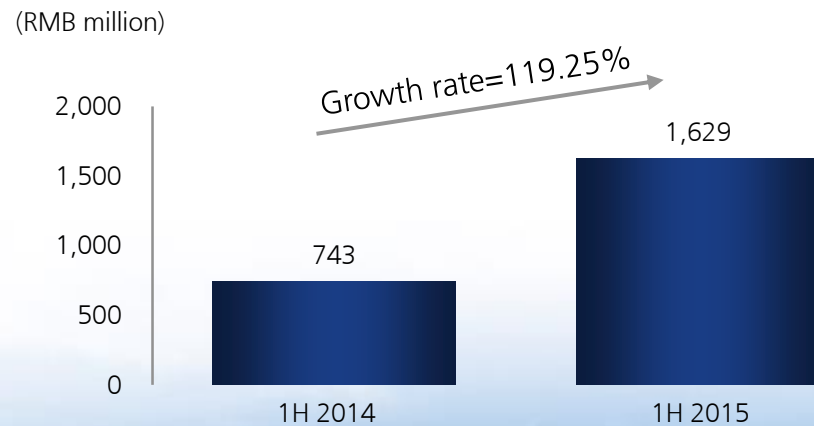
Personal deposits and loans and advances



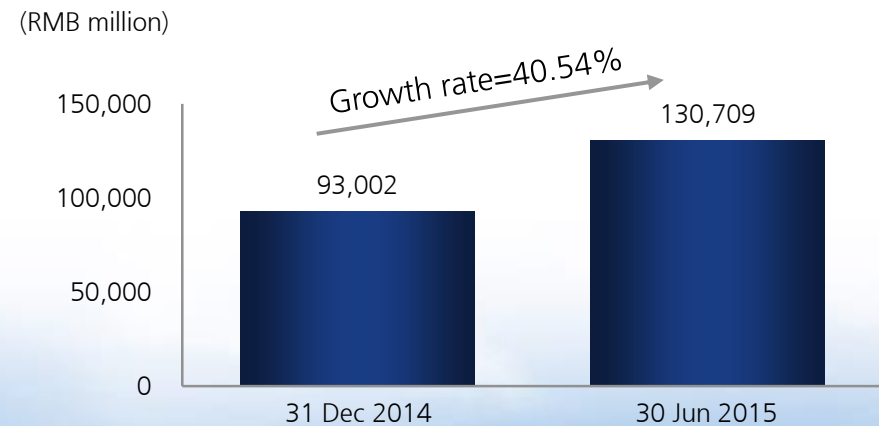
Financial assets of individual customer under management¹



Individual finance net fee and commission income¹



Outstanding consumer loans¹



Source: Company interim report, annual report

Note:

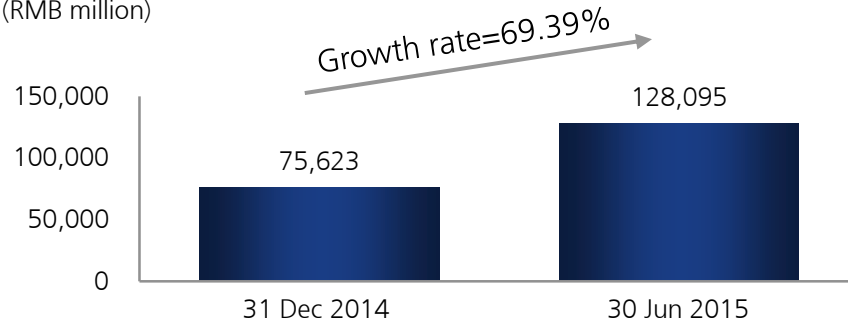
1 Bank standalone

Small business finance and community finance continued to expand, along with healthy growth of credit card



Balance of financial assets under community finance projects¹

(RMB million)



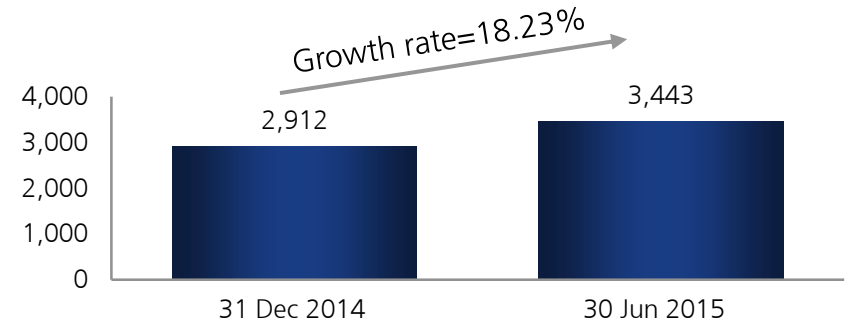
Community outlets¹
(No.)

4,902

4,808

Number of small business customers¹

(in thousands)



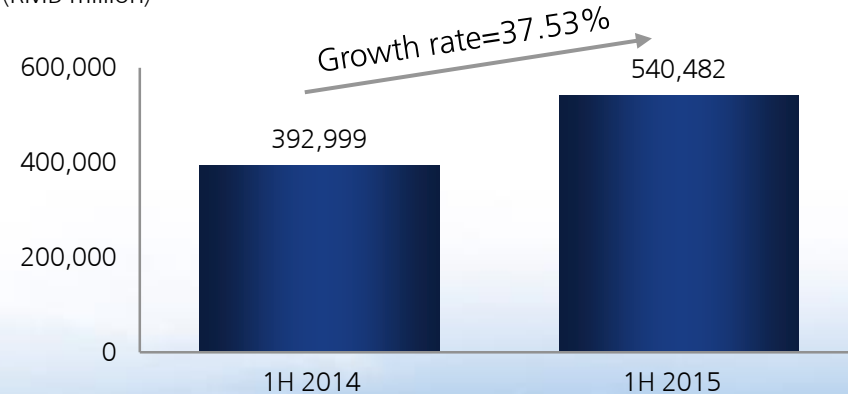
Outstanding loans to small business customers¹
(RMB million)

402,736

402,676

Credit card business transaction volume¹

(RMB million)



Credit card business net non-interest income¹

(RMB million)



Source: Company interim report, annual report

Note:

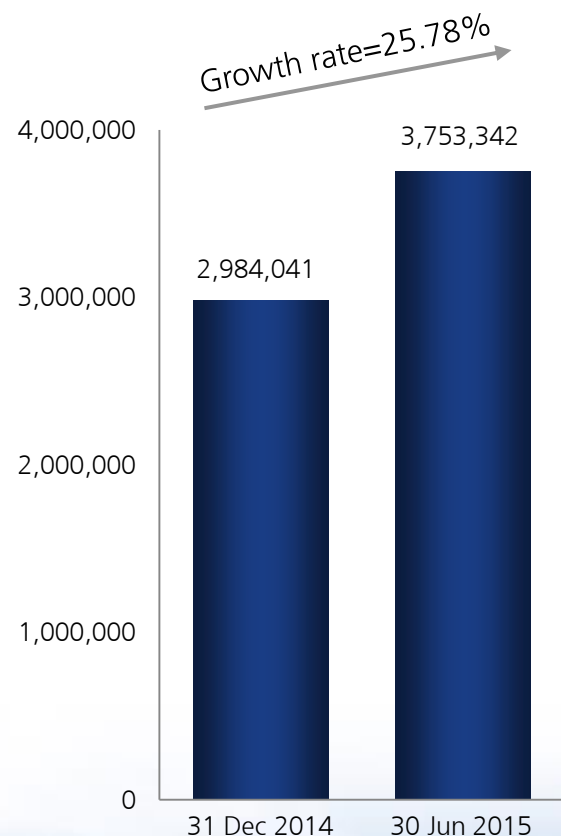
1 Bank standalone

Treasury business developed prosperously



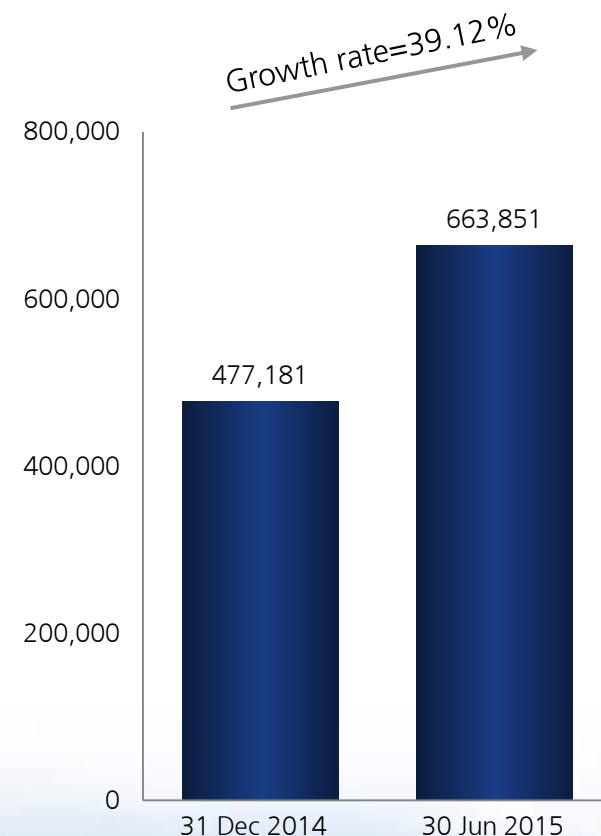
Asset custody business (including safekeeping)¹

(RMB million)



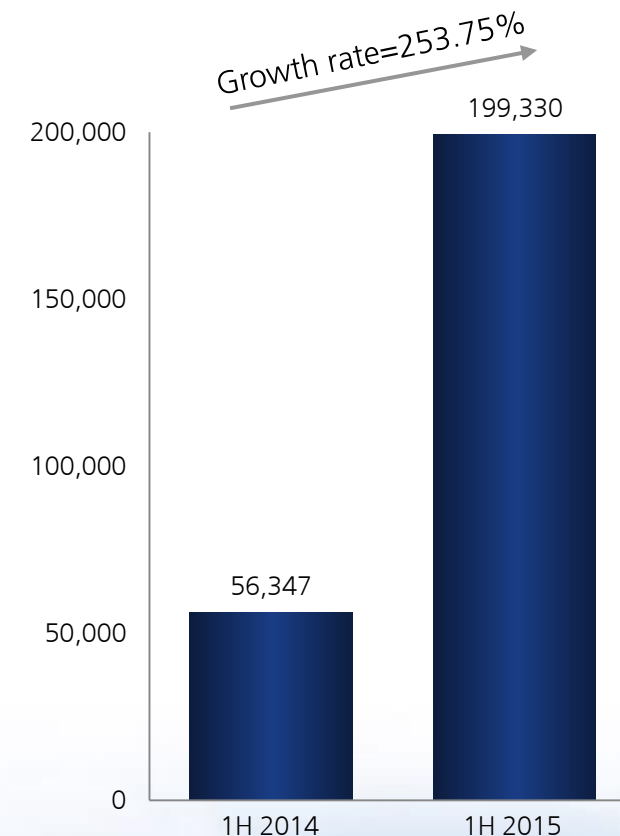
Existing scale of wealth management products¹

(RMB million)



Precious metals total trading value¹

(RMB million)



Source: Company interim report, annual report

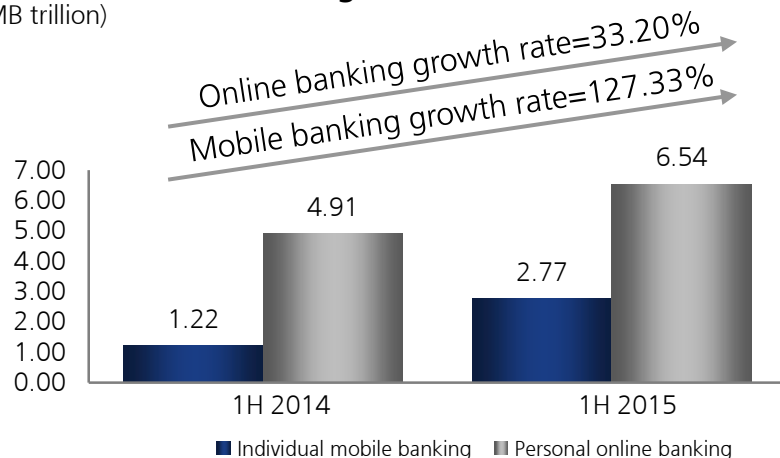
Note:

1 Bank standalone

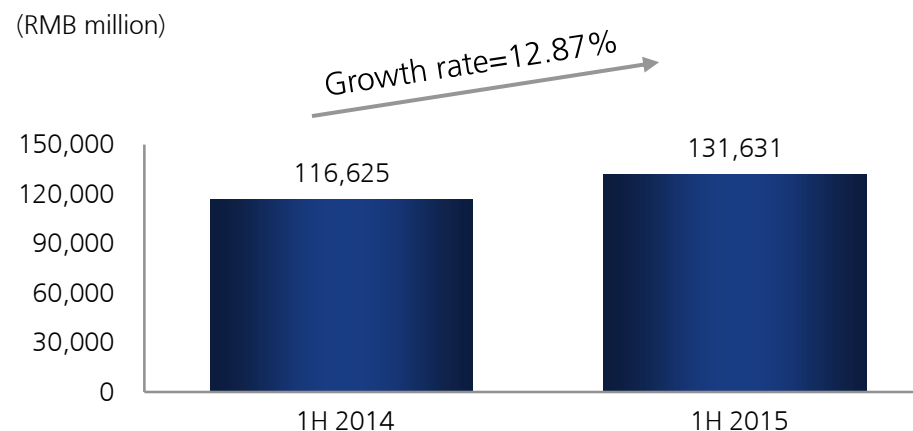
E-banking grew rapidly



Personal online banking transaction turnover and individual mobile banking transaction turnover¹
(RMB trillion)

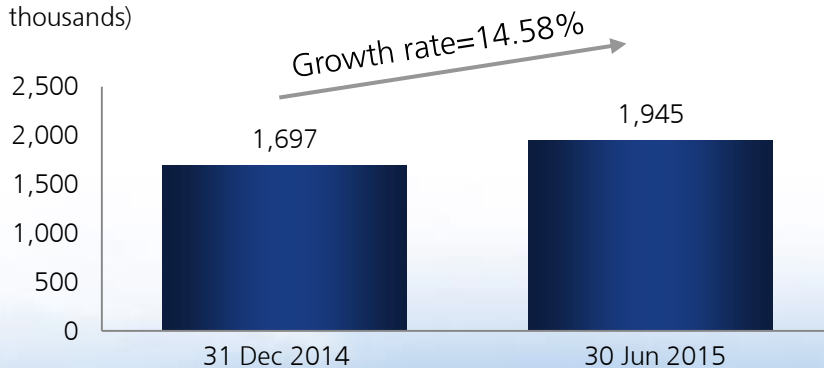


Total personal online payment transactions of the year¹

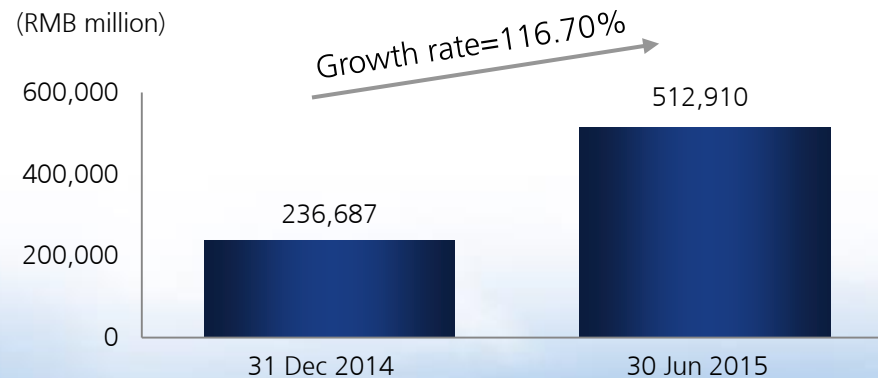


Number of active "Interbank Transaction Products" customers¹

(in thousands)



Total subscription amount of "Ru Yi Bao"¹



Source: Company interim report, annual report

Note:

1 Bank standalone



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Outlook and Phoenix Project

2H 2015 Outlook



In the second half of 2015, the Company will focus on the implementation of the Phoenix Project by further enhancing strategies, optimizing business models and management system, responding effectively to the liberalization of interest rate, infrastructural construction, revitalizing its competitive advantages and remolding an upgraded Minsheng Bank. Specific measures are as follows:



1

Push forward the implementation of the Phoenix Project. Regarding the mid-to-long-term development of internet finance, the Company will structure all-round and fundamental plans to carry out trials and marketing in order to ensure that all projects could be implemented timely and soundly according to the established timetable and roadmap

2

Strengthen the management of the Company's consolidated financial statements so that the quality of consolidated management as well as the overall development for the Group could be enhanced

3

Enhance the Company's risk management ability and the efforts of bad debts resolution. By strengthening industry research, it will enhance the risk control, prevent the increase of bad debts and clean them up, push forward non-performing assets restructuring, and integrate with the asset management and investment banking businesses with a view of creating new resolution methods

4

By actively synchronizing with the central government's strategies, the Company will continue to tap into potential business opportunities. To grasp the opportunities arising from the "One Belt and One Road" initiative and the integration of Beijing, Tianjin and Hebei Province, it will follow policy updates, carry out systematic projects, build comprehensive database of these projects, make use of its unique advantages in regional and small businesses finance, and strengthen co-ordination to seek breakthrough

5

Continue to enhance the Company's business development in the capital market. Collaboration with financial institutions, and internal and external platform for collaboration will be intensified and refined. Product innovation in strategic business segments such as asset securitization, bonds, wealth management, interbank collaboration, asset management and custody will be enhanced. Systems will be optimized to ensure sound risk management structure and improve the capacity of control over capital market risks

6

Accelerate the optimization and upgrade of business models against internet finance environment by improving service outlet network and integrating with online service platforms, elevating synergies between small and micro enterprises finance with community finance, strengthening cross-selling, and boosting the value of outlets and customers. Advantages of direct banking, mobile banking and internet banking will be consolidated to unify the online and offline banking business chain

7

Take advantage of the 20th anniversary and combine the celebration with the Company's marketing, brand promotion and charity activities in order to polish the image of the Company

Full implementation of the Phoenix Project



Three major reform measures

Integration of front office sales

- ◆ **Corporate banking business:** launches reform of the major SBUs, eliminates business boundaries, strengthens resource coordination, establishes a customer service system based on hierarchical customer management, gives full play to the advantages of specialized management of the SBU head office and integration of regional sales under divisions, and achieves integrated and coordinated development of corporate banking business within Minsheng Bank

- ◆ **Retail business and financial market:** implements head-office-based management model, strengthens coordination, planning and management in terms of business planning, cross-selling, resource sharing, marketing and promotion, and consolidates integrated and coordinated customer services

- ◆ **Product platform:** Strengthens product platform construction, and builds up teams of product specialists

- ◆ **Channel management:** establishes a specialized channel management division, enhances channel specialization, and refines management ability and channel management efficiency

- ◆ **Specialized risk management:** integrates the risk management functions and specialized resources of various business lines, creates a specialized and centralized risk management platform for corporate banking, retail banking and financial market business, and fully enhances risk management professionalism and efficiency in various businesses

- ◆ **Operating efficiency:** Fully implements management tools such as Lean Six Sigma, fully streamlines the middle and back offices processes, explores and promotes customer-oriented process optimization and restructuring, and enhances overall operating efficiency

- ◆ **Data support:** Strengthens data processing and analysis capabilities, and achieves lean management

- ◆ **Customer experience management:** Strengthens customer experience management, fully enhances customer comprehension ability and process management efficiency, and achieves prompt response to market and customer needs

Specialization of middle office management

- ◆ **Centralized operation:** established the plans and proposals for centralized operation, and will construct large-scale centralized operating platforms in the future

- ◆ **Service sharing:** integrates the human resources and financial management resources across various business lines, and establishes a service sharing platform to enhance resource allocation efficiency

- ◆ **Technological support:** Enhances the technological response rate through the model of technological development team delegation

Intensification of back office operation

Seven major transformation objectives

A bank with sharp features and outstanding efficiency

Strategic-oriented, lean and specialized asset and liability and liquidity management capabilities

Systematic, lean and differentiated pricing ability

Comprehensive, forward-looking and professional risk management capability

Integrating efficiency enhancement and cost management into Minsheng Bank's DNA

Talent planning and management system highly compatible with overall strategies

Strategic-oriented, accurate and specialized technological information platform

Appendix: Overview of key financial indicators



Income statement highlights (RMB million, except per share data)	1H2015	1H2014	Growth rate (%)	
Operating income	76,612	64,952	↑	17.95
Of which: Net interest income	46,994	43,600	↑	7.78
Net non-interest income	29,618	21,352	↑	38.71
Profit before income tax	35,529	34,397	↑	3.29
Net profit attributable to equity shareholders of the bank	26,778	25,570	↑	4.72
Basic earnings per share (RMB)	0.78	0.75	↑	4.00

Balance sheet highlights (RMB million)	30 Jun 2015	31 Dec 2014	Growth rate (%)	
Total assets	4,301,073	4,015,136	↑	7.12
Of which: Total balance of loans and advances to customers	1,949,336	1,812,666	↑	7.54
Total liabilities	4,012,760	3,767,380	↑	6.51
Of which: Deposits from customers	2,632,680	2,433,810	↑	8.17
Equity attributable to equity shareholders of the bank	280,279	240,142	↑	16.71

Key profitability indicators (%)	1H2015	1H2014	Change (ppt)	
ROAA (annualized)	1.31	1.54	↓	(0.23)
ROAE (annualized)	20.58	24.36	↓	(3.78)
Net interest margin (NIM)	2.35	2.62	↓	(0.27)
Net fee and commission income to total operating income	32.82	28.39	↑	4.43
Cost-to-income ratio ¹	27.44	29.20	↓	(1.76)

Asset quality indicators (%)	30 Jun 2015	31 Dec 2014	Change (ppt)	
Impaired loans ratio	1.36	1.17	↑	0.19
Provision for total loans ratio	2.20	2.12	↑	0.08
Capital adequacy ratio indicators (%)²				
Core tier-one capital adequacy ratio	9.15	8.58	↑	0.57
Tier-one capital adequacy ratio	9.17	8.59	↑	0.58
Capital adequacy ratio	11.57	10.69	↑	0.88

Source: Company interim report, company annual report

Note:

1. Cost to income ratio = (Operating and other expenses – business tax and surcharges) / operating income

2. Calculated in accordance with the *Administrative Measures for the Capital of Commercial Banks (Provisional)* which became effective on 1 January 2013 and other relevant regulatory requirements



Q&A