



China Minsheng Banking Corp., Ltd. 2015 Annual Results Announcement



Mar 2016

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 reliable. Our actual results may be materially less favorable than those expressed or implied by these forward-looking statements which could affect the price of our shares.

Agenda



1

Overview

2

Operational performance

3

Outlook

Overview of performance



In 2015, in order to actively respond to the adjustments and changes in macroeconomic environment and regulatory policies, the Group implemented the Phoenix Project and deepened the reform on operating systems. Through the acceleration of strategic transformation and business restructuring and the intensified comprehensive risk management, the business scale continued to expand with steady growth in profitability

1

Steady improvement in profitability and stable return to shareholders

- ◆ Net profit attributable to equity shareholders of the Company of the Group amounted to RMB46,111 million, increasing by RMB1,565 million, or 3.51%
- ◆ Operating income amounted to RMB153,751 million, increasing by RMB18,744 million, or 13.88%
- ◆ Net interest margin and net interest spread were 2.26% and 2.10%, respectively, representing a decrease of 0.33 ppt and 0.31 ppt, respectively, compared to the corresponding period of the previous year
- ◆ Net assets per share attributable to equity shareholders of the Company were RMB8.26, increasing by 17.50% compared to previous year end
- ◆ Affected by various factors including interest rate cuts by the central bank and increase of non-performing assets, return on average assets and return on average shareholders' equity of the Group were 1.10% and 17.04%, respectively, decreasing by 0.16 ppt and 3.31 ppts respectively compared to the corresponding period of the previous year

2

Coordinated development of assets and liabilities and further optimization of business structure

- ◆ Total assets of the Group amounted to RMB4,520,688 million, increasing by RMB505,552 million, or 12.59%, compared to previous year end
- ◆ Total balance of loans and advances to customers and total deposits amount to RMB2,048,048 million and RMB2,732,262 million, respectively, increasing by 12.99% and 12.26%, respectively, compared to previous year end
- ◆ Total loans to small and micro enterprises¹ amounted to RMB493,062 million, the outstanding loans to small and micro enterprises¹ was RMB371,224 million, the number of small and micro enterprise customers¹ was 4,498.2 thousand, increasing by 54.48% compared to previous year end
- ◆ Personal consumption loans¹ accounted for 24.41% of total balance of personal loans and advances, increasing by 9.96 ppts compared to previous year end
- ◆ The number of retail customers with balance¹ was 25,613.9 thousand, increasing by 5,829.6 thousand compared to previous year end
- ◆ The number of domestic corporate customers with deposits¹ of the Company was 692.0 thousand, increasing by 145.0 thousand compared to previous year end; the Company had 9,580 domestic non-state owned enterprise (NSOE) customers¹ with domestic outstanding general loans¹ of RMB678,318 million. As for the domestic corporate banking business¹, the number of domestic NSOE customers with outstanding general loans and the outstanding general loan to NSOEs accounted for 70.66% and 57.07%, respectively
- ◆ 1,576 community sub-branches¹ obtained business licenses, increasing by 833, or 112.11%, as compared to previous year end; financial assets¹ of the community outlets amounted to RMB119,000 million, increasing by RMB43,300 million compared to previous year end
- ◆ The number of our mobile banking customers¹ reached 19,025.7 thousand, increasing by 6,004.5 thousand compared to previous year end; The number of direct banking customers¹ was 2,867.2 thousand, increasing by 1,399.1 thousand compared to previous year end; the number of WeChat banking customers¹ was 3,435.3 thousand, increasing by 1,254.2 thousand compared to previous year end

3

Continuous optimization of income structure and improvement of operating efficiency

- ◆ The cost-to-income ratio was 31.35%, representing a decrease of 2.04 ppts compared to the corresponding period of the previous year
- ◆ The Group recorded a net non-interest income of RMB59,483 million, increasing by 38.75% compared to the corresponding period of the previous year, accounting for 38.69% of the total operating income, increasing by 6.94 ppts compared to the corresponding period of the previous year

4

Enhanced risk management and integral controllability of asset quality

- ◆ Impaired loan ratio of the Group was 1.60%; Provision coverage ratio and provision for total loans ratio were 153.63% and 2.46% respectively

Note:

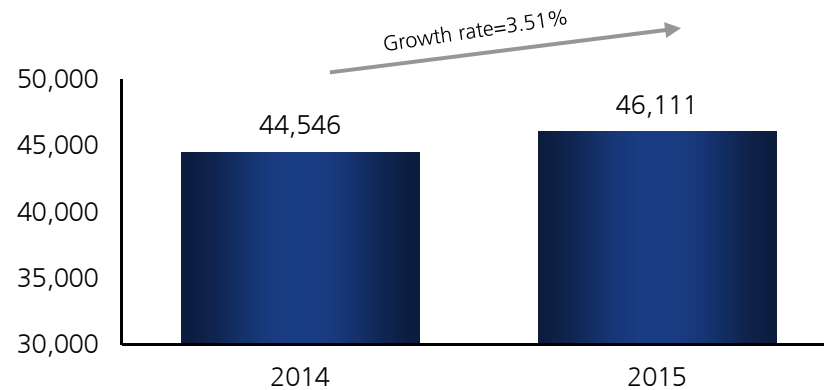
1 Bank standalone

Continuously improving return to shareholders with stable profitability

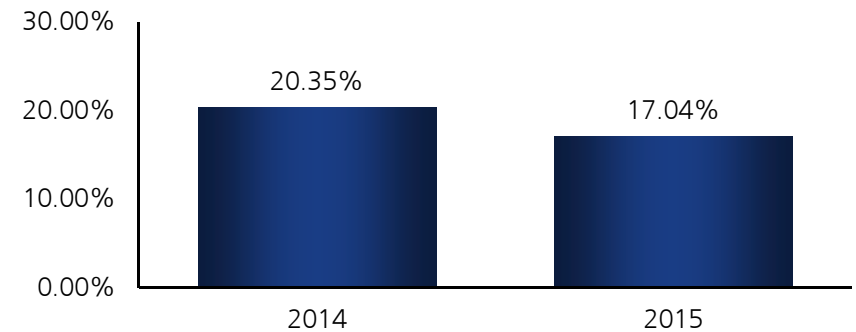


Net profit attributable to equity shareholders of the bank

(RMB million)

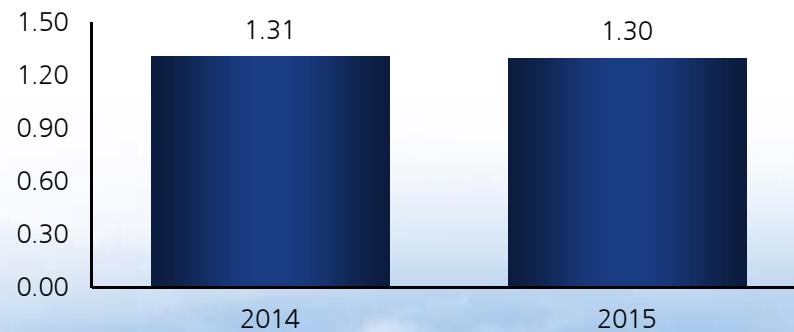


ROAE

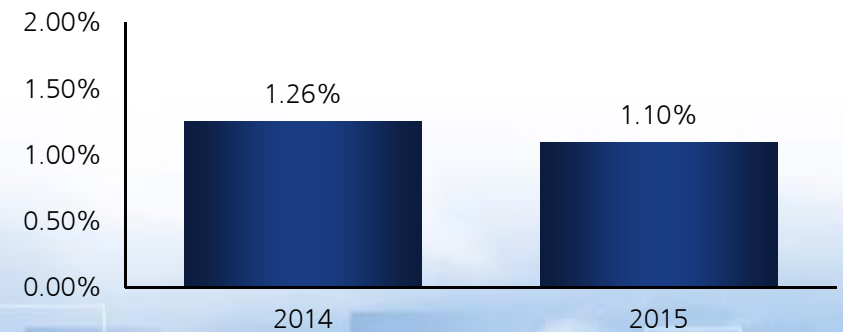


Basic earnings per share

(RMB)



ROAA



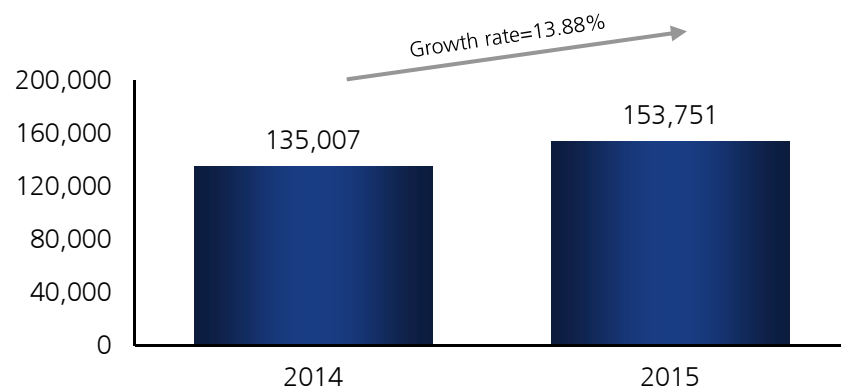
Source: Company annual report

Further development of differentiated business edge and enhancement of operating efficiency



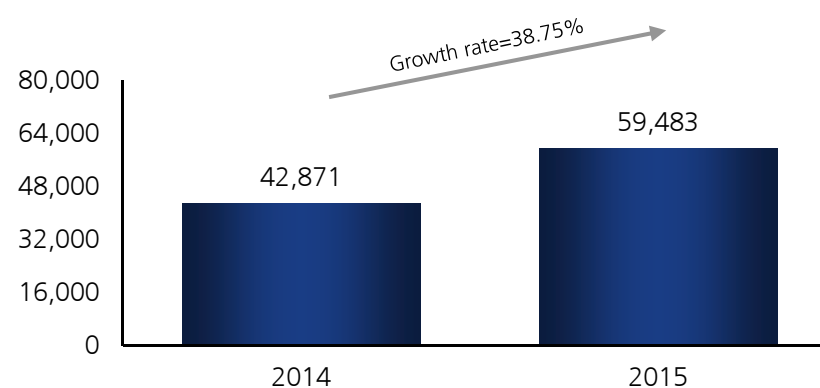
Operating income

(RMB million)

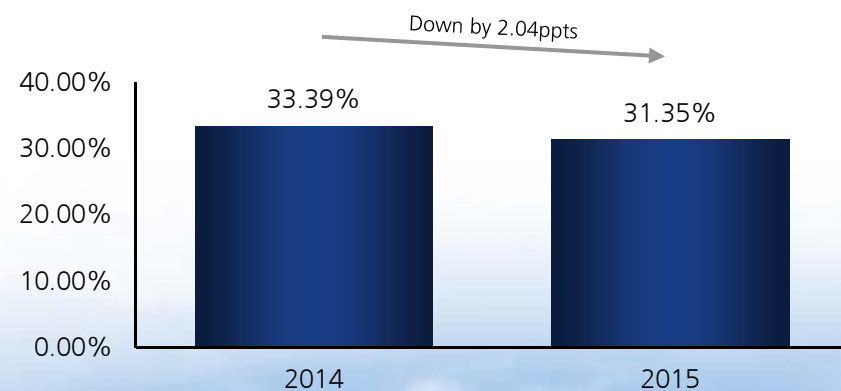


Net non-interest income

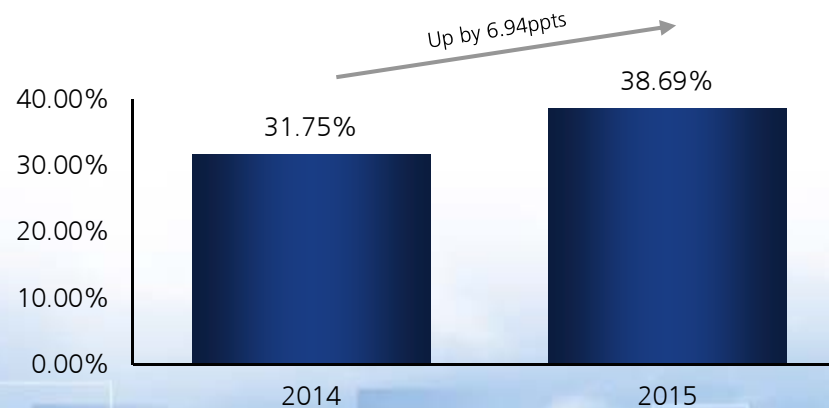
(RMB million)



Cost-to-income ratio



% of net non-interest income to operating income



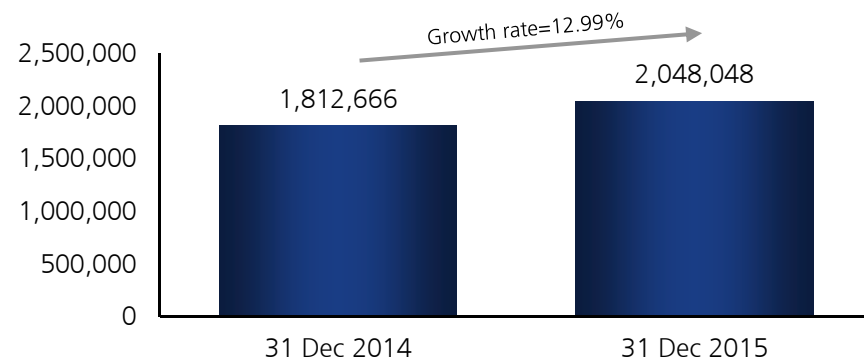
Source: Company annual report

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



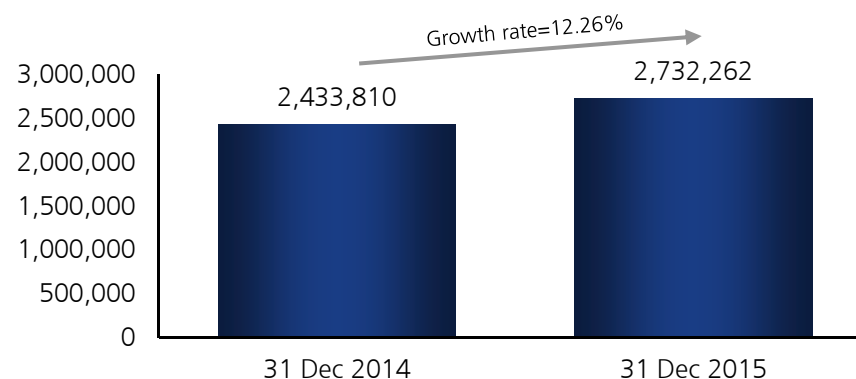
Total balance of loans and advances to customers

(RMB million)



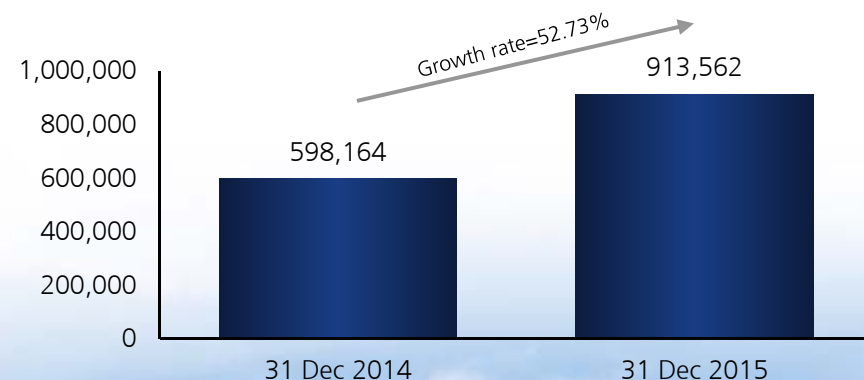
Deposits from customers

(RMB million)



Net investment balance of trading and banking books

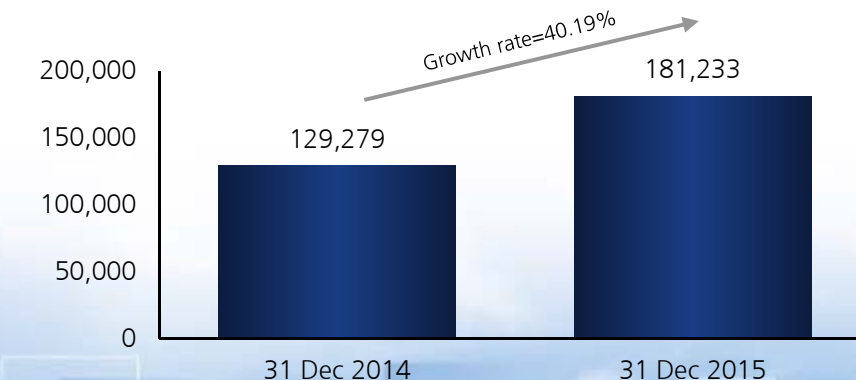
(RMB million)



% of total assets **14.90%** **20.21%**

Total debt securities issued

(RMB million)

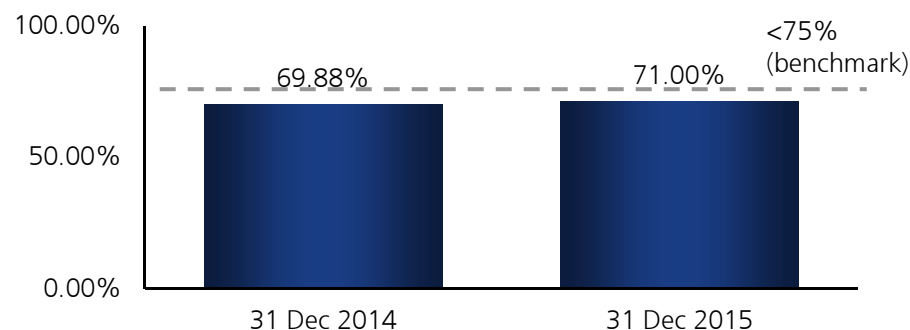


Source: Company annual report

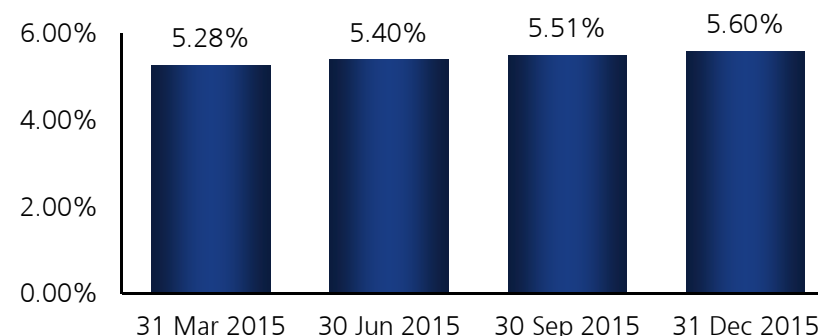
Asset-liability and liquidity management gradually optimized, with pricing ability strengthened



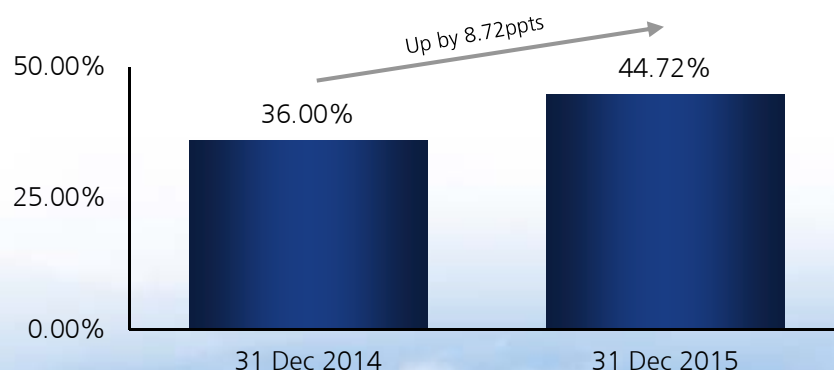
Loan-to-deposit ratio¹



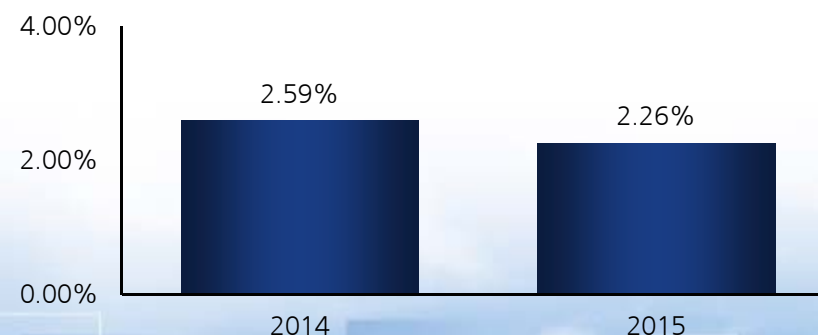
Leverage ratio²



Liquidity ratio¹



Net interest margin



Source: Company annual report

Notes:

- 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) (《商业银行杠杆率管理办法》) (Decree of the CBRC 2015 No. 1) which became effective on 1 April 2015

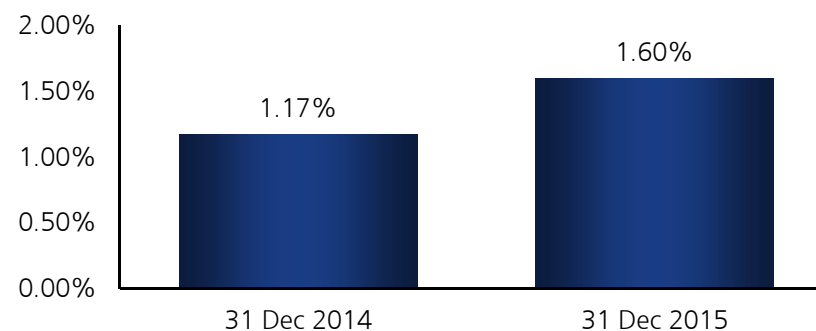
Overall controllable asset quality



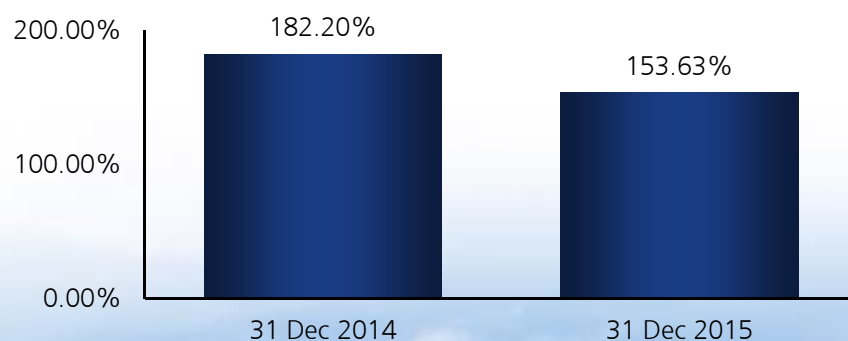
Adopt measures actively to control asset quality

- ◆ Proactively adjusting loan distribution, and continuously optimizing asset structure in line with the changing economic environment and requirements of macroeconomic policies
- ◆ Further improving the risk management policies and imposing multidimensional risk limit management for various industries and regions
- ◆ Strengthening the management post credit approval, optimizing post-loan management procedures, improving the system of risk monitoring and early warning as well as conducting various risk identification and special examination, closely monitoring loans with potential problems in order to identify potential risk factors and promptly engage and formulate collection and disposal plans
- ◆ Further enhancing collection and disposal of impaired loans, comprehensively utilizing all available recovery and disposal measures, improving the handling of regional risk and abnormal and contingent loans and conducting specific recovery and disposal activities
- ◆ Promoting innovative management by actively exploring and implementing new recovery methods, expanding internal and external channels and establishing exchange platforms for innovative recovery and disposal approaches in order to improve the efficiency of collection and disposal
- ◆ Further speeding up the development and application of monitoring and management systems to effectively improve the asset monitoring and management ability, strengthening training programs to improve the professional skills and the comprehensive qualities of the risk management team and foster the philosophy of compliant operation

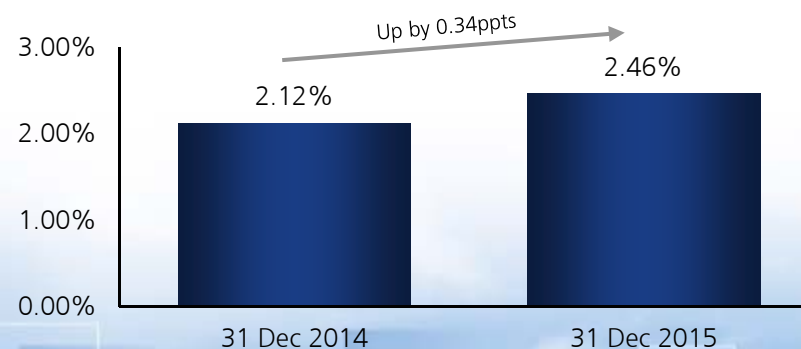
Impaired loans ratio



Provision coverage ratio



Provision for total loans ratio



Source: Company annual report

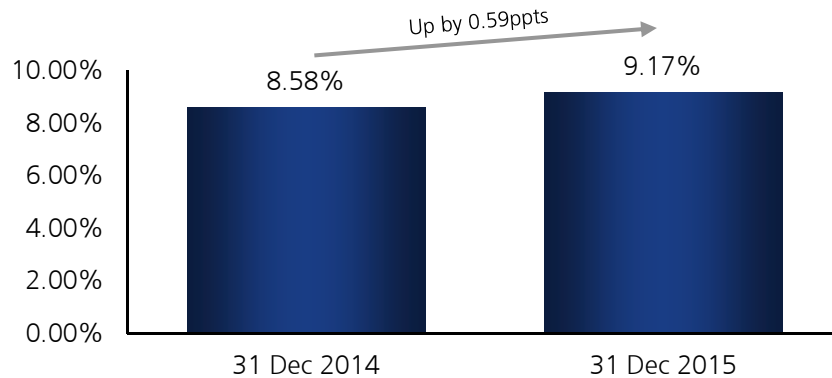
Note:

1 Calculated in accordance with Capital Rules for Commercial Banks (Provisional) which became effective on 1 January 2013 and other relevant regulatory requirements

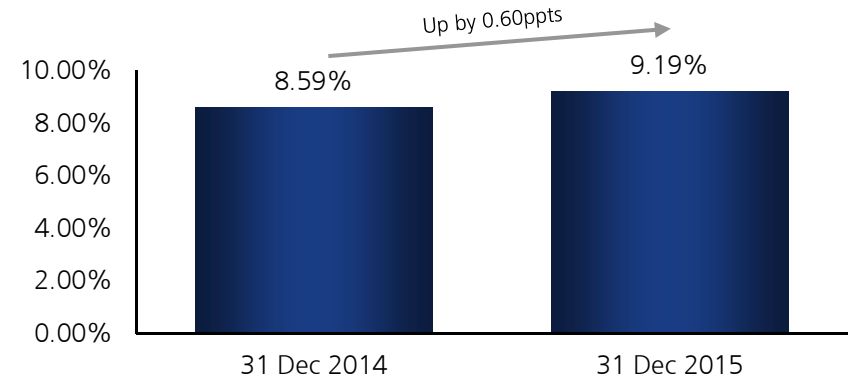
Solid capital adequacy



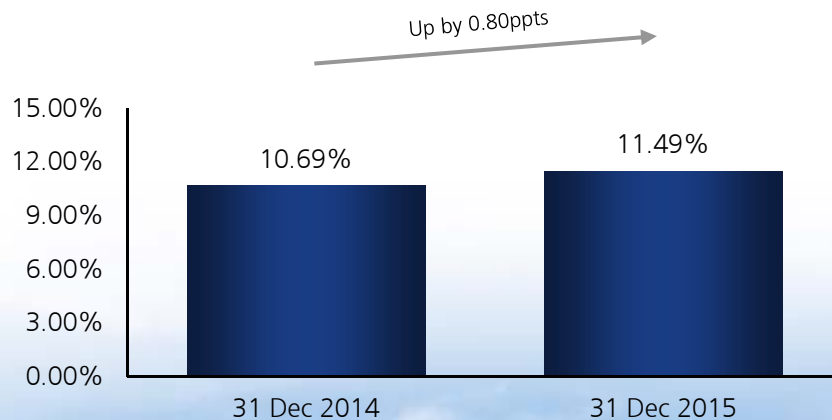
Core tier-one capital adequacy ratio¹



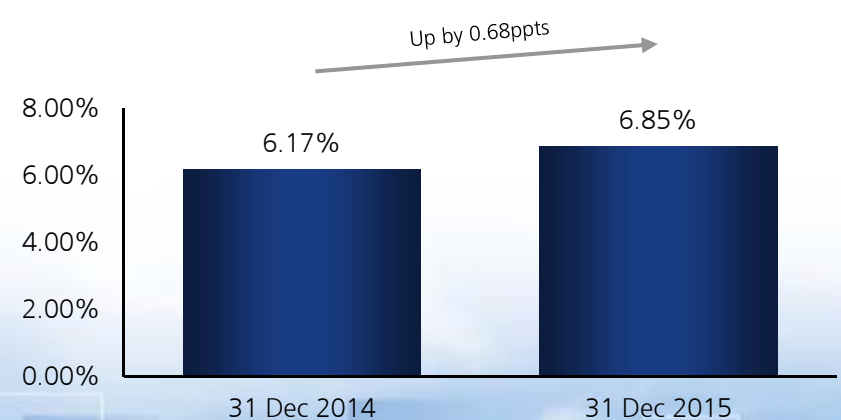
Tier-one capital adequacy ratio¹



Capital adequacy ratio¹



Total equity to total assets ratio



Source: Company annual report

Note:

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

Outstanding brand influence



Asia Week

"Excellent Corporate Governance Enterprise"



"Golden Bauhinia Awards"

"Listing Company with Highest Investment Value Award"



Euromoney

"The Best Trade Finance Bank of China"
The top seller of gold in 2015



Asian Banker

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



China Banking Association

"Innovative Trade Finance Bank Award"
"Best Practice of Social Responsibility Award"



China Securities Journal

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



China Business News

"Best Service Bank in the New Third Board"
"Best Private Bank Brand"



21st Century Business Herald

"Best Brand Management Private Bank"
"2015 Golden Shell Award of Asset Management in China"



The Chinese Banker

"Small Business Finance" was awarded the prize of "ten Best innovative Banking Products of 2015 (Retail Sales)"



2015 Most Competitive Financial Institutions Award

"2015 Competitive Small Business Finance Bank"



Second Internet Financial Forum in China

"Internet Financial Innovation of the Year"



2015 Chinese Innovation Forum of finance and Award Ceremony

"Top Ten Internet Banking Innovations"

Source: Company annual report

Agenda



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Outlook

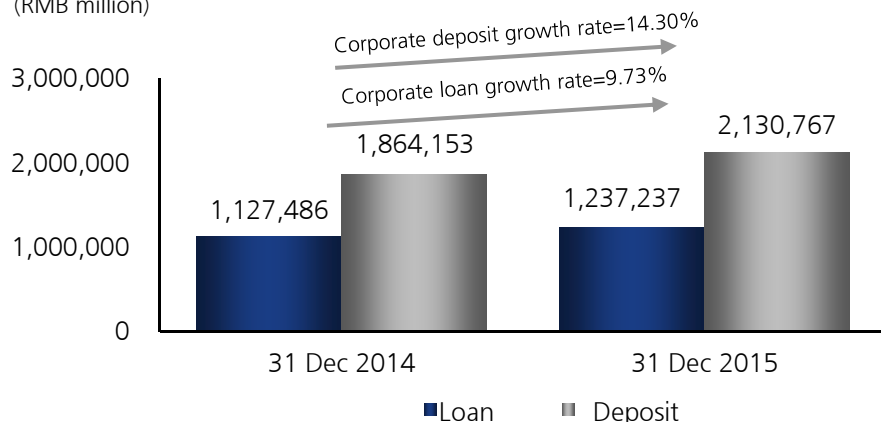
Corporate and investment banking – Deepened the reform of the corporate banking SBUs in accordance with the overall planning and arrangements



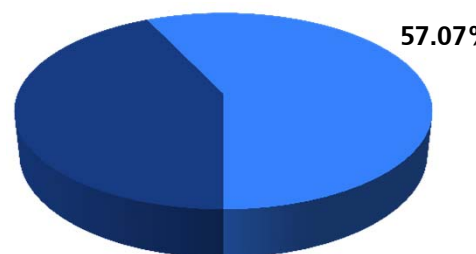
The Company focused on strategic customers in key regions and key industries in accordance with its strategic orientation; Targeting at customers base in upstream and downstream, crucial elements markets, and e-commerce platforms of core customers, the Company continuously made efforts in developing the customer base

Corporate deposits and loans (loans are general outstanding corporate loans)¹

(RMB million)



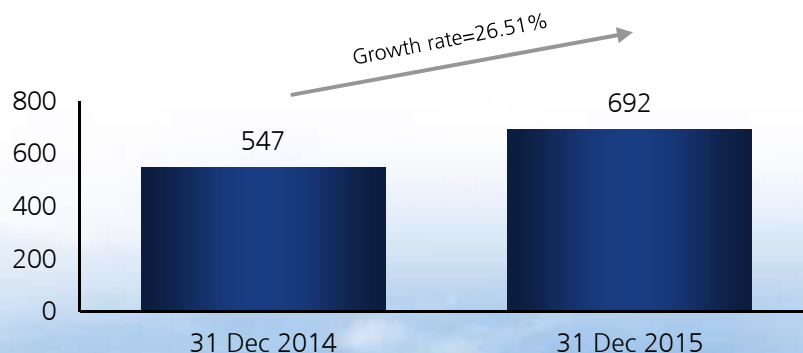
Outstanding general loans of domestic NSOE customers and the proportion in domestic corporate banking business¹



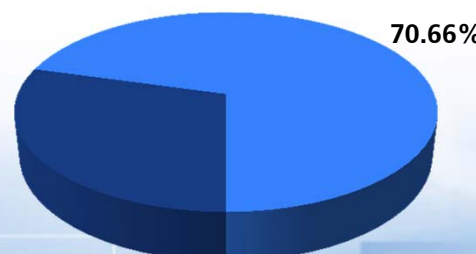
Outstanding general loans of NSOE customers: RMB678,318 million

The number of domestic corporate customers with deposits¹

(thousand)



The number of domestic NSOE customers with outstanding general loans and the proportion in domestic corporate banking business¹



The number of domestic NSOE customers with outstanding general loans: 9,580

Source: Company annual report

Note:

1 Bank standalone

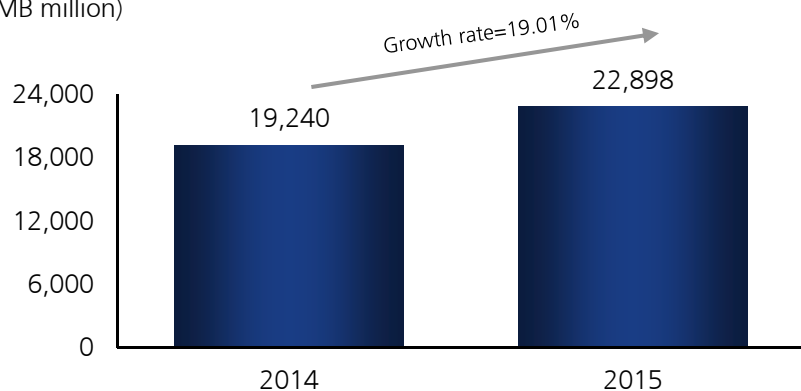
Corporate and investment banking – Deepened the reform of the corporate banking SBUs in accordance with the overall planning and arrangements



The reform of the Corporate and Investment Banking SBU was in full swing. The Company has the strategic objective to establish a national leading benchmark financial institution. Through refining the financial structure and system of the Company, defining the functions of each position, specifying the management duties of different departments and continuously consolidating the foundation of management, the Company established a corporate finance marketing service model with fast market response, high operating efficiency and sound management system to enhance the vitality of business development, operating and management efficiency and competitiveness

Net fee and commission income of the corporate business segment¹

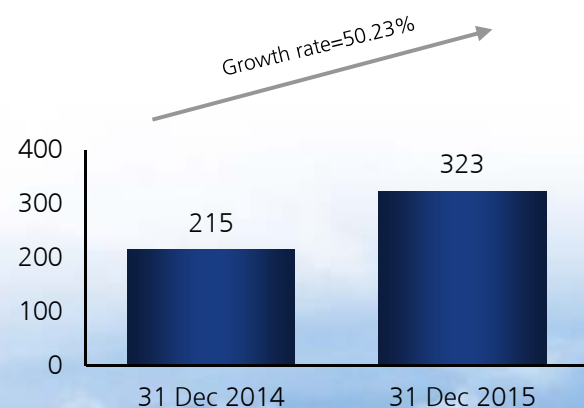
(RMB million)



Focused on five areas in respect of the investment banking business

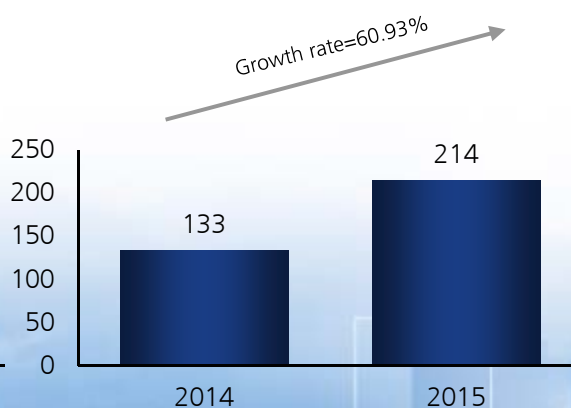
- ✓ Comprehensive financial services for the multi-layered capital market
- ✓ Bond issuance, underwriting, investment and transaction
- ✓ Mergers and acquisitions relating to integration of industries, regions and enterprises as well as reforms of mixed-ownership
- ✓ Structured finance pillared by securitization
- ✓ Wealth management of investment banking

Number of direct debt financing instruments¹



Volume of factoring transfer¹

(RMB billion)



Number of customers of online corporate banking and corporate mobile banking¹

(thousand)



Source: Company annual report

Note:

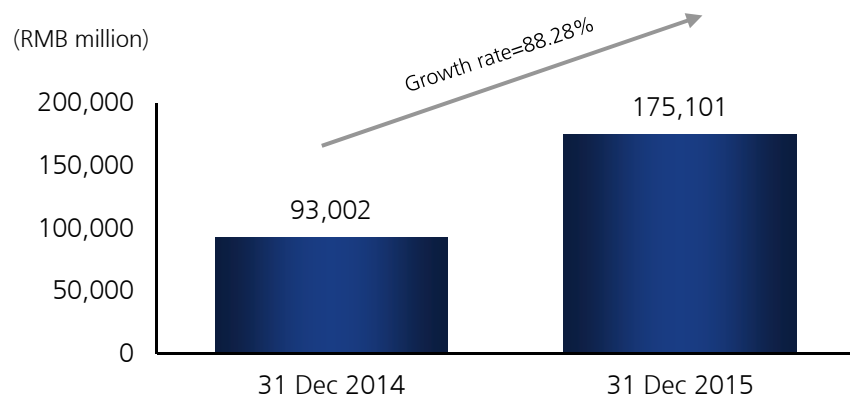
1 Bank standalone

Retail banking—Promoted adjustment of the retail banking business and strengthened consumer credit business

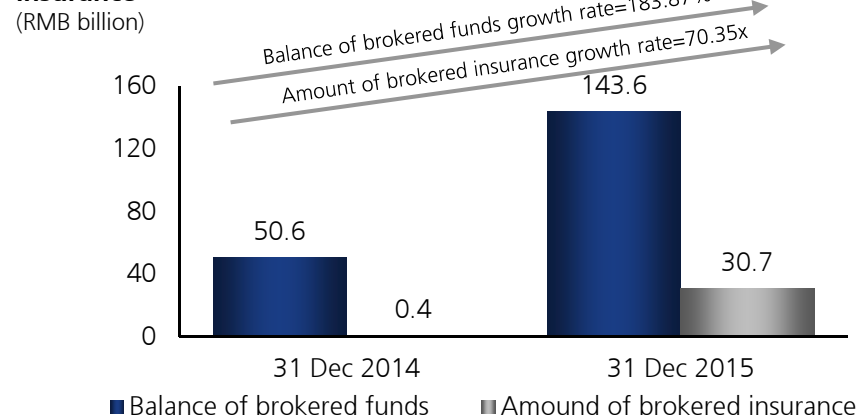


To cater to the upgraded and diversified consumption demands of residents, the Company focused on developing innovative consumer credit products and promoting the batch development model to achieve substantial growth in consumption loans; By pressing ahead with “small business finance strategy”, the Company gradually enhanced overall development of small business customers; The Head Office established Channel Management Department to coordinate the planning and management of all channels. Development of outlets focused on optimizing the network coverage in addition to scale expansion

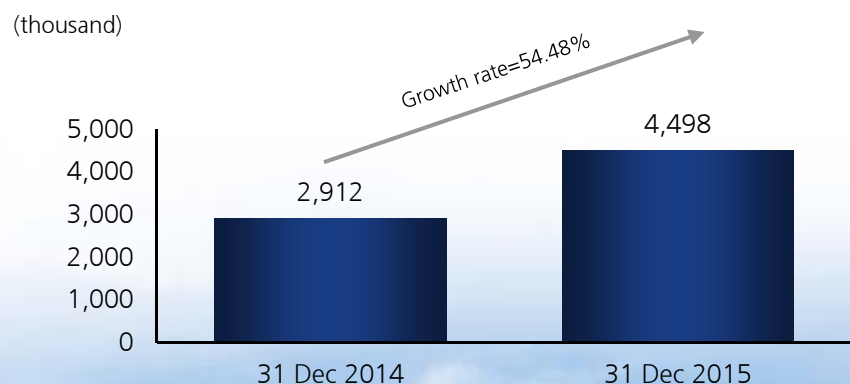
Outstanding consumer loans¹



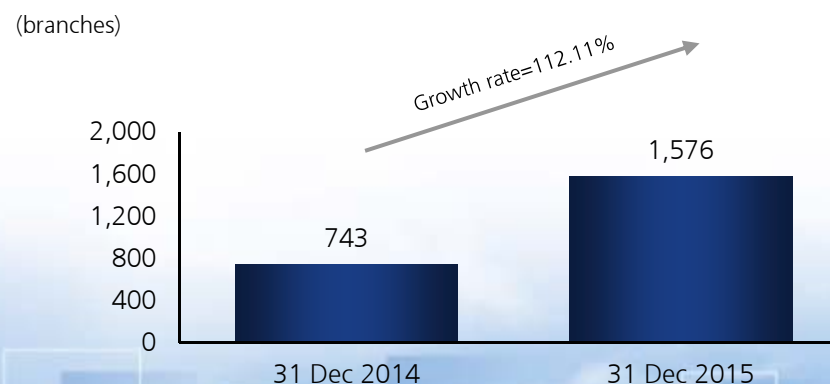
The balance of brokered funds and the amount of brokered insurance¹



Number of small business finance customers¹



Number of community sub-branches with licenses¹



Source: Company annual report

Note:

1 Bank standalone

Financial assets of the community outlets¹ (RMB billion)

75.7

119.0

Number of customers of community outlets¹ (thousand)

2,420

3,980

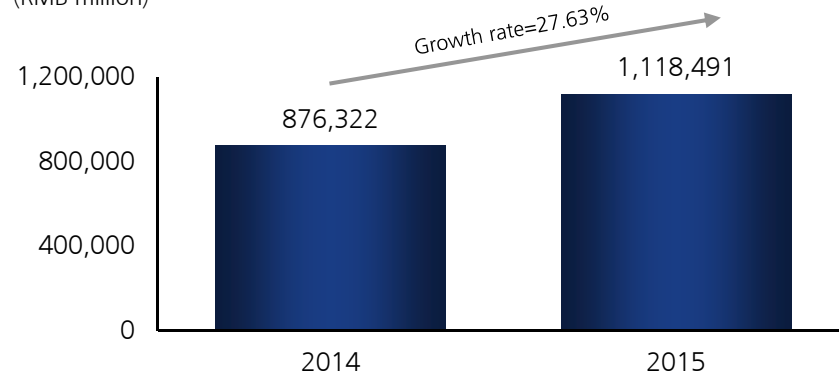
Retail banking – Further developed the credit card, private banking and internet finance businesses



Credit card business recorded stable growth with the innovation of products and technology and strict risk management and control; Private banking business proactively explored the financial needs of customers, introduced various new products to enrich its offering and successfully secured high net worth and super high net worth customers; Internet finance business captured the major opportunities arising from the national policy of “Internet Plus” and focused on the innovation of internet financial products and services such as mobile banking, direct banking and online payment

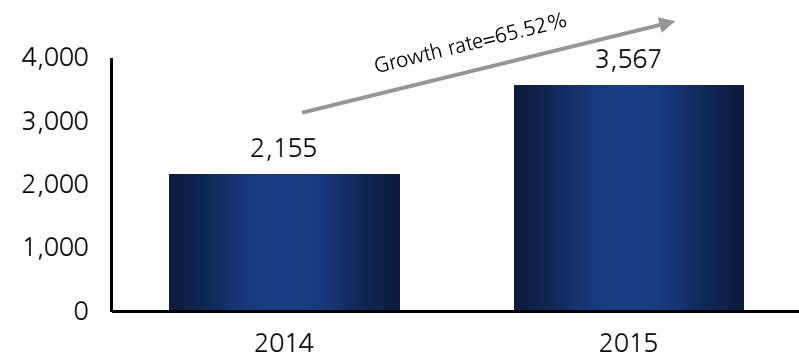
Transaction volume of credit card business¹

(RMB million)



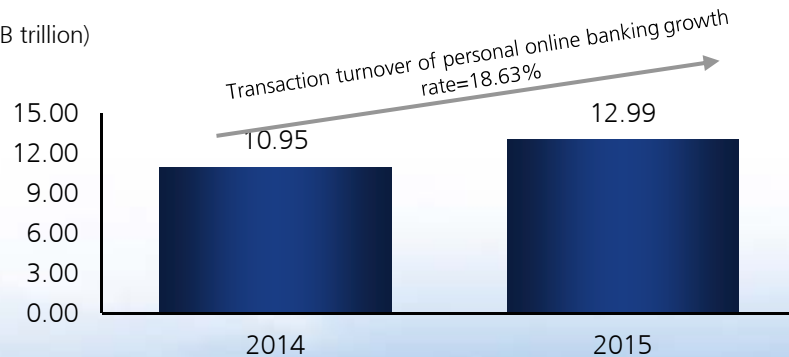
Net non-interest income of private banking business¹

(RMB million)



Transaction turnover of personal online banking¹

(RMB trillion)



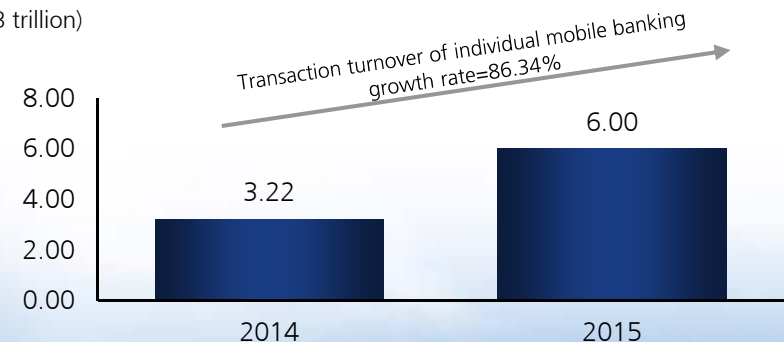
Number of transactions¹ (million)

427

842

Transaction turnover of individual mobile banking¹

(RMB trillion)



Number of transactions¹ (million)

182

342

Source: Company annual report

Note:

1 Bank standalone

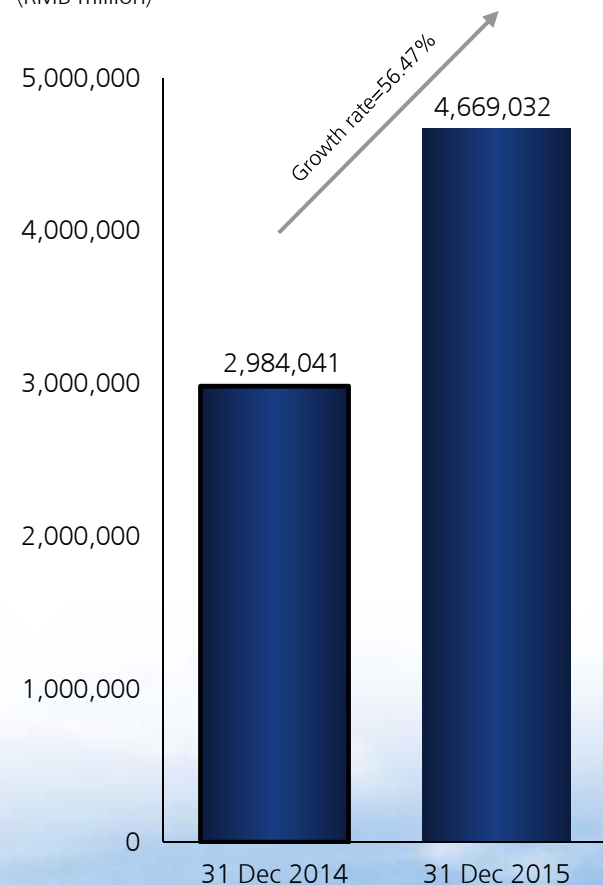
Treasury business—Seized market opportunities to grow treasury businesses prosperously



The Company established special organization to promote the legal operation and sound growth of interbank business; Leveraging on its "Custody Plus" services platform, the Company established the first fund custody system for internet transaction and gained competitive advantage in asset securitization. The company also built the brand of "Apex Asset Management" in full strength and promoted the healthy and sound growth of wealth management business; The company satisfied the needs of customer with various precious metals related products. The outlook of further progress in the market remained bright

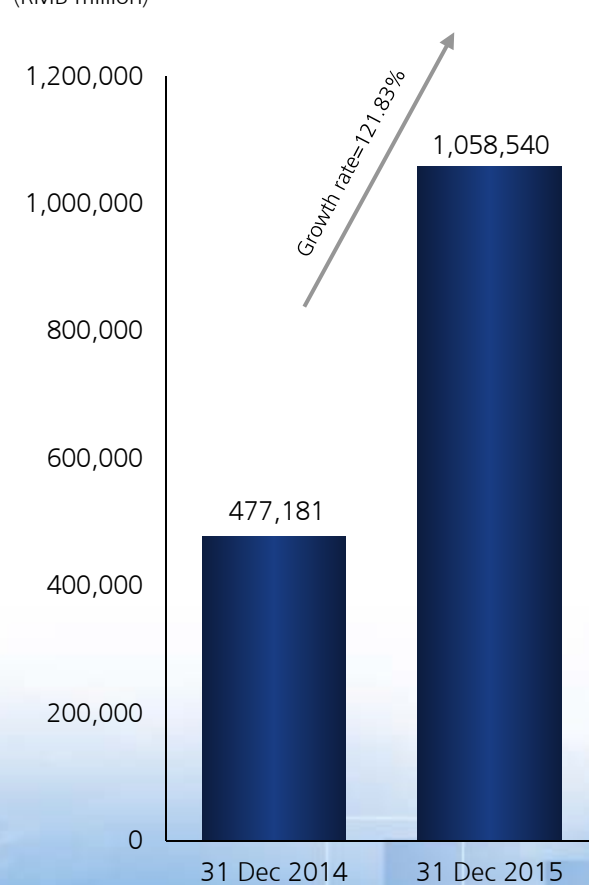
Asset custody business (including safekeeping)¹

(RMB million)



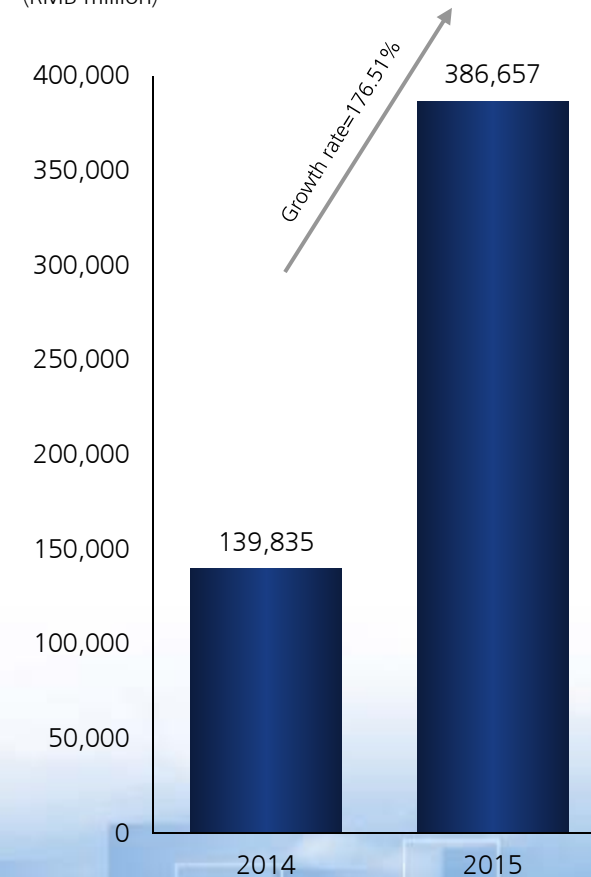
Existing scale of wealth management products¹

(RMB million)



Transaction volume of precious metals¹

(RMB million)



Source: Company annual report

Note:

1 Bank standalone

Overseas business – Steadily expanding overseas institutions according to international development strategy



As an important overseas platform, Hong Kong Branch actively expanded its channels, promoted business innovation, strengthened international development strategy and improved its global recognition, brand image as well as market competition; In addition, regulatory authority approved the request to set up Singapore Branch at the end of 2014

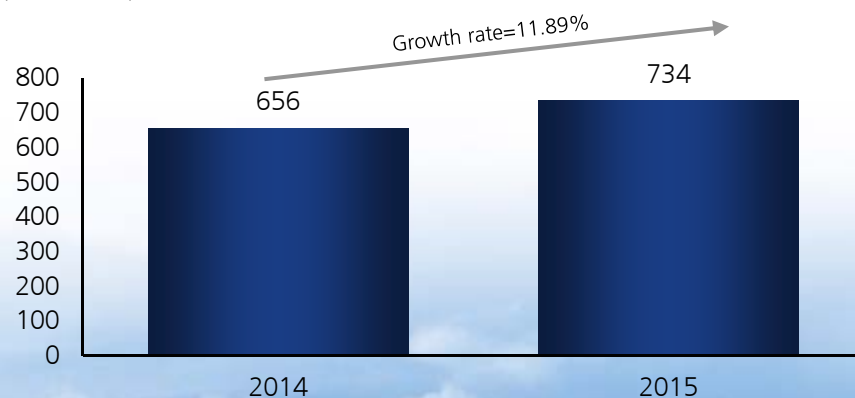
Further improvement of overseas platform

- ◆ According to its international development strategy, Hong Kong Branch focused on three major business segments, namely the wholesale (corporate banking business) segment, capital transactions segment and private banking segment
- ◆ Hong Kong Branch plays an important role in promoting cross-border business. The cross-border collective trade financing business contributed HK\$734 million to the net fee and commission income of the Hong Kong Branch, increasing by 11.89% compared to the corresponding period of the previous year. The balance of collective deposits amounted to HK\$38,521 million, which directly generated mainland deposits of RMB7,646 million and net fee and commission income of RMB147 million. The cross-border collective business brought remarkable win-win effect
- ◆ The Hong Kong Branch set up a US\$5,000 million medium term note program, under which it has successfully issued US\$600 million 3-year senior unsecured bond as the issuer and global coordinator. The bond attained a credit rating of BBB by Standard & Poor's and has an initial rate of T+145 basis points. It is highly regarded as one of the most successful issuances of US dollar senior bonds for the year up to the date hereof
- ◆ The request of setting up Singapore Branch was approved by the regulatory authority at the end of 2014 and the branch is currently under preparation

Rapid growing cross-border collective trade financing business

Net fee and commission income

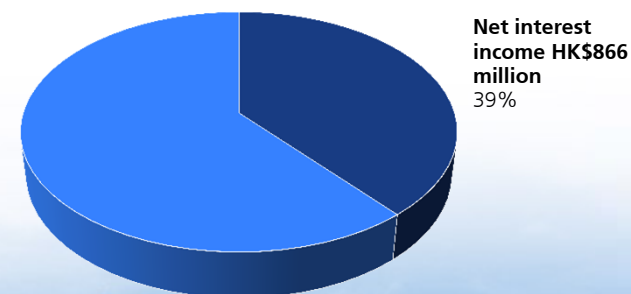
(HKD million)



Source: Company annual report

Hong Kong Branch FY 2015 revenue breakdown

Net non-interest income HK\$1,364 million
61%



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2016 outlook



Looking ahead, sticking to the tenet of serving the real economy, the Company will focus on enhancing the quality and overall profitability in development, in order to promote the implementation of "Phoenix Project" and new strategies and develop a new sustainable and sound development plan. The Company will also explore new markets and diversify growth points of income



- 1 The Company will create a strategic model of pan-asset and liability management to lead the steady development of our businesses
- 2 The Company will deepen the SBU reform and focus on areas with advantages and strategic customers, in order to develop a competitive and industry-leading corporate finance business
- 3 The Company will promote the development and strategic transformation of financial market business to become an integrated bank with high efficiency and low costs
- 4 Taking advantage of the business features in small business finance and community finance, the Company will create a new pan-retail system to explore new markets in this sector
- 5 Intelligence financing business will be developed as new and unique core competitiveness
- 6 The Company will set up branches with distinctive features to build regional core competitiveness
- 7 The Company will accelerate the development of the Minsheng Internet finance ecological circle which combines traditional vertical businesses with emerging horizontal businesses
- 8 In line with development trends, the Company will obtain licenses in key business lines to create a group-based comprehensive financial service platform
- 9 In accordance with the following strategy, the Company will endeavor to expand its global network to enhance global competitiveness

Appendix: Overview of key financial indicators



Income statement highlights

(RMB million, except per share data)

	FY 2015	FY 2014	Growth rate (%)	
Operating income	153,751	135,007	↑	13.88
Of which: Net interest income	94,268	92,136	↑	2.31
Net non-interest income	59,483	42,871	↑	38.75
Profit before income tax	60,774	59,793	↑	1.64
Net profit attributable to equity shareholders of the bank	46,111	44,546	↑	3.51
Basic earnings per share (RMB)	1.30	1.31	↓	(0.76)

Key profitability indicators (%)	FY 2015	FY 2014	Change (ppt)	
ROAA	1.10	1.26	↓	(0.16)
ROAE	17.04	20.35	↓	(3.31)
Net interest margin (NIM)	2.26	2.59	↓	(0.33)
Net fee and commission income to total operating income	33.30	28.32	↑	4.98
Cost-to-income ratio ¹	31.35	33.39	↓	(2.04)

Balance sheet highlights

(RMB million)

	31 Dec 2015	31 Dec 2014	Growth rate (%)	
Total assets	4,520,688	4,015,136	↑	12.59
Of which: Total balance of loans and advances to customers	2,048,048	1,812,666	↑	12.99
Total liabilities	4,210,905	3,767,380	↑	11.77
Of which: Deposits from customers	2,732,262	2,433,810	↑	12.26
Equity attributable to equity shareholders of the bank	301,218	240,142	↑	25.43

Asset quality indicators (%)	31 Dec 2015	31 Dec 2014	Change (ppt)	
Impaired loans ratio	1.60	1.17	↑	0.43
Provision for total loans ratio	2.46	2.12	↑	0.34
Capital adequacy ratio indicators (%)²				
Core tier-one capital adequacy ratio	9.17	8.58	↑	0.59
Tier-one capital adequacy ratio	9.19	8.59	↑	0.60
Capital adequacy ratio	11.49	10.69	↑	0.80

Source: Company annual report

Notes:

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

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



Thank You