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# Message from the Chairman

When the high wind comes, it's the right time to set sail. In 2016, the Chinese economy was like a steady sailing giant ship with a great mission, riding the waves of reforms. In that year, China Minsheng Bank also made drastic changes, sailed through wind and waves, and moved forward bravely, striving to achieve the grand vision of "build a sustainable bank and a time-honored enterprise."

When you eat the fruit, remember who planted the tree; when you drink the water, remember who dug the well. We have always adhered to the corporate mission of "From the people, for the people", dedicated to innovation, fully performed responsibilities, continuously transformed corporate development mode, continuously improved service level, continuously enhanced the institutional foundation of management, and continuously explored the behavior paradigm of sustainable development. And based on those, we have fostered our capability, character and culture, making contributions to the overall development, harmony, and progress of the society.

Xi Jinping, General Secretary of the Central Committee of the Communist Party of China, said, "Socialism is in what we achieve in action" The road to responsibility performance is never flat; the inherent difficulty entails extraordinary courage, and only persistent efforts befit this commendable cause. In 2016, we worked hard in a down-to-earth manner, using responsibility performance and accountability undertaking to solve the issues in the process of development and to achieve the mission of Minsheng people. We spared no effort to promote the "Phoenix Project", deepened reform on systems and mechanisms, and strove to become a leading "international, integrated, professional and digitalized" bank. We fully implemented national strategies, served real economy, comprehensively promoted structural reform of supply side, and made special effort to prevent capital flowing from real to virtual economy. We actively supported inclusive finance, put forward the strategic stewardship service plan for non-state-owned enterprises (NSOEs), and tried the best to achieve common growth with customers. We carried out targeted poverty alleviation in a deep-going way, gathered force, increased investment, and Hua County in Henan Province, a targeted poverty alleviation unit of China Minsheng Bank, was lifted from poverty at the end of 2016. We continuously formulated and improved resource conservation-

and ecological protection-oriented credit policies, and explored new development mode of green finance. We earnestly built a shared life space and spiritual homeland for Minsheng people, and we operated several public welfare art institutions, supported the protection of traditional cultures, and promoted innovation in public welfare, making contributions to the building of a harmonious society.....

You will go further when you keep kindness in mind. We have always been on the right "main channel" in the past 21 extraordinary years.

Minsheng Bank is like the evergreen bamboo. During the period of the "13th Five-Year Plan," which inherits the past and ushers in the future, we will jointly create a great "new era".

In the new era, we have witnessed the effective promotion of structural reform of supply side, and the fast and sound development of socialist market economy. In the new era, we have witnessed the practical implementation of the targeted poverty alleviation and development strategy, and will witness the realization of "two-century goals" in the near future. In the new era, we have witnessed the establishment of Xiong'an New Area, raising the curtain for a strategy crucial for a millennium to come in boosting coordinated development and Beijing, Tianjin, and Hebei region, and promoting new-type socialist urbanization building..... In the new era, we aspire to become a pioneer and witness of China's reform and development.

Standing at the beginning point of new historical circle, Minsheng people should focus on big picture, grasp general trends, and look towards great matters.

In face of new historical opportunities, Minsheng people will ensure that plans adapt to trends, actions adapt to trends, and trends are seized as opportunities to act.

洪崎



Hong Qi  
Chairman of China Minsheng Bank

# Message from the President

In 2016, China Minsheng Bank stayed true to the mission of serving people's livelihood, integrated reform and innovation into the management of all employees, all businesses, and all processes, and strove to build an outstanding benchmark bank featuring appreciation of customers, pride of employees, satisfaction of shareholders, assurance of regulatory authorities, respect of industrial peers, and recognition of society, achieving the harmonious coexistence of corporate development, social progress, and livelihood improvement.

We have adhered to the principle of integrity and honesty. The Bank has constantly optimized corporate structure and governance mechanism, carried out lean management, insisted on basic principles, kept stable growth, fully promoted the "Phoenix Project", completed two phases of 26 projects and achieved fruitful results, and deepened reform on systems and mechanisms, striving to build a leading "international, integrated, professional and digitalized" bank.

We have adhered to the principle of mutual benefits and win-win results. The Bank has actively supported the implementation of national strategies and made contributions to the "Belt and Road" initiative and regional economic development; further improved the sustainable development capability of agriculture, constantly explored new financial service modes for strategic emerging industry and enterprises, and continuously optimized industrial credit layout; and taken initiative to carry out the "going global" strategy, and gradually built a "leading cross-border banking service provider for core customers".

We have adhered to the principle of exploration and innovation. The Bank has actively supported inclusive finance, and earnestly developed financial service causes. As at the end of 2016, the loan balance of small business finance of the Bank reached RMB327.1 billion, and the number of small business customers amounted to 4.12 million accounts. The Bank has established 1,841 community outlets, the balance of financial assets amounted to RMB166.356 billion, and the number of customers reached 4.6306 million accounts. We have constantly strengthened the support of financial service to real economy, and strove to realize common growth with customers.

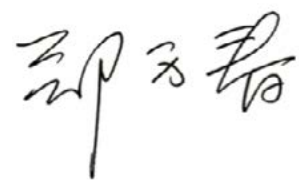
We have adhered to the principle of taking people as the foremost. The Bank has established the idea of respecting talents, cultivating talents and helping talents achieve success, put forward the "Navigation Strategy" for talent development system building, planned talent

development channel, provided broad learning and growth space for employees, and help employees achieve their individual value. We constantly built a homeland for Minsheng people, making employees get the senses of belonging, accomplishment, and happiness.

We have adhered to the principle of green development. The Bank has supported green credit from a strategic height, enhanced environmental and social risk management, identified the key development fields of green credit, adopted differentiated credit policy, optimized and adjusted credit structure, focused on supporting industries relating to energy-saving and environmental protection, and explored new development mode of green credit. The Bank has also insisted on green operation, fostered environmental protection culture, and promoted sustainable development of the society.

We have adhered to the principle of making contributions to society. The Bank has enhanced the support for targeted poverty alleviation, and established the "Leading Group for Financial Poverty Alleviation Work", achieving new breakthrough in promoting economic and social development of poverty-stricken areas. Hua County in Henan Province, a targeted poverty alleviation unit of China Minsheng Bank, was lifted from poverty at the end of 2016. The Bank has set up the "Public Welfare Decision-Making Committee", constantly improving the professionalism and scientific integrity of public welfare management. The Bank has continuously supported cultural development, and followed the road of distinctive public welfare, making contributions to the enhancement of cultural confidence.

Since its establishment, China Minsheng Bank has set the grand vision of building a "time-honored enterprise." Adhering to the core values of "integrity and honesty, mutual benefits and win-win results, taking people as the foremost, and pursuit of excellence", we are laying foundations and fighting tough battles. Twenty-one years of hard work is ushering in a bright and promising future for the time-honored Bank.



**Zheng Wanchun**  
President of China Minsheng Bank



# Minsheng Moments

## Corporate Profile

Formally established on January 12, 1996 in Beijing, China Minsheng Banking Corp., Ltd. (hereinafter as “Minsheng Bank”) is China’s first national joint-stock commercial bank with investments mainly from non-state-owned enterprises (NSOEs), and is a standard joint-stock financial institution founded in strict compliance with the “Company Law of the People’s Republic of China” and the “Law of the People’s Republic of China on Commercial Banks”. As a pilot program of China’s banking reform, Minsheng Bank deepens reform with keen determination and takes the initiative to make progress as well as making positive contributions to the reform and innovation of China’s banking industry.

On December 19, 2000, the A share stock of Minsheng Bank (600016) was listed on the Shanghai Stock Exchange. On November 8, 2004, Minsheng Bank issued RMB5.8 billion subordinated bonds in the interbank bond market, becoming the first commercial bank in China to successfully issue subordinated bonds in the national interbank bond market by private placement. On October 26, 2005, Minsheng Bank became the first commercial bank in China that successfully completed the split share structure reform. On November 26, 2009, Minsheng Bank was successfully listed on the Stock Exchange of Hong Kong.

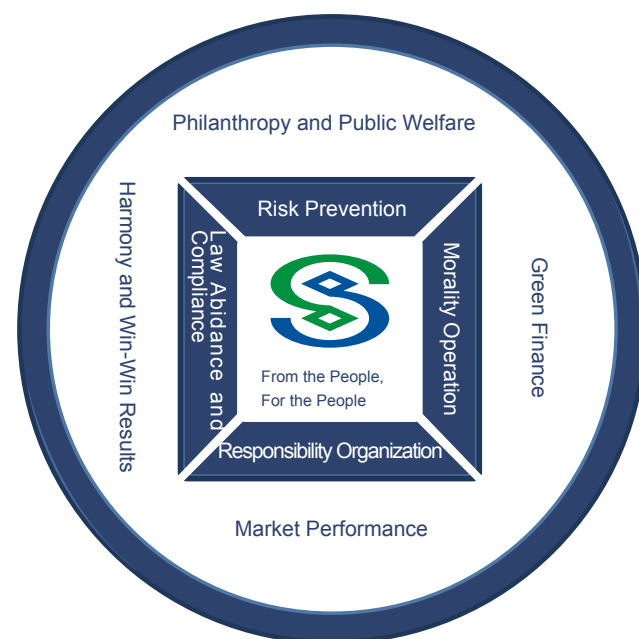
Minsheng Bank is committed to carrying out its operations in a compliant, pragmatic and innovative manner. In 2007, the strategic business unit (SBU) reform on corporate banking business was kicked off, which was an innovative initiative in the Chinese banking industry. In 2009, Minsheng Bank reset the strategic positioning as “a bank for NSOEs, small and micro enterprises (SME) and high-end customers”, and began to actively promote the adjustments on management framework, organizational system and business structure as well as the construction of IT platform, aiming at building a “distinctive bank” and “efficient bank”. In July 2016, Minsheng Bank ranked the 33rd in the world’s top 1000 banks by The Banker and the 221st in the world’s top 500 companies of the Fortune, becoming an influential commercial bank both in China and abroad. As at the end of 2016, Minsheng Bank had established a total of 3,003 institutions of various kinds.



### Highlights in 2016

- Effectively implemented “targeted poverty alleviation”, and the targeted aided Hua County in Henan Province took the lead to be lifted out of poverty
- Smoothly implemented the “Phoenix Project”, 26 projects were completed successfully in two phases
- Comprehensively strengthened the Party development with the education campaign which focuses on the study of the Party constitution and rules, the speeches made by President Xi Jinping, and calls for being qualified Party members
- Set up “Public Welfare Decision-Making Committee”, the professionalism and scientific integrity of public welfare management have been continuously enhanced
- Conducted lecturing tours with anti-corruption and integrity building as the topic to 42 branches, and the compliance risk control has been remarkably strengthened
- Issued and implemented the “Minsheng DNA – Handbook on Corporate Culture”, and the core values have been clarified
- Put forward the service plan of “Strategic Stewardship for NSOEs” and the number of NSOE customers with outstanding loan balances reached 7,172 accounts
- Provided more than RMB140 billion roll-over loans for over 100,000 small and micro customers
- Launched the “Implementation Measures for Product and Business Innovation”, and took the lead in the aspect of business innovation
- Realized full coverage of banking outlets in all provinces, autonomous regions and municipalities in China, and the social influence has been further improved





## Responsibility Management

### Strategic Model

Minsheng Bank serves the public. Serving customers, caring for employees, returning to shareholders, paying respect to partners, contributing to community, and responding to policies are inherent responsibilities of Minsheng Bank.

Practice attaches to people's livelihood. Minsheng Bank offers high-quality financial services to meet people's financial needs, to serve social progress, and to make contributions to the sound and rapid development of overall economy and society.

The public attaches to Minsheng Bank. Adhering to the self-pressurized principle, Minsheng Bank is committed to becoming the preferred bank for customers to access financial services as well as the preferred bank for investors, outstanding talents, cooperative partners and other stakeholders.

## Regulatory Governance

### Setting up Public Welfare Decision-Making Committee

In the reporting period, Minsheng Bank set up the "Public Welfare Decision-Making Committee". The committee held the first and second meetings in 2016, reviewing and passing several proposals. Meanwhile, the Bank implemented resolutions of the committee in a timely manner, and vigorously promoted the implementation of key projects including the fixed-point poverty alleviation program of China Banking Regulatory Commission, Tongxin Guangcai Project in Zhijin County of Guizhou Province and ME Charity Innovation Funding Scheme.

### Sorting out and Improving Policies and Procedures

Minsheng Bank sorted out and improved management policies relating to social responsibility and art museums, laying a solid policy basis for the orderly implementation of charitable donation and the normative operation of art museums. The Bank also revised the management policies of the foundation and clearly-defined the organizational structure as well as department functions of the foundation.

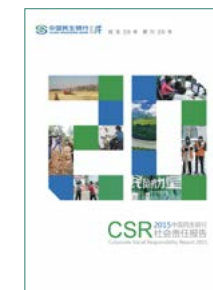
## Innovative Communication

### Optimizing and Releasing Corporate Social Responsibility Report

The "2015 Corporate Social Responsibility Report of China Minsheng Banking Corp. Ltd.", with brand-new frame structure and audience-oriented narrative mode, disclosed responsibility performance in the aspects of economy, society and environment of Minsheng Bank. The story-based report was recognized as a unique case in the financial industry in China, which significantly improved the readability and influence of the report. The PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) conducted an independent assurance on the key information disclosed in the report and the Chinese Expert Committee on CSR Report Rating rated the report a four-and-half stars and recognized it as a leading corporate social responsibility report.

### Joining China Social Responsibility 100 Forum

In the reporting period, Minsheng Bank joined the "China Social Responsibility 100 Forum", which was launched by the Research Center for Corporate Social Responsibility of Chinese Academy of Social Sciences, and became a chairman unit. The Bank delivered a keynote speech at the "2nd China Social Responsibility 100 Forum – Corporate Public Welfare Annual Meeting" held in December 2016, introducing the public welfare system of Minsheng Bank to the representatives at the meeting, which enhanced responsibility communication at the most influential platform.



Corporate Social Responsibility Report 2015



Delivering a keynote speech at the 2nd China Social Responsibility 100 Forum- Corporate Public Welfare Annual Meeting

### Participating in Public Welfare Activities

Minsheng Bank actively participated in public welfare activities including the field research tours to targeted poverty alleviation counties of Fengqiu and Hua County in Henan Province, the launching ceremony of "Countryside Summer Camp" of the first ME Scheme, the exchange meeting of China Red Ribbon Foundation and the Joint United Nations Programme on HIV/AIDS (UNAIDS). The Bank also organized and held the 2016 meeting of the board of supervisors of China Red Ribbon Foundation, striving to build the positive image of the Bank in social responsibility field.



The launching ceremony of "Countryside Summer Camp"

Part I:  
From the People, For the People

	Integrity for the People: Adhering to Sustainable Development
	Interaction for the People: Achieving Mutual Benefits and Win-Win Results
	Innovation for the People: Creating Values for Customers





## Integrity for the People Adhering to Sustainable Development

## Optimizing Governance and Regulating Management

### Governance Structure

Minsheng Bank has established a complete governance structure consisting of general meeting of shareholders, board of directors, board of supervisors, and the management, among which the general meeting of shareholders is the highest authority, the board of directors is the core of decision-making, the board of supervisors is the core of supervision, and the management is responsible for the daily operation and management. Those bodies keep effective checks and balances and perform their respective duties, guaranteeing the fast, sound and highly efficient development of the Bank. As of the end of 2016, Minsheng Bank had 18 members of board of directors, among whom nine were non-executive directors, three were executive directors, and six were independent non-executive directors. The professionalism, independence, and diversity of the board of directors ensured the high-efficiency and transparency of strategic decision-making of the board and guaranteed the flexibility, scientific integrity, and feasibility of strategic decision-making.

### Governance Mechanism

In the aspects of policies and operational procedures, Minsheng Bank's board of directors has formulated a series of regulations on duty performance and responsibility fulfillment of board members, letting the board fully undertake the responsibilities of business development and strategic decision-making of the Bank. In the reporting period, the Bank revised some contents of the "Articles of Association of China Minsheng Banking Corp., Ltd.", further defining the boundary of duty and responsibility, and continuously kept a good corporate governance mechanism.

## Holding the Bottom Line and Keeping Stable Development

### Compliance Management



#### Formulating Legal and Compliance Policy Guides

Centering on important policies and changes of risk situations, Minsheng Bank has formulated legal and compliance policy guides, enhancing forward-looking guidance and support for corporate operation and development. In the reporting period, the Bank completed 15 comprehensive or special-topic reports and 24 brief reports on compliance and internal control, effectively supporting the decision-making of operation and management.



#### Optimizing Legal and Compliance Institutional System

Minsheng Bank issued the "Notice on Clarifying the Requirements of Setting up Legal and Compliance Department of Branches", enhanced the legal and compliance institutional building of branches, and enlarged the coverage of legal and compliance institutions. The Bank also established legal team residency service mechanism for SBUs to strengthen the legal risk management.

**15** reports

The number of completed comprehensive or special-topic reports



455 times

Organizing branches to conduct compliance trainings



Legal and Compliance Training 2016

42 branches

The number of branches participated in "Improve Work Style, Strengthen Party Discipline and Enhance Corporate Governance" themed corruption fighting and integrity building lecturing tours



"Improve Work Style, Strengthen Party Discipline and Enhance Corporate Governance" themed corruption fighting and integrity building lecturing tours



## Improving Compliance Management System and Mechanism

Minsheng Bank issued the "Assessment Measures for Compliance and Internal Control Management of Operation Institutions", "Management Measures for Compliance and Internal Control Inspection", "Management Measures for Rectification of Compliance and Internal Control Risk Issues", and the "2016 Compliance and Internal Control Inspection Plan", etc., which further improved the mechanisms of compliance and internal control inspection, assessment and supervision, and promoted the improvement of compliance and internal control management performance.



## Strengthening Legal and Compliance Training and Publicity

Minsheng Bank organized and completed 11 legal trainings for senior management, covering more than 300 persons; organized the management of branches to participate in 569 meetings on compliance and internal control; organized 12 lecturing activities themed "legal and compliance building of Minsheng Bank"; organized branches to conduct 455 compliance trainings, covering 56,210 persons/times; and organized branches to carry out 237 persons/times of duty performance talks for middle-level management personnel and 121 persons/times of compliance counseling for the personnel who have violated regulations and rules.

### Performance of Legal and Compliance Trainings

Indicators	2014	2015	2016
Number of legal and compliance trainings (time)	1,633	522	455
Number of participants of legal and compliance trainings (person/time)	44,541	51,584	56,210

## Anti-Corruption

In the reporting period, Minsheng Bank issued the "Joint Meeting System for Case-Handling Work of China Minsheng Bank", and established a joint case-handling mechanism for relevant departments especially the risk management departments for the first time, which ensured the overall management and coordinated handling of cases, the unified and positive coping and resolving of risks, and the effective handling of involved personnel and businesses. The Bank achieved positive and significant results in the aspects of dealing with asset risks, public opinion risks and regulatory pressures.

Minsheng Bank also vigorously conducted company-wide lecturing tours and discipline inspection and supervision campaigns. As of the end of 2016, the Bank had organized five lecturing teams to conduct one-month long lecturing tours to 42 branches. The corruption fighting and integrity building lecturing tours took "Improve Work Style, Strengthen Party Discipline and Enhance Corporate Governance" as the theme, and the coverage of employees of those 42 branches reached 100 percent.

### Performance of Anti-Corruption Trainings

Indicators	2014	2015	2016
Number of anti-corruption trainings directly organized by the head office (time)	52	42	46
Number of participants of anti-corruption trainings directly organized by the head office (person/time)	54,000	55,000	56,000

## Anti-Money Laundering

### Anti-Money Laundering Internal Control Management

Minsheng Bank focused on revising and completing four regulations including "Classified Management Measures for Anti-Money Laundering Risks of Customers", "Guide for Anti-Money Laundering Work of Newly-Established Branches", "Management Measures for Non-Compliance Risk Inspection of Employee Accounts" and "Management Measures for Comprehensive Assessment of Anti-Money Laundering Work", and formulated the new regulation of "Management Measures for Risk Assessment of Product- and Business-Based Money Laundering". The Bank has also established scientific and objective product-based money laundering risk assessment mechanism and anti-money laundering management mechanism for correspondent banks.

### Monitoring, Analysis and Early Warning of Money Laundering

Minsheng Bank has defined the handling process of non-compliance accounts, and organized comprehensive inspection of existing customers, cross-border businesses and correspondent bank relations. The Bank has also conducted company-wide money laundering risk type analysis and money laundering risk inspection of employees in a regular manner.

### Improving Functions of Data System

Minsheng Bank completed the development, test and launching of suspicious transaction sharding function; formed a large scale monitoring system including 62 independent rules, 239 risk factors and 23 illegal transaction monitoring models; and, conducted effectiveness assessment of counter interception system, international settlement system and blacklist monitoring system.

### Conducting Anti-Money Laundering Training and Publicity

In the reporting period, Minsheng Bank conducted 8,420 anti-money laundering trainings, the number of participants reached over 146,000 persons/times and the accumulated training hours amounted to more than 11,400 days. The Bank also carried out 4,161 publicity activities, issuing 1.41 million publicity materials and the number of audience reached more than 6.27 million persons/times.



Anti-money laundering themed working conference 2016



"Financial Knowledge goes into campus" anti-money laundering publicity

146,000+ persons/times

The number of participants of anti-money laundering trainings

627 million+ persons/times

The number of audience of anti-money laundering trainings

## Risk Management



### Conducting Reform on Risk Management System

Minsheng Bank has established an overall risk management system featuring “centralized management and control, independent appraisal, unified standard, multi-level authorization, two-way assessment and indicator-based performance”, which covered the whole Bank and improved the overall risk management level.



### Reducing and Eliminating Financing for Industries with Excess Production Capacity

Minsheng Bank has taken industries such as iron and steel, coal, non-ferrous metal metallurgy as limited supporting industries in formulating annual risk policy and integrated management guide. The Bank also conducted analysis and inspection one by one to screen enterprises with backward capacity, and formulated classified exit plan. The exit tasks were broken down and the relevant departments were urged to strictly implement it.



### Optimizing Business Review Process

Oriented to “improve comprehensive risk management and control capability and enhance high-precision management capability, risk restriction and implementation capability, and rapid response capability for risks”, Minsheng Bank has reconstructed company-wide financing business review process.



### Using Big Data Approach to Improve Risk Management and Control Skills

Minsheng Bank carried out the building of “Forward-Looking Risk Early Warning System Project” and used big data technology, in an aim to realize the reform on overall process management model and operation method of financing business. The data ingestion volume and dimension of the Bank's big data system was recognized as the most comprehensive one in the industry.



### Improving Risk Management Assessment Mechanism

Minsheng Bank constantly increased the proportion of risk assessment indicators in balanced scorecard of operation institutions, and strengthened process management assessment and the application of quantitative tools in assessment.



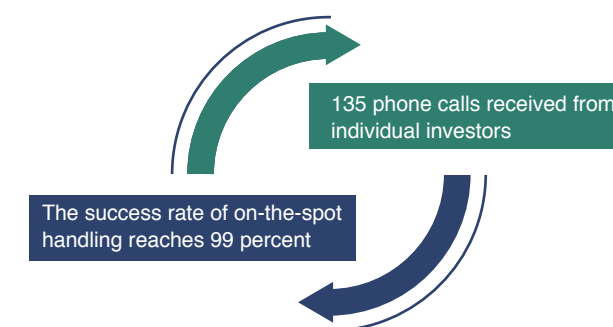
### Enhancing Compliance Management and FSAP

Centering on advanced capital measurement approach compliance benchmarking, project management, the second pillar (external supervision and inspection) building and Financial Sector Assessment Program (FASP), Minsheng Bank has actively promoted various works.

## Returning to Shareholders and Creating Values

In the reporting period, Minsheng Bank participated in 14 large scale institutional investment strategy meetings and received more than 300 investors to promote its advantages and reform results. It took initiative to participate in the strategy meetings to release signals in actively facing the market investors. In the aspects of preparation of periodical reports and releasing of announcements, the Bank achieved great success by disclosing major events to the A+H capital markets, regulatory authorities and media. In 2016, it released an accumulative amount of 67 A share announcements and over 140 H share announcements, guaranteeing the impartiality, fairness and openness of information disclosure.

Minsheng Bank has always attached importance to the protection of rights and interests of minority shareholders and encouraged them to fully express their opinions and pursuits. As of the end of 2016, the Bank had received 135 phone calls from individual investors, answering the concerned hot issues such as strategic goals, stock price volatility, dividend distribution and asset quality, and the success rate of on-the-spot handling reached 99 percent. Minsheng Bank has also arranged specially-assigned personnel to maintain the e-interactive platform, further smoothing the communication channel with minority shareholders. In 2016, the Bank received 38 valid questions and the response rate reached over 90 percent, winning recognition of investors.



Performance of Investor Relations Management

Indicators	2014	2015	2016
Basic earnings per share (RMB)	1.31	1.30	1.31
Number of investor visits (session)	60	46	43
Number of visiting investors (person/time)	572	350	328
Number of large scale meetings on investment strategy held by investment banks or securities firms both from China and abroad participated (time)	13	10	14
Number of joint research activities conducted with large institutions both from China and abroad (time)	10	8	7

**14** meetings

The number of participated large scale institutional investment strategy meetings

**300+** investors

The number of received investors



## Featured Story

## Phoenix Project

“Phoenix Project will become an outstanding brand in promoting comprehensive transformation and process re-engineering of China’s banking industry. The success of the project will promote Minsheng Bank to achieve full change and transformation to become a customer-centered bank and to become a winning bank in successfully responding to the interest rate liberalization under the new normal of economy.”

---Hong Qi, Chairman of China Minsheng Bank

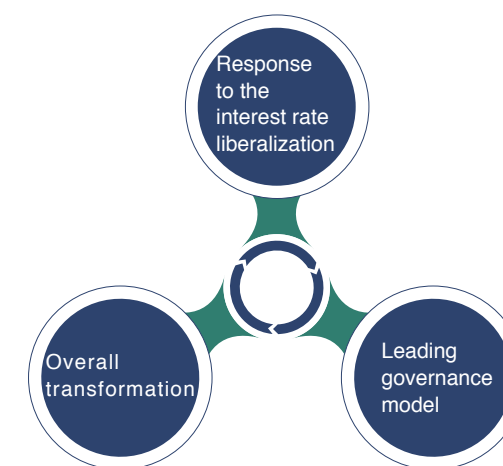


China’s economy has stepped into the new normal and the external environment of the banking industry has witnessed dramatic change. Commercial banks face multiple impacts from the slowing down macroeconomic growth, accelerated interest rate liberalization process, opening of financial market access and capital market, and rising of internet finance. To actively meet the challenges resulted from changes of internal and external environment and to promote the transformation of business development mode and operation management model, Minsheng Bank launched the “Phoenix Project” in May 2014. In 2016, the plan was implemented steadily and smoothly and 26 projects were completed in two phases as at the year end, while the third phase of projects will start soon. The Project’s core project of “Three-Year Planning” has been completed.

### Phoenix Project’s Five Major Goals of Change and Transformation

- 1 To become a leading “international, comprehensive, professional and digitalized” bank
- 2 To continuously maintain a profit generation capability (ROE) that is more than twice as high as China’s GDP growth
- 3 To achieve more than 50 percent of market value growth and to maintain the position of one of the top three joint-stock banks in terms of price-to-book ratio by the end of 2020
- 4 To foster competitive operation capability, financial capability, management capability and governance mechanism in Asia’s financial market, and to enhance group-based merger and acquisition capability
- 5 To become a leading brand of change and transformation in China’s banking industry and to establish cultural advantages of change and innovation

### Phoenix Project’s Three Major Connotations of Change and Transformation



#### Response to interest rate liberalization

Rebuild a benchmark bank that is customer-centered, adaptable to the new normal, equipped with core competitiveness and sustainable development

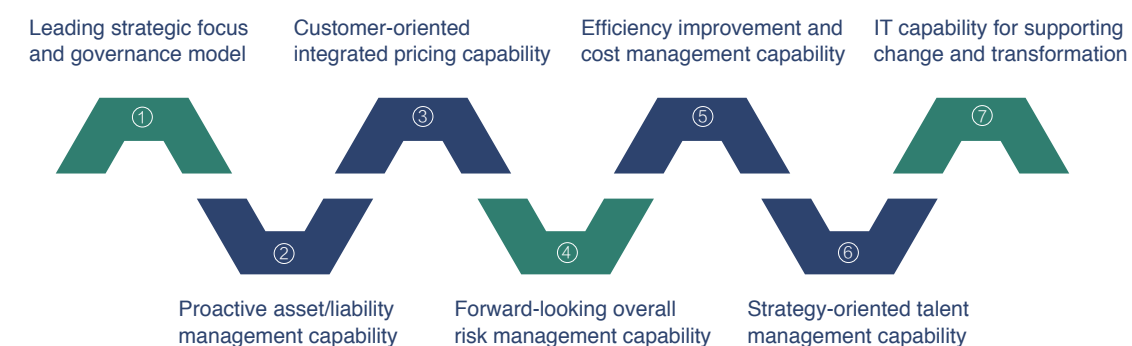
#### Comprehensive transformation

Take international leading practices as reference, and put forward the overall transformation blueprint featuring seven major topics based on comprehensive diagnosis, analysis and sorting out of current situations

#### Leading governance model

Comprehensive growth mode transformation and governance model change with customers at the center: specifically, it includes strategic positioning, business model and organizational model; the introduction of sophisticated technologies, tools and methods, and the establishment of middle- and back-office scientific governance system and management mechanism; and the building of intensive, process-based and refined back-office support system

### Phoenix Project’s Seven Major Topics of Change and Transformation



Phoenix Project is a systematic reform project launched by Minsheng Bank, aiming at taking initiative to meet challenges of interest rate liberalization. It is also the first all-around and full process-based transformation and change of the Bank, and will produce positive and profound influence for the Bank to establish an outstanding benchmark financial enterprise featuring “satisfaction of shareholders, recognition of customers, pride of employees, assurance of regulatory agencies and respect of industrial peers”.





## Interaction for the People Achieving Mutual Benefits and Win-Win Results

## Implementing National Strategies and Serving Economic Development

### Optimizing Regional Credit Layout

Minsheng Bank has actively served government investment and fiscal spending, and supported China's western development strategy during the "13th Five-Year Plan" period. While relying on local resources to promote self-development, the Bank has always insisted on supporting regional economy and made contributions to China's "Belt and Road" initiative and regional economic development through enhancing credit support.

#### Case Using integrated products to support regional economic development

Since becoming the 8th state-level new area, the Guian New Area in Guizhou Province has achieved fast development in the aspects of infrastructure building, financing and industries. At the early stage of financing of the new area, the Guian New Area Development and Investment Co., Ltd. faced the problem of high financing cost. After learning the "pain point" of the client, the account manager sought help from the head office and the local branch of Minsheng Bank, and obtained favorable cost pricing for the company. The account manager also took initiative to enhance communications with the company and the investment committee. Finally, Minsheng Bank offered the company RMB1.5 billion entrusted loans and RMB496 million project loans as well as trade finance product support, which effectively reduced the company's financing cost and won trust and recognition of the customer.

**RMB1.5** billion

The amount of money has been offered as entrusted loans to the Guian New Area Development and Investment Co., Ltd.

**RMB496** million

Project loans



Chairman Hong Qi visits Guian New Area



### Case Finance made “flowers on plateau” blossom

Under the special fiscal environment of Tibet Autonomous Region, Minsheng Bank, by taking transfer payment of the central government as opportunity, has vigorously supported the industries and industry chain resulted from government investment and fiscal spending, and actively promoted infrastructure building projects in the marketing area. By the mid-January 2017, the loan balance of the Tibet's Department of Transport and its affiliated enterprises and institutions reached RMB2.777 billion, among which RMB2.177 billion was used for the new reconstruction project of Linzhi-Milin Airport accommodation road and RMB0.6 billion was used for the expansion projects of Yajiangte Bridge at GaLa Mountain Tunnel of Gongga Airport-Zedang accommodation road.



**RMB2.777** billion

The loan balance of the Tibet's Department of Transport and its affiliated enterprises and institutions

## Optimizing Industrial Credit Layout

### Supporting Development of Agriculture, Farmers and Rural Areas

Centering on efficiency improvement of agriculture, income increase of farmers and prosperity of rural areas, Minsheng Bank has further supported the sustainable development capability of agriculture. In the reporting period, the Bank focused on rural finance and regional characteristics, effectively promoted the brand and service of Minsheng Bank in the fields of rural finance and county-level finance, and constantly explored business model of sustainable development. The rural banks including Penglai, Funing, Zhangpu, Xiang'an were recognized and rewarded for their support of the development of agriculture, farmers and rural areas.

### Supporting Development of Strategic Emerging Industries

Minsheng Bank has constantly explored new financial service mode for enterprises of strategic emerging industries, focused on customers of National Equities Exchange and Quotations and from key regions, improved science and technology financial product system, business risk appraisal system and investment decision-making authorization system, and guided and encouraged more social capital to invest in strategic emerging industries including energy-saving and environmental protection industry, clean energy industry and high-end equipment industry through innovative institutional arrangement and differentiated resource allocation policy, which achieved remarkable results. As at the end of 2016, the financial assets of Minsheng Bank in the fields of wind power and PV power had reached RMB11.4 billion.

**RMB11.4** billion

The financial assets of Minsheng Bank in the fields of wind power and PV power

### Case Using professional advantages to create values for customers

In recent years, Minsheng Bank has established relationships with FDG Electric Vehicles Limited and set up a dedicated project team to offer customized financial plan to the latter, which not only satisfied the urgent financial demand of the company in strengthening scientific research investment and market exploitation, but also met the long-term upgrading demand of its business development in the future. With the support of integration of industry and finance, FDG Electric Vehicles Limited has constantly achieved breakthrough in the aspects of R&D, core technology and so on, and realized rapid growth of production and sales. The market share and brand influence of FDG Electric Vehicles Limited have been constantly improved and the Changjiang EV of the company has been selected as one of the two car brands and the only electric vehicle brand that could enter into the core zone of G20 Summit.

### Case Supporting green energy with high efficiency and low cost

At the end of October 2016, the Guiyang Branch of Minsheng Bank learnt that the Xiangbiling Hydropower Project of Guizhou Zhongshui Energy Co., Ltd. faced financing difficulties. After conducting comprehensive analysis of the project, Guiyang Branch formulated a pragmatic and feasible credit plan to support this important local project relating to people's livelihood in a timely manner. In mid-December 2016, the branch granted RMB0.6 billion loans to the company, using only one month to complete the whole process from project investigation to loan granting, which effectively guaranteed the smooth promotion of the project.



The installation of dam transformer of Xiangbiling Hydropower Station

### Supporting Development of Modern Service Industry

China's economy has embraced a development phase of consumption upgrading, producing strong demand for modern service industry. Minsheng Bank has included modern service industry into the field of key supporting industries, offering credit support, convenient settlement service and investment banking service. As of the end of 2016, the number of customers from medical care and health field had reached more than 900 accounts and the financial assets had amounted to nearly RMB55 billion; the number of credit-extending customers from education industry had reached nearly 200 accounts, and the credit lines and the loans had amounted to RMB10 billion and RMB5 billion respectively; and the number of customers from tourism industry had reached 550 accounts, and the financial assets and the loans had amounted to over RMB45 billion and nearly RMB20 billion respectively.

**RMB600** million

In mid-December 2016, Guiyang Branch completed loan granting process to Xiangbiling Hydropower Station project

**900** accounts

The number of customers from medical care and health field

## Adhering to Opening-Up and Development and “Going Global” by Integration of the Bank and Enterprises

**USD108.6** billion

The international settlements of Minsheng Bank

**46%**

The increment of international settlements from 2015

**14,472** accounts

The number of valid international business customers

In the reporting period, Minsheng Bank actively implemented international development strategy and constantly optimized customer structure. The Bank provided high-quality services for cross-border businesses of Gree and other China's leading enterprises, gradually becoming the host bank for cross-border services of core customer groups. In the same period, the international settlements of Minsheng Bank reached USD108.6 billion, increased 46 percent from 2015. The number of valid international business customers amounted to 14,472 accounts, completing 140 percent of the tasks.



International business key products solutions video trainings



### Featured Story

Minsheng Bank helps me realize the dream of exporting products

“The year of 2016 was crucial for Deya to develop export business and safeguard capital turnover. At this crucial time, Minsheng Bank lent me a hand, helping Deya realize the dream of exporting products.”

---Yu Lansen, Chairman of Deya Group

“Mr. Yue, the loan of RMB2.1 million will be due. Can we get roll-over loans after paying off the money in full? The capital is fully used for equipment upgrading this year and we now focus on the export business. At present, we face difficulties in capital turnover.” Yu Lansen, chairman of Jilin Deya Agricultural Development Group Co., Ltd. (hereinafter referred to as “Deya”) called Yue Xiaosong, a loan officer with the Business Department of Jilin Branch of Minsheng Bank.

Deya's 59-year-old chairman Yu Lansen is an old customer of Minsheng Bank. He established Deya in 2011, and the main products of the company include “Hengchenghao” brand of rice and the “Deya” brand of rice noodle, rice vermicelli, biomass rice hull fuel rod, and etc.. Started with several million yuan investment, the sales amount of the well-run Deya has reached RMB50 million by 2016.

To achieve further development, Deya turned its attention to international market, determining to export products. However, influenced by the downward trend of grain industry, the company faced great pressure in maintaining working capital. The early winter was crucial for grain enterprises to buy grain, at that time, a loan of Deya from Minsheng Bank came due. So, rescinding loans was just like cutting the ground on which Deya stands as the company was investing capital on equipment upgrading and getting prepared to do export business. “The Deya's dream of exporting products is

really determined by the roll-over loans of Minsheng Bank.” Mr. Yu told Yue Xiaosong.

Yue Xiaosong reported the situation to the leaders with the Business Department of Jilin Branch immediately. The branch then conducted research and investigation on Deya, analyzing the situations of the company from the aspects of assets, market trend and other related issues. The solution was to restructure the loans. However, an important precondition of restructuring was to guarantee the pressure relief capital to be in place in a timely manner. But in the nick of time of buying grain, most agriculture-related enterprises faced financial constraints. After consultation, a solution of conducting field investigation first and then providing the pressure relief capital has reached. In the following two weeks, with the support of various departments of Jilin Branch, Deya got the RMB1.5 million restructured loans. In early 2017, the “Deya” brand of agricultural products was successfully exported to Europe and the United States.

Mr. Yu was full of emotions when talking about this event. He said: “As a farmer entrepreneur, I feel strongly for the lacking of capital in supporting corporate development. Minsheng Bank helped me realize the dream of exporting products, laying a solid foundation for Deya to develop larger and stronger. I hope both Deya and Minsheng Bank could achieve great performance in the future.”



Yue Xiaosong, a loan officer with the Business Department of Jilin Branch of Minsheng Bank with Yu Lansen, chairman of Jilin Deya Agricultural Development Group Co., Ltd.





Innovation for the People  
Creating Values for Customers

## Leading the Market and Serving the Real Economy

### Staying True to the Mission and Committing to Common Growth with NSOEs

Minsheng Bank has committed to building a common community of fate with NSOEs, always adhered to the customer strategy of taking the serving of NSOEs as purpose, and helped NSOEs develop larger and stronger and build brand through constant innovation in financial service, making them to become important force of China's economy. In the reporting period, Minsheng Bank made special effort to conduct innovation in marketing mode in the process of business development, focused on the online and offline integration, vigorously developed supply chain financing, and effectively resolved financing difficulties of NSOEs. The Bank also strengthened strategy development channel of NSOEs, put forward unique and comprehensive strategic stewardship service plan, and enhanced support for NSOEs, which laid a solid foundation for establishing customer base, cultivated core NSOE customers, promoted corporate business structure adjustment, and accelerated the transformation and leap-forward development.

Performance of NSOEs Services

Indicators	2014	2015	2016
Number of NSOE customers with outstanding loan balances (account)	11,876	9,580	7,172
General loan balances of NSOEs (RMB100m)	6,535.05	6,783.18	5,427.1



Poster: Online financial platform, the House of Small Business Finance

### Providing High-Quality Service and Helping Small and Micro Enterprises Realize Dream

As the most distinctive small business finance provider, Minsheng Bank constantly developed small business finance strategy in 2016, offering over RMB140 billion roll-over loans to nearly 100,000 small and micro customers, which further enhanced the support of finance for real economy.

**RMB140** billion+

The amount of roll-over loans offered to nearly 100,000 small and micro customers

- 01 Updated new products of Online Loan 2.0, Cloud Loan, Cloud Account “QR Code Cashier Counter” and etc., and constantly enhanced support for innovations in products and services of small business finance to meet differentiated demands of small and micro customers
- 02 Strengthened process system building and improved efficiency of small business finance service through process optimization of small credit factory building, iPad mobile client door-to-door operation, online assessment of property value and so on
- 03 Used mobile internet to build online service platform of “House of Small Business Finance” featuring online and offline integration and adoption of O2O mode, and expanded financial service radius
- 04 Promoted roll-over loan service for high-quality customers, actively implemented the policy of extending roll-over loans without requiring customers to pay off their original loans, and reduced the financing cost of small and micro customers

In the reporting period, Minsheng Bank constantly conducted innovation in small business finance products, further lowered the threshold of financial service, and continuously enlarged the coverage and availability of financial service for small and micro enterprises.

## Loan Products

Minsheng Bank made the most use of external data to develop new products such as “Online Loan”. The Bank also offered “Super Lucky Loan”, “Easy Pledge Loan”, “Cloud Loan” and other products to small and micro customers who own their own property.



Poster: Super Lucky Loan



Poster: Easy Pledge Loan

## Settlement Service

Minsheng Bank conducted research and development of “Cloud Account”, greatly shortening the corporate account opening time of small and micro customers by adopting the mode of online application and offline delivery. As of the end of 2016, the number of cloud accounts had reached more than 104,000 accounts, and the balance of deposits had reached over RMB2.3 billion.

**104,000** accounts+

The number of cloud accounts

**RMB2.3** billion+

The balance of deposits

## Specialized Sub-branches

To further promote the service scope of inclusive finance, especially the service for small and micro NSOEs, Minsheng Bank has begun to build specialized sub-branches that are dedicated to serving small and micro customers since 2009. In the reporting period, the Bank had 134 specialized institutions serving small and micro customers, and built “credit factory rotating service counters” at the specialized institutions, which accelerated the business processing efficiency and met the demands of different customers.

Performance of Small Business Finance Services			
Indicators	2014	2015	2016
Loan balance of small business finance (Shang Dai Tong) (RMB100m)	4,027	3,712	3,271
Number of customers served by small business finance (10,000 accounts)	291	449	412

## Providing High-Quality Service and Creating Values for Customers

## Developing High-Quality Products to Meet Demands of Customers

Minsheng Bank has vigorously conducted innovation in financial products, fulfilling the promise of creating values for customers. In the reporting period, the Bank made special effort to build the businesses of direct banking, mobile banking, mobile payment, online payment, personal online banking and WeChat banking, and constantly conducted innovation in businesses and products.

## Direct Banking

Minsheng Bank has launched innovative financial products such as “Ding Huo Bao”, “Ru Yi Bao”, “Fund Express”, wealth management products, “Good Housing Loan”, “Li Duo Duo”, forming an integrated Internet financial service platform covering deposits, investment, remittance, loans and payment. As of the end of 2016, the number of direct banking customers had reached 5.28 million accounts.

## Mobile Banking

Minsheng Bank has constantly enhanced innovation activities, provided more distinctive and convenient services for customers, and added or optimized over 1,000 functions, committing to becoming a preferred mobile finance provider and a life portal. As of the end of 2016, the number of mobile banking customers had reached 24.7514 million accounts, the number of transactions had reached 439 million, the amount of transactions reached RMB9.18 trillion, and the transaction activity took the lead among the banks.

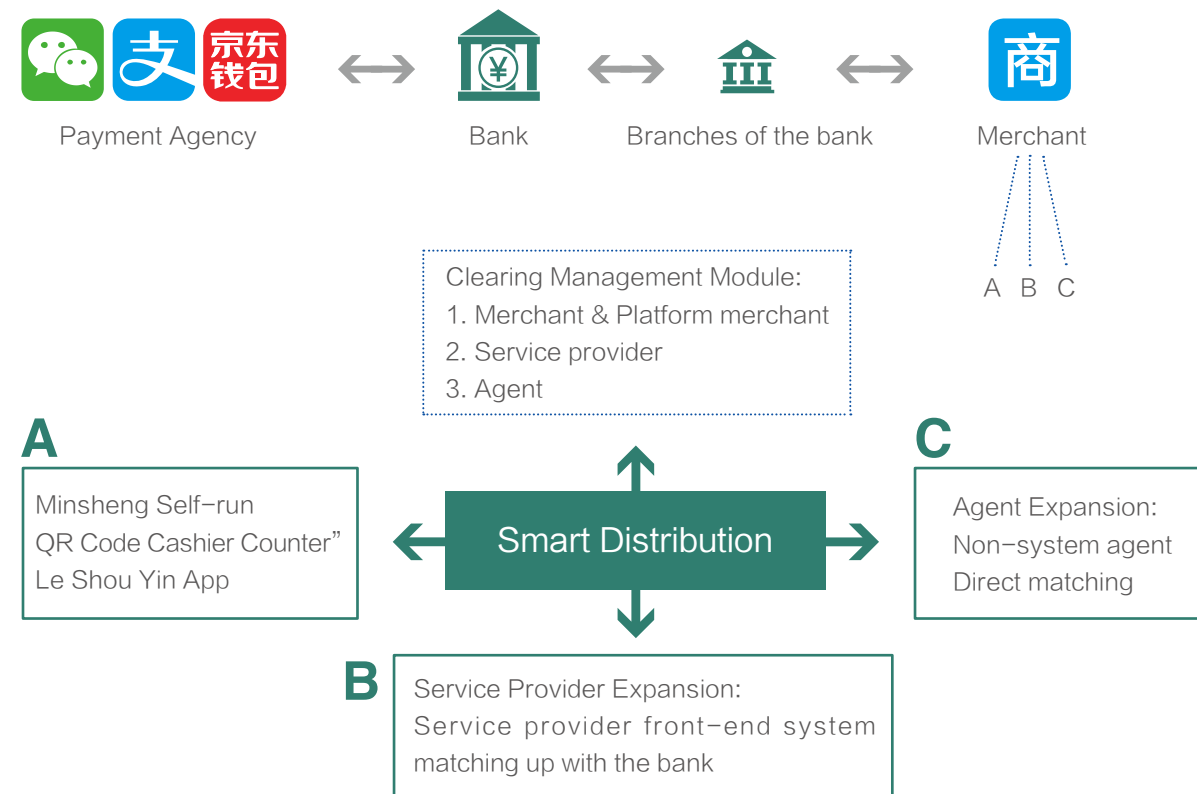


Instant notification on debit card and WeChat transactions by mobile banking app



## Mobile Payment

Minsheng Bank has launched Apple Pay, Samsung Pay, Huawei Pay, Mi Pay and other Quick Pass products successively, actively explored smart wearable payment functions, and taken the initiative to conduct China UnionPay standard-based QR code payment business, forming a mobile payment product system featuring quick mobile payment and fast QR code scan payment.



QR Code Cashier Counter business



On June 3, 2016, Minsheng Bank collaborates with Mobvoi to innovate smart wearable payment functions

## Online Payment

Minsheng Bank has fully updated the "Interbank Transaction Products" and "Minsheng Payment", offering comprehensive payment solution to customers.

## Online Banking

Minsheng Bank has constantly enhanced the characteristics of complicated transaction channel of online banking, and updated and optimized online banking products; completed the national encryption algorithm project for online banking, achieved independent controlled password security guarantee and further improved the security of transaction. As of the end of 2016, the number of personal online banking customers had reached 16.2452 million accounts, the number of transactions reached 1.427 billion and the amount of transactions reached RMB11.70 trillion.

**1,624.52** million accounts

The number of individual online banking customers

**RMB11.70** trillion

The amount of transactions

## WeChat Banking

Minsheng Bank has updated the WeChat banking to WeChat Banking 2.0 version, which included distinctive instant WeChat account information notification, smart customer service, "Instant Good Housing Loan" and other convenient services for customers, offering brand-new mobile social financial service.

## Delivering Professional Service to Improve Customer Experience

Only by constantly offering safe, convenient and considerate service experience to customers can Minsheng Bank achieve common growth with customers. The Bank has continuously improved service quality and professional level, and pursued precision and integrity services, vividly interpreting the customer-centered connotation.

## Protecting Rights and Interests of Customers

**Protect property safety of customers:** Online financial security is of great importance to the vital interests of customers and the banks. Minsheng Bank has actively prevented the risks of online finance from the aspects of the bank, customers and internet environment, guaranteeing the information security and property safety of customers.



Vigorously promoted the three-in-one security account featuring account security lock, high-risk transaction protection, and account security insurance at the mobile banking client of Minsheng Bank



Established cooperative relations with the third-party payment institutions, and constantly improved risk compensation quality and efficiency of express payment. As of the end of 2016, Minsheng Bank had accepted 376 risk compensation cases relating to express payment, saving loss of RMB492,200 for customers



Took initiative to launch payment products of fingerprint payment, iris payment, UnionPay standard-based QR code payment and etc., constantly improving transaction security

**RMB18.5** billion

The amount of deposits had been protected

**506,000** transactions

The number of transactions had been prevented for high risks

## Case

### “Security Account” guarantees security

Currently, the convenient and quick payment channels not only provide information-based payment services for the public, but also facilitate bank card fraud and transfer of fraud money. To guarantee the payment security of bank card customers, Minsheng Bank took initiative to launch “Security Account” product, providing a triple protection mechanism of “account security lock”, “high-risk transaction protection” and “account security insurance”, which effectively protected the fund security of personal customers in an innovative manner.

As of the end of 2016, the number of sign-up cards of “Security Account” had reached 786,000 pieces, and a total of RMB18.5 billion deposits from customers had been protected; the number of account security insurance orders purchased by customers had reached 10,588, and the amount of secured funds had amounted to RMB609 million; and 506,000 transactions had been prevented for high risks. The protection functions of “Security Account” for customer accounts have been manifested.



Security account, Secure at your will

**Deliver risk warning of products to customers:** For the online characteristics of internet financial service, Minsheng Bank has focused on identifying ID of customers and enhanced the delivery of risk warnings of products to customers.



Strengthened security protection of sensitive payment information, ID management of business opening, payment transaction security, online payment transaction risk monitoring and other risk control measures



Made special effort to improve the sign-up security authentication level of investment and wealth management products, and enhanced risk warning of products in the process of product marketing, promotion, and purchase



Optimized and upgraded instant account information notification service and the customers may turn on this service on WeChat banking or on mobile banking

## Enhancing Science and Technology Guarantee

**Enhance disaster recovery building.** In the reporting period, Minsheng Bank established a disaster recovery system consisting of three centers at two places. In the process of building the new disaster recovery system, the Bank actively explored sophisticated disaster recovery technologies, achieving effective results in the fields of active-active database, active-active application, active-active virtual resources, and one-click disaster recovery automated command and switch. Those results have been applied and promoted in operation process, and the Bank has established intra-city active-active data centers. It has also strengthened disaster recovery drill from various aspects and constantly improved business continuity and customer service levels.

**Enhance IT building.** In 2016, Minsheng Bank become the first commercial bank to complete the national encryption algorithm application of online banking, winning the second prize of science and technology development of the People’s Bank of China. In the reporting period, there were no work safety accidents above the third level happened, the availability of core system reached 100 percent, and the service satisfaction rate of work orders amounted to over 99 percent; conducted four company-wide emergency drills, and focused on carrying out annual intra-city disaster recovery system and network switch drills, guaranteeing the safe, continuous and stable operation of network and information system.

**100%**

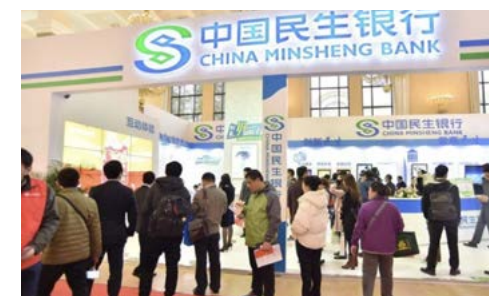
The availability of core system

**99%+**

The satisfaction rate of work orders

## Popularizing Public Education

Minsheng Bank has made the most use of internal and external channel resources and has always focused on customer-oriented financial security education and knowledge popularization both in day-to-day service and at key points of time.



On October 27, 2016, Minsheng Bank participated in Beijing International Finance Expo, set up online finance experience zones to publicize financial knowledge and security knowledge

Taking the Mobile World Congress, China International Financial Exhibition, Beijing International Finance Expo and other events as opportunities, Minsheng Bank set up online finance experience zones to publicize financial knowledge and security knowledge to ordinary visitors

Minsheng Bank conducted online financial security publicity activities through new media tools including WeChat, Weibo and social platforms to promote operation skills and help customers improve security awareness

Minsheng Bank conducted popularization activities including “Financial Science and Technology Activity Week”, “National Online Security Publicity Week”, and “Financial Knowledge Popularization Month”, enhancing online security awareness of the whole society





## Featured Story

## Voice of a private entrepreneur

“As a private entrepreneur, I have deeply felt the philosophy of 'For the People' of Minsheng Bank. It has provided strong support for and given confidence to NSOEs, helping us grow bigger and become stronger.”

---Zhao Yong, a private entrepreneur

Zhao Yong is a private entrepreneur and mainly engaged in property development and property management in Beijing. After years of hard work, his business has thrived. Mr. Zhao, an ambitious man, is not satisfied to stand still, but hopes to achieve greater success. However, to make the company bigger and become stronger, the first issue needed to be resolved is capital.

At first, Mr. Zhao, depending on high-quality properties and stable cash flow, obtained business property loans from banks, which met the demand of the company to some extent. But with continuous development of the company and the change of financing environment, the problems of traditional financing products began to emerge, which included high financing cost, short product term and unitary use of the borrowed money.

“NSOEs faces great disadvantages in market competition. Even though we have better ideas, better execution capability, better corporate culture, and better team, we cannot get the same support from banks in comparison with other ownership businesses. We face inherent problems in market competition,” Mr. Zhao said anxiously and helplessly. Along with the gradual deepening cooperation in recent years, Mr. Zhao has always appreciated the financial services of Minsheng Bank, especially the innovative products. With a glimmer of hope, he turned to the team of the Real Estate Finance SBU of Minsheng Bank for help.



Zhao Yong and employees of the Bank

The property industry has gradually entered into an era of housing stock from era of increment, and as for China's financial industry, the economic structural adjustment has also raised an important proposition of revitalizing stock assets and reducing financing cost. As a financing tool of housing stock, “Commercial Property Mortgage-Backed Securities” could effectively meet the demands of customers in reducing financial cost and using capital in flexible ways. Through integration of internal and external resources and adhering to the principle of conducting innovation in business while enhancing risk control, Minsheng Bank has focused on coordination of professional capabilities and capital advantages, issuing China's first “Commercial Property Mortgage-Backed Securities,” which attracted extensive attention and gained wide recognition.

With a deep sound of a gong, the “Commercial Property Mortgage-Backed Securities” dominated by Minsheng Bank was listed on Shenzhen Stock Exchange. With flowers and applause, Mr. Zhao said excitedly at the gate of Shenzhen Stock Exchange: “As a private entrepreneur, I hope the company could continue to grow and become stronger, making contributions to China's economic development. The professional service, innovative ideas and the philosophy of staying for the people of Minsheng Bank have given strong support for our corporate development. President Xi Jinping has called on us to “roll up our sleeves and work harder”, and now Minsheng Bank helps me roll up the sleeves, which liberated the hands of entrepreneurs and gave us opportunities and confidence in promoting further development. Today, the flowers and applause should be given to Minsheng Bank and this is the voice of my heart!”



The Bank won “the most popular award” of 2016 REITs and Commercial Property Mortgage ABS



The Bank won “the most popular award” of 2016 REITs and Commercial Property Mortgage ABS

“

**Mr. Zhao:** Hello. I want to utilize the high-quality commercial property assets of the company more efficiently and want to improve the financing conditions while keeping a relatively low financing cost under the precondition of not triggering core risks. Any solutions there?

**Real Estate Finance SBU:** Hello, Mr. Zhao. We would like to recommend the product of “Commercial Property Mortgage-Backed Securities” to you.

**Mr. Zhao:** Our company is a NSOE. Is the threshold of this kind of product too high for us?

**Real Estate Finance SBU:** This product could help you company better use financial leverage and reduce financing cost and the financing capital can be used in flexible ways. In addition, we also provide consulting service in accordance with your requirements in the process of business development, conducting investigations and offering suggestions in the aspects of corporate operation, financial condition, project analysis, and financing structure design. We, using the capital advantages of the Bank, also guarantee the successful issuance and subscription of the securitized products.

**Mr. Zhao:** A lack of financial support of NSOEs is a weak link of constructing market economy. Thanks for Minsheng Bank's endeavors in supporting growth of NSOEs.

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**Part II:**  
**Build a Sustainable Bank and**  
**a Time-Honored Enterprise**

- ☐ Targeted Poverty Alleviation:  
Creating Happy Life
- ☐ Taking People as the Foremost:  
Achieving Common Growth with Employees
- ☐ Green Initiative and Environmental Protection:  
Building Beautiful Ecology
- ☐ Innovation and Public Welfare:  
Building Harmonious Society



## Targeted Poverty Alleviation Creating Happy Life

## Insisting on the Mission and Promoting Poverty Alleviation

In the reporting period, Minsheng Bank effectively implemented the spirit of the working meetings for development-oriented poverty alleviation and the relevant requirements of the People's Bank of China in promoting financial poverty alleviation work, constantly enhanced organizational leadership and policy building of poverty alleviation, further improved financial service system and mechanism, conducted innovation in development-oriented poverty alleviation modes and approaches, and promoted sustained and healthy economic and social development of poverty-stricken areas.

## Enhancing Responsibility and Management

### Improving Organizational System of Poverty Alleviation Management



### Improving Policy System of Poverty Alleviation Management

According to the spirit of the working meetings for development-oriented poverty alleviation and the relevant requirements relating to financial poverty alleviation of the State Council and the People's Bank of China, Minsheng Bank has successively issued the "Guiding Opinions of China Minsheng Bank on Implementing Financial Poverty Alleviation" and "Guiding Opinions of China Minsheng Bank on Strengthening Supervision and Inspection of Financial Poverty Alleviation", and further improved financial service mechanism, promoting sustained and healthy economic and social development of poverty-stricken areas.

To effectively implement the national strategic deployment of deepening rural financial service and steadily promote the pilot work of the two rights-pledged loan products according to law, Minsheng Bank has issued the "Management Rules of China Minsheng Bank on Loans Pledged by Rural Land Contracted Management Right (Trial)" and "Management Rules of China Minsheng Bank on Loans Pledged by Rural Housing and Property Ownership Right (Trial)," identifying the specific contents of the two rights-pledged loans, which include the principles, the pilot areas and institutions, the target borrowers, purpose and conditions, loan terms, interest rates, limit and method, as well as the fund granting and post-loan management, and etc.

### Guaranteeing Targeted Poverty Alleviation through Field Investigation

The leader of Minsheng Bank's financial poverty alleviation leading group Zheng Wanchun and his delegation have conducted field investigation and research tours to Fengqiu and Hua County in Henan Province, formulating poverty alleviation plans in accordance with the situations learnt through the tours and the business characteristics of Minsheng Bank. The cadres of the Bank who work at the front-line of poverty alleviation must know well the first-hand information, guaranteeing the "targeted identification" and "targeted poverty alleviation."



## Strengthening Planning and Decision-Making

In 2016, Minsheng Bank formulated the 13th Five-Year Plan for financial poverty alleviation, further clarifying the overall requirements, key support fields and safeguard measures. The Bank also required relevant departments of the head office and branches to take initiative to match the poverty alleviation plan of governments, to conduct research and formulate financial service solutions in accordance with specific conditions of each poverty-stricken county, and to identify the poverty alleviation goals, key support fields of industrial poverty alleviation, work measures, incentive and safeguard measures, and responsibility system to guarantee effective results of poverty alleviation.



### Featured Story

Stay true to the mission and fulfill social responsibility

“Minsheng Bank will actively perform social responsibility, and continuously enhance financial support for Henan Province, making contributions to Henan’s financial industry development, industrial transformation and upgrading, and poverty alleviation.”

----Zheng Wanchun, Secretary of Party Committee and President of China Minsheng Bank

To effectively implement the spirit of the working meetings for development-oriented targeted poverty alleviation and the deployment requirements of the People’s Bank of China and China Banking Regulatory Commission on targeted poverty alleviation, and to improve the effectiveness of targeted poverty alleviation, President of China Minsheng Bank Zhang Wanchun and his delegation conducted field investigation and research tours to the two targeted poverty alleviation counties of Fengqiu and Hua County in Henan Province during March 1-3, 2016.

President Zheng Wanchun and his delegation met first with Xie Fuzhan, the Governor of Henan Province, conducting in-depth communications on targeted poverty alleviation work in Hua County and Fengqiu. During March 2-3, President Zheng and his delegation conducted field investigation and research tours to Fengqiu and Hua County, earnestly hearing to the poverty alleviation work reporting of the two local governments, and then put forward three opinions on future targeted poverty alleviation work: firstly, Minsheng Bank will seriously and effectively implement the guidelines and policies of the Party’s Central Committee and the State Council, actively fulfill social responsibility and promote the poverty alleviation work of the two counties with cooperation of local governments; secondly, adhere to the principle of resolving current problems while promoting long-term poverty alleviation work, establish and improve long-term cooperation and matching mechanism; and thirdly, to make the most of the organization and coordination advantages of the local governments and the financial resource advantages of Minsheng Bank, and to constantly improve the quality and efficiency of poverty alleviation work. During the period, President Zheng and his delegation also conducted field investigation and research tours to key poverty alleviation projects, visited the Minsheng schools at Duandi Village of Pandian Township in Fengqiu and at Hengcun Village of Liugu Township in Hua County, both of which were constructed and supported by Minsheng Bank.

Practice makes knowledge work. Through field investigation and research tours, the management of Minsheng Bank, insisting on the principle of proceeding from reality in handling all matters, has learnt the actual situations and put forward ideas and countermeasures for poverty-stricken areas and strove to meet the demands and wishes of poverty-stricken people, making contributions to targeted poverty alleviation.



President Zheng visits the primary school



Students of Minsheng School at Duandi Village

## Conducting Financial Poverty Alleviation and Highlighting Financial Power of Minsheng Bank

Minsheng Bank has effectively and deeply implemented the overall deployment of poverty alleviation work of the State Council and the relevant requirements of the People’s Bank of China, properly allocated financial resources, conducted innovation in products and services, formulated financial poverty alleviation policies, actively promoted sustained and healthy economic and social development of poverty-stricken areas, and supported the poverty-stricken people to shake off poverty and achieve prosperity as soon as possible.

To effectively implement the poverty alleviation spirit of the central government, and reflect the situations of targeted poverty alleviation loans in a timely, accurate, and complete manner, Minsheng Bank has established standard reporting process of financial targeted poverty alleviation loan data, completed loan ledger information in accordance with statistical requirements relating to targeted poverty alleviation of the People’s Bank of China and the identification standard with archive establishment of poverty-stricken people and poverty-stricken areas at the core, added or completed relevant statistical marks in credit management system, and enhanced the clearing and after-event reporting of historical data, constantly improving the quality of statistics and e-processing level.

As of the end of 2016, the loan balance for targeted financial poverty alleviation of Minsheng Bank had reached RMB 1.52 billion, among which the loan balance of targeted financial poverty alleviation for individuals had amounted to RMB1.41 billion and that of targeted financial poverty alleviation for institutions had amounted to RMB110 million.

### Increasing Granting of Discount Poverty Alleviation Loans

Minsheng Bank has made the most use of fiscal discount policy, leveraged the utilization efficiency of fiscal poverty alleviation funds, increased the extending of poverty alleviation discount loans, identified farmer cooperatives, and distinctive enterprises as customers of poverty alleviation discount loans, and effectively promoted industrial development of poverty-stricken areas through poverty alleviation loans and related business projects. In combination with the library of local poverty alleviation loan-supported projects, the branches have been actively engaged in local branches of the People’s Bank of China, government agencies for poverty alleviation and fiscal authorities to develop specific poverty alleviation discount loan projects, and have vigorously supported customers to apply for discount funds. The Bank has also enhanced process supervision on discount funds for poverty alleviation with cooperation of government agencies and fiscal authorities and strengthened performance evaluation and assessment on poverty alleviation discount loans.

### Conducting Innovation in Financial Poverty Alleviation Products

Minsheng Bank has conducted in-depth investigation on situations of poverty-stricken areas, and earnestly carried out planning and research of financial poverty alleviation products; carried out innovation in financial poverty alleviation products with the “three targets” as the core, established archives of poverty-stricken people, and strove to achieve the goals of targeted poverty alleviation; developed appropriate poverty alleviation projects of local governments to drive local economic development, and focused on investment of financial poverty alleviation products and the conversion rate and long-term effect of registered poverty-stricken people; improved poverty alleviation service efficiency through financial poverty alleviation and explored various portfolio mode of financial poverty alleviation products.

**RMB1.41** billion

The loan balance of targeted financial poverty alleviation for individuals

**RMB110** million

The loan balance of of targeted financial poverty alleviation for institutions

## Steadily Exploring Two Rights-Pledged Loan Products

Under the precondition of mitigating, preventing and controlling risks, Minsheng Bank has further enlarged the collateral scope, proceeded from the reality, adjusted measures to local conditions, adhered to the basic principles of not changing the nature of the public ownership of land, not breaking through the red line of cultivated land, and not damaging the interests of farmers, steadily carried out the work of loans pledged by rural land contracted management right and carefully promoted the work of loans pledged by rural housing and property ownership right.

## Making Special Effort to Conduct New-Type Public Welfare Poverty Alleviation

Minsheng Bank has taken the registered poverty-stricken people as main target, adjusted measures to specific conditions, taken initiative to establish support relations with poverty-stricken areas, made special effort to resolve the issues of education-related poverty and disease-related poverty, and fully boosted the enthusiasm, initiative and creativity of poverty-stricken people. The Bank has also conducted innovation in poverty alleviation projects in accordance with the stage-based changes of poverty issues; conducted innovation in means of fund use, helped registered poverty-stricken people establish cooperatives and other sustainable development models, and tried the best to achieve the transition from blood transfusion-based public welfare to blood making-based public welfare; conducted innovation in participation modes of poverty alleviation, made the most use of internet technology and social media, and strove to achieve the goals of targeted poverty alleviation through innovative models. For example, the Bank has integrated its e-commerce platform to explore the ways of selling agricultural products of poverty-stricken areas; fully mobilized all forces to support poverty alleviation work, and conducted multi-level and various kinds of poverty alleviation projects and activities, fulfilling its social and political responsibilities.

### Case

### Love lights up remote village

The Kemu Village in Luhuo County of Ganzi Tibetan Autonomous Region, Sichuan Province, is a village that is located in plateau area and has poor transportation systems. With the implementation of building roads for every



Chengdu Branch of Minsheng Bank- Kemu Village solar streetlights poverty alleviation program donation ceremony

village, a cement road was constructed and completed in 2014. Previously, the Tibetan people have had lived here for thousand years, enjoying the beautiful natural environment while enduring great inconvenience of transportation.

“Before 2014, it took at least one day to prepare to go to the county. Now, with the completion of the cement road, we enjoy great convenience in transportation,” said a young villager named Zhaxi, who still lives in this remote village. For him, the cement road paved a way of seeing bigger pictures. “At least, I need to go to the county to seek opportunities,” added Zhaxi.

There aren’t many permanent residents in Kemu Village, and most of them are herdsmen. As for the long distance from the village to county, which is connected by dirt roads, the ways to travel for villagers are mainly by foot or by motorcycle. It is very inconvenience for them, especially at night. “The only difference between now and thousand years ago at night is electricity,” said Zhaxi.



Solar streetlights

This situation was fundamentally changed in July 2016.

“Now, streetlights have been installed at the village, and we are no longer afraid to walk in the dark at night,” Zhaxi said. The streetlights have made the villagers comfortable and enjoyable.

In July 2016, Chengdu Branch of Minsheng Bank donated solar streetlights to Kemu Village. Those streetlights turn on at 19:00 p.m. and turn off in the early morning, which offered great convenience to villagers who walk at night.

“Previously, there were no streetlights. Everywhere was dark at night, and the villagers were afraid to go out,” said Niuzha Rongbu, the head of the village. “The countryside roads were narrow, sometimes it’s hard to avoid accidents. We also wanted to install streetlights, but money was the problem. Minsheng Bank came, streetlights were then installed. The roads were lighted up at night for the first time in thousand years.”

In 2016, in order to fully implement the village-based support work and to effectively resolve the practical difficulties of supported villages, Chengdu Branch of Minsheng Bank, in combination with the “Go Grassroots” campaign, established a working group to conduct in-depth targeted poverty alleviation supervision and support work at Kemu Village of Simu Township in Luhuo County. Installing streetlights for the village become the first “small target” of Chengdu Branch.

“The streetlights bring along great convenience for us,” said Wangdui, who came back to the village from Chengdu and found the tremendous change at his hometown. “Previously, there were no streetlights at the village at night except household bulbs. It was inconvenient and unsafe. We had to use flashlights even when visiting neighbours. Sometimes we tripped and fell because of the darkness..Now the streetlights light up the life of the village.”

As night fell, watching from the office of village committee, streetlights were lighting the dark night. Children were playing games and villagers were dropping around, sharing their changes and achievements of the year. The logos of Minsheng Bank on the streetlight poles behind them are the witnesses of the small stories that reflect the Bank’s concept of “From the people, for the people”.





## Featured Story

Spare no effort to support targeted poverty alleviation



The plant of Hua County Industrial Poverty Alleviation Employment Base



Hua County Muyuan Poverty Alleviation Employment Base

**RMB30**million

The amount of credit line granted to Hua County Muyuan Farming Co.,Ltd.

**10%**

Interest rates below the benchmark interest rates

Mr. Ma, who is the president of Xinxiang Branch of Minsheng Bank, received a call when he was busy at work. "President Ma, I'm Shi from Hua County Muyuan Farming Co., Ltd. We are preparing to build Hua County Muyuan Poverty Alleviation Employment Base, which could create 200 job opportunities for poverty-stricken people. Currently, we need RMB30 million funds. Mr. Ding of your Bank, who now serves as deputy county chief of Hua County, suggested me making a call to see if you could give us a hand."

President Ma: "We will conduct investigation and research tour to your company immediately." After hanging up the phone, President Ma drove the car to Hua County.

“

**Mr. Shi:** "Welcome, President Ma. Hua County Muyuan Farming Co., Ltd. is the 40th subsidiary of Muyuan Food Co., Ltd. It plans to build a one-million-pig-size of pig breeding complex, which includes 14 pig farms and two feed mills (a total of 480,000 tons of feed stuffs can be produced per year), and supporting facilities of garbage disposal plants, organic fertilizer plants and slaughter plants, and etc. The whole project could lift 3,000-5,000 people out of poverty."

**President Ma:** "I have contacted Deputy county chief Ding. This is a key poverty alleviation project of County and your company has taken great social responsibility. I admire Muyuan Co. very much."

**Mr. Shi:** "I have heard that Minsheng Bank is China's first private bank, mainly serves NSOEs and provides diversified products with high-efficiency."

**President Ma:** "Minsheng Bank gives full support to serve the implementation of poverty alleviation plans of the central government and local governments and actively plays the positive and innovative role of commercial bank in financial poverty alleviation. We have always adhered to the mission of 'From the people, for the people,' and fully leveraged the advantages of 'new bank, new system,' offering high-quality service to customers. Your company makes contributions to poverty alleviation and our bank will make joint efforts. We will first arrange the work of submitting credit line application and provide the most favorable interest rate support for your company in accordance with the policies of the head office."

**Mr. Shi:** "Thanks so much for the support of your bank."

**President Ma:** "We are in fact doing the same thing and aiming at achieving the same goal of lifting people of Hua County out of poverty as soon as possible. This is also the guidelines and instructions of Minsheng Bank. Let's make joint efforts to accomplish the tasks."

”

In two weeks, Minsheng Bank has completed the due diligence investigation, plan design, and credit review and approval, granting a credit line of RMB30 million to Hua County Muyuan Farming Co. with the interest rates of 10 percent below the benchmark, providing great support for poverty alleviation work of Huan County.

## Carrying out Targeted Poverty Alleviation and Adhering to Sustainable Development Path

Minsheng Bank has successively conducted poverty alleviation work in Fengqiu and Hua County of Henan Province and Weiyuan and Lintao counties of Gansu Province since 2002. In the past 15 years, the Bank donated a total of RMB84.0612 million to the four counties, funded 29,682 students (including students of primary schools, middle schools and high schools) from families with financial difficulties, constructed or maintained 151 schools, rewarded 2,907 outstanding students and 6,121 outstanding teachers, and organized 1,059 outstanding teachers to participate in trainings in Beijing.

The State Council Leading Group Office of Poverty Alleviation and Development readjusted and redeployed the targeted poverty alleviation work in the year of 2015. The four counties of Fengqiu and Hua County in Henan Province and Weiyuan and Lintao in Gansu Province were reduced to two counties of Fengqiu and Hua County, and after the adjustment, the targeted poverty alleviation tasks become more specific. Thus, the Bank could focus more attention on poverty alleviation tasks of the central government and pool more resources to accomplish those tasks.

According to the new ideas and new requirements of the Party and the State in the new period, Minsheng Bank has formulated overall planning and layout of targeted poverty alleviation work. In the reporting period, the Bank constantly conducted innovation in means of fund use, helped registered poverty-stricken people establish cooperatives and other sustainable development models, and tried the best to achieve the transition from blood transfusion-based public welfare to blood making-based public welfare; conducted innovation in participation modes of poverty alleviation, made the most of Internet technology and social media, and strove to achieve the goals of targeted poverty alleviation through innovative modes. For example, the Bank has integrated its e-commerce platform to explore the ways of selling agricultural products of poverty-stricken areas; and, fully mobilized whole forces to support poverty alleviation work, conducted multi-level and various kinds of poverty alleviation projects and activities, fulfilling its social and political responsibilities. Hua County has been lifted out of poverty in 2016. The poverty alleviation work in Fengqiu County has been promoted smoothly with significant results. The county is expected to shake off poverty by 2018.

## Enhancing Education-Based Poverty Alleviation

The poverty alleviation campaign should first focus on education support. Education is an important path for lifting people out of poverty and preventing inter-generational transmission of poverty. During the past 15 years, Minsheng Bank has established an all-around and systematic education-based poverty alleviation model, which includes constructing, maintaining, and repairing schools, providing support for students with financial difficulties, and rewarding and training teachers. In 2016, the Bank enhanced education support, set up Hua County Education Poverty Alleviation Foundation with RMB2.8 million, donated RMB1.74 million of education poverty alleviation fund to Fengqiu County, provided support for 1,107 students from families with financial difficulties and 721 teachers, and helped construct two teaching buildings for two primary schools at poverty-stricken villages in Hua County and Fengqiu respectively.

## Strengthening Medical Care-Based Poverty Alleviation

The poverty alleviation campaign should pay great attention to targets. Critical illness insurance is an effective approach for resolving disease-related poverty. In order to enhance the medical care-based poverty alleviation of the supported poverty-stricken counties, Minsheng Bank invested RMB3 million to set up medical aid foundation in Hua County to support purchasing the critical illness insurance. As a solid social safety net, the program benefited 15,000 registered poverty-stricken people, taking 35 percent of total poverty-stricken population of Hua County. While in Fengqiu County, Minsheng Bank purchased commercial supplementary insurance of new rural cooperative medical care system for 37,667 registered poverty-stricken people under age of 60 and without critical illness or chronic disease, resolving the medical care burden of those people. The total input for this program of the Bank reached RMB979,342.

**RMB84.0612**million

In the past 15 years, the total amount of poverty alleviation donation to four counties



Minsheng Kindergarten at Lianfeng Township, Weiyuan County

**RMB1.74**million

The amount of poverty alleviation fund granted to Fengqiu County

**RMB2.8**million

The amount of fund to set up Hua County Education Poverty Alleviation Fund



Dong Lianghong, Secretary of Hua County Party, handed out the industrial poverty alleviation fund to poverty-stricken households

**RMB4,020.658**

The amount of equity-based poverty alleviation fund invested

**RMB3** million

The amount of Hua County PV power Poverty Alleviation Fund appropriated

## Developing Industries to Increase Income

To effectively increase income of poverty-stricken people and promote economic growth of collective economy of poverty-stricken villages is one of the important approaches to achieve the goals of targeted poverty alleviation as well as the key to lift poverty-stricken people out of poverty for good. Minsheng Bank has actively responded to national policies, invested RMB3 million to set up Hua County PV power poverty alleviation foundation, and strove to steadily increase income of poverty-stricken people in a long run. In Fengqiu County, Minsheng Bank appropriated RMB4,020,658 equity-based poverty alleviation funds to invest in Henan Zhong Bing Heavy Industry Machinery Co., Ltd., conducting effective support for poverty-stricken people through dividend income distribution and job opportunity creation.

## Using Financial Advantages to Provide Capital Support

Minsheng Bank has actively established cooperative relations with relevant departments of Hua County and Fengqiu, vigorously conducted innovation in financial poverty alleviation products and service modes, focused on registered poverty-stricken people as well as poverty alleviation projects and policies of local governments, taken targeted poverty alleviation as approach, and introducing more funds to poverty-stricken counties to boost local economic development. Yongda Daokou Food Co., Ltd. in Hua County has been granted a credit line of RMB10 million from the head office of Minsheng Bank. Muyuan Agricultural Project has been granted working capital loans of RMB30 million. The credit line plan for Aidijia Furniture Co., Ltd. in Hua County has been established, and that for Hua County Jintai Garment Co., Ltd. has been proceeded steadily.

## Guaranteeing Targeted Poverty Alleviation through Holistic Approach

Minsheng Bank has actively collaborated with China Foundation for Poverty Alleviation and Beijing Fuping School, coordinated with the Women's Federation of Hua County and Xueronghua Zhengzhou Maternity Matron Training School to conduct free professional training of maternity matron. A total of 95 women were selected to participate in the training. The program used the way of "teaching to fish" to carry out targeted poverty alleviation, helping the women in rural areas of Hua County learn professional skills and use love and labor to lift themselves out of poverty. Focusing on the "Rural Cleaning Project" of Hua County, Minsheng Bank donated RMB50,000 to help pave a 3,500-meter-long road at Huangta Village in Banpodian Township., which changed the conditions of the village, accelerated the new countryside construction of Huan County, improved human settlement environment and promoted progress of civilization in rural areas, and advanced the urban and rural integration process in a deep-going way. In order to resolve the issue of travel safety at night of residents at Zhongmeng Village of Fengqiu County, Minsheng Bank appropriated RMB50,400 to help the village install solar streetlights. The project could save RMB3,500 electricity expenses for the village per year, which plays a good demonstration role in the aspects of energy-saving, emission reduction, and green energy lighting. It also achieves significant social, economic, and environmental benefits.

### Performance of Public Welfare

Indicators	2014	2015	2016
Donations for targeted poverty alleviation (RMB10,000)	1,096.14	1,223.63	1,564.04



### Featured Story

### Construct new ideas of industrial poverty alleviation

Since being assigned as the poverty alleviation supporting unit as Hua County and Fengqiu of Henan Province, Minsheng Bank has been thinking about how to establish stable and reliable source of income for poverty-stricken people there. After constant exploration and research on local conditions, Hua County selected PV power project and Fengqiu County determined to choose unmanned aerial vehicle (UAV) project at Henan Zhong Bing Heavy Industry Machinery Co., Ltd. as the poverty alleviation projects respectively.

#### Hua County's PV power poverty alleviation project

In 2016, Minsheng Bank conducted a one-off donation of RMB3 million to Hua County's PV power poverty alleviation project. After preliminary calculation, this amount of funds could build a 375kW PV power system (including grid-connection installation), equaling to provide proceeds of 1kW PV power for each of the 375 poverty-stricken households. The project is expected to generate RMB450,000 of revenue per year, and the 25-year-long duration of return could offer long-term and stable income to the poverty-stricken households. Minsheng Bank turned the donor funds into construction funds, the one-off donations into long-term and stable support, making "blood transfusion" into "blood making." The changing of the one-off donation mode is of great importance for long-term poverty alleviation.

#### UAV project of Henan Zhong Bing Heavy Industry Machinery Co., Ltd.

As a civil-military integration enterprise and a high-end equipment manufacturer, Henan Zhong Bing Heavy Industry Machinery Co. Ltd. is mainly engaged in the production of parts and components of military equipment. Minsheng bank invested RMB4,020,658 in this enterprise through equity-based poverty alleviation funds, supporting poverty-stricken households by using dividend income. The project could generate RMB322,000 dividend income per year, equaling to provide RMB1,000 to each of the 322 poverty-stricken households. The project could also create job opportunities for poverty-stricken people. At present, 30 people have been recruited as workers of the enterprise. After completion, the project is expected to create 100 job opportunities, benefiting 422 poverty-stricken households. According to the calculation of RMB1,000 dividend income per household per year and RMB30,000 salaries per person per year, the direct and indirect proceeds of this equity investment could reach RMB3.322 million. As the key to help poverty-stricken people shake off poverty and an endogenous development mechanism, equity-based poverty alleviation could transform the poverty alleviation mode from "blood transfusion" to "blood making," and effectively increase income of poverty-stricken households and promote economic growth of collective economy of poverty-stricken villages.

Making the most use of poverty alleviation policies and integrating passive poverty alleviation and active poverty reduction could support both families having or not having labor capacity through direct assistance or job opportunity offering. Helping poverty-stricken households with labor capability to shake off poverty could change the idea of "passive waiting" of some poverty-stricken people. Guiding poverty-stricken farmers to take initiative to develop and achieve prosperity is one of the important approaches to realize the goal of targeted poverty alleviation.

**375** households

The number of poverty-stricken households benefited from Hua County PV power poverty alleviation project

**422** households

The number of households benefited from Fengqiu equity-based poverty alleviation project





## Featured Story

## On the field of hope

By Ding Jie, Deputy County Chief of Hua County

On the day of February 25, 2016, which was my 35th birthday, I received a call from the head office of Minsheng Bank, assigning me to take a temporary government post at Hua County.

In March 2016, I came to Hua County for the first time, and was shocked by the brick house-based office buildings of the Party Committee and the People's Government of Hua County, the extreme poor families, and the old and shabby desks and chairs of primary schools. I cannot image that Hua County, the so-called "granary" of China as well as the largest county in China in terms of wheat output for 12 years in a row, is still struggling at the poverty line after nearly 40 years of the implementation of reform and opening-up. I determined to help the people there shake off poverty and achieve prosperity in a down-to-earth manner.

On July 27, 2016, I was formally appointed as the deputy county chief of Hua County in charge of poverty alleviation work. During a six-month period, I visited more than 100 poverty-stricken families from 44 villages of 19 townships in the county. The visits enhanced my understanding of China's poverty alleviation work and Hua County's poverty alleviation tasks. Large number of poverty-stricken population, lack of fiscal revenue and shortage of poverty alleviation funds increased the burden and pressure of Hua County in conducting poverty alleviation campaign.

In order to improve the precision and effectiveness of targeted poverty alleviation, President of Minsheng Bank Zheng Wanchun conducted field investigation and research tour to Hua County in early March 2016, formulating an assistance plan with total funds of RMB8.8 million quickly and efficiently. As a bridge and bond between Minsheng Bank and Hua County, I have conducted in-depth investigation and research, and actively provided relevant information, striving to improve the communication results of the parties. The poverty alleviation campaign was carried out from three aspects of education, medical care, and industrial development in a timely manner.

**RMB8.8**million

The amount of fund of assistance plan



Deputy County Chief Ding Jie, on behalf of the Bank, donates poverty funds to Hua County

In 2016, Minsheng Bank donated RMB2.8 million to Hua County to support the county's education-based poverty alleviation work, among which RMB1.632 million was used to aid the 856 registered students from poverty-stricken families, making them to keep their minds on study. RMB168,000 was used to reward front-line outstanding teachers, effectively improving their working enthusiasm. RMB1 million was used to help build a teaching building at Chengjiaying Primary School in Laoyemiao Township, practically improving the school-running conditions in remote rural areas. The Bank also funded to engage Professor of Tsinghua University Wang Zhiguang to conduct training for principals of primary schools and middle schools of Hua County and donated school supplies to schools with financial difficulties. In addition, it donated RMB3 million special funds to aid registered poverty-stricken households to buy critical illness insurance, benefiting 15,000 registered poverty-stricken people, which took a proportion of 63.5 percent of the total poverty-stricken people of Hua County. Through the critical illness insurance, the money paid by poverty-stricken people for medical care can be fully reimbursed, which fundamentally resolved the issue of disease-related poverty.

Hua County has few leading industries and the simple donations cannot resolve the long-term poverty issue. Transforming the poverty alleviation mode from "blood transfusion" into "blood making" is an important approach to lift people out of poverty. After constant exploration and research, Minsheng Bank determined to implement a PV power project for poverty alleviation. In 2016, the Bank conducted a one-off donation of RMB3 million to help Hua County build the PV power project, which could offer stable and long-term income for poverty-stricken households.

Time and tide wait for no man. On a late afternoon in winter, I went to the once crowded wharf at Daokou Township of Hua County, gazing into the distance. The stillness and vast land stretched as far as eye can see, the setting sun was beautiful and the glow tinted the sky red. An elder man drifted his flocks up through the zigzagged rural roads towards home and was in happiness and peace. A familiar song slowly came on: ○



**RMB2.8**million

The amount of funds donated to Hua County to support the county's education-based poverty alleviation work

**RMB3**million

The amount of funds donated to help Hua County build the PV power project

“

Our hometown is on the field of hope  
Smoke from kitchen chimneys is  
drifting above the newly built housings  
Little rivers flow by the side of  
beautiful villages  
That one field of winter barley, that one  
field of sorghum  
That thousands of meters' lotus  
pond, that thousands of meters' fruit  
fragrance  
We, generation after generation, live on  
this field  
To be prosperous for her, to be thriving  
for her  
.....

”



Taking People as the Foremost  
Achieving Common Growth with Employees

Respecting Talents and Protecting  
Basic Rights and Interests

Protecting Basic Rights and Interest of Employees

Minsheng Bank has adopted several measures to protect the basic rights and interests as well as benefits of employees, regulated the management of recruitment and termination process, labor relations and labor contracts of employees, enhanced the confidentiality awareness and the training and serving management of core employees, conducted labor contracting system management according to national policies, constantly optimized compensation and benefits system, strictly implemented social insurance and housing provident fund systems, and provided several safeguard programs including corporate annuity, supplementary medical insurance and accident insurance.

Performance of Employees' Rights and Interests

Indicators	2014	2015	2016
Number of employees (person)	57,406	57,228	56,168
Proportion of female employees (%)	54	55	54
Proportion of female managers (%)	38	37	38
Proportion of employees from minority ethnic groups (%)	3.97	4.2	4.54
Coverage of social Insurance (%)	100	100	100
Signing rate of labor contracts (%)	100	100	100
Proportion of local employees at Hong Kong Branch (%)	66	62	59

Promoting Democratic Management of Employees

Minsheng Bank has promoted corporate democratic management with the workers' congress as the core, broadening the channels of democratic decision-making, democratic management, and democratic supervision systems for employees. In 2016, a total of 28 branches held at least one workers' congress meeting, and completed company-wide by-selection of worker supervisors; reviewed and passed the "Management Measures of China Minsheng Bank on Employee Turnover", "Guidelines of China Minsheng Bank on Management of Employees from Labor Contracting Companies", "Measures of China Minsheng Bank on Management of Attendance and Leave of Employees", "Guiding Opinions of China Minsheng Bank on Regulating Labor Relations of Core Employees", and "Program of China Minsheng Bank on Management of Funds for Pensions". The workers' congresses of branches also submitted proposals to review at the meetings in accordance with specific circumstances and demands of employees.

28branches

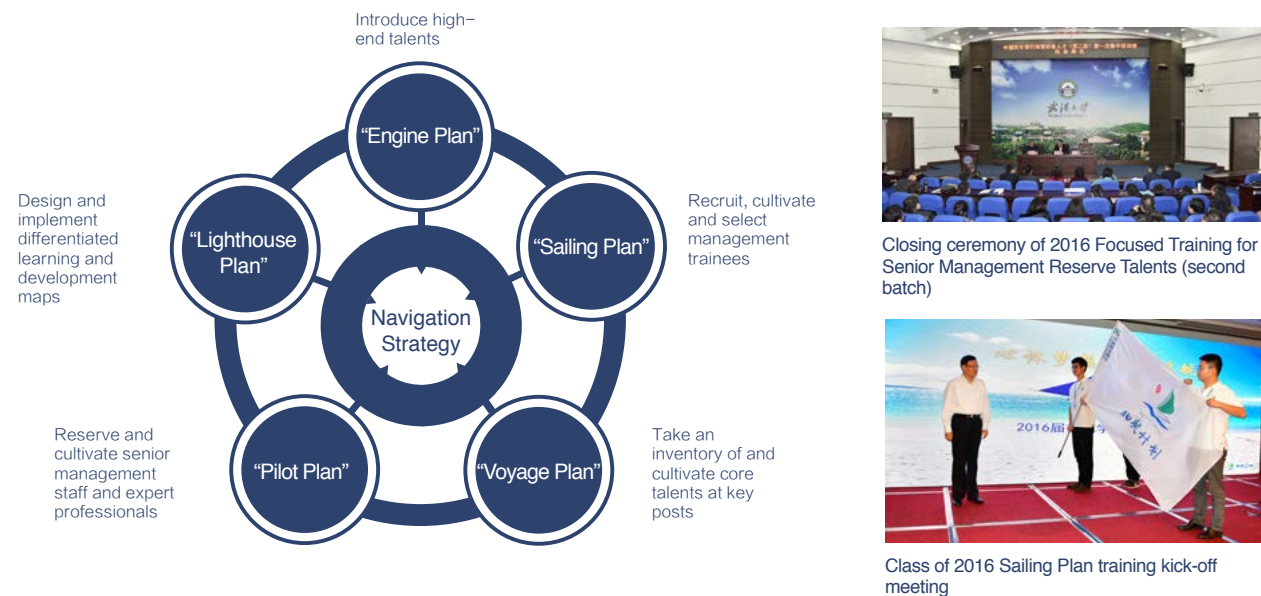
The number of branches held at least one workers' congress meeting



## Cultivating Talents and Providing Broad Development Space

### Promoting Employee Growth through “Navigation Strategy”

In 2016, Minsheng Bank put forward the “Navigation Strategy”, enhancing the building of talent development system. The Bank also mapped out plan for talent development and conducted overall design with the total career cycle of core talents as the center.



Closing ceremony of 2016 Focused Training for Senior Management Reserve Talents (second batch)



Class of 2016 Sailing Plan training kick-off meeting

In 2016, Minsheng Bank constantly optimized the building of professional expertise sequence channel of employees, and conducted investigation and research tours to 29 operation institutions of the Bank for this purpose at the third year of fully promoting “professionalism + management” dual-channel building, revising and updating the posts, implementation rules and capability models of existing professional expertise sequence. The Bank actively built development platforms for the assigned qualified professionals, organized and implemented research project on company-wide senior professionals, issued “Implementation Rules of China Minsheng Bank on Cultivating Expert Professionals,” planned and prepared new expert cultivation project, built brand project of leading talent development, and broadened the development space for core talents and expert professionals.



PAD skill practice

### Building Dream Stage through “Lighthouse Plan”

In 2016, under the new operation environment, Minsheng Bank took talent development as the main line of training, adhered to the guiding concept of “focus, precision, independence and multi-dimension,” focused on the deployment of “Phoenix Project,” and promoted the implementation of “Lighthouse Plan”. The Bank also enriched learning resources, deepened guiding mechanism, and improved the precision, independence and diversification of trainings. In 2016, the number of participants of various trainings organized by Minsheng Bank reached 1.46 million persons/times; a total of 4,287 face-to-face trainings were conducted by various departments and units of the Bank and the total training hours of employees amounted to 2.9 million hours, and the number of participants of both post qualification tests and business qualification tests reached 66,522 persons/times.

## Retaining Talents and Building Minsheng Homeland

### Achieving Work and Life Balance

Adhering to the homeland culture’s core idea of taking people as the foremost, Minsheng Bank has constantly enhanced company-wide employee relations management system building, and formulated guiding opinions on employee care. The Bank has also conducted diversified employee care activities, constantly carried out investigation and research of employees’ happiness index with nearly 30,000 participants, actively created harmonious atmosphere, enhanced humanistic care, and fully improved the degree of satisfaction and sense of happiness of all employees.



Newly added equipments of Credit Card Center Employee Fitness Center

3万人

员工幸福指数调研参与人数近

### Case Revive the Long March and Keep Spirit of Minsheng Bank

During June to November 2016, Minsheng Bank organized a company-wide walking activity themed “Revive the Long March and Keep Spirit of Minsheng Bank”. A total of 35,137 people from 88 departments and units of the Bank participated in the activity. The number of walking steps reached 11.3 billion and the walking mileage amounted to 4.93 million kilometers.



Revive the Long March and Keep Spirit of Minsheng Bank

4.93 million kilometers

The number of walking mileage

35,137 people

The total number of people participated in the activity



## Implementing Homeland Care Program

Minsheng Bank has conducted homeland culture building in a deep-going way, earnestly concerned about the work and life of female employees, employees with difficulties, and retirees, strove to provide support for employees, helped them resolve difficulties, and handle concrete affairs in a down-to-earth manner.

### Case Mutual care in a warm family

In 2016, in order to carry forward the fine tradition of solidarity, friendship, and mutual support of employees, the Credit Card Center of Minsheng Bank sets up Mutual Care Fund and formulated the "Management Measures on Mutual Care Fund", using long-term mechanism building to effectively resolve the most concerned, most direct, and most practical issues of employees. Relying on the resultant force of the staff, the Center has built an effective safety net for its employees to defend economic risks resulted from critical illness or unexpected accidents.

### Case New hope, new future

Li Mingzhe is a security squadron leader at Jinan Branch of Minsheng Bank. As a veteran, he has been awarded a third-class merit citation for outstanding contribution to fight flood and conduct relief work. In April 2016, his son was diagnosed with congenital heart disease and a surgery was urgently needed. The initial surgery fees of RMB100,000 landed the not well-off family in deep trouble.

After learning the situations, the Security Department of the branch helped arrange medical care and hospitalization matters immediately. The branch's Party-Masses Work Department sent a letter calling employees to voluntarily donate money to Mr. Li. Many employees also mobilized their relatives and friends to donate money via WeChat and other platforms. The leaders of Shunhuabeilu Sub-Branch contacted Shandong Charity Federation to apply for the "Aid Fund for Children with Congenital Heart Disease", obtaining a fee exemption of RMB20,000 to RMB30,000.

On April 18, the branch's Party-Masses Work Department organized an on-site donation. Leaders of the branch, the Party-Masses Work Department and grassroots trade union, relatives, friends, customers, and other warm-hearted people from all walks of life participated in the activity. In just a few days, over RMB300,000 has been raised. And the branch claimed more money will be raised if needed. The raised money helped Li Mingzhe's son complete surgery in time. The father and son earnestly felt the warmth and love of Minsheng Bank. With love and hope, tomorrow will be better.



The scene of New hope, new future donation



## Featured Story

## Love at Minsheng

Centering on "Love at Minsheng", Shijiazhuang Branch of Minsheng Bank has gradually established a homeland culture system themed "Minsheng & Management, Minsheng & Warmth, Minsheng & Growth, and Minsheng & Recreation and Sports".

### Minsheng & Management – Build Homeland Culture Featuring Restraint Force

Centering on "benefit-oriented management", Shijiazhuang Branch has constantly improved various rules and regulations, and systematically sorted out the work responsibilities of different departments and posts with strict management as the starting point. The branch has also built unidirectional director-based management system, promoted independent "thousand scores" assessment system of operation institutions, effectively implemented the management details of each and every indicator and link, enhanced the standard, regulatory and process-based management level, and promoted compliance operation.

### Minsheng & Warmth – Build Homeland Culture Featuring Cohesive Force

Taking "feelings" at the base point, Shijiazhuang Branch has launched employee care plan. As for the hardware construction, the branch has striven to enhance the building of "Home of Employees", and set up bank history room, fitness center, playroom, reading room, baby care room, and medical care center. As for the software building, the branch has spared no effort to enhance employee care.

Enhancing support for employees with extreme difficulties. The branch visits employees with extreme difficulties every year. At present, it has conducted nearly 30 persons/times of visits to those employees, and actively organized donation activities. The money it raised has reached more than RMB420,000, which has been used to help the employees get over difficulties.



The leaders of the Bank visit employees' family

Conducting family care activities: The branch delivers birthday presents to children of employees and organizes family members of outstanding employees to participate in Mid-Autumn Festival party every year. It has established cooperative relations with property developers and schools to help employees resolve the issues of housing and school enrollment of children. The care activities have been gradually extended from employees to their families.

Carrying out visit activities to employees' families: The coverage of family visits reaches 100 percent. The visits not only help resolve practical issue of employees, but also enhance the bonding of the family members of employees and the branch. The rights and interests of employees are consistent with the development goals of the branch. The employees and the branch have formed value proposition and code of conduct of "a community of fate."

### Minsheng & Growth – Build Homeland Culture Featuring Incentive Force

Conducting value of career improvement activities: The branch has organized expert team building activity, set up various professional clubs and cultivated product expert team; carried out benefits-oriented management activity, encouraging employees to strive for excellence and to be experts of their own fields; conducted post-based training activities, encouraging employees to make innovations and to be business experts; and established cooperative relations with Tsinghua University and invited experts and scholars of various fields to give lectures to employees, fully improving their overall quality.



Business ranking

### Minsheng & Recreation and Sports – Build Homeland Culture Featuring Radial Force

The branch has always insisted on conducting various recreational and sport activities, established recreational and sport service center, set up several clubs including football, basketball and badminton, and formulated annual activity plan. In combination with activities, the branch has enhanced publicity, and has taken the "cultural corridor," wall newspaper and placard newspaper as cultural carriers to create good spiritual environment, which strengthened the faith of employees and improved the cohesion, centripetal force and solidarity of the branch.



Minsheng Association of Culture and Sports



# Green Initiative and Environmental Protection Building Beautiful Ecology

## Green Credit Guarantees Ecological Progress

In the reporting period, Minsheng Bank issued the “Management Measures of China Minsheng Bank on Green Credit (Trial),” comprehensively regulating the assignment of responsibility, institutional building, process management and internal control management requirements of green credit; strengthened policy guide, encourage green finance, and strictly controlled excess production capacity; strictly implemented green credit access system, and formulated specific credit access standards for each and every field with higher environmental and social risks; established and improved environmental and social risk early warning mechanism. As of the end of 2016, the balance of green credit loans had reached RMB13.823 billion.

**RMB13.823***billion*

The total balance of green credit loans of the Bank

## Strengthening Environmental Risk Management

Minsheng Bank has listed the industries with higher environmental and social risks such as electrolytic aluminum, iron and steel, cement, coal, and coking as key focus industries, conducting differentiated management in aspects of credit access and exit, total management of environmental and social risks, portfolio limit management, and risk authorization management. As for the enterprises having major environmental accidents or major work safety accidents that have been verified by national or provincial competent departments, and the enterprises subject to intensive monitoring and control of the national or provincial competent departments in the aspects of energy-saving, emission reduction, environmental protection, and work safety, the Bank has enhanced risk early warning and included them into the monitoring list of enterprises with major environmental and social risks. In 2016, the compliance rate of environmental impact assessment of project loans reached 100 percent.

**100%**

The compliance rate of environmental impact assessment of project loans

## Supporting Phasing out of Backward Production Capability

As for the “two-high-and-one-over” industries (industries with high energy consumption, high pollution or overcapacity), Minsheng Bank has actively implemented the guiding thought of the State Council, adopted the differentiated credit policy, and optimized and adjusted credit structure. The Bank has conducted multi-level and classified management. Utilizing professional advantages of SBUs, relying on industrial M&A fund, and taking industrial leading enterprises as focus, it has promoted the integration of industries with excess production capability, carried out rigid control of loan limits, and encouraged to adjust the customer structure in the limits of loans. Focusing on environmental compliance, it has introduced the “one-vote-down system” in the aspect of environmental protection and taken the environmental compliance as the precondition of enterprises to get new credit support. Those enterprises that have been noncompliant with the national industrial and environmental policies and being included into the “black list” of environmental protection shall be rejected.

Performance of Phasing out Backward Production Capability			
Indicators	2014	2015	2016
Ratio of loans to industries with overcapacity (%)	3.46	3.08	3.20
Amount involved in rejected “two-high-and-one-over” (industries with high energy consumption, high pollution or overcapacity) projects (RMB100m) <sup>①</sup>	273.64	98.32	122.94

Notes: The statistical method of amount involved in rejected “two-high-and-one-over” (industries with high energy consumption, high pollution or overcapacity) projects in 2016 is based on the statistics in the “Management Measures of China Minsheng Bank on Green Credit (Trial)” (CMBC [2015] No. 131)



## Supporting Energy-Saving and Environmental Protection Industry

Minsheng Bank has enhanced research and actively explored science and technology finance mode featuring integration of investment and credit. On one hand, the Bank has actively implemented the credit policies of supporting national key projects and key promotion technologies of energy-saving and emission reduction. It offered green credit policy support to industrial enterprises that meet the requirements of national industrial transformation and upgrading, and taken initiative to provide credit support for key energy-saving and emission reduction projects, technological innovation, technological transformation, and product promotion. On the other hand, in comparison with traditional industries, the emerging industries require the banking industry to take bold innovation in investment and financing modes and guarantee measures. The Bank has actively explored investment and credit integration mode in emerging business field, encouraged enterprises to promote technological upgrading, energy-saving transformation, product R&D, and M&A. It strove to provide better service to support the development of emerging industries.

## Green Operation Fosters Environmental Protection Culture

### Enhancing Environmental Protection through Green Procurement

Strictly abiding by the "Management Measures of China Minsheng Bank on Suppliers," Minsheng Bank has strengthened pricing management, quality management, supply management, and service management of centralized procurement, which covered 98 suppliers of 11 categories including self-service equipment, safe deposit boxes and teller machines, and the overall efficiency of centralized procurement has been improved. In 2016, the review coverage of suppliers for the head office of Minsheng Bank reached 100 percent. Through the economies of scale, the Bank has given priority to purchase environmentally-friendly products, promoted suppliers to improve corporate environmental behaviors, and playing a demonstration role in boosting green consumption of the society. In 2016, the amount of green procurement of the Bank amounted to RMB904.4 million, and the proportion of green procurement reached 32.3 percent.

Indicator	Amount of Green Procurement		
	2014	2015	2016
Amount of green procurement (RMB10,000)	84,678	96,380	90,440

## Conducting Green Office Practices

Minsheng Bank has attached great importance to the building of energy-saving type units, vigorously advocated the thrift idea of running a bank, and committed to creating energy-saving and environmentally-friendly office environment. In 2016, according to the planning of "Phoenix Project" and centering on the principle of saving costs and improving benefits, the Bank focused on the follow three tasks:

## Enhancing Benefits Management of Fixed Assets

Under the precondition of guaranteeing business development, Minsheng Bank has appropriately reduced the procurement of fixed assets, enhanced the management of purchasing, using, safekeeping, maintenance, allocation, checking, disposal, and recycling of those assets, improved use efficiency and reduced unreasonable use, and optimizing benefit-centered resource allocation. As of the end of 2016, the total value of fixed-assets that had reached the service life but still in use had amounted RMB1128.67 million, which saved RMB214.45 million costs for the Bank. The procurement costs and the consumption of natural resources was greatly reduced.

## Implementing Green Bank Building

Minsheng Bank has always adhered to the idea of conservation, energy-saving, and environmental protection in the process of constructing or decorating office buildings. The Bank has formulated unified standards of conservation, energy-saving, and environmental protection; set up head office-level management and supervision department, guaranteeing the implementation of standards; enhanced the management from the source, and ensured the sophisticated new environmentally-friendly materials and technologies to apply to the project construction; and conducted centralized management for key projects. It has carried out pilot work and exploration on green and ecological environment building in several projects of branches.



Nanchang Branch of Minsheng Bank uses energy-saving materials

## Improving Environmental Protection Awareness of Employees

Minsheng Bank has attached great importance to improve the conservation awareness and sense of responsibility of all employees, and strove to create the atmosphere of "practice strict thrift and combat waste." During the day-to-day office work, the Bank has promoted the management concept of "5 R's" and "lean office," taken initiative to reduce configuration standards, shortened meeting time, optimized conference method, advocated meeting efficiency, made the most of potential of OA office to conduct online office practices, reduced the length of documents, and improved efficiency of official document circulation. The Bank also adopted various publicity approaches to stimulate the sense of self-awareness; actively advocated the practices of saving electricity, water and office consumables as well as good dining habits, and tried the best to discover and prevent energy waste.

**RMB214.45**million

The total saved costs of the Bank



Supplies-saving reminder in a photocopy room

Further Reading 5 R' s to Sustainability



- Reduce waste
- Reuse
- Recycle resources
- Repair goods
- Refuse to buy products without environmental protection consideration

Number of Video Conferences

Indicator	2014	2015	2016
Number of video conferences (time)	211	184	388

Case Save electricity from the little things



Advocating electricity-saving

In summer, the energy consumption of Sanya, a coastal city of Hainan Province, increases greatly. To enhance energy-saving and emission reduction, the logistics management center of local branch of Minsheng Bank required employees to shut off computer screen when leaving for five minutes or longer. It also arranged the IT service team to set fixed-time auto sleep mode for computers, aiming at saving electricity.

The branch also enhanced energy-saving management of air-conditioners. Sanya is very hot in summer. As the saying goes, “where there is an air-conditioner, there is a heaven.” The branch required employees to close the window when turning on air conditioners, and the temperature shall not be lower than 23 Celsius degrees. According to the setting of the back-office, when the temperature in the room is lower than 23 Celsius degrees, the air-conditioner will enter in to sleep mode.

Green Public Welfare Creates Beautiful Future

Minsheng Bank has made the most of business advantages, publicized and advocated green and environmental protection culture, and organized employees to carry out green public welfare activities, using practical actions to deliver green and environmental protection idea to promote sustainable development of society.

Case Participate in green public welfare activity and help improve urban environment

In March, the spring has not yet come in Hangzhou. The green and environmental protection activity -- “Blue West Lake Family Activity” conducted by Hangzhou Branch of Minsheng Bank was underway quietly. The “Little Red Hat” team consisting of nearly 60 branch employees and their children brought warmth to the city. Accompanied by parents, the children picked up wastes along Baidi, Gushan, and Beishan roads and persuaded people not to litter. The well-organized parents and the children become scenery of the West Lake. Many residents of the city joined the volunteer team, safeguarding the green of Hangzhou and the blue of West Lake.



On March 6, 2016, Hangzhou Branch of Minsheng Bank organized green and environmental protection activity- Blue West Lake Family Activity





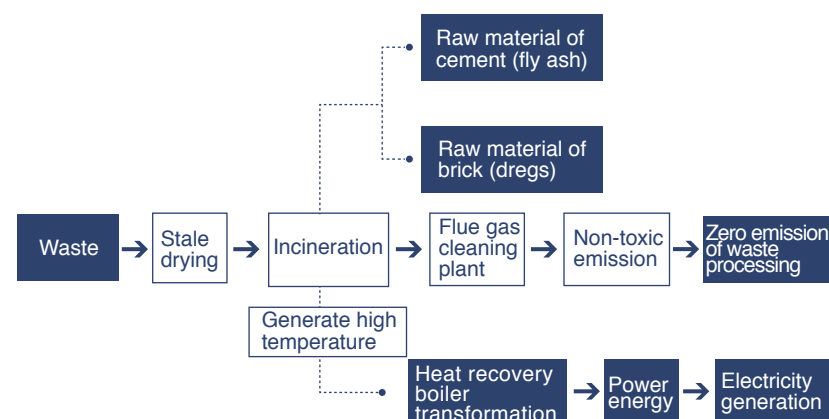
## Featured Story

Make Dalian's skies blue and waters green again through financial support

Covering an area of more than 20,000 square meters, Dalian Municipal Solid Waste Incineration Power Plant is about 30 kilometers away from the downtown of Dalian and is located next to the sea and resident communities. The plant disposes 1,500 tons of waste every day here from waste unloading, incineration, and power generation. The nearest community to the plant is separated only by a wall, but in the plant area, green plants are everywhere, and there is no stinky smell of waste at all.

### Where do the 1,500 tons of waste every day go?

The digital screen at the gate of workshop clearly shows the work process. After entering into the plant area, garbage truck is first driven into the weighbridge room, completing automatic weighing, and then passes the approach viaduct, entering into a fully closed unloading platform, which is seven meters high. At the top of entrance and exit of garbage truck, air curtains have been installed, which could isolate the unloading platform, preventing stinky smell. At the waste storehouse, the waste is first processed through stale drying before putting into incinerator. The high temperature resulted from incineration turns into heat energy via heat recovery boiler. The heat energy is then transferred to gas turbine generator, achieving power generation. And the rate of heat supply for power generation could reach 80 percent. The plant could dispose 1,500 tons of waste per day, that is, 547,500 tons of waste per year; could generate 160 million kilowatt-hours of electricity per year, among which 147 million has been connected to the grid, satisfying the electricity use of 100,000 residents for a year. The plant has adopted sophisticated grate furnace technology, and the harmful gases such as dioxin could be effectively controlled and eliminated through the 850 Celsius degrees of incineration. And then, through the process of flue gas cleaning, de-acidification, Dioxin disposal and bag dust-cleaning, non-toxic emission could be realized, and the emission could reach the Euro III standards (2000). After incineration, 80 percent of waste could be incinerated and the other 20 percent could be turned into fly ash and dregs. The fly ash could be used for supplementary raw material of cement and the dregs could be used for brick, thus achieved zero emission of waste processing.



**547,500 tons**

The amount of waste disposed a year

**160 million kilowatt-hours**

The amount of electricity generated a year

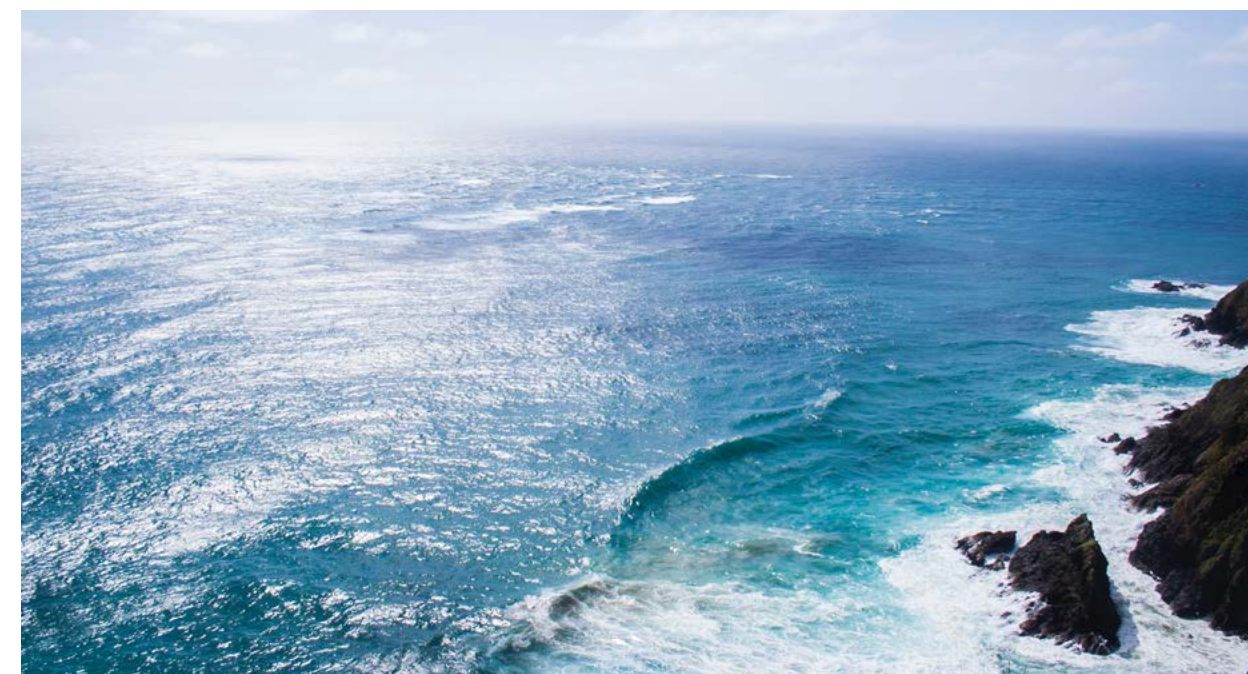
### Financing relieves capital pressure

As the plant operator, Dalian TEDA Environmental Protection Co., Ltd. was established in August 2009, and went into operation in November 2012. The RMB250 million registered capital of Dalian TEDA Environmental Protection Co. was contributed by Tianjin TEDA Environmental Protection Co., Ltd. on August 17, 2009, and the registered capital has been in place in full amount. Dalian TEDA Environmental Protection Co. faced financial pressure in the aspects of raw material procurement and project payment and sought financing support from various channels.

Dalian Branch of Minsheng Bank has actively fulfilled social responsibility and practiced the idea of supporting environmental protection enterprises. According to the actual operating situation and financial condition, the loans applied by Dalian TEDA Environmental Protection Co. were mainly used for paying off some project construction and materials payment, increasing cash flow and replenishing working capital. The branch has conducted active communication with the company and showed the determination of supporting environmentally-friendly enterprises. The company then suggested to increase the credit line from RMB30 million to RMB60 million. With the support of the head office of Minsheng Bank, the credit line was finally approved. Through using financial leverage, the branch has supported the development of environmentally-friendly enterprises, contributing to make Dalian's skies blue and waters green again.

**RMB60 million**

The amount of credit line successfully granted to Dalian TEDA Environmental Protection Co., Ltd.





## Innovation and Public Welfare Building Harmonious Society

### Public Welfare Highlights Spirit of Minsheng Bank

Minsheng Bank has earnestly supported poverty alleviation activities, integrated the financial poverty alleviation advantages with the actual situation of poverty-stricken areas, and actively participated in the targeted support work of China Banking Regulatory Commission in Hezheng and Lintao counties of Gansu Province. The Bank has donated RMB3.7 million, among which RMB1 million was used for poverty alleviation projects launched by China Banking Regulatory Commission and RMB2.7 million was used for setting up the "Public Welfare Fund for Education Poverty Alleviation."

Minsheng Bank has constantly participated in culture and education support activities. It has planned to donate RMB500,000 for China Education Development Foundation for four years since 2013, supporting education-based poverty alleviation projects. Through improving educational infrastructure of poverty-stricken areas, conducting school supporting activities, and enhancing teaching capabilities of local teachers, the Bank has strove to build good learning environment for children of poverty-stricken areas, helping them realize their dream.



Xinjiang education donation activity

Minsheng Bank has actively implemented the AIDS project of China Red Ribbon Foundation, guaranteeing the donated money to be in place in a timely manner and the smooth implementation of the project. The Bank has successfully completed the "Red Ribbon Bag" project and smoothly promoted the "Mother and Infant Health" project. It has conducted HIV/AIDS prevention and treatment publicity activities via various platforms, enlarged the coverage of publicity and extensively mobilized social forces to participate in the campaign, promoting development of foundation causes.

#### Case

#### Tongxin Guangcai Project helps promote poverty alleviation

Zhijin County of Guizhou Province is a targeted poverty alleviation county of All-China Federation of Industry and Commerce (ACFIC). ACFIC and Zhijin County jointly launched "Tongxin Guangcai Financing Guarantee Foundation" in December 2011. Minsheng Bank donated RMB15 million to the foundation to support its targeted poverty alleviation projects, to provide financing guarantee for agriculture-related small and micro enterprises committing to poverty alleviation, and to help enterprises lift poverty-stricken households out of poverty through creating job opportunities, conducting production cooperation, and etc.

**RMB2.7** million

The amount donated to establish the "Public Welfare Fund for Education Poverty Alleviation"



Letters from children

**RMB15** million

The amount of funds donated to Tongxin Guangcai Financing Guarantee Fund



## Case Conduct innovation in public welfare modes and take responsibility to spread love

**1,800+** students

The number of students benefited from free lunches

When the bell rings at 12:00 p.m., over 100 students of Baishi Primary School in Xintian Township, Xinfeng County of Ganzhou City, Jiangxi Province, headed to the dining room to enjoy their “free lunch”. The lunches were provided by Guangzhou Branch of Minsheng Bank for free.

The year of 2016 was the third year for Guangzhou Branch to provide free lunches for students of Baishi Primary School. The activity conducted by the branch was started from March 2014. At present, the branch provides free lunches for more than 1,800 students of ten schools including Baishi Primary School.

### List of schools with “Free Lunch for Children” supported by Guangzhou Branch of Minsheng Bank

Yuebei Hope School in Baiguo Township of Hengshan County, Henyang City, Hunan Province

Central School in Lishu Township of Xinchao County, Huaihua City, Hunan Province

Lingdang Primary School in Liupai Township of Tian'e County, Hechi City, Guangxi Zhuang Autonomous Region

Chuangqian Village Primary School in Gaocun Township of Wanzai County, Yichun City, Jiangxi Province

Weixin School in Yaotian Township of Xinfeng County, Shaoguan City, Guangdong Province

Yaoshang Primary School in Gulong Township of Yongfeng County, Ji'an City, Jiangxi Province

Baihe Primary School in Dagang Township of Huaiji County, Zhaoqing City, Guangdong Province

No. 12 Middle School (special experimental school) of Anhua County, Yiyang City, Hunan Province

Longdong Hope Primary School in Dazhou Township of Pingjiang County, Yueyang City, Hunan Province

Baishi Primary School in Xintian Township of Xinfeng County, Ganzhou City, Jiangxi Province



Free Lunch of Minsheng Bank kick-off ceremony for Baishi Primary School in Xintian Township, Ganzhou, City, Jiangxi Province

The original purpose of Guangzhou Branch to participate in this activity was to avoid students being starved at class. In December 2013, the branch signed a cooperative agreement with the charity organization “Free Lunch for Children,” jointly supporting schoolchildren in poverty-stricken areas. On March 24, 2014, the free lunch donated by the Mobile Banking of Minsheng Bank was formally kicked off at the first doneen of Baishi Primary School.. The branch, together with volunteers of “Free Lunch for Children” and other warm-hearted people, conducted a field investigation tour to the school on that day, and participated in the ceremony. The smiling faces of schoolchildren made the eight-people volunteer team feel relieved and inspired.

As of the end of 2016, Guangzhou Branch of Minsheng Bank had raised RMB2,551,600 donation funds, providing free school lunches for a total of 2,060 students.

In order to better promote the charity project of “Free Lunch for Children,” Guangzhou Branch has constantly developed donation channels, becoming the first bank in China to open mobile banking donation channel, which features cash donation, credits donation, fixed-time, and fixed-amount donation. The donors would be informed the donation information including name of school through SMS to enhance transparency of the donations.

Guangzhou Branch has also conducted innovation in public welfare modes, integrating charity with its businesses. On April 2, 2014, the second anniversary of the launching of “Free Lunch for Children,” the branch, together with “Free Lunch for Children,” issued China’s first charity IC card. At present, a total of 458,688 charity cards have been issued. On June 20, 2015, witnessed by “digital prophet” Kevin Kelly, the incumbent president of Guangzhou Branch Qiu Shangqi, Rong360.com CEO Ye Daqing, co-founder of YeePay Yu Cheng, initiator of “Free Lunch for Children” Deng Fei, and more than 1,800 customers, Guangzhou Branch launched another innovative charity card, which was DIY-type and transparent, aiming at promoting transparent public welfare to let everyone see the sharing of love.

For three years, Guangzhou Branch, together with “Free Lunch for Children,” has constantly conducted innovation in public welfare modes, actively aroused the enthusiasm of all sectors of society, and unremittingly carried out public welfare activities, highlighting its strong sense of social responsibility and lofty pursuits of charity causes. We will strive to advocate more people to participate in public welfare activities, help more schoolchildren enjoy free lunches, make more customers recognize Minsheng Bank and integrate the charity more closely with the businesses, and constantly promoting public welfare and business development.



Smiling faces of schoolchildren

**RMB2,551,600**

The amount of donations raised by Guangzhou Branch of Minsheng Bank



Deng Fei, China's first charity IC card holder

**18,938** *people*

The number of youth employee volunteers

## Volunteer Service Warms Thousands of Families

Minsheng Bank has actively encouraged employees to participate in volunteer service and to contribute to society, and fully advocated responsibility culture. In the reporting period, the Bank organized a total of 180 volunteer activities, and the number of youth employee volunteers reached 18,938 persons.



Xiamen Branch of Minsheng Bank held Running for Love public welfare activity



Credit Card Center initiated Cuizhu Care Move at Cuizhu Hope Primary School

### Case Devote love and fulfill social responsibility

In the afternoon of June 23, 2016, Funing and Sheyang counties of Yancheng City in Jiangsu Province were hit by devastating tornado. Nanjing Branch of Minsheng Bank conducted disaster relief immediately, sending materials to disaster-stricken people. Volunteers of the branch rushed to the disaster-stricken areas, sparing no effort to support the affected people there. Zhenjiang Sub-Branch of Minsheng Bank carried out a money donation activity for disaster-hit areas, raising charity funds of RMB69,310. Nantong Branch of Minsheng Bank organized a blood donation activity. The employees of the branch actively participated in the activity, and those with RH-negative blood type took initiative to donate blood.

In face of natural disasters, Minsheng Bank has used practical actions to support disaster relief, showing responsibility and accountability of the Bank.



**RMB69,310**

The amount of raised charity funds

### Case Devote love and create bright future

Established by Shi Qinghua in 2014, Beijing Guang'ai School is a non-profit and civil educational charity organization, providing free boarding and study support for street children, orphans, disabled children, and children with extreme difficulties across China. The funds used to support those children are all from donations. Since the establishment of the school, it has helped more than 600 children. Currently, nearly 90 children, who are aged from four to 15, are studying in Beijing Shunyi Campus.

Minsheng Bank has constantly provided support for the school since 2007. In these years, the living standard of children at Guang'ai School has been greatly improved. At the very beginning, the children had only one suit of clothes for four seasons. They even wore clothes of single layer in winter. Through constant support of the Bank, now the children have various cotton-padded clothes and shoes. The meals have been changed from pickles and cornmeal buns to healthy, delicious, and nutritious foods, and the extreme simple and crude dormitories have been changed to living rooms of warm in the winter and cool in the summer, greatly improving the growth environment of the schoolchildren.



Minsheng employees helped students from Guang'ai School fulfill their wish

The continuous support has significantly improved the teaching facilities of the school. Dance room, music room, basketball court, computer room, and etc. have been built gradually, providing overall guarantee for quality improvement and comprehensive development of children. The leaders of the Bank have taken initiative to conduct fixed support for orphans and disabled children, sending them the necessary expenses on a monthly basis. They keep communications with those children and care about their growth.

Besides material support, Minsheng Bank has also provided spiritual backing for those children. The Bank has focused on children's spiritual world, listened to their voice, learnt their changes of thoughts and helped them establish right values and world view. The employees of the Bank have helped the children correctly understand society and themselves through telephones, letters, and face-to-face talks. They also helped them integrate into the society faster and better.

Minsheng Bank's support project for Guang'ai School not only focuses on supporting students and teachers of the school, but also on the purification of inner mind of Minsheng employees. And through the project, the positive energy in the innocent smiles of the children have been delivered to more people.

**600+** *students*

The number of helped students since the establishment of Guang'ai School,



## Cultural Campaign Leads Social Progress

In the reporting period, Minsheng Bank improved, reviewed and approved the second version of “Management Measures on Public Welfare Donation Funds”, and “Implementation Details of Public Welfare Donation Funds”, as well as “Positioning and Development Goals of Minsheng Art Institutions”, “Working System for Management Committee of Minsheng Art Institutions”, “Management Measures on Project Assessment of Minsheng Art Institutions”, and etc. The Bank has established a “Public Welfare Decision-Making Committee,” and the office of the committee was set up in the head office, which laid a solid institutional foundation for orderly implementation of public welfare donation work and regulatory operation of art institutions.

Minsheng Bank has revised the management rules and regulations relating to Beijing Minsheng Foundation for Arts and Culture and Shanghai Minsheng Art Foundation in accordance with the new national laws, regulations and policies including the “Charity Law of the People's Republic of China”, aiming at regulating internal management, improving operation efficiency, implementing unified standard and conducting compliance operation. The Bank has constantly supported the “Dunhuang Protection Fund Project” of Beijing Minsheng Foundation for Arts and Culture and adhered to development path of distinctive public welfare.



Inside of Shanghai Minsheng Art Museum

### Case Promote prosperity and rejuvenation of national culture -- Shanghai Minsheng Art Museum

In September 2010, Shanghai Minsheng Art Museum was formally opened at Hongfang Art Zone, Huaihai West Road of Shanghai. As China's first public service art museum supported by financial institution and an important part of social public cultural causes, Shanghai Minsheng Art Museum, taking the research of modern and contemporary arts as the basis and from global perspective, has actively promoted communications and cooperation of Chinese contemporary arts and international frontier arts, and held domestic and international academic exchange activities, promoting art research and development. Since the opening of the museum, it has held more than 50 domestic and international exhibitions, conducted collaborative exhibitions with famous art institutions from the U.S., U.K., France, South Korea, Switzerland, Belgium, and etc., which promoted the communications of contemporary arts between China and foreign countries, and enhanced the international influence of the museum.



Shanghai Minsheng Art Museum

**50+** exhibitions

The number of domestic and international exhibitions Shanghai Minsheng Art Museum held

In nearly a decade of operation, the museum has held many outstanding exhibitions, winning recognition and awards from academic circles of Shanghai and even China. For example, the specially planned academic exhibition of “Turning Point: Contemporary Arts in China Since 2000” in 2016 put forward creative reflections and artistic interpretation from the angle of contemporary arts practices and social observation, encouraging artists, curators, and relevant participants to review the changing of contemporary arts from interdisciplinary perspective.



Shanghai Poetry Festival was held at Shanghai Minsheng Art Museum

As another major function of the museum, public education activities have been fully conducted since its establishment. So far, the museum has held more than 500 public education activities covering contemporary arts, literature, science, architecture, and etc., averaging nearly 100 lecturing and public education activities per year. The museum has gathered top cultural resources both in China and abroad, and prominent figures such as Chen Danqing, Zhou Guoping, Wang Min'an, Kenneth Hsien-yung Pai, Wang Xiaoshuai, and Jia Zhangke, all of whom have lectured there. The museum has also conducted extensive cooperation with various cultural institutions both in China and abroad including Swiss Arts Council, the U.S. Consulate General Shanghai, Consulate General of the Republic of France in Shanghai and SH Contemporary Art Fair, promoting in-depth development of public education campaign.

The achievements of Shanghai Minsheng Art Museum have also highlighted the brand image of Minsheng Bank in promoting development of cultural public welfare causes as well as its contributions and unremitting efforts in boosting urban cultural building.

**500+** activities

The number of activities Shanghai Minsheng Art Museum held



Featured Story

Power of Minsheng's Love -- ME Charity Innovation Funding Scheme



ME Innovation Initiative 2016 kick-off ceremony



The scene of ME Innovation Initiative 2016 reviewing

RMB500,000

The amount of funding support for each project



The 2nd ME Innovation Initiative Q&A and Social Impact Communication

In 2015, on the 20th anniversary of the establishment of Minsheng Bank, we launched the first “Power of Minsheng’s Love -- ME Charity Innovation Funding Scheme”, aiming at focusing on and supporting innovations and practices in public welfare field and enhancing the social influence of those innovations and practices. Through funding organizations and projects having development potential and social influence, the Bank has encouraged more institutions to find and resolve social issues.

On September 23, 2016, the second “Power of Minsheng’s Love -- ME Charity Innovation Funding Scheme” was launched at Shenzhen Charity Fair. From September 23 to October 18, 2016, the Scheme received 400 project applications. After a week-long of materials maintenance and qualification review, a total of 283 projects were selected for further review, among which 78 were community development projects, 118 were education support projects, 43 were health and medical care projects, 27 were environmental protection projects, and 17 were cultural protection projects. Through two rounds of review by experts and scholars from public welfare and innovation fields, 42 public welfare organizations across China entered the final presentation stage in accordance with the assessment indicators of execution, innovation, continuity, influence and so on.

Of the 42 organizations, six were mature projects, 17 were growth projects, and 19 were innovation projects. In order to help growth of NGOs, the committee borrowed ideas and experience from the first social influence training and conducted communications with lecturers of social influence broadcasting and training, aiming at designing training courses, improving the publicity of selected NGOs, fully exploiting the publicity resources and channels of NGOs, formulating rational publicity plan, and further enhancing the project influence and public engagement of “Power of Minsheng’s Love -- ME Charity Innovation Funding Scheme.”

During December 21-31, 2016, the Scheme conducted a ten-day long public voting for identifying the final projects and the WeChat platform was being used as the main voting platform. By January 1, 2017, a total of 880,000 people have participated in the voting, influencing 2.5 million persons/times of people. According to overall assessment results of presentation and online voting, the projects of 21 organizations were finally selected and each project got a funding support of RMB500,000.

“ME Charity Innovation Funding Scheme” has effectively boosted the development level of Chinese NGOs and helped improve their development environment; promoted NGOs to participate in social innovation and to find and resolve social issues; explored the new modes of public welfare project funding and public welfare project investment of enterprises; promoted social responsibility performance in an innovative manner.

21 Awarded Public Welfare Projects of ME Innovation Initiative 2016

Name of Organization	Name of Project
Community Development	
Beijing Yi Zhuan Yi Wa Migrant Workers Cultural Development Center	Community School for Construction Workers
Guangdong Mumian Social Work Service Center	Cohesion & Mutual Support -- Community Building for Migrant Workers
Pingdingshan Volunteer Association	Warm House for Coal Miners
Qinghai Tibetan Research Institute	Eco-Breeding Development Project for Qinghai Tibetan Women
Shaxiyuan Rural Cooperation Center, Wuxi Binhu Qinggu Community Workshop	Going out from Mapingguan Village
Shanghai Green Oasis Public Service Development Center	China Food Bank Network
Weifang Yuandu Volunteer Public Service Center	"Happiness Huanggu" Poverty-Stricken Rural Community Comprehensive Development Demonstration Project
Educational Support	
Beijing Hanfuer Charity Foundation	Help "Hanfuer" Get Back the Brave Heart
Beijing Enjoy Volunteering Center of Youth Development	"Enjoy Volunteering School" -- Rural Summer Camp Trainer Development Plan
Beijing Art Dream Social Work Institute	Little Zebra Art Development Plan
Guangzhou Haizhu Blue Envelope Care Center for Left Behind Children	Blue Envelope for Left Behind Children
Lanzhou Qilihe Xihu Cultural Service Center	Community Cultural and Educational Support Service Project for Migrant Woman and Children
Shanghai Better Education Development Center	Life Enlightenment for Left Behind Children
Shanghai Minhang Vibrant Community Service Center	Comprehensive Service Project for Migrant Families and Children
Health Care	
Beijing Rong Ai Rong Le Family Support Center for Persons with Intellectual Disability	New Way: Employment Support for Persons with Intellectual Disability
Guangdong Provincial Huiling Aid Foundation	Online Resource Center for Persons with Intellectual Disability
Tianjin Wuqing Taiyangyu Rare Disease Psychological Care Center	Caille Love Ward for China Dolls
Environmental Protection	
Shenzhen Mangrove Wetlands Conservation Foundation	Social Participation of Shenzhen Bay Binhai Wetland Conservation
Sichuan Greenriver Environmental Protection Promotion Association	Protection and Development of Bar-Headed Geoses and their Habitant at Yangtze River Source
Cultural Protection	
Guangzhou Hezhong Volunteer Service Center	Youth Painting -- Lingnan Culture Recording Volunteer Service Activity
Yunnan Village Eye Folk Culture Research Center	"Village Eye Box" -- Video Memory Bank of Rural Intangible Cultural Heritage



## Vision of the Future

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The year of 2017 is crucial for the implementation of “13th Five-Year Plan,” and is also a year of deepening structural reform of supply side. Looking to the future, we will continuously adhere to the mission of “From the people, for the people,” constantly keep the vitality and creativity of the Bank, constantly keep pace with market demand and the times, constantly improve customer service experience, and constantly help promote economic prosperity and social progress, striving to build a time-honored bank featuring “time-honored culture, time-honored brand, time-honored foundation.”

We will adhere to the principle of integrity and honesty, constantly optimize corporate governance, achieve refined management, insist on basic norms, maintain stable development, fully promote the “Phoenix Project,” deepen reform on systems and mechanism, and strive to become a leading “international, integrated, professional and digitalized” bank.

We will adhere to the principle of mutual benefits and win-win results, actively support the implementation of national strategies, optimize credit layout, and enhance the support for key areas, key fields, and emerging industries; and take initiative to carry out the “going global” strategy, strengthen both internal and external interaction, and build a new sustainable financial ecosystem.

We will adhere to the principle of exploration and innovation, actively support inclusive finance, earnestly develop financial service causes, provide modern, professional, and intelligent financial services for customers, help customers achieve value maximization, and realize common growth with customers.

We will adhere to the principle of precise poverty alleviation. Under the guidance of the “13th Five-Year Plan of China Minsheng Bank for Financial Poverty Alleviation”, we will constantly enhance the support for poverty alleviation, conduct innovation in ways and means of poverty alleviation, promote sustainable and sound economic and social development of poverty-stricken areas, and make contributions to the causes of precise poverty alleviation and development.

We will adhere to the principle of taking people as the foremost, establish the idea of respecting talents, cultivating talents and helping talents achieve success, provide broad learning and growth space for employees, and help employees achieve their individual value; and constantly build a homeland for Minsheng people, making employees get the senses of belonging, accomplishment, and happiness.

We will adhere to the principle of green development, exert the leverage role of finance, optimize and adjust credit structure, provide credit support for industries relating to energy-saving and environmental protection, help promote industrial structural adjustment, vigorously develop green finance, carry out green operation, conduct green public welfare activities, and boost sustainable development of the society.

We will adhere to the principle of making contributions to and sharing development achievements with the society, dedicate to supporting education, health care, and volunteer service, constantly develop cultural public welfare causes, improve the well-beings of the public, and further promote harmonious development of the society.

We will, as always, carry forward the mission of “From the people, for the people.”





## Appendix I: Key Performance Indicators

Responsibility Management Performance	2016	2015	2014
Number of legal and compliance trainings (time)	455	522	1,633
Number of participants of legal and compliance trainings (person/time)	56,210	51,584	44,541

Economic Performance Indicators	2016	2015	2014
Total assets (RMB100m)	58,958.77	45,206.88	40,151.36
Operating income (RMB100m)	1,552.11	1,544.25	1,354.69
Net profits attributable to parent company (RMB)	478.43	461.11	445.46
Basic earnings per share (RMB)	1.31	1.30	1.31
Total tax payment (RMB100m)	221.48	239.34	234.33
SCVPS (RMB yuan/share)	5.61	5.61	5.80

Society Performance Indicators	2016	2015	2014
Number of employees (person)	56,168	57,228	57,406
Coverage of social insurance (%)	100	100	100
Proportion of employees from minority ethnic groups (%)	4.54	4.2	3.97
Targeted poverty alleviation donations (RMB10,000)	1,564.04	1,223.63	1,096.14
Public welfare donations (RMB100m)	3.19	0.65	4.69

Environmental Performance Indicators	2016	2015	2014
Amount of green procurement (RMB10,000 )	90,440	96,380	84,678
Ratio of loans to industries with overcapacity (%)	3.20	3.08	3.46
Number of video conferences (time)	388	184	211

Notes: The financials and some of the relevant indicators are of the data of the group . Should there be any inconsistency, the annual report shall prevail.

## Appendix II: Responsibility Awards & Honors

Awards & Honors	Awarding activities and organizers
Chairman Hong Qi was selected as one of the Top 50 Most Influential Business Leaders in China of 2016	fortunechina.com
Best Green Finance Award of Social Responsibility of the Year	China Banking Association
Best Manager of Social Responsibility of the Year	
Best Outlet with Special Contribution to Social Responsibility of the Year	
Ranked first in the Social Responsibility Development Index of China's Banking Industry	Research Center for Corporate Social Responsibility of Chinese Academy of Social Sciences
Ranked third in the Social Responsibility Development Index of Top 100 Private Enterprises	
Outstanding Poverty Alleviation Case by Enterprise of 2016	
Best Corporate Social Responsibility Award	Southern Weekly
Excellent Contribution to Public Welfare of 2016	China Foundation for Poverty Alleviation
Outstanding Contribution Award of 2016	
One of the Top 100 Enterprises Influencing China's Public Welfare	China Philanthropy Times
Best Public Welfare Innovation Award of 2016	21st Century Business Herald
Outstanding Achievement Award for Research Project of National Society for Party Building Studies in 2015	China Banking Regulatory Commission
First Prize of "Youth Cup" of 2016	
Best Investor Relations Management of Listed Companies	Hong Kong Ta Kung Wen Wei Media Group Limited, The Listed Companies Association of Beijing, and The Hong Kong Chinese Enterprises Association
Best Universal Bank	Dalian Commodity Exchange
Global Best Trade Finance Bank – Service Quality Award	Euromoney
Asia's Best Trade Finance Bank – Service Quality Award	
Ranked first in the Outstanding Institutions of Interbank Bond Market Statistical Information Reporting	China Government Securities Depository Trust & Clearing Co., Ltd.
Most Influential Brand (Product) in China's Consumer Market and Industry of 2016	Consumption Daily
Most Outstanding Innovative Bank of Strategic Innovation of the Year	The Economic Observer
Most Outstanding Direct Bank of the Year	
Golden Bull Progress Award	China Securities Journal
Golden Bull Fixed Yield Bond Investment Fund Company	
National Model Worker Family	All-China Federation of Trade Unions
Advanced Unit of Trade Union Information Publicity of China's Financial System	National Committee of Chinese Financial Workers' Union
A law popularization film awarded Third Prize of Legal Works Contest	Ministry of Justice, P.R.C.



## Appendix III: Reporting Specifications

### Reporting Period:

This report covers the period from January 1, 2016 to December 31, 2016. Some contents may surpass the above scope.

### Release Cycle:

The Corporate Social Responsibility Report of China Minsheng Banking Corp., Ltd. is an annual report.

### Organizational Scope:

This report covers the head office and all subsidiaries of China Minsheng Banking Corp., Ltd. For the purpose of convenience of indication and reading, China Minsheng Banking Corp., Ltd. is also referred to as “China Minsheng Bank”, “Minsheng Bank”, “the Bank” or “the Company”.

### Reference Standards:

“Opinions on Strengthening Social Responsibility of Banking Financial Institutions” issued by China Banking Regulatory Commission

“Guidelines on Corporate Social Responsibility for China’s Banking Financial Institutions” issued by China Banking Association

“Guidelines on Preparation of Corporate Social Responsibility Reports” issued by Shanghai Stock Exchange

“Guidance on Social Responsibility Reporting,” (GB/T 36001-2015) the national standards of social responsibility

“Chinese CSR Preparation Guide (CASS-CSR 3.0)” issued by Chinese Academy of Social Sciences

“Guide on Sustainability Reporting” (G4) issued by Global Reporting Initiative

“Ten Principles of the United Nations Global Compact” (UNGC) issued by United Nations

“Environmental, Social and Governance Reporting Guide” issued by Hong Kong Exchanges and Clearing Limited

### Data Description:

The data of 2016 in this report comes from the final statistical data. Should there be any inconsistency between the financial data in this report and in the annual report of the Company, the annual report shall prevail.

### Assurance:

To ensure the authenticity and reliability of this report, PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) has been engaged to conduct a limited assurance on the selected key data disclosed in this report in accordance with the “International Standards on Assurance Engagements 3000: Assurance Engagement Other Than Audits or Review of Historical Financial Information”, and has issued an independent assurance report.

### Languages and Availability of Report:

This corporate social responsibility report is published in both Chinese and English, and is released both in hard copies and online version. For hard copies of this report, please send email to [csr@cmbc.com.cn](mailto:csr@cmbc.com.cn) or call 010-57092056. For online version, please visit the website of the Company at [www.cmbc.com.cn](http://www.cmbc.com.cn).

### Contact:

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## Appendix IV: Rating Report



### Rating Report of “2016 Corporate Social Responsibility Report of China Minsheng Banking Corp., Ltd.”

Upon the request of China Minsheng Banking Corp., Ltd., the “Chinese Expert Committee on CSR Report Rating” invited experts to form rating team to rate the “2016 Corporate Social Responsibility Report of China Minsheng Banking Corp., Ltd.” (hereinafter referred to as “the report”).

#### I. Rating Criteria

The “Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 3.0)” & the “Rating Standards for Corporate Social Responsibility Report of Chinese Enterprises (2014)”.

#### II. Rating Process

1) The process assessment team conducts interviews with key members of the report preparation team, and carries out on-site review on relevant materials used in the report;

2) The rating team conducts review on the preparation process and the contents disclosed by the report, then drafts the rating report.

3) The rating team submits the rating report to the vice president of the rating expert committee and the leader of the rating team to jointly sign.

#### III. Rating Results

##### Process (★★★★★)

The Social Responsibility Management Division of the Bank’s Executive Office takes the lead in setting up the report preparation team, the senior executives are responsible for the overall direction, key issues and framework of the report, and the board of directors conducts final review of the report; the preparation team identifies stakeholders, and collects opinions and suggestions by holding meetings and seminars, as well as by conducting interviews; the substantive issues are identified in accordance with major corporate matters, national policies, and industry benchmarking analysis, and etc.; the Bank plans to release the report through its official website, and to present print and electronic versions of report, as well as WeChat-based report, achieving outstanding performance in the aspect of process.

##### Materiality (★★★★★)

The report systematically discloses key industrial issues relating to macro policy, diversified financial products, innovation in products and services, protection of customer information, transparency of fees and charges, credit support for SMEs, microcredit, credit support for less developed areas, anti-money laundering, IT disaster recovery plan, and green credit, and the information is adequate and detailed, achieving outstanding performance in the aspect of materiality.

##### Integrity (★★★★★)

The main contents of the report disclose 90.7 percent of core indicators of the banking industry from the aspects of “Integrity for the People: Adhering to Sustainable Development”, “Interaction for the People: Achieving Mutual Benefits and Win-Win Results”, “Innovation for the People: Creating Values for Customers”, “Targeted Poverty Alleviation: Creating Happy Life”, “Taking People as the Foremost: Achieving Common Growth with Employees”, “Green Initiative and Environmental Protection: Building Beautiful Ecology”, and “Innovation and Public Welfare: Building Harmonious Society”, achieving outstanding performance in the aspect of integrity.

##### Balance (★★★)

The report discloses the negative data including “work safety accidents above the third level” and “ratio of loans to ‘two-high-and-one-over’ industries”. The overall disclosure of such information is relatively inadequate. Hence, the balance of the report needs to be enhanced.

##### Comparability (★★★★★)

The report discloses 36 key indicators including “total assets”, “social contribution value per share”, “total tax payment”, “amount of green procurement”, and “public welfare donations” for three years in a row, and conducts horizontal comparison on “transaction activity of mobile banking customers”, “top 1000 world banks ranking”, and other indicators with industrial peers both in China and abroad, achieving outstanding performance in the aspect of comparability.

##### Readability (★★★★☆)

Centering on the themes of “From the people, for the people” and “Build a Sustainable Bank and a Time-Honored Enterprise”, the contents of the report highlight the value position and the vision of responsibility performance of the Bank, and are characterized by clear framework and logic; the creation of the report cover takes the element of “phoenix” as main background, vividly and clearly showing the transformation plan of the Bank; the design style is fresh and elegant, and is rich in illustrations and pictures, further improving the readability of the report. Thus, it achieves leading performance in the aspect of readability.

##### Innovation (★★★★★)

The report uses “Highlights in 2016” as the opening chapter, briefly reviewing the responsibility performance of the Bank in 2016, which facilitates stakeholders to view the relevant facts; each chapter takes “Featured Story” as the ending, showing the highlighted practices of the Bank, and the stories not only reflect the chapter topics, but also enhance the readability of the report; the “Minsheng DNA – Handbook on Corporate Culture of China Minsheng Bank” is integrated into the framework of the report, which realizes close integration of corporate culture and social responsibility, further improves the strategic height of the responsibility performance, and promotes the implementation of corporate culture; and the third-party independent assurance for disclosed data remarkably improves the compliance and credibility of the report. Thus, it achieves leading performance in the aspect of innovation.

##### Overall Rating (★★★★★)

According to the assessment of the rating team, the “2016 Corporate Social Responsibility Report of China Minsheng Banking Corp., Ltd.” is awarded a rating of five-star. It is an outstanding CSR report.

#### IV. Improvement Suggestions

The disclosure of negative information and negative event analysis shall be enhanced, so as to further improve the reporting balance.

#### Rating Team

Team leader: Deng Guosheng, Professor and Doctoral Advisor of the School of Public Policy and Management of Tsinghua University

Team member: Wei Xiuli, Associate Professor of School of Economics and Management of North China University of Technology

Process evaluator: Wang Zhimin

魏紫川  
Vice President of the Chinese Expert Committee on CSR Report Rating

邓国胜  
Leader of the Rating Team

July 11, 2017



Scan QR code to view rating files of China Minsheng Bank



## Appendix V: Assurance Report



普华永道

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### Independent Practitioner's Assurance Report

#### To the Board of Directors of China Minsheng Banking Corp., Ltd.,

We have been engaged to perform a limited assurance engagement on the selected 2016 key data (the "key data") in the 2016 Social Responsibility Report of China Minsheng Banking Corp., Ltd. ("the Bank").

#### Key Data

We carried out limited assurance procedures on the following key data of the Bank's 2016 Social Responsibility Report:

- Number of direct banking customers
- Mobile banking transaction volume
- Number of mobile banking customers
- Amount involved in rejected "two-high-and-one-over" projects
- Number of employees
- Coverage rate of social insurance
- Proportion of female managers
- Amount of donations for targeted poverty alleviation
- Number of video conferences
- Service satisfaction rate of work order
- Number of participants of legal and compliance trainings

Our assurance was with respect to the year ended December 31, 2016 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2016 Social Responsibility Report.

#### Criteria

The criteria used by the Bank to prepare the selected key data in the 2016 Social Responsibility Report is set out in the definitions of the key data (the "basis of reporting") at the end of this assurance report.

#### The Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation of the key data in the 2016 Social Responsibility Report. This responsibility includes designing, implementing and maintaining internal control relating to the preparation of the key data of the Social Responsibility Report that is free from material misstatement, whether due to fraud or error.



普华永道

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### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Practitioner's Responsibilities

It is our responsibility to express a conclusion on the key data in the 2016 Social Responsibility Report based on limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard guides us to plan and perform our work to form the conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on any matter that would materially affect the key data in the 2016 Social Responsibility Report. Our work involves assessing the risks of material misstatement in key data in the 2016 Social Responsibility Report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk. Within the scope of our work, we have only performed the following procedures at the Head Office of the Bank. We did not perform assurance work in other branches. The procedures we performed comprised:

- 1) Interviews with the personnel in the departments involved in providing information for the selected key data within the Social Responsibility Report;
- 2) Analytical procedure;
- 3) Examination, on a test basis, of documentary evidence relating to the selected key data on which we report;
- 4) Recalculation;
- 5) Other procedures deemed necessary.

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**Inherent Limitation**

We remind the users to note that, the absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

**Conclusion**

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected key data in the 2016 Social Responsibility Report is not prepared, in all material respects, in accordance with the basis of reporting.

**Restriction on Use**

Our report has been prepared for and only for the board of directors of the Bank for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership)

Shanghai, China  
March 30, 2017

PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership)  
11/F., PricewaterhouseCoopers Center, 2 Corporate Avenue, No. 202 Hubin Road,  
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## Appendix VI: Key Data Preparation & Reporting Basis

**Number of direct banking customers (10,000 accounts)**

The number of approved electronic account of investors initiatively opened by customers, with real-name authentication, through special direct banking channels of Minsheng Bank (websites, mobile apps, WeChat banking), mobile banking of Minsheng Bank, mobile client of credit card of Minsheng Bank, and application to the co-operating third party companies.

**Mobile banking transaction volume (RMB trillion)**

The volume of unilateral transaction initiated through the mobile banking client of Minsheng Bank

**Number of mobile banking customers (10,000 accounts)**

The number of customers using mobile banking services of Minsheng Bank

**Amount involved in rejected “two-high-and-one-over” (industries with high energy consumption, high pollution or overcapacity) projects**

The amount of loans involved in industries with high energy consumption, high pollution or overcapacity rejected by Minsheng Bank in accordance with the “Management Measures of China Minsheng Banking Corp., Ltd. on Green Credit (Trial)” (CMBC [2015] No. 131)

**Number of employees (person)**

The total number of staff of Minsheng Bank

**Coverage rate of social insurance (%)**

The proportion of employees with social insurance of Minsheng Bank

**Proportion of female managers (%)**

The proportion of female managers in the management team of Minsheng Bank

**Amount of donations for targeted poverty alleviation (RMB 10,000)**

The amount of donations of Minsheng Bank to the targeted poverty alleviation projects in Hua County and Fengqiu , central China’s Henan Province

**Number of video conferences (time)**

The number of video conferences held between the head office and the branches of Minsheng Bank

**Work order service satisfaction rate (%)**

Ratio of number of satisfied and very satisfied work orders to number of total work orders

**Number of participants of legal and compliance trainings (person/time)**

Total number of company-wide legal and compliance trainings organized by the legal and compliance department of head office of Minsheng Bank

Appendix VII: Suggestions & Feedbacks

Dear readers,  
This report is the tenth corporate social responsibility report released to the public by China Minsheng Banking Corp., Ltd. For the purpose of continuous improvement of the report preparation, we are looking forward to listening to your opinions and suggestions. Please assist us to complete the relevant questions in the feedback form. You may choose the following options to contact us.

**Mailing Address:** Executive Office, China Minsheng Banking Corp., Ltd., No. 2, Xicheng Fuxingmennei Ave., District, Beijing, China

**Postal Code:** 100031

Your Information

**Name:**

**Company/Organization:**

**Title:**

**Tel.:**

**Fax:**

**E-mail:**

Multiple Choice Questions (Please mark “√” in the appropriate position)

1. Does this report fully and accurately reflect the major impacts of Minsheng Bank on economy, society, and environment?	Very Good	Good	Fair	Poor	Very Poor
2. Does this report respond to the issues and disclose the information concerned by stakeholders?	Very Good	Good	Fair	Poor	Very Poor
3. Does this report disclose clear, accurate and complete information, indicators, and data?	Very Good	Good	Fair	Poor	Very Poor
4. What is your opinion on the readability of this report, i.e., the logic, content design, wording, and layout?	Very Good	Good	Fair	Poor	Very Poor

Open-Ended Questions:

1. What do you think is the most satisfying part in this report?
2. What kinds of information do you think is not disclosed in this report?
3. What are your suggestions for our future corporate social responsibility reports?

Appendix VIII: Notes on Terms

1. According to the requirements of the “Notice on Strengthening Listed Companies’ Assumption of Social Responsibility and on Issuing Guidelines on Listed Companies’ Environmental Information Disclosure”<sup>①</sup> issued by Shanghai Stock Exchange, and in combination with the characteristics of banking industry, the social contribution value per share (SCVPS) of China Minsheng Bank was RMB5.61 in 2016. The calculation method is as follows:

**SCVPS [RMB5.61] = BASIC EARNINGS PER SHARE [RMB1.31] + ADDED VALUE PER SHARE [RMB4.30]**

Added value per share = (tax payment + compensations + interest expense + public welfare donations) / total equity as of the end of the period

Items	Unit	2016	2015	2014
I: Plus items <sup>②</sup>				
1. <b>Tax payment</b> (tax revenue paid to the State, including enterprise income tax, business taxes and surcharges, excluding the deduction and payment of individual income tax)	RMB100m	221.48	239.34	234.33
2. <b>Compensations</b> (salaries paid to employees)	RMB100m	250.82	240.74	224.27
3. <b>Interest expense</b> (loan interest paid to creditors)	RMB100m	1,092.34	1,091.14	1,069.16
4. <b>Public welfare donations</b> (external donation amount)	RMB100m	3.19	0.65	4.69
II: Minus items				
Other social costs resulted from environmental pollution and other negative factors <sup>③</sup>	RMB10,000	0	0	0
III: Total equity	100m shares	364.85	364.85	341.53
IV: Added value per share	RMB yuan	4.30	4.31	4.49
V: Basic earnings per share	RMB yuan	1.31	1.30	1.31
VI: SCVPS	RMB yuan/share	5.61	5.61	5.80

Notes: Data were from head office of China Minsheng Bank

① According to statements of Shanghai Stock Exchange, the social contribution value per share (SCVPS) disclosed in the annual corporate social responsibility report is calculated on the basis of the basic earnings per share, by adding the tax revenues paid to the State, salaries paid to employees, loan interest paid to creditors (including banks), and other values created for stakeholders by conducting external donations and other activities, minus any social costs that arise from environmental pollution and

② Excluding rental and other operating expenses

③ Under current conditions, there is no accurate method to convert environmental emission data with different measures into environmental cost data with unified measure. As for the “social costs resulted from environmental pollution and other negative factors,” the listed banks releasing SCVPS in past years was actually counted the item as “zero.” Therefore, the item disclosed by China Minsheng Bank was also counted as “zero.”

2. Shang Dai Tong

Shang Dai Tong is an all-inclusive financial service product that China Minsheng Bank offers to the small- and medium-sized enterprises and individual business owners for faster fund raising, safer capital management and higher capital efficiency.



