



CHINA MINSHENG BANKING CORP., LTD. 2003 ANNUAL REPORT



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CHINA MINSHENG BANKING CORP., LTD.

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Important Notice

The Board of Directors and the directors of China Minsheng Banking Corp., Ltd. (CMBC) warrant that there are no misstatements, misleading representations or material omissions in this report and shall assume full responsibility for its authenticity, accuracy and integrity of the contents hereof.

CMBC's 2003 financial statements, prepared in accordance with the accounting standards generally accepted in the People's Republic of China and the International Financial Reporting Standards ("IFRS"), have been audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers China Limited following the auditing standards generally accepted in the People's Republic of China (PRC) and International Standards on Auditing respectively. The auditors have issued unqualified reports to those financial statements.

The Board of Directors
China Minsheng Banking Corp., Ltd.

Jing Shuping (Chairman of the Board of Directors), Dong Wenbiao (President), Hong Qi (Vice President) and Wu Touhong (Chief Financial Officer), Wang Jianping (Head of the Financial Planning and Treasury Department) and Bai Dan (Head of the Accounting and Settlement Department) committed that all information presented in this annual report are true and complete.

Address of Chairman of the Board

The year 2003 is marked with unusualness. Experiencing and winning the battle against SARS, our nation has still maintained sound and rapid economic growth.

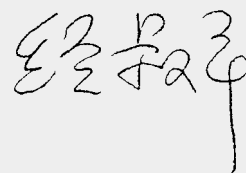
In this year, China Minsheng Banking Corp., Ltd. (CMBC) continued its business innovation driven by organizational innovation in response to new opportunities and challenges. By further standardizing our corporate governance practice, strengthening internal control and expanding business market, our Bank has delivered a satisfying return to the society and investors. In 2003, We have met all our business goals set at the beginning of the year with asset quality improved and non-performing loans and NPL ratio both dropped. We have also established credit assessment centers and audit centers in three major areas with the aim to further improve our risk management and monitoring system. In addition, we have successfully issued convertible corporate bonds of RMB 4 billion at the beginning of the year.

To upgrade our core competitiveness, in 2004, our Bank will endeavor to a solid and quality progress, while establishing our distinctive feature. We will make

great effort to push forward our strategies of digitalization and internationalization, reconstruct our organizational and business process, maintain the momentum of rapid and healthy growth and brand our name.

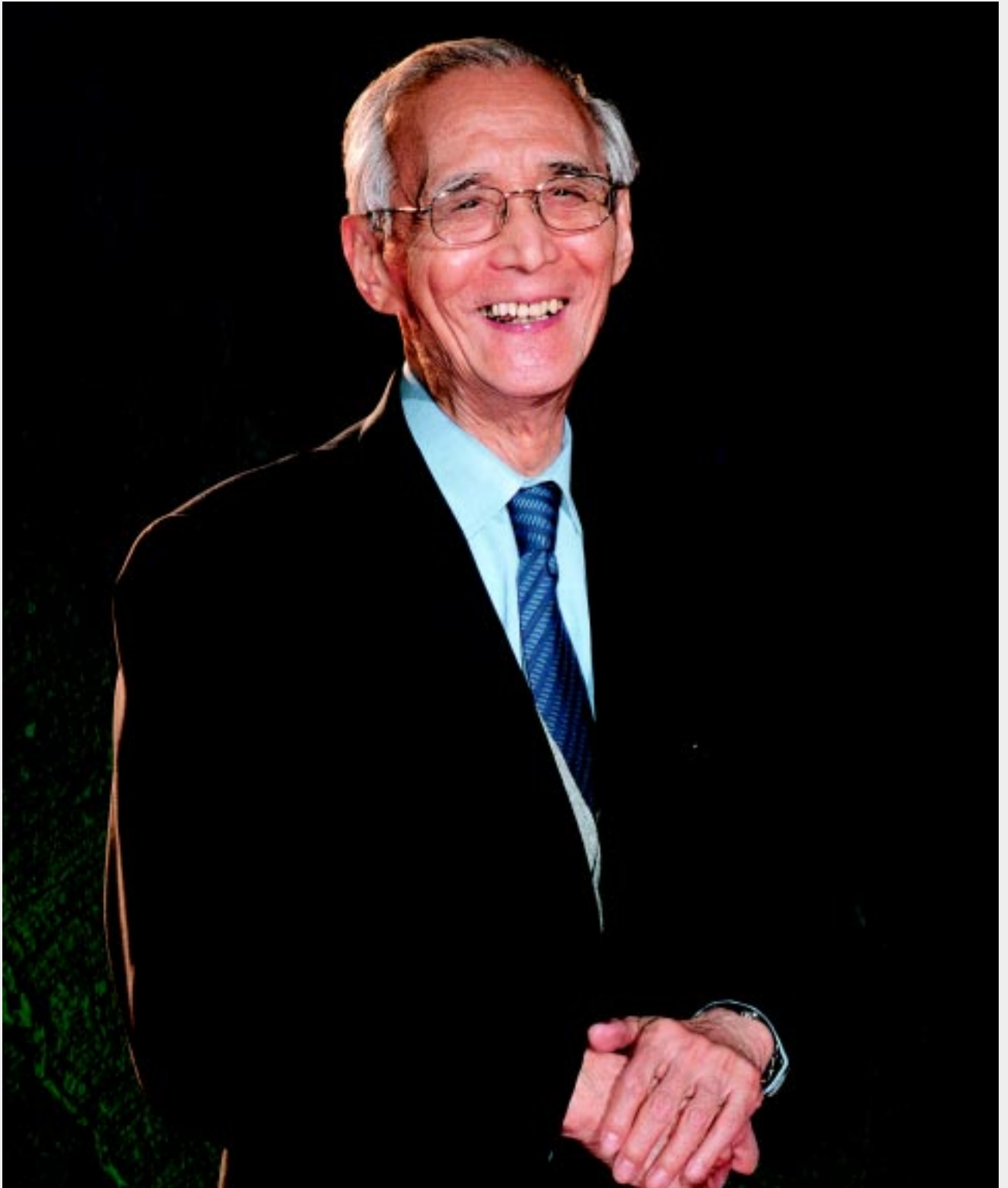
We take honesty and multi-wins as our consistent tenet and making maximum profit for the investors as our pursuing objective. Look into the future, in the spirit of courageous exploration and continuous innovation, we will try our best to upgrade all of our businesses to a higher level and become a qualified competitor in the international market, making CMBC a time-honored bank.

At last but not least, on behalf of the Board of Directors of CMBC, I would like to express our sincere thankfulness to the government, regulatory authorities, financial institutions, as well as all societies and our customers for their consistent supports and cares. Also, I would like to thank all investors and staff for their hard work!



Jing Shuping

Chairman of the Board



Jing Shuping, Chairman of the Board



06-07 I. Company Profile

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I. Company Profile

1. Registered Chinese name:

中国民生银行股份有限公司

(Abbreviation: 中国民生银行).

Registered English name:

CHINA MINSHENG BANKING CORP., LTD.

(Abbreviation: CMBC, hereafter referred to as the "Bank").

2. Legal representative:

Jing Shuping

3. Secretary to the Board of Directors:

Mao Xiaofeng

Address: No. 4, Zhengyi Road, Dongcheng District, Beijing

Tel: 010-65269592

Fax: 010-65229104

E-mail: cmbc@cmbc.com.cn

4. Registered address and Head Office address:

No. 4, Zhengyi Road, Dongcheng District, Beijing 100006, China

Website: www.cmbc.com.cn

E-mail: cmbc@cmbc.com.cn

5. Newspapers selected for information disclosure:

China Securities Journal, Shanghai Securities News and Securities Times

Website for publishing CMBC's 2003 Annual Report as designated by China Securities Regulatory Commission:

www.sse.com.cn

Place of keeping the 2003 Annual Report:

Office of the Board of Directors and the Board of Supervisors of CMBC.

6. Listing place:

Shanghai Stock Exchange

Abbreviation of shares: Minsheng Bank

Stock code: 600016

Abbreviation of Convertible Corporate Bonds: Minsheng Convertible Bonds

Code: 100016

7. Other information

Date of initial registration: February 7, 1996

Date of alteration registration: December 30, 2002

Registered address: No.4 Zhengyi Road, Dongcheng District, Beijing

Business license serial number: 1000001898

Tax registration certificate number:

Jingguoshui Dong Zi 110101100018988

Dishui Jing Zi 110101100018988000

Trustee for non-negotiable shares:

China Securities Registration and Settlement Co., Ltd., Shanghai Branch

Appointed domestic accounting firm: PricewaterhouseCoopers Zhong Tian CPAs Limited Company

Address: 12 Floor, Rui'an Square, No. 333, Middle Huaihai Road, Shanghai 200021, China

Appointed international accounting firm: PricewaterhouseCoopers China Limited

Address: P.O. Box 1448, New York, NY 10185-1448, United States of America

8. This report has been prepared and printed in both Chinese and English. Should there be any inconsistency between the Chinese and English versions, the Chinese version prevails.

II. Financial Highlights

1. Key Financial Indicators of Year 2003

(Unit: RMB thousand)

Item	PRC GAAP audited	IFRS audited
Total profit	1,941,114	1,906,045
Net profit	1,391,252	1,367,757
Net profit after exclusion of extraordinary profit/loss	1,392,959	1,367,757
Profit from core business operations	1,967,671	1,906,045
Profit from other business operations	-	-
Operating profit	1,967,671	1,906,045
Investment income	2,042,780	2,026,081
Income from subsidies	-	-
Net non-operating profit/loss	(26,557)	-
Net cash flow from operating activities	25,167,942	26,725,929
Net increase in cash and cash equivalents	(1,517,472)	(1,517,472)

Notes: 1. The calculations are based on the Q&A No.1 Concerning Disclosure Standards for Companies Offering Shares to the Public - Extraordinary Profit/Loss, and the Contents and Formats Standards No.2 Concerning Information Disclosure of Companies Offering Shares to the Public.

2. Extraordinary profit/ loss items being excluded include non-operating income of RMB 9,229,000 and non-operating expense of RMB 10,263,000.

2. Key Financial Highlights for the Three Years Ended December 31

(Unit: RMB thousand except per share data)

Item	2003		2002 PRC GAAP Audited		2001 PRC GAAP Audited	
	PRC GAAP audited	IFRS audited	After adjustment	Before adjustment	After adjustment	Before adjustment
Revenue from core business operation	12,037,114	11,986,414	7,213,677	7,213,677	5,119,828	5,119,828
Net profit	1,391,252	1,367,757	871,823	891,540	646,523	646,370
Total assets	361,064,410	360,982,007	243,662,453	246,280,853	138,385,556	138,898,420
Total liabilities	351,414,206	351,218,009	237,299,467	240,277,043	132,736,963	133,473,517
Shareholders' equity (excluding minority interest)	9,650,204	9,763,998	6,362,986	6,003,810	5,648,593	5,424,903
Fully diluted EPS	0.38	0.38	0.34	0.34	0.29	0.29
EPS valued at latest capital stock	0.38					
Basic/ weighted average EPS	0.41	0.40	0.34	0.34	0.29	0.27
EPS after extraordinary profit/ loss	0.38	0.38	0.34	0.34	0.28	0.28
Net assets per share	2.66	2.69	2.46	2.32	2.51	2.41
Adjusted net assets per share	2.56	2.69	2.36	2.22	2.41	2.31
Net cash flow from operating activities per share	6.94	7.37	13.68	13.68	7.02	7.02
Net ROA (%)	14.42	14.01	13.70	14.85	11.45	11.91
Fully-diluted net ROA after extraordinary profit/ loss (%)	14.43	14.01	13.66	14.81	11.21	11.67
Weighted average net ROA after extraordinary profit/ loss (%)	19.48	17.58	14.48	15.35	11.51	12.00

Notes: 1. The calculations are based on Article 21 of the Contents and Formats Standards No.2 Concerning Information Disclosure of Companies Offering Shares to the Public - Contents and Formats of Annual Report (revised 2003), and the Standards No.9 Concerning Information Disclosure of Companies Offering Shares to the Public - Calculation and Reveal of Net ROA and Earnings per Share.

2. The PRC audited numbers before adjustments in 2001 and 2002 were disclosed in the 2002 Annual Report of CMBC. In 2003, CMBC changed the corporate income tax accounting policy from taxes payable method to the tax effect accounting method. For the effect of this change, please refer to Note 5-47. Since July 1, 2003 CMBC has adopted the revised Accounting Standards for

Enterprises: Events Occurring After the Balance Sheet Date, and the revised standards have been applied retrospectively for all periods presented. For details, please refer to Note 5-41.

3. In light of the Public Notice on Share Conversion of Convertible Bonds of China Minsheng Banking Corp., Ltd., as of January 13, 2004, 344,380,339 shares of "Minsheng Bank" (600016) stock were converted from "Minsheng Convertible Bonds" (100016), raising the Bank's capital stock to 3,707,118,058 shares, up 81,858,690 shares over the end of the reporting period. Earnings per share valued at the latest capital stock thus became RMB 0.38.

3. Reconciliations between PRC GAAP Audited Financials and IFRS Audited Financials

(Unit: RMB thousand)

Item	Net profit	Net assets	Total assets	Total liabilities
Calculated in accordance with PRC accounting standards	1,391,252	9,650,204	361,064,410	351,414,206
IFRS conversion adjustment:				
Pre-operating expense of new branches/sub-branches written-off	-20,806	-20,806	-20,806	-
Derivatives carried at fair values	-18,398	-18,398	18,631	37,029
Unrealized loss of available-for-sale securities (net of tax)	-	-95,622	-95,622	-
Adjustments in relation to convertible bonds issued	12,135	217,666	-	-217,666
Deferred income tax and others	3,574	30,954	15,394	-15,560
Total adjustments	-23,495	113,794	-82,403	-196,197
Supplementary IFRS financial statements	1,367,757	9,763,998	360,982,007	351,218,009

Note: In accordance with IFRS, pre-operating expense of new branches/sub-branches should not be capitalised, while such expenses should be recorded as deferred assets and amortized under PRC accounting standards. Trading assets are valued at historical costs under PRC accounting standards, while they are valued at fair values under IFRS. Therefore, net profit in IFRS financial statements is different from the PRC GAAP bottom line.

4. Provisions for Impaired Loans under PRC and IFRS Audited Financial Statements

(Unit: RMB thousand)

	PRC GAAP audited	IFRS audited
Opening balance	2,455,193	2,455,193
Provision for the year	1,056,180	1,056,180
Write-off during the year	(120,807)	(120,807)
Closing balance	3,390,566	3,390,566

5. Supplementary Financial Data for the Three Years Ended December 31

(Unit: RMB thousand)

Item	At the end of 2003		At the end of 2002	At the end of 2001
	PRC GAAP audited	IFRS audited	PRC GAAP audited	PRC GAAP audited
Total deposits	274,644,117	274,644,117	186,735,067	104,594,455
Long-term deposits	48,328,540	48,328,540	24,332,907	11,709,306
Inter-bank borrowings	3,139,640	3,139,640	1,269,868	120,000
Total loans	201,772,909	201,772,909	128,346,279	73,564,276
Short-term loans	104,444,517	104,444,517	70,140,618	42,467,629
Import & export documentary bills	1,356,354	1,356,354	513,371	395,507
Discounted bills	21,621,964	21,621,964	25,147,868	18,469,528
Medium & long-term loans	71,708,361	71,708,361	29,711,811	10,202,531
Overdue loans	201,232	201,232	481,975	556,862
Idle loans	2,433,604	2,433,604	2,277,578	1,470,680
Dead loans	6,877	6,877	73,058	1,539

Notes: 1. In accordance with the statistical standards of deposits stipulated by the People's Bank of China, total deposits include short-term current deposits, short-term savings deposits, amounts payable on wire transfers received and temporary deposits, short-term margin deposits, long-term deposits, long-term savings deposits, long-term margin deposits and institutional deposits.

2. Long-term deposits include long-term deposits, long-term savings deposits and long-term margin deposits.

3. Total loans include short-term loans, import & export documentary bills, discounted bills, medium & long-term loans, overdue loans, idle loans and dead loans.

6. Supplement to the 2003 Income Statement

The PRC and IFRS audited EPS, along with Net ROA, are calculated according to the Standard No.9 Concerning Information Disclosure of Companies Offering Shares to the Public - Calculation and Reveal of Net ROA and EPS .

(1) PRC GAAP audited

Item	Profit during the reporting period (RMB thousand)	Net ROA (%)		EPS (RMB)	
		Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from core business operations	1,967,671	20.39	27.52	0.53	0.58
Operating profit	1,967,671	20.39	27.52	0.54	0.58
Net profit	1,391,252	14.42	19.46	0.38	0.41
Net profit after extraordinary profit/ loss	1,392,959	14.43	19.48	0.38	0.41

(2) IFRS audited

Item	Profit during the reporting period (RMB thousand)	Net ROA (%)		EPS (RMB)	
		Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from core business operations	1,906,045	19.52	24.50	0.53	0.56
Operating profit	1,906,045	19.52	24.50	0.53	0.56
Net profit	1,367,757	14.01	17.58	0.38	0.40
Net profit after extraordinary profit/ loss	1,367,757	14.01	17.58	0.38	0.40

7. Supplementary Financial Information Calculated on Year-end and Average-balance Basis for the Three Years Ended December 31

Ratio (%)	Standard value	2003		2002		2001		
		Year end	Average	Year end	Average	Year end	Average	
Capital adequacy ratio	≥ 8	8.62	7.87	8.22	8.54	10.1	12.7	
Liquidity Ratio	RMB	≥ 25	76.10	57.84	64.46	48.76	44.5	49.3
	Foreign currencies	≥ 60	107.53	156.83	36.46	46.9	266.1	203.9
Loan-to-deposit ratio	RMB	≤ 75	65.20	64.09	55.24	58.26	56.4	66.1
	Foreign currencies	≤ 85	54.16	43.75	24.9	20.34	17.2	17.9
Inter-bank lending & borrowing ratio	Borrowing ratio	≤ 4	1.18	1.11	0.45	0.74	0.1	0.2
	Lending ratio	≤ 8	5.67	5.51	5.71	8.67	6.8	5.2
International commercial borrowing ratio	≤ 100	3.70	3.10	3.72	1.41	0	0	
Non-performing loans ratio		1.29	1.60	2.04	2.51	4.25	-	
Interest recovery rate	-	97.44	95.99	95.44	94.72	98	93.7	
Loan ratio to the largest single customer	≤ 10	7.70	5.99	4.94	8.19	8.2	7.9	
Loan ratio to the top ten customers	≤ 50	49.12	50.88	49.37	61.8	61.4	48.5	

Note: Non-performing loans ratio = (substandard loans+doubtful loans+loss loans) /total outstanding loans. According to this formula, CMBC has recalculated the non-performing loans ratio of 2001.

8. Changes in Shareholders' Equity during the Reporting Period

(1). PRC GAAP audited

(Unit: RMB thousand)

Item	Opening balance	Increase during the period	Decrease during the period	Ending balance
Capital stock	2,586,721	1,038,538	-	3,625,259
Capital surplus	2,532,123	1,788,279	(258,672)	4,061,730
Surplus reserve	263,005	208,688	-	471,693
Including: welfare reserve	109,214	69,563	-	178,777
Retained earnings	984,027	1,391,252	(881,235)	1,494,044
Currency translation effect	(2,890)	368	-	(2,522)
Total shareholders' equity	6,362,986	4,427,125	(1,139,907)	9,650,204

The causes for the changes in shareholders' equity are stated as follows:

A total of 776,016,397 common shares were issued following the 2002 Profit Distribution and Capital Surplus Transferring into Share Scheme adopted at the 2002 Shareholders' Meeting that CMBC distributed 2 bonus shares and issued 1 share from the capital surplus for every 10 shares to all shareholders of the 2,586,721,322 outstanding common shares as at the end of 2002. According to

Placement Brochure, the RMB 4 billion "Minsheng Convertible Bonds" issued by CMBC started to be converted into common shares on August 27, 2003, and by the end of the reporting period, 262,521,649 shares have been converted. A total of 1,038,538,046 shares were issued from these activities, and resulted in the year-end balance of 3,625,259,368 shares.

(2) IFRS audited

(Unit: RMB thousand)

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Capital stock	2,586,721	1,038,538	-	3,625,259
Capital surplus	2,532,123	1,993,810	(258,672)	4,267,261
Surplus reserve	263,005	208,688	-	471,693
Including: statutory surplus reserve	153,791	139,125	-	292,916
Including: statutory welfare reserve	109,214	69,563	-	178,777
Retained earnings	1,011,407	1,367,757	(881,235)	1,497,929
Unrealized gain/ loss on available-for-sale securities (net of tax)	598,287		(693,909)	-95,622
Currency translation effect	-2,890	368		-2,522
Total shareholders' equity	6,988,653	4,609,16	(1,833,816)	9,763,998

1. The decrease in retained earnings was resulted from dividend distribution in 2002 and provisions for surplus reserve.
2. The drop in unrealized gain/ loss on available-for-sale securities (net of tax) was due to fair value remeasurement of available-for-sale securities.
3. The above reasons also result in changes in other items in shareholders' equity.



14-18 III. Changes in Capital Stock and Information on Shareholders

III. Changes in Capital Stock and Information on Shareholders

1. Changes in Shares and Convertible Bonds

1) Changes in Shares

The changes in shares of CMBC during the reporting period are indicated in the following table:

(Unit: Share)

	Before the change	Increase/decrease (+ , -)					After the change
		Right issue	Bonus share	Share transferred from capital surplus	Additional issuance	Share converted from convertible bonds	
(1) Unlisted shares							
a. Promoters' Shares	2,063,471,322		412,694,264	206,347,132		619,041,397	2,682,512,719
Including:							
State-owned legal person shares							
Domestic legal person shares	2,063,471,322		412,694,264	206,347,132		619,041,397	2,682,512,719
Overseas legal person shares							
Others							
b. Other legal person shares							
c. Staff shares							
d. Preference shares or others							
Total number of unlisted shares:	2,063,471,322		412,694,264	206,347,132		619,041,397	2,682,512,719
(2) Listed shares							
a. Ordinary shares in RMB	523,250,000		104,650,000	52,325,000		262,521,649	942,746,649
b. Domestic listed shares in foreign currencies							
c. Overseas listed shares in foreign currencies							
d. Others							
Total number of listed shares:	523,250,000		104,650,000	52,325,000		262,521,649	942,746,649
(3) Total number of shares:	2,586,721,322		517,344,264	258,672,132		262,521,649	3,625,259,368

Note: For the reasons of share changes, please refer to 'Article 8, Chapter II: Changes in Shareholders' Equity during the Reporting Period'.

2) Changes in Convertible Bonds

The changes are indicated in the following table:

(Unit: RMB)

	Before the change	Increase/decrease	After the change
		Conversion, repurchase, resale	
Convertible bonds	4,000,000,000	-2,029,301,000	1,970,699,000

Note: The changes were resulted from the conversion of convertible bonds' into shares starting from August 27, 2003. For further information, please refer to China Securities Journal, Shanghai Securities News and Securities Times on January 5 and 15, 2004 respectively. The above figure includes RMB 8,653 paid to bondholders for residual convertible bond value not sufficient to convert one whole share at conversion.

2. Share Issuance and Listing

1) Share issuance in the three years ended December 31, 2003

As approved by the People's Bank of China (Yin Fu [1999] No. 234) and China Securities Regulatory Commission (Zhengjian Faxing Zi [2000] No. 146), CMBC issued 350,000,000 ordinary shares at a price of RMB 11.80 per share in Shanghai Stock Exchange on November 27, 2000. After such issuance, CMBC's ordinary shares were traded in Shanghai Stock Exchange starting from December 19, 2000.

2) Total number of shares and changes in share structure during the reporting period

After the implementation of the 2002 Profit Distribution and Capital Surplus Transferring into Shares Scheme and the commencement of CMBC's convertible bonds conversion, by the end of the reporting period, CMBC had a total of 3,625,259,368 shares outstanding in which 262,521,649 shares were converted from convertible bonds. For information of the total share number and structure, please refer to the above table of Changes in Capital Stock.

3) During the reporting period, CMBC did not issue any staff shares.

3. Issuance and Listing of Convertible Bonds

As approved by China Securities Regulatory Commission (Zhengjian Faxing Zi [2000] No. 3), CMBC issued RMB 4,000,000,000 of convertible bonds on February

27, 2003 which were listed on Shanghai Stock Exchange on March 18, 2003. The Placement Brochure and Public Notice of Listing were published on February 21 and March 13, 2003 respectively on China Securities Journal, Shanghai Securities News and Securities Times.

4. Price Change of Convertible Bonds Converted into Shares

In accordance with the articles of issuance in the Placement Brochure and the requirements of convertible bonds issuance stipulated by the China Securities Regulatory Commission, after CMBC's dividend distribution of RMB 0.06 in cash and 0.2 bonus shares and a 0.1 share issue from capital surplus for each share on April 14, 2003, the strike price of CMBC's convertible bonds changed from RMB 10.11 per share to RMB 7.73 per share accordingly.

(For further information, please refer to China Securities Journal, Shanghai Securities News and Securities Times on April 8, 2003).

5. Shareholders and Convertible Bonds Holders

1) Total number of shareholders and bonds holders

By the end of the reporting period, CMBC has altogether 284,316 shareholders, including 55 domestic shareholders holding CMBC's unlisted legal person shares and 178,419 public shareholders. There are also 2,606 bondholders holding CMBC's convertible bonds.

2) Information on the top ten shareholders and the pledging status of their share interests, and the convertible bond holders

(1) Top ten shareholders and the pledging status of their share interests

(Unit: Ten Thousand Shares)

Shareholder	Shares held at the end of the reporting period	Shares held at the beginning of reporting period	Increase	Percentage to capital stock
New Hope Investment Co., Ltd.	26,824.19	20,633.99	6,190.20	7.40%
China Fanhai Holding Co., Ltd.	25,265.50	19,435.00	5,830.50	6.97%
Oriental Group Co., Ltd.	25,265.50	19,435.00	5,830.50	6.97%
China Shipowners Association for Mutual Protection	21,378.50	16,445.00	4,933.50	5.90%

China Small and Medium Enterprise Investment & Development Co., Ltd.	19,450.55	14,961.96	4,488.59	5.37%
Xiamen Fuxin Group Company	18,521.56	14,247.35	4,274.21	5.11%
ChinaCoal Power Group Company	17,491.50	13,455.00	4,036.50	4.82%
Shanghai Jiante Biotechnology Co., Ltd.	14,393.56	0.00	14,393.56	3.97%
Sichuan South Hope Industrial Co., Ltd.	12,628.86	9,714.51	2,914.35	3.48%
China Nonferrous Metal Industry's Foreign Engineering & Construction Co., Ltd.	11,891.50	11,455.00	436.50	3.28%
Total	193,111.21	139,782.81	53,328.40	53.27%

Notes: 1 Following the 2002 Profit Distribution and Capital Surplus Transferring into Share Scheme adopted at the 2002 Shareholders' Meeting, CMBC distributed 2 bonus shares and transferred 1 share from capital surplus for every 10 shares to the above shareholders.

2 On January 8, 2003, CMBC's largest shareholder, Sichuan New Hope Agriculture Co., Ltd., injected all of its 206,339,900 legal person shares into New Hope Investment Co., Ltd., which enabled New Hope Investment Co., Ltd. to hold 7.40% of CMBC's total shares and replace Sichuan New Hope Agriculture Co., Ltd. to be the largest shareholder. This transfer of shares has been published on China Securities Journal, Shanghai Securities News and Securities Times on January 10, 2003.

3 Beijing Vantone Industry Co., Ltd., the previous 9th largest shareholder of CMBC transferred its 143,935,600 shares to Shanghai Jiante Biotechnology Co., Ltd. on September 9 and November 13, 2003 respectively. China Nonferrous Metal Industry's Foreign Engineering & Construction Co., Ltd., the previous 8th largest shareholder of CMBC transferred 30,000,000 shares to Yong'an Assets Management Co., Ltd. on December 9, 2003. As a result of these share transfers, Shanghai Jiante Biotechnology Co., Ltd. became the 8th largest shareholder of CMBC.

4 Shanghai Jiante Biotechnology Co., Ltd. was established on July 12, 1999. Registered address: No.1535 Hongmei Road, Shanghai. Registered capital: RMB 30,000,000. Legal representative: Wei Wei. Business Scope: healthy food, daily necessities, cosmetics, wholesale and retail of handicrafts (except gold and silver), computer, biotechnology development, consulting, transfer and services.

5 ChinaCoal Industrial Import & Export Co., Ltd. was renamed as ChinaCoal Power Group Company in April 2003.

Categories of shares: All shares held by the top ten shareholders are unlisted legal person shares.

Connected relations: Wei Anning, the legal representative of Sichuan South Hope Industrial Co., Ltd. is a director of New Hope Investment Co., Ltd.. Connected relations are not identified between other shareholders.

There were no strategic investors or any corporations becoming CMBC's shareholders by new shares allotment, nor did CMBC have any shareholder representing the state.

Among CMBC's legal person shareholders, Anshan Pacific Industry Co., Ltd. and Guangxi Beihai Panshibao Co., Ltd. are foreign shareholders holding 9,717,500 and 6,802,250 shares respectively, if added up, represented 0.4557% of CMBC's total capital stock.

(2) Top ten holders of listed shares

Shareholder	Number of shares	Percentage to total capital stock	Share category
Penghua Industry Growth Securities Investment Fund	12,499,915	0.3448%	Listed A share
Anxin Securities Investment Fund	8,000,000	0.2207%	Listed A share
Anshun Securities Investment Fund	7,000,000	0.1931%	Listed A share
Xingye Securities Co., Ltd.	5,234,475	0.1444%	Listed A share
Hongta Securities Co., Ltd.	3,960,000	0.1092%	Listed A share
Jiujia Securities Investment Fund	3,756,959	0.1036%	Listed A share
Boshi Yufu Securities Investment Fund	3,602,098	0.0994%	Listed A share
Guangfa Jufu Open-ended Securities Investment Fund	3,212,936	0.0886%	Listed A share
Jiante Pharmaceuticals	3,044,841	0.0840%	Listed A share
Puhui Securities Investment Fund	3,000,000	0.0828%	Listed A share

(3) Top ten holders of convertible bonds

Bondholder	Bonds held (in RMB yuan)	Percentage to total issuance (%)	Bond category
Penghua Industry Growth Securities Investment Fund	211,522,000	5.29%	Convertible bonds
Zhongrong Ronghua Bond Investment Fund	106,259,000	2.66%	Convertible bonds
Rongxin Securities Investment Fund	95,851,000	2.40%	Convertible bonds
Beijing Beixin Dongfang Industrial Development Co., Ltd.	81,790,000	2.04%	Convertible bonds
Tianyuan Securities Investment Fund	80,532,000	2.01%	Convertible bonds
Kaiyuan Securities Investment Fund	80,000,000	2.00%	Convertible bonds
Beijing Xianghaihuizhan Real Estate Development Co., Ltd.	78,731,000	1.97%	Convertible bonds
Shenzhen Tianrui Industry & Commerce Co., Ltd.	71,430,000	1.79%	Convertible bonds
201 Portfolio National Social Security Fund	60,000,000	1.50%	Convertible bonds
Xing'an Securities Co., Ltd.	44,000,000	1.10%	Convertible bonds

(4) Changes in the profitability, asset condition and credit ratings of CMBC's convertible bonds guarantor.

Industrial and Commercial Bank of China (ICBC) is the guarantor of CMBC's convertible bonds. During the reporting period, ICBC's profitability, asset condition and credit ratings have no significant changes.

(5) Pledging status of share interests of the top ten shareholders

China Fanhai Holding Co., Ltd. pledged 252,655,000 CMBC shares to loans:

(Unit: Ten Thousand Shares)

Pledgee	Number of shares pledged	Term
Beijing Capital Tourism Group Co., Ltd.	25,265.50	25/12/2003 - 26/12/ 2004

Oriental Group Co., Ltd. pledged 208,445,000 CMBC shares to loans:

(Unit: Ten Thousand Shares)

Pledgee	Number of shares pledged	Term
Shenyang Branch, CITIC Industrial Bank	20,844.50	14/5/2003 - 8/1/2008

China Small and Medium Enterprise Investment & Development Co., Ltd. pledged 149,595,600 CMBC shares to loans:

(Unit: Ten Thousand Shares)

Pledgee	Number of shares pledged	Term
CITIC Industrial Bank	10,008	14/6/2001 - 30/6/2004
Heping Sub-branch, Beijing Branch, Bank of Communications	3,000	20/6/2002 - 30/6/2004
Heping Sub-branch, Beijing Branch, Bank of Communications	1,951.56	20/6/2002 - 30/6/2004
Total	14,959.56	

Note: Due to the company's equity disputes with Hong Kong Huamao Financial Service Co., Ltd., the Supreme People's Court continued to seal up the 129,104,000 CMBC shares it held from December 30, 2003 to June 30, 2004. The shares had been frozen by the Beijing Municipal High People's Court.

Xiamen Fuxin Group Company pledged 185,210,000 CMBC shares to loans:

(Unit: Ten Thousand Shares)

Pledgee	Number of shares pledged	Term
Xiamen Branch, Industrial Bank	560	8/2003 - 8/2004
Xiamen Branch, Bank of Communications	3,000	7/2003 - 7/2004
Rongji Weiye Investment Co., Ltd.	5,850	31/12/2002 - 30/4/2004
Huli Sub-branch, Xiamen Branch, the Industrial and Commercial Bank of China	1,586	7/2003 - 8/ 2004

Xiamen International Trust & Investment Co., Ltd.	1,265	12/11/2003 - 7/11/2005
Xiamen International Trust & Investment Co., Ltd.	1,000	8/2003 - 2/2005
Xiamen International Bank	1,300	27/3/2003 - 27/3/2004
Xiamen International Bank	700	9/4/2003 - 9/4/2004
Xiamen International Bank	600	8/2003 - 8/2004
Xiamen Branch, China Everbright Bank	1,040	8/2003 - 3/2004
Xiamen Branch, China Everbright Bank	860	28/8/2003 - 25/8/2004
Xiamen Branch, China Everbright Bank	760	1/9/2003 - 31/8/2004
Total	18,521	

(6) Shareholders holding 5% or more of CMBC's shares

A. New Hope Investment Co., Ltd.

Legal representative: Liu Yonghao. Date of foundation: January 2003. Core business: Venture capital, investment management, financial consultancy, technological advisory, etc. Registered capital: RMB 576,555,600. Major shareholders: Sichuan New Hope Group Co., Ltd. and Sichuan New Hope Agriculture Co., Ltd.

B. China Fanhai Holding Co., Ltd.

Legal representative: Lu Zhiqiang. Date of foundation: April 7, 1988. Core business: technology, culture and education; real estate, infrastructure and industrial investment; capital operation and assets management; hotel and property management; telecommunications, office automation, sales of building materials and equipment (excluding those specially designated by the state); economic, technological and management consulting services related with the above business. Registered capital: RMB 750,000,000. Equity structure: RMB 674,717,000 from Shandong Fanhai Group accounting for 89.96% of total equity, RMB 75,000,000 from Guangcai Investment Group making up 10% of the total and RMB 283,000 from China Electronic Engineering General Company accounting for 0.04% of the total.

C. Oriental Group Co., Ltd. (Stock Code: 600811)

Legal representative: Zhang Hongwei. Date of foundation: December 26, 1992. Date of IPO: November 9, 1993. Listing date: January 6, 1994. Core business: financial investment (commercial bank and life insurance), building material supermarket chains, e-commerce, processing and manufacturing of alloy materials, port services and real estate. Registered capital: RMB 574,086,750. Equity structure: total capital stock of 574,086,800 shares composed of 172,289,900 founders' legal person shares and 401,796,900 listed A shares.

D. China Shipowners Association for Mutual Protection

Legal representative: Wei Jiafu. Date of foundation: January 1, 1984. Core business: Protection and Indemnity Insurance, business training, marine exchange, international cooperation and consulting services. Registered capital: RMB 100,000. Equity structure: legal person of league.

E. China Small and Medium Enterprise Investment & Development Co., Ltd.

Previous name: China Township and Village Enterprise Investment & Development Co., Ltd.. Legal representative: Cao Jiren. Date of foundation: December 1992. Core business: planning, development and construction of clustered industrial zones of township and village enterprises and small & medium-sized cities and towns; real estate development and management, project fund raising, investment and technological development for township and village enterprises; warehousing, transportation, leasing and sales of products for the production and construction of township and village enterprises (excluding those specially designated by the state); sales of textiles; investment development consultancy, HR training, high-tech development and information technology services related with the core business. Registered capital: RMB 185,520,000. Equity Structure: Guodi Land Clean Co., Ltd. and Beihai Zhongfa Investment Co., Ltd. altogether hold 95.17% of its total shares and the Bank of Communications and Guizhou Township and Village Enterprise Investment Co., Ltd. hold about 4.83% of the total.

F. Xiamen Fuxin Group Company

Legal representative: Huang Xi. Date of foundation: May 2, 1995. Core business: industrial investment and research, development & manufacturing of high-tech products. Registered capital: RMB 133,000,000. Equity structure: Huang Xi and others individuals hold 96.04% of the total equity, the Trade Union of Xiamen Fuxin Group Company holds 1.96% and Shanghai Dahua Real Estate Co., Ltd. holds 2%.



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IV. Directors, Supervisors, Senior Executives and Employees

1. Directors, Supervisors and Senior Executives

1) Basic information

(Unit: Share)

Name	Gender	Age	Position	Term	Shares held at year beginning	Shares held at year end
Jing Shuping	M	85	Chairman of the Board of Directors	16/6/2003 - 16/6/2006	0	0
Zhang Hongwei	M	49	Vice Chairman of the Board of Directors	16/6/2003 - 16/6/2006	0	0
Liu Yonghao	M	52	Vice Chairman of the Board of Directors	16/6/2003 - 16/6/2006	0	0
Wang Yugui	M	52	Director	16/6/2003 - 16/6/2006	0	0
Feng Lun	M	44	Director	16/6/2003 - 16/6/2006	0	0
Li Anmin	M	59	Director	16/6/2003 - 16/6/2006	0	0
Chen Jian	M	45	Director	16/6/2003 - 16/6/2006	0	0
Huang Xi	F	41	Director	16/6/2003 - 16/6/2006	0	0
James Stent	M	58	Independent Director	16/6/2003 - 16/6/2006	0	0
Annie Wu	F	55	Independent Director	8/1/2004 - 16/6/2006	0	0
Wu Zhipan	M	47	Independent Director	16/6/2003 - 16/6/2006	0	0
Zhang Ke	M	50	Independent Director	16/6/2003 - 16/6/2006	0	0
Gao Shangquan	M	74	Independent Director	16/6/2003 - 16/6/2006	0	0
Dong Wenbiao	M	46	Director & President	16/6/2003 - 16/6/2006	0	0
Hong Qi	M	46	Director & Vice President	16/6/2003 - 16/6/2006	0	0
Lu Zhiqiang	M	52	Chairman of the Board of Supervisors	16/6/2003 - 16/6/2006	0	0
Wang Liang	M	61	Supervisor	16/6/2003 - 16/6/2006	0	0
Zhao Pinzhang	M	47	Supervisor	16/6/2003 - 16/6/2006	0	0
Gao Feng	M	60	Supervisor	16/6/2003 - 16/6/2006	0	0
Yuan Meizhen	F	47	Supervisor	16/6/2003 - 16/6/2006	0	0
Huang Dianpeng	M	51	Supervisor	16/6/2003 - 16/6/2006	1,495	1,944
Wei Anning	M	40	Supervisor	16/6/2003 - 16/6/2006	0	0
Liu Changming	M	38	Vice President	16/6/2003 - 16/6/2006	0	0
Mao Xiaofeng	M	31	Secretary to the Board of Directors	16/6/2003 - 16/6/2006	0	0
Wu Touhong	F	44	Chief Financial Officer	16/6/2003 - 16/6/2006	0	0

Notes: 1. Gao Shangquan, Wu Zhipan, James Stent, Zhang Ke and Wu Shuqing are independent directors of the Board of CMBC;

2. Gao Feng, Zhao Pinzhang and Yuan Meizhen are staff representative supervisors of CMBC;

3. Annie Wu and Hong Qi were elected as directors at the Extraordinary General Meeting on January 8, 2004. For further information, please refer to the Public Notice on the Resolution of the 1st Extraordinary General Meeting in 2004 of China Minsheng Banking Co., Ltd. published on China Securities Journal, Shanghai Securities News and Securities Times on January 9, 2004.

2) Position of directors and supervisors on the Board of CMBC in the holding companies

Name	Holding Company	Position	Term
Lu Zhiqiang	China Fanhai Holding Co., Ltd.	Chairman	May 24, 1999 up to now
Zhang Hongwei	Oriental Group Co., Ltd.	Chairman	May 2002 up to now
Liu Yonghao	New Hope Investment Co., Ltd.	Chairman	May 28, 2001 - May 28, 2004
Wang Yugui	China Shipowners Association for Mutual Protection	General Manager	1993 up to now
Wei Anning	Sichuan South Hope Industrial Co., Ltd.	Chairman	November 2002 up to now
Li Anmin	Shanxi Antai Group Co., Ltd.	Chairman	1991 up to now
Chen Jian	China Small and Medium Enterprise Investment & Development Co., Ltd.	President	2001 up to now
Huang Xi	Xiamen Fuxin Group Co., Ltd.	Chairman	September 2001 up to now
Wang Liang	Dongguan Fenggang Yantian Development Co., Ltd.	Director	June 2001 up to now
Huang Dianpeng	Anshan Liaohe Feedingstuff Group Co., Ltd.	Chairman	1996 up to now

Note: Except for Supervisor Wang Liang, all the above directors and supervisors receive remuneration from their respective companies.

3) Annual Remuneration

Following CMBC's Provisional Policies on Annual Salary of Senior Executives, the Board of Directors conducts comprehensive performance evaluation on senior executives and decides their annual salaries accordingly.

Directors excluding Dong Wenbiao and Hong Qi and supervisors excluding Gao Feng, Zhao Pinzhang and

Yuan Meizhen receive no remuneration but a fixed transportation fee of RMB 42,000 per year from CMBC.

There are altogether 8 directors, supervisors and senior executives receiving remuneration from CMBC as shown in the following table:

Total annual salary	RMB 6,430,000
Total remuneration of the top three directors	RMB 1,350,000
Total remuneration of the top three senior executives	RMB 3,090,000
Allowance of independent directors	No
Other benefits of independent directors (Four independent directors)	RMB 168,000 (fixed transportation fee) /4 persons per year
Directors and supervisors taking no remuneration or allowance from CMBC	Directors except Dong Wenbiao and Hong Qi and supervisors except Gao Feng, Zhao Pinzhang and Yuan Meizhen receive no remuneration from CMBC. Each of the directors except Dong Wenbiao and Hong Qi and the supervisors except Gao Feng, Zhao Pinzhang and Yuan Meizhen receives a fixed transportation fee of RMB 42,000 per year from CMBC.
Remuneration range	Number of persons
RMB 1,000,000-1,350,000	1
RMB 800,000-990,000	3
RMB 600,000-790,000	3
RMB 400,000-590,000	1

4) Rotation of directors, supervisors and senior executives during the reporting period

During the reporting period, CMBC re-elected its Board of Directors and Board of Supervisors. The 1st Extraordinary General Meeting of CMBC in 2003 elected the third-term Board of Directors and Board of Supervisors on June 16, 2003 and recruited some new senior executives. Lu Zhiqiang, Wang Baolin, Li Xiaodong, Chen Huiguang, Yang Xiangbo, Song Qin and Huang Diyan, all of whom were the directors of the second-term Board of Directors, Tong Zengyin, Li Jing, Hu Pingxu and Qian Liqin, all of whom were the supervisors of the second-term Board of Supervisors, Wei Shenghong, the Vice President, Gao Feng, the Secretary to the Board of Directors and Guo Yiming, the Chief Financial Officer, retired from their positions since their service contracts expired.

2. Employees

As at the end of the reporting period, there are 5,273 employees on CMBC's payroll, of whom 489 are managerial personnel, 4299 are business staff and 485 are administrative personnel. In terms of educational background, 369 hold master degrees or above, 4324 hold diplomas or bachelor degrees and 580 received lower educations. CMBC has no retired staff during the reporting period.

V. Corporate Governance

1. Summary of Corporate Governance

At the very beginning of its foundation, CMBC has formulated the Articles of Association and supporting rules and policies in accordance with the Company Law and the Commercial Bank Law, which defined the various functions of the shareholders' general meeting, the Board of Directors, the Board of Supervisors and the management, and developed a relatively sound corporate governance framework.

CMBC revised its Articles of Association subsequently in accordance with the guidelines on corporate governance issued by the China Securities Regulatory Commission. CMBC has set up four special committees under the Board of Directors, namely Strategic Development & Risk Management Committee, Audit & Connected Transactions Committee, Nomination Committee and Remuneration & Evaluation Committee, and has formulated relevant working rules. The current corporate governance policies and procedures of CMBC comply with the relevant regulatory requirement.

On June 16, 2003 CMBC held the 1st Extraordinary General Meeting of 2003 in Beijing and elected the third-term Board of Directors and Board of Supervisors by strictly complying with related regulations and the Articles of Association. The qualifications and total number of directors and supervisors have met the requirements of related regulations. New independent directors of CMBC were appointed at the Shareholders' General Meeting held on January 8, 2004. The number of the independent directors represented one third of the directors in the Board of Directors as required by the regulatory authorities.

In 2003, CMBC formulated the working procedures of the Board of Directors, the Board of Supervisors and the Shareholders' General Meeting which had been reviewed and approved by the Board of Directors, the Board of Supervisors and at the Shareholders' General Meeting respectively.

CMBC has no controlling shareholder and is totally independent in terms of personnel, assets and finance.

The followings are detailed information regarding CMBC's corporate governance status during the reporting period.

1) Shareholders and Shareholders' General Meeting

All the unlisted shares of CMBC are legal person shares. CMBC has no controlling shareholder, and its share structure is relatively diversified. The sound equity structure has ensured the equality of all shareholders and the exercise of their rights. CMBC follows strictly the Rules on Procedures of Shareholders' General Meeting in convening shareholders' general meeting. The Company makes careful preparation for the issuance of notice, preparation of documents, meeting reception and selection of meeting venue so as to ensure the attendance of shareholders and their exercise of inquiry and voting rights. All shareholders' general meetings have lawyer's position paper.

2) Directors and the Board of Directors

CMBC appoints directors in strict compliance with the rules on director qualification and recruitment procedures within the Articles of Association. The number and composition of the Board of Directors of CMBC are in line with related laws and regulations. The Board of Directors fulfills its duty carefully and makes decisions based on the Articles of Association and with the authorization of Shareholders' General Meeting, paying special attention to the protection of the interests of CMBC and all of its shareholders.

3) Supervisors and the Board of Supervisors

The qualification and election procedures of supervisors, the number and composition of the Board of Supervisors are all in compliance with the Articles of Association, laws and regulations. CMBC's Board of Supervisors has formulated the Rules on Special Inspection to examine and monitor the financial operation of CMBC. The Board of Supervisors carefully fulfills its duty as required by the Articles of Association.

4) Information Disclosure and Transparency

As required by the regulatory authorities, CMBC has formulated the Rules on Information Disclosure clarifying the internal procedures and duties of information disclosure. CMBC's information disclosure is strictly in compliance with the requirements of regulatory authorities and conforms to the principle of reliability, accuracy, timeliness and completeness so as to ensure that all shareholders have equal access to information. CMBC has drawn the Rules on Investor Relations Management and carefully dealt with letters, phone calls, visits and consultations of shareholders, which effectively protect the interests of all shareholders, especially those of small and medium investors.

2. Independent directors and their fulfillment of duties

Since the establishment, CMBC has appointed outside/independent directors in the Board of Directors. CMBC now has five independent directors, as required by the Guidelines on Appointing Independent Directors in Listed Companies of the CSRC. The independent directors perform their functions diligently, attend the Board meetings actively and play an important role.

3. Decision-making system

The supreme authority of CMBC is the Shareholders' General Meeting, taking charge of the management and supervision of the Company through the Board of Directors and the Board of Supervisors. The President is appointed by the Board of Directors and is responsible for the CMBC management and operational activities. CMBC adopts an one-tier legal person system under which no branch becomes an independent accounting unit. The branches conduct management and operational activities with the authorization of the Head Office to which the branches are responsible.

CMBC has no controlling shareholder, and its business, personnel, assets, organizations and finance are completely independent from major shareholders. CMBC has independent and integral business as well as management capacity, and its Board of Directors, Board from Supervisors and various departments operate independently.

4. Performance Evaluation and Incentives for Senior Executives

The Board of Directors has approved the Provisional Scheme on the Annual Salary of Senior Executives of CMBC and evaluates their performance by various operational indicators. It links the remuneration of senior executives with their management expertise and business performance of the Company. The clear demarcation of reward and penalty helps to stimulate the enthusiasm of senior executives. The combination of qualitative and quantitative analysis ensures the fairness and completeness of evaluations. The bonus reserving scheme during the tenure of service effectively encourages senior executives to contribute to the sustainable development of CMBC.

VI. Shareholders' General Meeting

1. Notice and Convention of General Meeting

The 2002 Annual General Meeting of CMBC was held in Beijing on February 28, 2003. Thirty-six shareholders and shareholder's proxies attended the meeting. They altogether hold 1,704,145,056 shares of CMBC, accounting for 65.9% of total capital stock. The meeting was in compliance with the Company Law and CMBC's Articles of Association.

2. Resolutions of the General Meeting and Information Disclosure

The 2002 Annual General Meeting of CMBC adopted the following resolutions: Resolution on the 2002 Report of the Board of Directors, Resolution on the 2002 Report of the Board of Supervisors, Resolution on the 2002 Financial Closing Report, Resolution on the 2002 Profit Distribution Scheme, Resolution on the 2002 Share Issue Transferring from Capital Surplus, Resolution on the 2003 Financial Budget Report, Resolution on the Amendment of Articles of Association, Resolution on the Working Procedures of the General Meeting of CMBC, Resolution on the Working Procedures of the Board of Directors of CMBC and Resolution on the Provisional Proposals Concerning the Revision of Part of the Articles of Association Amendments. These resolutions were published on China Securities Journal, Shanghai Securities News and Securities Times on March 1, 2003.

3. Election and Rotation of Directors, Supervisors and Senior Executives

During the reporting period, CMBC's Board of Directors and Board of Supervisors for the new term were elected in accordance with legal procedures. The 1st Extraordinary General Meeting of CMBC of 2003 on June 16, 2003 elected the third-term Board of Directors and Board of Supervisors. Eight directors of the 2nd term Board of Directors remained in office and five directors including James Stent, Wu Zhipan, Zhang Ke, Gao Shangquan and Huang Xi were newly elected. Three supervisors of last term remained in office and Lu Zhiqiang, Wei Anning, Gao Feng and Yuan Meizhen were elected as supervisors. The 1st Extraordinary General Meeting of 2004 added Annie Wu and Hong Qi to the Board of Directors on January 8, 2004.

The 3rd term Board of Directors appointed Dong Wenbiao as the President, Hong Qi and Liu Changming as the Vice President, Mao Xiaofeng as the Secretary to the Board of Directors and Wu Touhong as the Chief Financial Officer.

For further information, please refer to China Securities Journal, Shanghai Securities News and Securities Times for the Public Notice on the Resolution of the 1st Extraordinary General Meeting of 2003 and Public Notice on the Resolution of the 1st Session of the Third-term Board of Directors published on June 17, 2003 and the Public Notice on the Resolution of the 1st Extraordinary General Meeting of 2004 published on January 9, 2004 .

4. Convention of Extraordinary General Meeting

CMBC's 1st Extraordinary General Meeting in 2003 was held in Beijing on June 16, 2003. Thirty-one shareholders and shareholder's proxies participated in the meeting. They held together 2,381,786,778 shares of CMBC, accounting for 70.83% of total capital stock. The meeting was held in compliance with the Company Law and CMBC's Articles of Association. The meeting adopted the following resolutions: Resolution on the Business Registration of Legal Person Share Transfer and Change of Legal Person Share Title after the IPO of CMBC, Resolution on the Business Registration of Legal Person Share Transfer and Change of Legal Person Share Title By the Board of Directors Authorized by the General Meeting, Resolution on the Supplement to and Revision of the Risk Management and Connected Transaction Functions of the Special Committees of the Board of Directors in the Articles of Associations, Resolution on the Election of Directors of the Third-term Board of Directors of CMBC and the Resolution on the Election of Supervisors of the Third-term Board of Supervisors of CMBC. These resolutions were published on China Securities Journal, Shanghai Securities News and Securities Times on June 17, 2003.



28-40 VII. Report of the Board of Directors

VII. Report of the Board of Directors

1. Business Operation

1) The scope and performance of core business

CMBC's core businesses include public deposits taking, short, medium and long term loans, trusted loans, domestic and international settlement, bills discounting, issuing financial bonds; acting as an agent for issuing, cashing and underwriting government bonds, buying and selling government bonds, engaging in inter-bank borrowing, buying and selling or acting as an agent for buying and selling foreign currencies and other financial derivatives, wealth management in foreign currency, providing Letter of Credit service and guarantees, offering agent service of collection and payment and insurance, providing safe-box service and other financial services approved by the PRC regulatory authorities.

The SARS epidemic in 2003 significantly impacted the Chinese and worldwide economy. CMBC also faced unprecedented challenges and opportunities. 2003 marked the first year of CMBC's implementation of its five-year plan and witnessed its strategic business restructuring. Following the objectives set by the Board of Directors, CMBC worked hard to push forward reform and to improve management. Having overcome various difficulties, it managed to realize its business objectives. By the end of the reporting period, CMBC's total assets reached RMB 361.064 billion, up by RMB 117.402 billion or 48% over that of the previous year. Its total deposits amounted to RMB 274.816 billion, an increase of RMB 88.009 billion over that of the previous year with a growth of 47%. Its loans (including

discounted bills) totaled RMB 201.773 billion, which was RMB 73.427 billion higher than that of last year or up by 57%. Its net profit hit RMB 1.391 billion, represented a rise of RMB 519 million or 60% over last year. By the end of the reporting period, CMBC's NPL ratio (in five-category classification) stood at 1.29%, which was 0.75 percentage points lower than that at the beginning of the year and its absolute amount of NPL decreased by RMB 16.77 million to RMB 2.6 billion, realizing the objective of "double decreases". Its asset quality remained among the best in the Chinese banking sector. Initial achievements have been made in business restructuring. By the end of 2003, the ratio of outstanding loan to individuals to the total loans (excluding discounted bills) increased 8 percentage points, and the percentage of savings deposits to the total deposits rose by 2 percentage points. In 2003, CMBC extensively invested in setting up self-service banking outlets, which increased by 95% over last year. By the end of the reporting period, CMBC has set up 16 branches and 1 direct-reporting sub-branch in 17 cities nationwide, with a total of 185 banking outlets.

In September 2003, the Global Competitiveness Organization for the first time performed rating of the competitiveness of Chinese listed companies, and CMBC was ranked as the third in China. In December 2003 CMBC was awarded one of the "Most Innovative Enterprises" by the 21st Century Economic Forum. In the same year, it ranked the eighth among the top 50 listed companies at the Shanghai Stock Exchange.

(1) Income and profit from core business operations and total assets

During the reporting period, CMBC recorded income from core business operations of RMB 12,037,114,000, with profit of RMB 1,967,671,000 and total assets of RMB 361,064,410,000.

(1) Breakdown by business lines

(Unit: RMB Thousand)

Business line	Revenue
Loan	7,892,582
Inter-bank activities	1,778,060
Bond investment	2,042,780
Others	323,692
Total	12,037,114

(2) Geographical breakdown

(Unit: RMB Thousand)

Area	Core Business Income	Core Business Profit	Total Assets
Northern China	5,080,811	799,393	196,168,337
Eastern China	3,196,576	601,310	84,689,897
Southern China	2,494,904	320,932	55,238,915
Others	1,264,823	246,036	24,967,261
Total	12,037,114	1,967,671	361,064,410

Note: Others refer to other banking outlets and adjustment of some accounting items involving the whole bank or several branches and sub-branches (such as the transactions among branches).

(ii) Major products or services and their market shares

According to the Statement of Credit Revenue and Expenditure of Banks issued by the People's Bank of China in December 2003, CMBC's deposits made up 10.91% of the total deposits of 10 nationwide shareholding commercial banks, up by 0.98 percentage points from the beginning of 2003.

(iii) Comparison of core business or its structure of the reporting period with those of the previous period

We operate in the business scopes approved by the regulatory authorities. The major income sources of CMBC are loans, inter bank lending, bond investment, settlement and agency services. During the reporting period, no other business with significant impact on CMBC's profit was reported. Compared with the previous period, there were no significant changes in the core business structure of CMBC.

2) Business performance of China UnionPay Co., Ltd., a CMBC investment

In compliance with the Reply on the Preparation for the Establishment of China UnionPay Co., Ltd." (Yin Fu [2001] No.234) made by the People's Bank of China, CMBC was approved to invest RMB 50 million in China UnionPay Co., Ltd., accounting for 3.03% of the company's registered capital. Since its establishment in March 2003, the company has been developing rapidly. However, being a new company, it suffered a minor loss in 2003. With the progress of bank networking and improvement of business environment, the cross-bank transactions of bankcards may grow steadily and the financial position of the company may keep improving accordingly.

3) Major Customers

By the end of the reporting period, total loans to our ten largest customers amounted to RMB 6,520,711,700, making up 3.32% of our total outstanding loans.

4) Operational problems and solutions

The followings were the operational problems existing in the reporting period: the SARS epidemic in the first half of 2003 once impacted the normal business operation of CMBC; in the third quarter, the People's Bank of China raised the deposit reserve rate of commercial banks by 1 percentage point which caused the interest rate of money market fluctuate dramatically; our capital base could not keep up with the business development to a larger extent and business structure needed to be improved. In response to these various factors, CMBC adopted the following measures to maintain its rapid growth of various business on one hand and implement business restructuring strategies and improve management efficiency on the other:

(1) Strengthened both the assets and liabilities business; expanding the marketing efforts for assets business; increasing loans while improving the deposits base; maintaining the growth of core business.

(2) Consolidated the marketing of different departments, the Head Office, branches and sub-branches. The vertically connected marketing between the Head Office and branches and the horizontally connected marketing among the three major business departments were achieved. CMBC designed and launched various nationwide marketing and promotional activities such as the Apex Asset Management campaign.

(3) Strengthened product innovation. We launched a series of new products including forfeiting, corporate financial innovation plan, Minsheng Home1+3, mobile mortgage and Minsheng VIP Card which met various customer needs and greatly fueled business development.

(4) As a listed bank, CMBC is the first one to successfully issue RMB 4 billion of convertible bonds and achieve satisfying share transferring results, which has effectively supplemented our capital.

(5) Improved the class system of sub-branches; initiated the development strategy of customer managers; encouraged the business potential of customer managers; enhanced the management of branches and sub-branches; further improved the profitability of various business units.

(6) Improved the credit assessment system. The Head Office stationed special credit officers to key branches and departments. The computerized data base of bulk credit assets and the credit of national group company customers were established and the management of bulk credit assets was further strengthened.

(7) Accelerated the construction of the "Eight Systems". CMBC cooperated with well-known international consulting firms to speed up the development of management accounting, human resource management, customer relationship management and risk management systems up to international best practices, laying down foundation for the improvement of overall management capacity.

(8) Coped with the SARS epidemic actively. After the outbreak of the SARS epidemic, we set up special working groups at all levels to balance the prevention and control of SARS and the development of business. The top management paid visits to the infected areas and examined the business operation. In the period when SARS prevailed, all the outlets of CMBC operated normally and a large number of customer business were conducted via on-line banking, which met the needs of customers.

2. Investment

1) Usage of funds raised

As approved by China Securities Regulatory Commission (Zhengjian Faxing Zi [2003] No.13), on February 27, 2003, CMBC issued 40,000,000 convertible bonds, with a par value of RMB 100 for each bond and a total value of RMB 4 billion. After deducting the issuance service charge, we actually raised RMB 3.939 billion which was transferred into the designated account on March 6, 2003 and verified by PricewaterhouseCoopers [2003]No.32 Report of PricewaterhouseCoopers Zhong Tian CPAs Limited Company. Prior to conversion into ordinary shares, CMBC's convertible bonds fall into the category of medium and long-term liabilities. By the end of the reporting period, the funds raised by issuing convertible bonds have been completely put into use in accordance with the Placement Brochure and sound results have achieved the expectation.

(1) CMBC's convertible bonds commenced conversion into ordinary shares on August 27, 2003. By the end of the reporting period, "Minsheng Convertible Bonds", with a par value of RMB 2,029,000,000 have converted into "Minsheng Bank" stocks, strengthening the capital base.

(2) The residual fund was lent to small and medium enterprises in leading industries or with leading projects and was put into the money market and government bonds market.

2) Important investment with funds raised by ways other than IPO and issuance of convertible bonds

During the reporting period, there was no major investment with funds raised by ways other than IPO and issuance of convertible bonds.

3. Financial and Operational Highlights

1) Changes of key financial indicators and the main reasons

The table below shows the changes of key financial indicators compared with those of last year and the main reasons:

(Unit: RMB Thousand)

Key financial indicators	Closing amount	Increase/decrease percentage	Main reasons
Total assets	361,064,410	48%	Increase of loans, due from banks and inter-bank lending
Total liabilities	351,414,206	48%	Rapid growth of deposits and inter-bank borrowings
Including: Long-term liabilities	50,410,483	107%	Increase of long-term deposits and long-term savings deposits
Shareholders' equity	9,650,204	52%	Conversion of convertible bonds into shares and retained profit
Profit from core business operations	1,967,671	62%	Business expansion
Net profit	1,391,252	60%	Business expansion
Net Changes of cash and cash equivalents	(1,517,472)	-106%	Business expansion

2) Items with an increase/decrease percentage of more than 30% in the comparative financial statements

(Unit: RMB Thousand)

Key financial indicators	Closing amount	Increase/decrease percentage	Main reasons
Cash and bank deposits	1,066,223	96%	Increase in excess reserves
Due from banks	28,396,142	45%	Increase in due from banks
Inter-bank lending	5,137,022	55%	Increase in Inter-bank lending
Short-term loans	104,444,517	49%	Growth in loans
Documentary bills	1,356,354	164%	Growth in documentary bills
Interest receivable	1,233,408	74%	Increase in interest receivable
Other accounts receivable	297,728	50%	Increase in other accounts receivable
Short-term investment	793,099	-84%	Decrease in short-term investment
Long-term bond investment due within one year	3,522,318	72%	Increase in long-term bond investment due within a year
Medium & long-term loans	71,708,361	141%	Increase in medium & long-term loans
Overdue loans	201,232	-58%	Decrease in overdue loans
Idle loans	2,433,604	7%	Increase in idle loans
Dead loans	6,877	-91%	Dead loan recovery and write-off
Less: provisions for impaired loans	3,390,566	38%	Increase in provisions
Long-term bond investment	60,805,593	125%	Increase in long-term bond investment
Less: accumulated depreciation	460,775	31%	Increase in fixed assets
Construction-in-progress	1,306,036	68%	Increase in construction-in-progress
Total long-term assets	134,717,768	128%	Increase in long-term assets
Intangible assets	34,756	447%	Increase in intangible assets and relatively small base in last year
Long-term prepaid expenses	364,581	39%	Increase in long-term prepaid expenses
Foreclosed assets to be disposed	322,564	39%	Increase in foreclosed assets to be disposed
Total intangible and other assets	721,901	44%	Increase in intangible and other assets
Total assets	361,064,410	48%	Growth of assets
Short-term deposits	177,625,671	32%	Deposits expansion
Short-term savings deposits	23,580,519	88%	Savings deposits growth

2003 CMBC

Fiscal deposits	4,421,935	173%	Increase in fiscal deposits
Inter-bank borrowings	3,139,640	147%	Increase in inter-bank borrowings
Securities sold under repurchase agreements	23,780,348	165%	Increase in securities sold under repurchase agreements
Outward remittance	782,664	44%	Increase in outward remittance
Inward remittance & temporary deposits	711,137	-50%	Decrease in inward remittance & temporary deposits
Short-term margin deposits	20,148,514	69%	Increase in short-term margin deposits
Interest payable	1,102,758	53%	Increase in deposit interest payable
Salary payable	199,160	144%	Increase in staff
Staff welfare payable	39,692	174%	Increase in staff
Tax payable	396,671	58%	Increase in tax payable
Other accounts payable	746,920	-67%	Decrease of other accounts payable
Dividend payable	732	233%	Increase in dividend payable
Total liquid liabilities	301,003,723	41%	Increase in liquid liabilities
Long-term deposits	46,185,897	99%	Growth in long-term deposits
Long-term savings deposits	1,918,648	83%	Growth in long-term savings deposits
Long-term margin deposits	223,995	392%	Increase in long-term margin deposits
Total long-term liabilities	50,410,483	107%	Increase in long-term liabilities
Total liabilities	351,414,206	48%	Increase in liabilities
Capital stock	3,625,259	40%	Transferred share and granted dividends in 2003
Capital surplus	4,061,730	60%	Conversion of convertible bonds into shares
Retained earnings	1,494,044	52%	Increase in profit
Total shareholders' equity	9,650,204	52%	Increase in shareholders' equity
Total liabilities and shareholders' equity	361,064,410	48%	Increase in liabilities and shareholders' equity
Operating income	12,037,114	67%	Increase in operating income
Interest income	7,892,582	71%	Increase in interest income
Income from other financial institutions	1,778,060	46%	Increase in inter-bank business
Fees	137,394	53%	Expansion of intermediary business
Foreign exchange gain	134,862	111%	Increase in foreign exchange gain
Return on investment	2,042,780	72%	Growth of investment in securities
Other operating income	51,436	74%	Increase in other operating income
Operating expenses	9,617,890	69%	Increase in operating expenses
Interest expenses	3,623,713	67%	Increase in interest expenses
Expenses to other financial institutions	1,834,009	103%	Increase in inter-bank business
Service charge expenses	99,019	356%	Expansion of intermediary business
Operating expense	2,999,692	48%	Expansion of business and increase of staff
Other operating expenses	1,061,457	86%	Increase in other operating expenses
Business tax and surcharges	451,553	45%	Increase in business tax
Operating profit	1,967,671	62%	Increase in operating profit
Plus: Non-operating income	9,229	-34%	Decrease in non-operating income
Less: Non-operating expenses	35,786	244%	Increase in non-operating expenses
Profit before taxation	1,941,114	59%	Increase in profit before taxation
Less: income tax	549,862	58%	Increase in income tax
Net profit	1,391,252	60%	Increase in net profit

4. Business Operation

1) Information on CMBC's operational units

CMBC's operational units at the end of the reporting period are as follows:

Operational unit	Number of Subordinate units	Number of employees	Total assets(RMB Million)	Address
Head Office		389	24,933	No. 4, Zhengyi Road, Dongcheng District, Beijing
Beijing Administration Department (Branch)	34	819	92,587	A 3, Fuxing Road, Haidian District, Beijing
Shanghai Branch	25	788	66,039	No. 48, Weihai Road, Shanghai
Guangzhou Branch	15	483	28,545	Mayor's Tower, No. 189, North Tianhe Road, Guangzhou
Shenzhen Branch	20	621	35,974	Tower B, Jiahe Huaqiang Mansion Middle Shennan Road, Shenzhen
Wuhan Branch	14	360	16,389	No. 20, Jiangnan Road, Hankou, Wuhan
Dalian Branch	7	160	6,733	No. 28, Yan'an Road, Zhongshan District, Dalian
Nanjing Branch	9	208	13,423	No. 26, North Zhongshan Road, Nanjing
Hangzhou Branch	10	241	14,575	No. 25, Qingchun Road, Hangzhou
Chongqing Branch	7	175	9,798	No. 18, Minzu Road, Yuzhong District, Chongqing
Xi'an Branch	6	124	5,495	No.78, South 2nd Ring Road, Xi'an
Fuzhou Branch	7	131	6,725	No. 173, Hudong Road, Fuzhou
Jinan Branch	6	141	6,969	No. 229, Luoyuan Street, Jinan
Taiyuan Branch	10	225	15,768	No. 188, Wuyi Road, Taiyuan
Shijiazhuang Branch	8	226	8,624	No. 10, Xi Street, Shijiazhuang
Ningbo Branch	1	61	3,459	No. 166-168, Zhongshan West Street, Ningbo
Chengdu Branch	2	65	3,631	No. 22, Second Section, Middle Renmin Road, Chengdu
Shantou Sub-branch	4	56	1,397	1/F, Binhai Tower, South Huashan Road, Shantou
Total	185	5,273	361,064	

Note: Subordinate units include business departments of branches, sub-branches and banking outlets.

2) Five-category classification of credit assets and provisioning percentage of impaired loans

The following table shows the five-category classification of CMBC's credit assets and the provisioning percentage of impaired loans.

	(Unit: RMB Ten Thousand)					
	Loans(excluding discounted bills)	Discount of commercial bills	Overdue loans to banks and financial institutions	Total	Provisioning percentage	Standard provisioning percentage guided by regulatory authorities
Normal	17,458,347	158,784		17,617,131	1%	1%
Special mention	296,744			296,744	5%	2%
Substandard	86,941			86,941	25%	25%
Doubtful	118,432	9,550		127,982	50%	50%
Loss	54,631	7,344		61,975	100%	100%
Total	18,015,095	158,784		16,894	18,190,773	

At the end of the year, CMBC analyzed the recoverability of all credit assets, estimated the possible losses and made provisions for impaired loans. The provisions for impaired loans were drawn proportionally on the basis of loan classifications as well as repayment abilities of debtors, retrievals of principal & interest, fair values of mortgage or collaterals, support from guarantors and CMBC's internal credit assessment. At the end of the reporting period, the balance of provision for impaired loans amounted to RMB 3,390,570,000 (including RMB 32,260,000 provision for foreclosed assets impairment).

3) Top ten debtors

At the end of the reporting period, CMBC's ten largest single borrowers include: Guangdong Nortel Telecommunications Equipment Co., Ltd., Huizhou Investment Management Corporation, Chongqing Urban Construction Investment Corporation, Shanghai Zhabei State-owned Assets Investment Corporation, North China Power Group Corporation, Suzhou Urban Construction Investment & Development Co., Ltd., China Petroleum & Chemical Corporation, Beijing Communication Corporation of China Netcom, CITIC Shenzhen (Group) Corporation, Tangshan Steel Co., Ltd.

4) Provisions for interest receivable and other accounts receivable

At the end of the reporting period, CMBC's balance of provision for interest receivable and other accounts receivable was RMB 2,318,000.

5) Interest-subsidized loan

By the end of the reporting period, no interest-subsidized loan has been extended by CMBC.

6) Loan restructuring

At the end of the reporting period, the balance of restructured loans was RMB 2,006,820,000, with RMB 650,430,000 being overdue.

7) Average balances and interest rates of major types of loans and deposits

	Average balance (in RMB 100 million)	Average annual interest rate
Short-term loans	834	5.02%
Medium and long-term loans	505	5.28%
Corporate deposits	1921	1.75%
Savings deposits	170	1.22%

8) Treasury bonds with significant values

At the end of the reporting period, CMBC held the following treasury bonds with significant values:

Type of treasury bonds	Par value	Annual interest rate (%)	Maturity date
01 treasury bond 02	79,000	2.88%	20/4/2004
01 treasury bond 04	179,000	4.69%	6/6/2016
01 treasury bond 06	55,000	3.36%	13/7/2006
02 treasury bond 05	170,000	2.90%	24/5/2032
02 treasury bond 15	115,659.80	2.93%	6/12/2009
03 treasury bond 01	201,000	2.66%	19/2/2010
03 treasury bond 02	265,000	2.80%	9/4/2013
03 treasury bond 04	175,000	2.45%	24/2/2008
03 treasury bond 09	90,000	4.18%	24/10/2018
96 treasury bond 6	140,914.20	11.83%	14/6/2006
98 special treasury bond	98,288	6.80%	18/5/2005
Total	1,568,862		

(Unit: RMB Ten Thousand)

9) Off-balance-sheet items with potential significant influence on CMBC's financial condition and results of operations

At the end of the reporting period, the balances of major off-balance-sheet items were as follows:

(Unit: RMB Thousand)

	At the end of the reporting period	At the end of 2002
Undrawn credit commitments	106,634,318	56,183,812
Acceptance bills outstanding	28,763,337	18,040,365
Letters of credit from abroad	3,335,896	1,377,504
Letters of guarantee issued	2,713,942	1,901,421
Leasing commitments	1,413,641	1,135,784
Letters of credit issued	5,831,470	3,016,867
Entrusted loans	6,181,578	2,822,373
Interest receivable	681,317	489,629

Note: Leasing commitments represent rentals payable by CMBC on leased office premises and equipment for business purpose, generally within 5 to 10 years.

10) Overdue liabilities

There were no overdue liabilities at the end of the reporting period.

11) Non-performing loans and our responses

During the reporting period, we strengthened the monitoring and working-out of non-performing assets and good results have been achieved. In light of the five-category classification method, CMBC's outstanding non-performing loan at the end of the reporting period stood at RMB 2.6 billion, with a NPL ratio of 1.29%.

To cope with the NPL, we adopted the following measures during the reporting period:

(1) Optimized the structure of credit assets. We increased the proportion of loans extended to the customers in leading industries and enhanced the credit lines to small and medium enterprises.

(2) Enhanced the independent credit assessment mechanism. We established three "Regional Credit Assessment Centers" and developed an evaluation and monitoring system for the independent credit assessment centers and the responsible staff. A standard credit assessment system has come into shape.

(3) Improved the internal control and organizational structure of credit assessment system. We set up the

assets monitoring department and strengthened risk control and early alert of credit assets. We developed a complete risk control mechanism featured by risks identification through independent assessment, early alert through assets monitoring and risks mitigation through asset management.

(4) Built a professional team for credit assessment risk management which laid down the foundation for sound credit risk management of credit lines.

12) Risks with potential significant impact and our responses

To address all potential risks effectively, we will make improvements in the following aspects:

(1) Credit risk: i. Continue to implement and improve the independent credit assessment system and optimizing the assessment and approval procedure; ii. To strengthen the early alert system of credit assets and improve the credit monitoring; iii. To readjust credit asset structure while emphasizing profit and quality; iv. To improve management of connected transactions and group credit granting; v. To enhance information system for credit management and improve risk management efficiency through technology.

(2) Market risk: In an environment where interest rates are more market-driven, especially with the increasing level of market orientation in interest rates of foreign

currencies and loans, we strengthened analysis and research on interest rate policy, enhanced management of assets and liabilities and established an early alert system.

(3) **Accounting risk:** Counter accounting risk is one of the main risks faced by banks. We have spent a large sum of money on the training of accounting staff and optimizing accounting system. We have established the advanced electronic seal identification system and a strong post-event monitoring system to carry out the prevention both manually and technically.

(4) **Computer risk:** We established the hot and remote backup system in Beijing and Shenzhen to cope with potential computer disasters. It also made encipherment protections for existing computer systems and has set up a solid firewall.

13) An integral, rational and effective internal control system

Since its establishment, we have gradually established and kept improving the internal control system in compliance with the Commercial Bank Law, Rules of Punishment on Financial Violations and the Guiding Principles on Improving Internal Control of Financial Institutions. The current internal control system of CMBC is fairly integral, rational and effective and is of great help to improve the one-tier legal person system and financial risk control.

The auditors' reports of PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers China Limited did not indicate any major deficiency in the completeness, rationality and effectiveness of CMBC's internal control system.

5. Changes in Business Environment, Macro Policies and Their Impact

The Notice on Cutting Business Tax of the Finance and Insurance Industry (Caishui [2001] No.21) issued by the Ministry of Finance and the State Administration of Taxation stipulated that the business tax rate of the banking and insurance industry would be cut from 8%

to 5% within three years from 2001. During the reporting period, the business tax rate of CMBC dropped by 1 percentage point over last year, and the business tax reduced by RMB 82.10 million and contributed an increase to profit after-tax by RMB 55 million.

From December 2002 to July 2003 when the SARS epidemic prevailed, CMBC appropriated more than RMB 20 million to cope with the effects, and contributed an decrease to profit after-tax by RMB 13.40 million.

Since July 1, 2003, CMBC adopted the revised Accounting Standards for Enterprises: Events Occurring After the Balance Sheet Date. Prior to the introduction of the revised Standards, cash dividend was transferred from shareholders' equity account recognized as liabilities when the Board of Directors formulated the dividend distribution scheme. Retrospective adjustment has been made due to changes in accounting policies resulting from adopting new Standards after July 1, 2003. For details please refer to Note 5-41.

In June 2003, the People's Bank of China issued the Notice on Further Strengthening the Management of Real Estate Credit (Yin Fa [2003] No.121) to refine the residential mortgage loan business of commercial banks. The policy will help improving the real estate market order and facilitating CMBC's efforts to control mortgage loan risks. Since CMBC has always been very prudent on mortgage loans, the Notice may not create negative impact on our business development.

In August 2003, the People's Bank of China, with the approval of the State Council, issued the Notice on Raising the Deposit Reserve Rate which stated that from September 21, 2003 the statutory deposit reserve rate would be raised by 1 percentage point, i.e. the statutory reserve rate would increase from 6% to 7%, and the money multiplier and short-term money supply would be tightened. The expectation of financial institutions drove the market interest rate to a higher level, which adversely affected the liquidity and operating costs of commercial banks. However, CMBC managed to minimize the influence through strengthening fund management and raising revenue.

On December 10, 2003 the People's Bank of China issued the Notice on Expanding the Floating Range of Loan Interest Rate of Financial Institutions, stipulating that from January 1, 2004, interest rates chargeable on RMB loans by commercial banks can be up to 70% higher or 10% lower than the corresponding PBOC benchmark rates, the interest rate of 5-year or above loan could be decided by financial institutions independently. From December 21, 2003 the interest rate of excess reserve deposited in the Central Bank would drop to 1.62% and the interest rate of inter-bank deposits should not exceed that of excess reserve deposit. This new policy will help commercial banks to improve asset utilization efficiency, expand interest rate spread and increase profits.

The newly founded China Banking Regulatory Commission issued the Notice on Incorporating Subordinated Debt into Tier 2 Capital, providing new channels for commercial banks to recapitalize and would help promote their healthy development.

6. The Auditors' Opinions

The 2003 PRC financial statements of CMBC were audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company. The certified public accountants of the company signed and produced the PricewaterhouseCoopers (2004) No. 656 standard unqualified auditors' report. According to the International Standards of Auditing, PricewaterhouseCoopers China Limited audited CMBC's 2003 supplementary financial statements, which were prepared in accordance with the IFRS, and Pricewaterhouse Coopers China Limited issued a standard unqualified auditors' report.

7. Measures to be Taken in the Next Fiscal Year

In 2004 CMBC will be committed to implement the resolutions of the Board of Directors and the five-year plan. Following the principle of "development, excellence and characteristic", we will implement the digitalization and internationalization strategies, restructure the organization and business processes, maintain rapid and healthy growth, improve the Minsheng brand image and become a qualified player in the international market.

1) Focusing on development and maintaining healthy and rapid business growth. CMBC will focus on corporate and retail business to further promote business expansion, while accelerating the consolidation of customer base. The retail business will take debit card, self-service bank and housing mortgage as three breakthroughs and implement such four projects as building one institution, one professional team, one business process and one incentive system, to deepen the structural adjustment.

2) Stick on institutional innovation and restructuring organization. CMBC will reform the current performance evaluation system, improve and innovate the incentive system. It will reorganize the business departments to meet the requirement of marketization and modern enterprise. It will restructure the risk management system and shift the focus of credit assessment management from administrative management to technical management, from authority management to responsibility management and from routine work to an all-round level.

3) Controlling risk and strengthening internal management. CMBC has made every effort to establish the independent internal control and internal audit system, appointed a chief Auditor and built the North China, East China and South China Auditing Centers. We dispatches audit inspectors to key branches to work independently with the purpose of maintaining sound operation throughout CMBC.

4) Building up a digital platform and implementing the digital management strategy. CMBC will continue to invest in technological upgrading. We will complete the construction of the "Eight Systems" and achieve the management transformation. We will formulate clear working schemes, clarify personal responsibility and ensure the full operation before the end of 2004.

5) Accelerating HR recruitment and training plan. CMBC will recruit more professionals with expertise from international banks, continue to send selected

managerial personnel to study the advanced banking management abroad, conduct targeted operation training programs, improve the overall quality of staff and raise their value.

6) Trying to make the overseas listing a success and become a qualified competitor in the international market. CMBC will make full preparation for the IPO in Hong Kong and take this opportunity to push forward the internationalization strategy, improve its corporate governance, business structure, profitability, management, as well as its credibility in the market and reputation in the world.

8. Routine Work of the Board of Directors

1) Meetings had been conducted and resolutions have been passed by the Board of Directors during the reporting period

(1) The 14th meeting of the second term Board of Directors of CMBC was held in Beijing from January 24 to 25, 2003. Fifteen directors and proxies of directors participated in the meeting, which complied with the Company Law and the Articles of Association. The Meeting reviewed and adopted the following resolutions: Resolution on the 2002 Final Accounts of CMBC (Draft), Resolution on the 2003 Financial Budget Report of CMBC (Draft), Proposal of 2002 Profit Distribution and Capital Surplus Transferring into Shares of CMBC (Draft), Resolution on the 2002 Annual Report Text and Abstract of CMBC, Resolution on the 2002 President's Work Report of CMBC (Draft), Resolution on the 2002 Work Report of the Board of Directors of CMBC (Draft), Resolution on the Revision of the Articles of Association (Amendment) of CMBC, Working Procedures of the General Meeting of CMBC, Working Procedures of the Board of Directors of CMBC, Working Rules for the President of CMBC, Resolution on the Preparation for Establishing the Nominating Committee under the Board of Directors of CMBC and Resolution on the Election of the Next-term Board of Directors and the Invitation for Director, Shareholder and Supervisor Candidates.

(2) On April 15, 2003, CMBC held the 15th meeting of the Board of Directors in Shanghai. Fifteen directors and agent directors presented, which was in compliance with the Company Law and the Articles of Association. The meeting reviewed and approved the following resolutions: Resolution on the First Quarter Report in 2003 of CMBC, Resolution on Proposing the General Meeting to Vote for Legal Person Shares Transfer and Legal Person Shareholder's Name Change, Resolution on Proposing the General Meeting to Authorize the Board of Directors to Proceed with the Business Alternation Registration Caused by the Legal Person Shares Transfer and Legal Person Shareholder's Name Change, Resolution on the Supplement to and Revision of Risk Management and Connected Transaction Functions of the Special Committees of the Board of Directors in the Articles of Associations, Resolution on the Establishment of Tianjin and Kunming Branches in 2003, Resolution on the Number of Directors and Supervisors of the Third Board of Directors and Board of Supervisors of CMBC, Resolution on Holding Competitive Elections for the Third Board of Directors and Board of Supervisors of CMBC, Resolution on Proposing the List of Director Candidates for the Third Board of Directors of CMBC, Resolution on Proposing the List of Supervisor Candidates for the Third Term Board of Supervisors of CMBC and Resolution on the Convention of the 1st Extraordinary General Meeting in 2003.

(3) On June 16, 2003, CMBC held the 1st meeting of the third term Board of Directors in Beijing. Twelve directors and proxies of directors joined the meeting, which was in compliance with the Company Law and the Articles of Association. The meeting reviewed and approved the following resolutions: Resolution on Electing the Chairman and Vice Chairman of the Third Term Board of Directors, Resolution on Nominating and Appointing the President of CMBC by the Chairman of the Board of Directors, Resolution on Nominating and Appointing the Vice President of CMBC by President Dong Wenbiao, Resolution on Nominating and Appointing the Secretary to the Board of Directors by the Chairman of the Board of Directors and Resolution on Nominating and Appointing the Chief Financial Officer of CMBC by the Chairman of the Board of Directors.

(4) On July 12, 2003, CMBC held the 2nd meeting of the third term Board of Directors in Beijing which was attended by 13 directors and proxies of directors, complying with the Company Law and the Articles of Association. The meeting reviewed and approved the following resolutions: Resolution on the 2003 Intrim Report (Text) and Abstract of CMBC, Resolution on the Establishment of Special Committees of the Board of Directors of CMBC, Working Rules for the Special Committees of the Board of Directors of CMBC, Resolution on the Five-year Development Plan of CMBC, Resolution on the Financial Management Rules of CMBC (Amendment), Resolution on Establishing and Authorizing the Financing Department to Engage in Issues Related with Raising Capital, Resolution on Appointing Accounting Firms, Resolution on Purchasing Office Buildings for Wuhan and Taiyuan Branches, Resolution on Setting Up the Asset Risk Monitoring Department and the Hong Kong Product R&D Center of CMBC and Resolution on Writing-off Bad Loans.

(5) On October 21, 2003, CMBC held the 3rd meeting of the third term Board of Directors by the means of telecommunication. Thirteen directors (voted via telephone) participated in the meeting, which was in compliance with the Company Law and the Articles of Association. The meeting reviewed and adopted the Third Quarter Report in 2003 of CMBC and the Rules on Investor Relations Management of CMBC.

(6) On December 5, 2003, CMBC held the 4th meeting of the third term Board of Directors in Beijing. Thirteen directors and proxies of directors attended the meeting, confirming to the Company Law and the Articles of Association. The meeting reviewed and adopted the following resolutions: Resolution on the IPO and Listing Plan of H shares, Resolution on Submitting the Report of Applying for the IPO and Listing of H Shares to Domestic and Overseas Regulatory Authorities, Resolution on the Feasibility Analysis of the Usage and Investment of Funds Raised by IPO of H Shares, Resolution on the Explanation of the Usage of Funds Raised Last Time, Resolution on Revising the Articles of Association and the Amendment, Resolution on Appointing Independent Directors, Resolution on Appointing Managing Directors, Resolution on Proposing the Extraordinary General Meeting to Authorize the

Board of Directors to Address Issues Concerning the IPO and Listing of H Shares, Resolution on Proposing the Board of Directors to Authorize Relevant Personnel to Address Issues Concerning the H Share IPO, Resolution on Proposing the Board of Directors to Pass the Validing Periode of the Resolution on H Share IPO, Resolution on the Remuneration System of Directors and Supervisors (Draft), Resolution on the Provisional Annual Salary System of Senior Executive, Resolution on the Provisional Rules for the Dismissal of Senior Executives, Resolution on the Provisional Rules for the Dismissal of Staff of CMBC, Resolution on the Replacement of Major Executives of Shenzhen and Hangzhou Branches of CMBC, Resolution on Purchasing the Second Phase and Extension of Zhongshang Tower and Resolution on the Convention of the 1st Extraordinary General Meeting in 2004.

2) The implementation of resolutions of the General Meeting by the Board of Directors

Following the Resolution on Profit Distribution and Capital Surplus Transferring into Share in 2002 adopted at the 2002 General Meeting, CMBC took the 2,586,721,322 shares of capital at the end of 2002 as the base to issue 2 bonus shares from dividend and 1 share from capital surplus and distribute RMB 0.60 (including tax) dividend for every 10 shares to all shareholders. The date of right registration was April 11, 2003, the ex-rights and ex-dividend date was April 14, 2003, the listing date of newly issued negotiable shares was April 15, 2003 and the dividend payment date was April 18, 2003. The public notice was published on China Securities Journal, Shanghai Securities News and Securities Times on April 8, 2003. The distribution schemes of bonus shares and dividend have been implemented on April 14 and 18, 2003 respectively.

9. Proposal of Profit Distribution and Proposal of Increasing Shares Transferred from Capital Surplus

According to the Q&A No.4 Concerning Disclosure Standards for Companies Offering Shares to the Public - Differences in Domestic & International Auditing Results for Financial Companies and Profit Distribution Benchmark (Zheng jian Kuaiji Zi [2001] No. 58), statutory surplus reserve and statutory welfare reserve should be appropriated on the basis of domestic audited net profit, and dividend should be allotted on the basis of the smaller amount of the profit distributable audited by domestic and international respectively.

CMBC's 2003 PRC audited profit after taxation is RMB 1,391,252,000 and the IFRS audited number is RMB 1,367,757,000. In accordance with the policy of Dividend Distribution and Capital Surplus Transferring into Shares in 2003 described in the Resolution on the IPO and Listing Plan of H shares adopted at the 4th meeting of the third term Board of Directors, CMBC put forward the following proposals for profit distribution for 2003 fiscal year: 10% of the PRC audited net profit after tax, or RMB 139,125,000 were appropriated to statutory surplus reserve; 5% of the PRC audited net profit after tax, or RMB 69,563,000 were allocated to the statutory welfare reserve; the PRC audited profit distributable to shareholders with RMB 1,494,044,000 and the IFRS audited RMB 1,497,929,000 were allocated in accordance with the "smaller amount" policy. In light of the Zhengjian Kuaiji Zi [2001] No. 58 document by China Securities Regulatory Commission, CMBC used the domestic audited profit distributable to shareholders, took the total capital stock as the basis to issue 2 bonus shares from dividend, distributed RMB 1.2 (before-tax) and issued 1.5 shares from capital surplus for every 10 shares. Since the convertible bonds issued by CMBC (Minsheng Convertible Bonds) started converting into ordinary shares from August 27, 2003, CMBC's capital stock kept changing. After the Proposal of Profit Distribution and Proposal of Issue Shares Transferred from Capital Surplus was approved by the 2003 Shareholders' Meeting, CMBC would issue public

notices on the total capital stocks basis related with the distribution of bonus shares, shares issued from capital surplus and cash dividend, and the amount of residual, retained earnings, shares to be transferred, capital surplus and the total capital stock following the implementation of the distribution proposal.

The above Proposal of Profit Distribution and Proposal of Issue Shares from Capital Surplus must be implemented within two months following the review and approval of the 2003 General Meeting.



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VIII. Report of the Board of Supervisors

1. Meetings of the Board of Supervisors

1) On January 25, 2003, the 10th meeting of the third Board of Supervisors was held in Beijing. With six supervisors present and one absent, the meeting was legal and valid. The meeting reviewed and approved the Review of the 2002 Annual Report (Text) and Abstract of CMBC and the Review of the 2002 Working Report of the Board of Supervisors of CMBC (Draft).

2) On June 16, 2003, the Extraordinary General Meeting elected the third term Board of Supervisors and 4 shareholder representative supervisors, i.e. Lu Zhiqiang, Wei Anning, Wang Liang and Huang Dianpeng. The Trade Union of CMBC elected 3 staff representative supervisors: Gao Feng, Zhao Pinzhang and Yuan Meizhen. In the same day the Board of Supervisors held the 1st meeting which was attended by 7 supervisors and remained legal and valid. The meeting elected Lu Zhiqiang as the Chairman of Board of Supervisors.

3) On July 11, 2003, the 2nd meeting of the third term Board of Supervisors was held in Beijing. With six supervisors present and one absent, the meeting was legal and valid. The meeting discussed and approved the Initial Design of the Work of the Newly Elected Board of Supervisors and the Working Plan for the Second Half of the Year of the Board of Supervisors.

4) On September 17, 2003, the 3rd meeting of the third term Board of Supervisors was held in Beijing. With seven supervisors present, the meeting was legal and valid. It reviewed and approved the Proposals on Suggesting the Board of Directors to Require the Shareholders' Meeting to Revise Part of the Articles Concerning the Board of Supervisors in the Articles of Associations, the Rules of Procedure of the Board of Supervisors (Amendment) and the Norms of Behavior of Supervisors of CMBC (Amendment).

5) On December 23, 2003, the 4th meeting of the third term Board of Supervisors was held in Guangzhou. Attended by 5 supervisors and 2 proxies of supervisors, it was legal and valid. The meeting reviewed and

approved the Working Procedures of the Board of Supervisors of CMBC, the Provisional Rules on the Establishment of Information Exchange Mechanism of the Board of Supervisors of CMBC, the Provisional Rules on the Proposing and Inquiry Mechanism of the Board of Supervisors of CMBC and discussed the 2004 working plan of the Board of Supervisors.

2. Independent Opinions of the Board of Supervisors on the Following Issues

During the reporting period, the Board of Directors altogether held 6 meetings. In light of the Company Law and the Articles of Association, the Board of Supervisors attended all the meetings as non-voting delegates. It supervised the fulfillment of duties of directors and senior executives of CMBC with the purpose of protecting the interests of shareholders and staff.

1) Legitimacy of CMBC's operation

CMBC operates strictly in compliance with laws and regulations, its decision-making procedures comply with the Company Law and the Articles of Association. It has established a complete, rational and effective internal control system. No breach of law or intended damage to the interests of CMBC has been found in the performance of duties by the directors and President of CMBC.

2) Truthfulness of financial statements

CMBC's 2003 financial statements truly reflect its financial position and business performance. The financial statements have been audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company and Pricewaterhouse Coopers China Limited in accordance with the PRC and international auditing standards respectively. Unqualified auditors' reports were issued on the PRC and IFRS financial statements.

3) Use of proceeds

During the reporting period, CMBC raised RMB 4 billion through issuing convertible bonds. Its actual usage on investments conform to what was promised.

4) Acquisition and sale of assets

CMBC made no major acquisition or sale of assets within the reporting period.

5) Connected transaction

All the connected transactions during the reporting period were fairly conducted, no damage to the interests of the our Company was found.

6) Internal control system

The internal control system of CMBC is complete, rational and effective.

7) The auditors' report

The accounting firm appointed by CMBC issued no auditors' report with explanations, or qualified auditors' report, auditors' report with views withheld or auditors' report with adverse opinion.

8) Implementation of resolutions passed by the Shareholders' Meeting

The Board of Supervisors holds no different opinions towards the reports and proposals submitted by the Board of Directors for the review and approval of General Meeting. Having supervised the implementation of the resolutions, the Board of Supervisors believes that the Board of Directors carefully implemented the resolutions approved by the General Meeting.

IX. Major Events

1. Major Lawsuits and Arbitration Cases

During the reporting period, no litigation or arbitration case with significant impact on the operation of CMBC has happened. By the end of the reporting period, the number of lawsuits filed by CMBC without verdicts stood at 78 cases, involving RMB 500,781,200 and USD 7.9917 million. As to the disclosed civil litigation in which CMBC was defendant and Yantai Zhongjiao Trade & Industry Co., Ltd. and Yantai Zhongjiao Trade Co., Ltd. were plaintiffs, the Supreme People's Court has ruled the re-trial to the original court.

2. Acquisition, Merger or Sale of assets

There was no major acquisition, merger or sale of assets by CMBC within the reporting period.

3. Major Connected Transactions

CMBC has no controlling connected party. CMBC's connected transactions within the reporting period were loans to shareholders and related parties. All the loans to related parties were extended in accordance with laws and regulations and complied with CMBC's credit assessment and approval procedures. The principal and interest were repaid in time, without negative impact on the result of operation and financial condition of CMBC.

1) Loans to shareholders holding 5% and above of shares of CMBC.

(Unit: RMB Ten Thousand)

Shareholder	Shares held (in share)	Loan balance at the end of 2003	Loan balance at the end of 2002
China Shipowners Association for Mutual Protection	213,785,000	6,900	0
China Small and Medium Enterprise Investment & Development Co., Ltd.	194,505,000	2,000	2,300
Total	408,290,000	8,900	2,300

Note: All the above loans are no more than the amount the related parties invested in CMBC.

2) Loans to related parties.

(Unit: RMB Ten Thousand)

Related party	Relations	Loan balance at the end of 2003	Loan balance at the end of 2002
Beijing Vantone Industrial Co., Ltd.	related legal person	2,500	-
Orient Home Co., Ltd.	related legal person	15,000	9,000
Beijing Guangcai Property Co., Ltd.	related legal person	34,100	35,000
Guangcai Undertaking Investment Group Co., Ltd.	related legal person		40,000
Guangcai Construction Group Co., Ltd.	related legal person		40,000
Xiamen Tiandafu Industrial Co., Ltd.	related legal person		1,600
Xiamen Xindi Industrial Co., Ltd.	related legal person	13,200	11,600
Total		64,800	137,200

Note: CMBC has no affiliated guarantee or affiliated liquidity items.

4. Major Contracts and Their Fulfillment

During the reporting period, CMBC had no major custody, contract or leasing of assets of other companies, nor did it have any asset placed in the custody of and leased or contracted to other companies until the reporting period. No major contract dispute happened, nor did CMBC entrust any cash assets to others for management.

On February 15, 2004, CMBC signed the Contract on the Transfer of Zhongshang Tower with Shanghai Zhongshang Suihua Zhiye Co., Ltd. It purchased the entire Zhongshang Tower which covered a total area of 68,015.26 m² at a price of RMB 1,275,969,700. For more information please refer to China Securities Journal, Shanghai Securities News and Securities Times on February 18, 2004.

5. Major Guarantees

CMBC has no guarantee other than the financial guarantees approved by the People's Bank of China.

6. Commitments Made by CMBC

During the reporting period CMBC had no commitments requiring explanation.

7. Appointment and Dismissal of Accounting Firms

According to the resolution passed by the Shareholders' General Meeting, CMBC continued to appoint PricewaterhouseCoopers China Limited (PWC) as the auditor of our annual financial statements prepared in accordance with IFRS. PricewaterhouseCoopers Zhong Tian CPAs Limited Company, PWC's partner in China,

was re-appointed as the auditor of CMBC'S annual financial statements prepared in accordance with PRC GAAP. The 2003 service charges of the two firms totaled RMB 5.426 million (including but not limited to all the miscellaneous fees such as transportation fee, accommodation fee and communication fee).

(Unit: RMB Ten Thousand)

Service charges	2003	2002
Financial auditing charge	292.2	571.1
Other charges	250.4	-
Total	542.6	571.1

Notes: The audit charge in 2003 covers the auditing of the annual financial statements, capital verification and the auditing on the issuance of CMBC'S convertible bonds. PricewaterhouseCoopers China Limited has provided auditing service for CMBC for 8 years and PricewaterhouseCoopers Zhong Tian CPAs Limited Company has offered us auditing services over 4 years.

8. Punishment on CMBC, the Board of Directors and the Directors

Within the reporting period, CMBC, the Board of Directors and the Directors received no inspection, administrative punishment or public criticism by China Securities Regulatory Commission, nor any public criticism from the Stock Exchange.

9. Other Major Events

1) With the approval of the People's Bank of China, CMBC's Shijiazhuang Sub-branch was upgraded to Branch on January 27, 2003.

2) The major events during the reporting period include the outbreak of SARS epidemic, issuance of the regulations on home mortgage loans by the People's Bank of China and raising of deposit reserve rate of commercial banks. The impacts are explained in Chapter VII: Report of the Board of Directors Part 5: Changes in Business Environment and Macro Policies and Their Impact.

3) The Zhou Zhengyi issue, the verdict of CMBC's Shixi sub-branch of Shanghai Branch and the equity dispute raised by Shenzhen Advanced Technology Development Co., Ltd. were described in details in our 2003 Intrim Report published on China Securities Journal, Shanghai Securities News and Securities Times on July 15, 2003.

4) On December 5, 2003, the 4th meeting of the third term Board of Directors adopted the Resolution on the H share Listing Plan, which was published in China Securities Journal, Shanghai Securities News and Securities Times on December 9, 2003.

5) In January 2004, Beijing No.1 Intermediate People's Court sentenced Zhao Lanzeng, the former managing director of Zhongguancun Sub-branch of CMBC's Beijing Administration Department into 20-year imprisonment for illegally extending loans and embezzlement at the first trial. The incident happened before 2001, and CMBC has made adequate provisions for possible losses involved in the case. CMBC's financial condition may not be significantly affected. For details of the case, please refer to our Public Notice on the Closing of Major Cases published in China Securities Journal, Shanghai Securities News and Securities Times on February 6, 2004.

6) In accordance with the approval of China Banking Regulatory Commission with Yinjian Fu (2003)No.123 and the approval of Hong Kong Monetary Authority, in January 2004 CMBC established the Hong Kong Representative Office, which was disclosed in China Securities Journal, Shanghai Securities News and Securities Times on February 4, 2004.

7) On February 20, 2004, CMBC published the clarification notice concerning the claims made by Qiu Yingxin, Chairman of Shenzhen Advanced Technology Development Co., Ltd. which was a former shareholder of CMBC, on China Securities Journal, Shanghai Securities News and Securities Times.

8) Because CPA Zhou Zhonghui joined the Share Issuance Examination Committee of China Securities Regulatory Commission in December 2003 and CPA Ma Yingni worked abroad, the signing CPAs have been replaced.

X . Financial Statements

CMBC's 2003 financial statements have been audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers China Limited according to domestic and international auditing standards respectively and signed by CPA Feng Heping and CPA Yan Lin. The PricewaterhouseCoopers (2004) No.656 unqualified auditors' reports have been issued accordingly.

1. Auditors' Report
2. Financial Statements

(Including Balance Sheet, Income Statement, Statement for Profit Distribution, Statement of Cash Flows and Statement of Provision of Assets Impairment)

3. Notes to the Financial Statements

Please find the above content in Appendix 1.

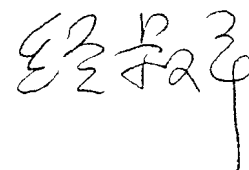
XI. Index of Documents for Reference

1. Financial statements signed and sealed by the legal representative, senior executive responsible for accounting and heads of finance and accounting departments of CMBC
2. Original copy of the auditors' reports sealed by PWC, sealed and signed by CPAs from PWC
3. Text of the annual report signed by the Chairman of the Board of Directors of CMBC
4. All the originals of the documents and public notices disclosed during the reporting period in China Securities Journal, Shanghai Securities News and Securities Times
5. Articles of Association of CMBC

XII. Appendices

Appendix 1: Financial Statements

Appendix 2: Supplementary Financial Statements



Jing Shuping

Chairman of the Board
China Minsheng Banking Corp., Ltd.
February 25, 2004

2003 CMBC



Appendix I Financial Statements

CHINA MINSHENG BANKING CORP., LTD.
Annual Financial Statements and Report of the Auditors

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2003 CMIBC



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Report of the Auditors

Reference No.: PWCZT(2004) 656

To the Shareholders of China Minsheng Banking Corporation Limited

We have audited the accompanying balance sheet of China Minsheng Banking Corporation Limited ("the Bank") as of December 31, 2003, and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the management of the Bank. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the "Chinese Independent Auditing Standards (CIAS) for Certified Public Accountants". Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2003 and the results of its operations and its cash flows for the year then ended, in compliance with the regulations of "The Accounting Standards for Business Enterprises" and "The Accounting System for Financial Institutions" promulgated by the People's Republic of China.

PricewaterhouseCoopers & Zhongtian Co., Ltd.

February 25, 2004

Certified Public Accountant

Feng Heping, Yan Lin

CHINA MINSHENG BANKING CORP., LTD.

BALANCE SHEET

AS OF DECEMBER 31, 2003

■ FORM AFT (Commercial Bank)-01

■ In RMB '000 unless otherwise specified

Assets	Note V	2003	2002
Current Assets:			
Cash and bank deposits	1	1,066,223	543,923
Due from the Central Bank	2	35,584,008	37,678,987
Due from banks	3	28,396,142	19,576,221
Inter-bank lending	5	5,137,022	3,303,847
Lending to financial institutions	6	3,407,744	4,403,722
Short-term loans	7	104,444,517	70,140,618
Documentary bills	8	1,356,354	513,371
Net interest receivable	9	1,233,408	708,614
Other accounts receivable	10	297,728	199,072
Discounted bills	11	21,621,964	25,147,868
Short-term investments	12	793,099	5,079,263
Items purchased under resale agreements	13	18,535,339	14,396,832
Long-term bond investment due within one year	14	3,522,318	2,050,372
Total current assets		225,395,866	183,742,710
Long-Term Assets:			
Medium & long-term loans	15	71,708,361	29,711,811
Overdue loans	16	201,232	481,975
Idle loans	17	2,433,604	2,277,578
Dead loans	18	6,877	73,058
Less: provision for impaired loans	19	(3,390,566)	(2,455,193)
long-term bond investments	21	60,805,593	26,969,769
long-term equity investments	22	50,000	50,000
Original cost of fixed assets		2,082,929	1,681,789
Less: accumulated depreciation		(460,775)	(351,105)
Net value of fixed assets		1,622,154	1,330,684
Less: fixed assets impairment provision		(25,523)	-
Net book value of fixed assets	23	1,596,631	1,330,684
Construction -in- progress	24	1,306,036	775,965
Total long-term assets		134,717,768	59,215,647
Intangible and Other Assets:			
Intangible assets		34,756	6,354
Long-term prepaid expenses	25	364,581	261,864
Foreclosed assets to be disposed		322,564	231,905
Total intangible and other assets		721,901	500,123
Deferred taxation:			
Deferred tax debits	26	228,875	203,973
Total Assets		361,064,410	243,662,453

The following notes form an integral part of these financial statements.

2003 CMBC

CHINA MINSHENG BANKING CORP., LTD.

BALANCE SHEET (CONTINUED)

AS OF DECEMBER 31, 2003

■ FORM AFT (Commercial Bank)-01

■ In RMB '000 unless otherwise specified

Liabilities & Shareholders' Equity	Note V	2003	2002
Current Liabilities:			
Short-term deposits	27	177,625,671	134,984,266
Short-term savings deposits	28	23,580,519	12,560,953
Fiscal deposits		4,421,935	1,618,604
Borrowing from the Central Bank		300,000	-
Due to banks	29	44,007,281	36,312,124
Borrowing from banks		3,139,640	1,269,868
Items sold under repurchase agreements	30	23,780,348	8,983,128
Outward remittance		782,664	544,376
Inward remittance and temporary deposits		711,137	1,413,729
Short-term margin deposits	36	20,148,514	11,896,508
Interests payable	31	1,102,758	722,894
Salary payable		199,160	81,767
Staff welfare payable		39,692	14,485
Tax payable	32	396,671	250,619
Other accounts payables	33	746,920	2,297,002
Dividend payable		732	220
Accrued expenses		20,081	16,017
Total Liquid liabilities		301,003,723	212,966,560
Long-Term Liabilities:			
Long-term deposits	34	46,185,897	23,238,367
Long-term savings deposits	35	1,918,648	1,049,005
Long-term margin deposits	36	223,995	45,535
Bonds payable	37	1,995,497	-
Other long-term liabilities		86,446	-
Total long-term liabilities		50,410,483	24,332,907
Total liabilities		351,414,206	237,299,467
Shareholders' Equity:			
Capital stock	38	3,625,259	2,586,721
Capital surplus	39	4,061,730	2,532,123
Surplus reserve	40	471,693	263,005
Including: Statutory welfare reserve		178,777	109,214
Retained earnings	41	1,494,044	984,027
Currency translation variances		(2,522)	(2,890)
Total Shareholders' Equity		9,650,204	6,362,986
Total Liabilities & Shareholders' Equity		361,064,410	243,662,453

The following notes form an integral part of these financial statements.

CHINA MINSHENG BANKING CORP., LTD.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2003

■ FORM AFT (Commercial Bank)-02

■ In RMB '000 unless otherwise specified

Items	Note V	2003	2002
Operating Income		12,037,114	7,213,677
Interest income	42	7,892,582	4,626,453
Income from lending to other financial institutions	43	1,778,060	1,217,374
Service fees		137,394	89,814
Foreign exchange gain		134,862	64,055
Return on investment	44	2,042,780	1,186,343
Other operating income		51,436	29,638
Operating Expenses		(9,617,890)	(5,687,653)
Interest expense	42	(3,623,713)	(2,165,306)
Expenses of borrowing from other financial institutions	43	(1,834,009)	(903,526)
Service charge expenses		(99,019)	(21,695)
Operating expense		(2,999,692)	(2,025,931)
Other operating expenses	45	(1,061,457)	(571,195)
Business Tax & Surcharges	46	(451,553)	(310,625)
Operating Profit		1,967,671	1,215,399
Plus: Non-operating income		9,229	14,029
Less: Non-operating expenses		(35,786)	(10,400)
Total Profit		1,941,114	1,219,028
Less: Income tax	47	(549,862)	(347,205)
Net Profit		1,391,252	871,823

The following notes form an integral part of these financial statements.

CHINA MINSHENG BANKING CORP., LTD.

PROFIT DISTRIBUTION STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2003

■ FORM AFT (Commercial Bank)-02 Att.

■ In RMB '000 unless otherwise specified

Items	Note V	2003	2002
Net Profit		1,391,252	871,823
Plus: Retained earnings, beginning of the year		984,027	740,786
Net Distributable Profit		2,375,279	1,612,609
Less: Appropriation to statutory surplus reserves	40	(139,125)	(89,154)
Appropriation to statutory welfare reserves	40	(69,563)	(44,577)
Net Profit Distributable to Shareholders		2,166,591	1,478,878
Less: Distribution of cash dividends	41	(155,203)	(157,453)
Stock dividends	41	(517,344)	(337,398)
Retained Earnings		1,494,044	984,027

The following notes form an integral part of these financial statements.

CHINA MINSHENG BANKING CORP., LTD.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2003

■ FORM AFT (Commercial Bank)-03

■ In RMB '000 unless otherwise specified

Items	Amount
I. Cash Flows from Operating Activities	
Collection of medium & long-term loans	16,450,021
Net demand deposits received	40,842,640
Other deposits received	260,844,721
Due to banks, net	7,695,157
Received from other financial institutions, net	16,966,992
Interests received	9,556,622
Service fees received	137,394
Outward remittance, net	238,288
Cash received from other operation-related activities	297,921
Sub-total cash inflows	353,029,756
Lending of medium & long-term loans	(58,467,139)
Lending of short-term loans, net	(31,620,978)
Other deposits paid	(213,678,012)
General deposit reserve at Central Bank, net	(7,471,212)
Due from banks with maturity over 3 months, net	(1,293,502)
Lending to other financial institutions, net	(4,975,704)
Cash paid on bills, net	(1,885,445)
Interests paid	(5,031,560)
Service fees paid	(37,969)
Cash paid to and for employees	(1,058,658)
Income tax paid	(520,082)
Other taxes paid	(377,379)
Cash paid for other operation-related activities	(1,444,174)
Sub-total of cash outflows	(327,861,814)
Net cash flows from operating activities	25,167,942
II. Cash Flows from Investment Activities	
Cash received from investments	26,854,110
Cash received from interests on bonds	1,557,987
Cash received from disposal of fixed assets, intangibles and other long-term assets	225,465
Sub-total of cash inflows	28,637,562
Cash paid for investment in bonds	(57,639,825)
Purchase of fixed assets, intangibles and other long-term assets	(1,467,778)
Sub-total of cash outflows	(59,107,603)
Net cash flows from investment activities	(30,470,041)
III. Cash Flows from Financing Activities	
Cash received from issuance of convertible bonds	3,938,950
Dividends paid in cash	(154,691)
Net cash flows from financing activities	3,784,259
IV. Effect of Exchange Rate Changes on Cash & Cash Equivalents	368
V. Net Change in Cash & Cash Equivalents	(1,517,472)

The following notes form an integral part of these financial statements.

CHINA MINSHENG BANKING CORP., LTD.

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2003

■ FORM AFT (Commercial Bank)-03

■ In RMB '000 unless otherwise specified

Supplemental Information	Amount
1. Reconciliation of Net Profit to Cash Flows from Operating Activities:	
Net Profit	1,391,252
Plus: Provisions for bad debt	5,078
Provisions for loan losses	1,056,180
Provisions for fixed assets impairment	25,523
Depreciation of fixed assets	164,435
Amortization of intangible assets	13,921
Amortization and conversion of long-term charges	109,313
Losses on disposal of fixed assets, intangible assets and other long-term assets	574
Investment gains/losses	(2,042,780)
Issuance cost of convertible bonds	61,050
Interest expenses of converted bonds into capital surplus	21,508
Deferred income tax	(24,902)
Increase in operating receivables	(87,596,268)
Increase in operating payables	111,983,058
Net cash flows from operating activities	25,167,942
2. Investment and Financing Activities without Cash Flow:	
Debts converted into equity	2,029,301
3. Net Changes in Cash and Cash Equivalents: (Note V-4)	
Cash, year-end	1,066,223
Less: Cash, year-beginning	(543,923)
Plus: Cash equivalents, year-end	40,088,829
Less: Cash equivalents, year-beginning	(42,128,601)
Net increase in cash and cash equivalents	(1,517,472)

The following notes form an integral part of these financial statements.

CHINA MINSHENG BANKING CORP., LTD.

STATEMENT OF PROVISION FOR ASSETS IMPAIRMENT

FOR THE YEAR ENDED DECEMBER 31, 2003

■ in RMB '000 unless otherwise specified

Items	January 1, 2003	Addition of 2003	Off-set of of 2003	Write-off in 2003	December 31, 2003
1. Total provision for loan losses	2,455,193	1,080,289	(24,109)	(120,807)	3,390,566
- Loan (exclusive of discounted bills)	2,294,012	1,080,289	-	(120,807)	3,253,494
- Discounted commercial acceptance bills	38,082	-	(22,204)	-	15,878
- Past due from banks and financial institutions	123,099	-	(1,905)	-	121,194
2. Total provision for bad debts	18,101	5,078	-	-	23,179
- Other receivables	18,101	5,078	-	-	23,179
3. Total provision for fixed assets impairment	-	25,523	-	-	25,523
- Premises & buildings	-	25,523	-	-	25,523

The following notes form an integral part of these financial statements.

CHINA MINSHENG BANKING CORP., LTD.

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I Company Profile

China Minsheng Banking Corp., Ltd. (hereinafter referred to as the "Bank") is a joint-stock national commercial bank established on February 7, 1996 with approvals from the State Council and the People's Bank of China ("PBOC" or the "Central Bank"). In 2000 the Bank issued 350,000,000 A-shares of common stock in local currency RMB, which were listed at the Shanghai Stock Exchange the same year.

On February 27, 2003, with the approval from the China Securities Regulatory Commission in its Zhengjian Faxing Zi [2003]No.13, the Bank issued 5-year-term convertible corporate bonds of RMB 4,000,000,000 and raised RMB 3,938,950,000 after deducting underwriters' commissions and other costs. The fund materialized on March 6, 2003 and was then verified by the PricewaterCoopers Zhongtian CPAs Limited Company in its PWCZT [2003]No. 32 Capital Verification Report.

By the end of December 2003, the Bank has established 16 branches in such cities as Beijing, Shanghai, Guangzhou, Shenzhen, Wuhan, Dalian, Nanjing, Hangzhou, Chongqing, Xi'an, Ji'nan, Fuzhou, Ningbo, Chengdu, Taiyuan and Shijiazhuang. Apart from these branches, the Bank also has a sub-branch in Shantou which directly reports to the Head Office.

The business scope of the Bank covers:

- * Deposit taking;
- * Granting short-, mid- and long-term loans;
- * Granting entrusted loans;
- * Domestic and international settlement services;
- * Bill discounting;
- * Issuing financial institution bonds;
- * Acting as agent on issuing, cashing and underwriting of government bonds;
- * Trading bonds issued by financial institutions and government, and corporate bonds in foreign currencies;
- * Participating in inter-bank money market;
- * Trading foreign exchanges and other financial derivatives for the Bank and for its customers;
- * Offerring L/C and financial guarantee services;

* Acting as agent on collection and payment, and selling insurance products;

* Offering safe-box service;

* Other financial businesses approved by regulatory authorities.

II Critical Changes in Accounting Policies and Estimates

Modification of the accounting policies

The Bank modified its accounting policies on income taxation in 2003 from calculation by tax payable method to calculation by taxation effecting accounting method. The Bank made retrospective adjustments following the above-mentioned accounting policies changes. The retained earnings at the beginning of 2002 are increased by RMB 223,690,000 while the net profit of 2002 tuned down by RMB 19,717,000. The retained earnings at the beginning of 2003 are increased by RMB 203,973,000 with the net profit of 2003 tuned up by RMB 24,902,000. For details, please see Note V-47.

As of July 1, 2003 the Bank began to adopt the revised "The Accounting Standards for Enterprises:

Post Balance Sheet Date Items". Before adopting the revised accounting standards, the cash dividend was taken out from the shareholders' equity and regarded as liabilities after a profit-distribution plan devised by the Board of Directors. Starting from July 1, 2003 the dividend was separated from the shareholders' equity and taken as liabilities after the profit distribution plan was approved by the Shareholders' General Meeting. Retrospective adjustments have been made in accordance with the changes in the accounting policies. Please refer to Note V-41 for details.

In 2003 the bank changed its way to report the entrusted loans which were formerly included in the balance sheet but were put into off-balance sheet from 2003. As a result, the total assets at the end of 2003 and 2002 dropped by RMB 6,181,578,000 and RMB 2,822,373,000 respectively.

Changes in Accounting Estimates

In 2003, the Bank adjusted the depreciation period for some fixed assets: the depreciation period reduced from 35 to 30 years for non-operational premises while the depreciation period for some technical equipments increased from 3 to 5 years. These changes in the accounting estimates did not result in significant impact on the net profit reported in the 2003 financial statements.

III Key Accounting Policies and Estimates

1. Baselines for the compilation of the financial statements

The above financial statements are compiled in accordance with "The Accounting Standards for Enterprises", "The Accounting System for Financial Institutions" and other regulations enacted by the Ministry of Finance (MOF) of the People's Republic of China.

The disclosures in the Notes to the financial statements are made in accordance with the "Regulations on the Information Disclosure and Compiling for Publicly Listed Companies (No.2)-Special Provisions on the Notes of Financial Reports of Commercial Banks" promulgated by the China Securities Regulatory Commission (CSRC).

2. Accounting year

The accounting year of the Bank is from 1 January to 31 December of each calendar year.

3. Reporting currency

The Bank's reporting currency is RMB and the money unit in the financial statements is in RMB thousand unless otherwise specified.

4. Accounting principals and basis of valuation

Unless otherwise indicated, the Bank maintains its accounting records on an accrual basis. Assets are recorded as costs upon acquisition. For depreciation of assets, provision for depreciation of assets should be made accordingly.

5. Recording method of business in foreign currencies and translation methodology

In respect of foreign currency business, transactions are recorded at separate accounting books denominated in foreign currencies. During the annual reporting time, balances on the foreign currency books are first translated into US dollar either at the exchange rate stipulated by the People's Bank of China on the reporting day or the cross rate approved by the government to generate closing financial statements denominated in US dollar. The statements expressed in US dollar are then translated into local currency RMB and consolidated with statements in RMB and finally come out the closing annual financial statements in RMB for the Bank.

All the assets and liabilities on the Balance Sheet are calculated at the exchange rate stipulated by the People's Bank of China on the reporting day or the cross rate approved by the government. Except for retained earnings, shareholders' equity inputs are translated according to the exchange rate stipulated by the People's Bank of China on the transaction date or the cross rate approved by the government. The retained earnings are recorded in the profit distribution sheet after currency translation. The differences thus incurred are put into the currency translation variances on the Balance Sheet. Inputs of the Statement of Income are translated at the exchange rate stipulated by the People's Bank of China or the cross rate approved by the government on the reporting day.

6. Cash and cash equivalents

"Cash" as in the "Statement of Cash Flows" refers to the cash on hand and disposable bank deposits while cash equivalents refer to the investments with high liquidity that can be easily converted to a known amount of cash with a holding period less than 90 days and with a minimal risk of value variance, including the reserve placement at the Central Bank, inter-bank demand deposits, time deposits with a maturity of less than 90 days and short-term bond investment with an original maturity of less than 90 days.

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7. Provisioning for bad debts

The Bank adopted the method of provisioning for bad debts.

Since the prudent accounting principle is adopted on the recognition of interests on loans and lending to banks (See Note III-21), the Bank does not establish provisions for interests receivable of loans and interests receivable of inter-bank lendings. For interests of investment in bonds, the Bank does not establish provisions for losses because of its nature of products. For other receivables, provisions are made according to the analysis of the recoverability of the accounts receivable.

Allowance for loan losses is charged to the income statement of the year. When there is objective evidence that the accounts receivable is uncollectible, the loan loss incurred is written off against the provision made previously. If the provision is not sufficient to cover the loan losses, the left losses then go to the income statement of the year. Those account receivables that have been recognized as loan losses and written off accordingly, is written back to provision account at the previous write-off amount when recovered.

8. Bill discounting and its accounting method

Bill discounting refers to the discount lending to clients or other financial institutions against accepted commercial bills before maturity.

Bill discounting is booked as the par value of the discounted bill while the interest income is calculated according to the holding period of the bill. On the Balance Sheet date, the interest of discounted bill from that day to the maturity day is deferred. The bill discounting is reported in the Balance Sheet as the difference between the maturity value of the discounted bills and the deferred bill discounting interest income.

9. Loans classification

(1) Short, medium- and long-term loans

The loans are divided into different types by loan terms. Those loans within one year (inclusive) are classified as short-term loans while loans exceeding one year are classified as medium term and long term loans.

(2) Overdue loans

Overdue loans refer to any loans which fail to repay when the term (including the extension period) specified in the contract due date; or the forced advance made by the Bank when the acceptor fails to pay due discounted bill while the deposit at client's account is inadequate to cover, or the forced advance made by the Bank resulted from the maturity of the discounted bill which was accepted by the Bank while the deposit at client's account is insufficient to cover, or forced advance resulted from off-balance sheet business such as L/C or letter of guarantee. These advances are all treated as overdue loans from the date the advances are made.

(3) Idle loans

A Overdue loan, if not repaid 90 days after its maturity, will be booked as idle loan.

(4) Dead loans

The following constitutes the basis on which bad loans can be recognized:

A. The unrepaid part of the loan after collection from the borrower and the guarantor, when the borrower and the guarantor are declared as bankruptcy or closed or liquidated according to law and their legal entities have been cancelled.

B. The uncollected part of loan which is still not fully recovered in the liquidation of borrower's assets or legacy and after collection from guarantor, in the case of the borrower is individual and has been dead, or is declared to be dead or missing according to the Civil Code of the People's Republic of China.

C. The uncollected part of loan, in the case that the borrower suffered from significant natural disaster or accident and not being able to claim compensation from insurance policy, or the insurance compensation is not sufficient to cover the lending, and after the liquidation of its assets and after collection from guarantor.

D. The unrepaid part of the loan after collection from the borrower and the guarantor, even the borrower and the guarantor is not declared as bankruptcy or closed or

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liquidated according to law but they has fully stopped operations and their legal entities have been cancelled and their business licences have been withdrawn by the State Administration of Business and Industry at county level or above.

E. The uncollected loan which is still not recoverable even after collection, when the borrower is punished for offending the criminal law, his/her assets can not meet its obligations and there are no other undertakers for the loan.

F. When the Bank takes litigation against the borrower and guarantor who fail to repay the due loans and have no assets to carry out the court enforcement, after the court formally stops the enforcement, the uncollected part of loan.

G. When the borrower is unable to repay the due loans due to the above-mentioned reasons A-F, the Bank gets the fair value of the collateral acquired by law, deducting the take-over expenses. The gap between the principal plus interest and the collected amount even after debt collection.

H. When the applicant and guarantor are unable to repay the advance resulting from letter of credit, acceptance bill and letter of guarantee, etc, for the above-mentioned reasons A-G, the amount which still can not be collected even after debt collection.

I. Net losses on the Bank due to forgery, imposture or fraudulence of bank cards .

J. The amount of student's loans that can not be recovered after legal disposal of the guaranty and execution recourse from the guarantor within the valid recourse period after the due of the loans.

K. The loans written-off specially approved by the State Council.

(5) Interest bearing loan and non-interest bearing loan

Loans are placed as non-interest bearing if principal and its interest are past due 90 days or more and the Bank ceases to accrue interest for the loan. But before 90 days past due, it is recorded as interest-bearing loan.

10. Provisioning for loan losses

Provision for loan losses is provided based on the probability of default on repayment of loans.

Provision for loan losses are taken from the following credit business such as short-term loans, bill discounting (excluding rediscounted bills under repurchase agreements with financial institutions), inward and outward documentary bills, medium and long-term loans, Overdue loans, idle loans, dead loans, problematic lending to other banks and financial institutions, L/C, letter of guarantee and acceptance bills etc.

The Bank established the provision for loan losses after analyzing the recoverability of each loan and estimating the loan losses at the end of the year. The provision of loan losses is established proportionately according to risk factors of asset classification, borrower's repayment ability and repayment records, valuation of collateral, guarantor's support and the Bank's internal credit management.

Loan losses are written off against provisions already made. When the loan losses which were written off are recovered later, the Bank transfers back the write-off amount to provisions.

No provision is made for entrusted loans on which the Bank has no liabilities.

11. Accounting for short-term investment

Most of the short-term investment by the Bank are short-term bonds. Short-term investment in bonds are valued at the cost of investment, excluding the due but uncollected interests. Interests received during the holding period, excluding those which have been charged into interests receivable, should be charged against the book value of the investment and be accounted for investment gains/losses when the investment is sold or due. Investment at the reporting day is stated at the lower of the cost and the market value.

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12. Accounting for long-term investment in bonds

The long-term bond investment is recorded at the purchase cost after deducting surcharges such as commissions to broker, taxation, fees and the interest accrued from the bond issue date or last coupon date to the purchase date. The premium (or discount) paid for the long-term bond investment is amortized by using straight-line method within holding period.

Interest income is booked when it is payable. For the bond investment that pays off the principal and interest upon maturity, the uncollected interest income is shown as long term bond investment-interest receivable in the "long term bond investment" account; When bond interests are paid periodically, the uncollected interests at the balance sheet date are shown in the "interests receivable".

13. Accounting for investment in long-term equity

Investment in long-term equity has special approval from the People's Bank of China. The investment is recorded at the purchase cost. As the bank has no control, or collaborated control or material influence on the invested entity, the record of long-term investment in equity adopts the cost method. The investment income is recognized when the invested entity announces distribution of dividends.

14. Impairment Provisioning of long-term investment

As the market value continually declines or business situation at invested entity deteriorates, the long-term investment is impaired and may not be recovered in the

near future. The difference between the collectable value and book value is charged against the impairment provisions of long-term investment.

15. Accounting for fixed assets and depreciation

Fixed assets refer to premises, buildings, production and business equipments with high unit cost and over 1-year service life held for purposes of production, labor service, rent, operation or management.

Fixed assets are stated at original costs when purchased or built. Fixed assets are depreciated by using original cost deducted by estimated residual value of 3% of the cost, and then using the straight-line method over their estimated service life.

The follow-up expenses on fixed assets incurred by reconstruction, expansion and improvement are capitalized and recorded; the repair and maintenance costs of the fixed assets are recorded as expenses for the year.

The Bank reviews the recoverable amount of the fixed assets regularly. If the recoverable amount is lower than the book value, the impairment provision is then provided as the variance between the two and is charged into income statement of the year. The recoverable amount refers to the higher of the net revenue from the disposal of the fixed asset or the discounted cash flow from its continuous utilization and the disposal at the end of its service life. For assets whose impairment provisions have been prepared, should there be a rebound in the recoverable amount, then the impairment provisions should be offset accordingly.

The following is a classification of the fixed assets together with the estimated economic life span for each:

House & Building	20-30 Years
Operation Equipment (including machinery, office equipment, and electronic equipment)	5-10 Years
Motor vehicle	5 Years

16. Accounting for construction in progress

Construction in progress refer to the capital assets that are being built or installed. They are recorded at the costs incurred. Total costs include construction cost and other direct expenses, purchase cost of equipment,

installation expenses, and also cover the interest expenses of financing for the project before it is completed and delivered for use. Construction in progress will be transferred to fixed assets upon its completion and delivery for use.

Provision for impairment of construction in progress is provided when:

- Construction in progress has been suspended and may not resume in 3 years as anticipated.
- Construction in progress has dropped behind in efficiency or technology and the economic benefits associated with the construction have significant uncertainty.

17. Accounting for long-term charge and its amortization

Long-term amortization charges refer to those expenses that have been paid out, but the term of amortization is over 1 year (exclusive of 1 year).

Long-term amortization charges of the Bank mainly include improvements cost for operational premises and other capital expenditures. They are stated at the cost incurred. Long-term amortization charges also include the expenses in the preparation process before formal operation of any business presence.

Improvements for operational premises are written off by using the straight-line method over the lesser of the remaining term of the leased facility or the anticipated service life.

When the project of long-term amortization can not bring economic benefits to the Bank in the future, the un-amortized balance is transferred to the income statement of the year.

In respect to the expenses incurred during the preparation period before formal operating of any branches and sub-branches, the Bank accumulates those expenses in long-term amortization charges and records them as operating expenses in the first formally operating month.

18. Collateralized assets and provision for depreciation

Collateralized assets are recorded as the total of the principal of the loan offset and confirmed interest incurred.

And once recorded, the Bank reviews the recoverable value of the collateral regularly. On the reporting date, the book value is adjusted according to the lesser of book value or the recoverable value. If the recoverable value is lower than book value, the Bank establishes a provision for impairment of the collateral. The recoverable value refers to the higher of the net revenue from the sales of the fixed asset or the discounted cash flow from its continuous utilization and the disposal at the end of its service life. For assets whose impairment provisions have been prepared, should there be a rebound in the recoverable amount, then the impairment provision should be offset accordingly.

19. Bond payables

The convertible bonds issued by the Bank are treated as common bond payables after the issuance and before conversion into equity. Upon issuance, the total issuing cost of bond is recorded as the book value. The difference between the issuing costs and the face value of the bond is regarded as the premium or discount and amortized in the straight-line approach during the holding period of the bonds.

When converting into equity, the book value of convertible bond applies. The difference between the book value of the convertible bond and the face value of the equity, deducting the cash paid out, is put into capital surplus.

20. Employee's social welfare

The Bank participates in the social welfare system set-up by the government, including pension, medical insurance, housing and other social welfare schemes. Other than the above, the Bank currently has no additional commitments on employee's welfare.

In accordance with the relevant regulations, the insurance premium and the welfare reserve are computed on certain percentages of the local salary base and paid to labor and social welfare agents. The corresponding costs are charged as the operating expenses of the year.

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21. Accounting policy for the recognition of income

Interest incomes are recognized on an accrual basis.

Loans are placed as non-accrual status if loans are past due (including the extension period) 90 days or more, or when the interests of loans are past due 90 days (inclusive). The interest after the confirmation of the status is not booked into the income statement of the year but is treated as an off-balance sheet item. For the interests already booked as receivables but not collected within 90 days upon loan maturity or interest due date, they are to be offset against the interest income in the income statement and be treated as off-balance sheet item. The compounding interests receivable are not recorded in the income statement and are also treated as off-balance sheet item. For the loan placed as non-accrual status, if there is any repayment received, it should offset the principal of the loan firstly. After the principal is fully repaid, the remaining of repayment could be recognized as interest income of the year.

Other incomes are also recognized on an accrual basis.

22. Accounting policy for the recognition of expense

Interests payable and other expenses are recognized on an accrual basis.

23. Accounting policy on the valuation of items purchased under resale agreements and items sold under repurchase agreements and on the recognition of the related incomes

Items purchased under resale agreements and items sold under repurchase agreements are stated at historical costs. The income and expenses are recognized on an accrual basis.

The trading items purchased under resale agreements or sold under repurchase agreements include: loans, bonds and discounted bills.

24. Income tax

The Bank's accounting of the corporate income tax adopts taxation effecting accounting method.

The temporary gap between the carrying amounts of assets and liabilities for book and tax purposes, is calculated based on the prevailing tax rate by using liabilities method. Deferred income tax is computed by using 33% as the prevailing tax rate.

The temporary difference results mainly from the loan losses provision. When there is evidence suggesting the above-mentioned temporary difference could be offset by taxable income in the future, the deferred tax then could be recognized as asset.

The income tax payable calculated in accordance with the local tax rates, is stated in the income tax expense upon the realization of the profit.

25. Preparation of consolidated financial statements

These financial statements are consolidated ones which are compiled on the financial statements and other information of Headquarters, Beijing Administration Department, other branches and direct reporting sub-branch. The major transactions within the group and the related balances have been offset.

26. Derivative financial instruments

The Bank engages in foreign exchange derivatives instruments, which include forex forwards and swaps, interest rate swaps and bond option. The majority of CMBC's derivatives are entered into for trading purposes in the wealth management in forex for clients. Some of the derivatives are embedded in other contracts as in the case of the conversion option in the convertible bonds.

The outstanding amount in the contracts of financial derivatives is stated as the off-balance sheet item. Corresponding earnings and losses are recognized in the income statement on the practice date.

27. Business of consignment

On entrustment, the Bank provides custody and trustee services to the clients (as the consigner) who provide fund and bear the risks. According to the objects, usage, amounts, terms and interest rates decided by the clients, the Bank (as the consignee) acts as an agent in lending, supervising, utilizing and collecting

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the loans while the consigner bears the risks. The fund provided by the consigner is recorded at the amount received in the account of entrusted fund. When lending loans upon the will of the consigner, the Bank records the actual amount of fund taken out in the entrusted loan account.

The entrusted loans are stated in off-balance sheet. The Bank does not make advance and only charges commission which is recognized as income on an accrual basis according to the accounting policy for the recognition of income.

IV Taxation

Tax Types	Rate	Taxation Baseline
Business tax	5%*	Operating income less: -interest income from financial institutions -interest income from investment on matured government bonds -interest income from matured long-term financial bonds
Income tax	33%	Taxable incomes
Other taxes		Actual

* In accordance with the Caishui [2001] No.21 document of the Ministry of Finance and the State Administration of Taxation entitled "Circular on the Reduction of Business Tax Rate of the Financial and Insurance Institutions", the business tax rate has been reduced to 5 percent since January 1, 2003(6 percent in 2002).

V Notes to Major Items in the Financial Statements

1. Cash and bank deposits

	December 31, 2003	December 31, 2002
Cash	914,149	517,638
Bank Deposits	152,074	26,285
Total	1,066,223	543,923

2. Deposits and required reserve at the Central Bank

The Bank is required to maintain a general deposit reserve with the Central Bank. As of September 21, 2003, local currency deposit rate was adjusted from 6% to 7%; foreign currencies deposit rate remains at 2%. Deposits with the Central Bank on 31 December included:

	December 31, 2003	December 31, 2002
General deposit reserve	17,319,864	9,848,652
Supplemental deposit reserve	18,264,144	27,830,335
Total	35,584,008	37,678,987

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3. Due from banks

	December 31, 2003	December 31, 2002
Demand deposits with overseas banks	3,049,497	906,629
Demand deposits with domestic banks	18,570,323	10,240,864
Time deposits with domestic banks		
- Due within 3 months	204,865	3,150,773
- Due over 3 months	6,571,457	5,277,955
Total	28,396,142	19,576,221

4. Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows are as following:

	December 31, 2003	December 31, 2002
Cash and bank deposits	1,066,223	543,923
Demand and time deposits of maturity within 3 months with domestic and overseas banks	21,824,685	14,298,266
Supplemental deposit reserve with the Central Bank	18,264,144	27,830,335
Sub-total	40,088,829	42,128,601
Total	41,155,052	42,672,524

5. Lending to banks

	December 31, 2003	December 31, 2002
Lending to domestic banks	1,012,626	1,293,571
Lending to overseas banks	4,124,396	2,010,276
Total	5,137,022	3,303,847

6. Lending to financial institutions

	December 31, 2003	December 31, 2002
Lending to domestic financial institutions	3,407,744	4,403,722
Including: past due lending	168,944	170,849

As of December 31, 2003, the balance of lending to financial institutions included USD 3,651,000 equivalent to RMB 30,223,000 (RMB 32,007,000 in 2002) to Guangdong International Trust and Investment Company (GITIC) and RMB 8,913,000 (RMB 9,033,000 in 2002) to Guangdong International Leasing Company. The above two companies were legally declared bankruptcy. The rights claimed by the Bank were confirmed by the liquidation agent as the amounts of USD 3,940,000, (equivalent to RMB 32,614,000) and RMB 9,800,000 respectively. The Bank placed the lendings as non-interest bearing assets and the provisions for lending losses were made for those lendings and stated in the loan losses provision account.

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7. Short-term loans

	December 31, 2003	December 31, 2002
Guaranteed loans	52,438,699	43,809,935
Collateral loans	8,966,329	5,008,132
Pledged loans	10,388,309	6,640,043
Credit loans	32,651,180	14,682,508
Total	104,444,517	70,140,618

Short-term loans to shareholders with 5% or above stock of the Bank are as following:

	December 31, 2003	December 31, 2002
China Shipowners Association for Mutual Protection	69,000	-
China Small and Medium Enterprise Investment & Development Co., Ltd.	20,000	23,000
Total	89,000	23,000

8. Inward and outward documentary bills

	December 31, 2003	December 31, 2002
Inward documentary bills	264,393	211,562
Outward documentary bills	1,091,961	301,809
Total	1,356,354	513,371

Past due inward and outward documentary bills are put into overdue loans and idle loans.

9. Interests receivable

	December 31, 2003	December 31, 2002
Interests receivable on loans	293,907	162,642
Interests receivable on bonds	873,457	446,894
Other interests receivable	66,044	99,078
Total	1,233,408	708,614

As of December 31, 2003, there were no interests receivable associated with shareholders with 5% or above stock of the Bank (2002: nil).

10. Other receivables, net

	December 31, 2003	December 31, 2002
Prepaid housing rents and deposits	80,398	62,520
Prepaid equipment purchase costs	86,191	43,715
Prepaid improvements on facilities	55,659	25,835
Prepaid housing costs	12,098	23,688
Litigation fees receivable	32,779	17,653
Others	53,782	43,762
Total	320,907	217,173
Less: Loan losses provision	(23,179)	(18,101)
Net	297,728	199,072

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Maturity	December 31, 2003			December 31, 2002		
	Amount	% of balance	Loan losses provision	Amount	% of balance	Loan losses provision
Within 1 year	267,789	84%	(4,099)	156,132	71%	(1,467)
1-2 years	30,153	9%	(5,793)	43,171	20%	(7,274)
2-3 years	6,850	2%	(2,866)	12,050	6%	(9,133)
Over 3 years	16,115	5%	(10,421)	5,820	3%	(227)
Total	320,907	100%	(23,179)	217,173	100%	(18,101)

As of December 31, 2003, there were no receivables associated with shareholders with 5% or above stock of the Bank (2002: nil).

11. Bill Discounting

	December 31, 2003	December 31, 2002
Direct discounted:		
Bank accepted bills	16,166,117	10,253,438
Commercial accepted bills	884,764	1,850,708
Inter-bank discounted:		
Bank accepted bills	3,867,918	11,086,057
Commercial accepted bills	703,071	1,957,475
Foreign exchange bills purchased	94	190
Total	21,621,964	25,147,868

12. Short-term investments

	December 31, 2003	December 31, 2002
Treasury bonds	75,513	437,338
Financial bonds	453,958	781,925
Short-term bills of the Central Bank	263,628	3,860,000
Total	793,099	5,079,263

13. Items purchased under resale agreements

	December 31, 2003	December 31, 2002
Inter-bank discounted bills under resale agreements	12,255,205	11,675,363
Loans purchased under resale agreements	5,792,634	654,000
Bonds purchased under resale agreements		
Treasury bonds	346,500	467,269
Other bonds	141,000	1,600,200
Total	18,535,339	14,396,832

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14. Long-term bonds due within 1 year

December 31, 2003

Bond Types	Maturity year	(% Annual interest rate	Balance	Including:		
				Face value	Premium/Discount	Accrued interest
Treasury bonds	2004	1.90-6.50	2,561,358	2,505,080	1,192	55,086
Financial bonds	2004	2.23-5.14	581,414	581,186	228	-
Other bond	2004	3.295-7.88	379,546	374,935	4,611	-
Total			3,522,318	3,461,200	6,031	55,086

December 31, 2002

Bond Types	Maturity year	(% Annual interest rate	Balance	Including:		
				Face value	Premium/Discount	Accrued interest
Treasury bonds	2003	2.46-8.56	1,012,688	971,499	4,647	36,542
Financial bonds	2003	1.54-7.32	891,488	890,167	1,321	-
Other bonds	2003	7.25-8.60	146,196	146,218	(22)	-
Total			2,050,372	2,007,884	5,946	36,542

15. Medium and long-term loans

	December 31, 2003	December 31, 2002
Guaranteed loans	26,828,199	17,682,362
Collateral loans	28,558,145	4,963,075
Pledged loans	6,562,067	4,453,054
Credit loans	9,759,950	2,613,320
Total	71,708,361	29,711,811

As of December 31, 2003, there were no outstanding medium- and long-term loans associated with shareholders with 5% or above stock of the Bank (2002:nil).

16. Overdue loans

	December 31, 2003	December 31, 2002
Guaranteed loans	53,536	289,578
Collateral loans	54,297	60,149
Pledged loans	87,890	113,321
Credit loans	5,509	18,927
Total	201,232	481,975

As of December 31, 2003, there were no outstanding overdue loans associated with shareholders with 5% or above stock of the Bank (2002: nil).

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17. Idle loans

Already overdue as of December 31, 2003

	Total	3-6 months	6-12 months	1-2 years	2-3 years	Over 3 years
Guaranteed loans	1,234,120	103,163	148,763	274,523	299,865	407,806
Collateral loans	1,117,278	363,196	43,012	515,208	97,268	98,594
Pledged loans	69,175	25,549	13,923	4,342	25,361	-
Credit loans	13,031	-	-	9,661	3,370	-
Total	2,433,604	491,908	205,698	803,734	425,864	506,400

Already overdue as of December 31, 2002

	Total	3-6 months	6-12 months	1-2 years	2-3 years	Over 3 years
Guaranteed loans	1,243,789	268,264	237,425	326,702	234,012	177,386
Collateral loans	989,061	308,452	357,254	196,448	51,344	75,563
Pledged loans	28,612	3,251	-	25,361	-	-
Credit loans	16,116	11,951	-	4,165	-	-
Total	2,277,578	591,918	594,679	552,676	285,356	252,949

As of December 31, 2003, there were no outstanding idle loans associated with shareholders with 5% or above stock of the Bank (2002: nil).

18. Dead Loans

	2003	2002
Balance at the year- beginning	73,058	1,539
Addition within the year	5,694	71,519
Write-off within the year	(71,875)	-
Balance at the year-end	6,877	73,058

19. Loan losses provisions

	2003	2002
Balance at the year-beginning	2,455,193	1,908,500
Addition within the year	1,056,180	546,693
Write-off within the year	(120,807)	-
Balance at the year-end	3,390,566	2,455,193

20. Interest-bearing loans and non-interest bearing loans

	December 31, 2003	December 31, 2002
Interest-bearing loans	199,330,372	125,994,301
Non-interest bearing loans	2,442,537	2,351,978
Total	201,772,909	128,346,279

The above loans include short-term loans, medium and long-term loans, overdue loans, idle loans and dead loans, inward & outward documentary bills and discounted bills, but before deducting the loan losses provisions.

21. Long-term investment in bonds

December 31, 2003

Bond Types	Maturity year	(% Annual interest rate	Balance	Including:		
				Face value	Premium/Discount	Accrued interest
Treasury bonds	2005-2032	1.90-11.83	20,499,271	20,248,091	190,677	60,503
Financial bonds*	2005-2049	1.05-11.5	39,236,961	39,033,491	203,470	-
Other bonds	2005-2033	2.28-7.88	1,069,361	1,070,429	(1,068)	-
Total			60,805,593	60,352,011	393,079	60,503

December 31, 2002

Bond Types	Maturity year	(% Annual interest rate	Balance	Including:		
				Face value	Premium/Discount	Accrued interest
Treasury bonds	2004-2032	1.90-11.83	13,508,338	13,252,230	192,526	63,582
Financial bonds*	2004-2032	1.49-9.30	12,018,064	11,959,907	58,157	-
Other bonds	2004-2012	2.42-9.00	1,443,367	1,432,603	10,764	-
Total			26,969,769	26,644,740	261,447	63,582

*The financial bonds here include RMB 3,534,810,000 (RMB 2,030,315,000 for 2002)in structural bond investment. Structural bond investment refers to the common bond investment embedded with such derivative financial instruments as interest rate options and advance options.

22. Long-term investment in equity

Upon the approval of the People's Bank of China in its YinFu [2001] NO. 234 Document entitled " Reply of the People's Bank of China on the Establishment of China UnionPay Co., Ltd.", the Bank invested RMB 50,000,000 in China UnionPay Co., Ltd. (hereinafter called the " UnionPay") (RMB 50,000,000 for 2002), accounting for 3.029% of the registered capital of UnionPay.

23. Fixed assets and accumulated depreciation

	Premises & buildings	Operational equipments	Motor vehicles	Total
Original cost-				
As of January 1, 2003	929,619	675,427	76,743	1,681,789
Addition of the year	123,734	382,931	21,415	528,080
Reduction of the year	(79,680)	(41,985)	(5,275)	(126,940)
As of December 31, 2003	973,673	1,016,373	92,883	2,082,929
Accumulated depreciation -				
As of January 1, 2003	(84,560)	(236,990)	(29,555)	(351,105)
Addition of the year	(30,263)	(118,467)	(15,705)	(164,435)
Reduction of the year	13,628	37,544	3,593	54,765
As of December 31, 2003	(101,195)	(317,913)	(41,667)	(460,775)
Impairment provisions-				
As of January 1, 2003	-	-	-	-
Addition of the year	(25,523)	-	-	(25,523)

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Reduction of the year	-	-	-	-
As of December 31, 2003	(25,523)	-	-	(25,523)
Net-				
As of December 31, 2003	846,955	698,460	51,216	1,596,631
As of December 31, 2002	845,059	438,437	47,188	1,330,684

The fixed assets and construction in progress of the Bank as of December 31, 2003 have been evaluated by the Sallmanns(Far East),Ltd.(HK) , the result of which is included in the Report on the Property Valuation of China Minsheng Banking Corp.,Ltd. According to the report, the impairment of fixed assets amount to RMB 25,523,000 as recorded in the Financial Statements of the Bank.

As of December 31, 2003, there are no fixed assets purchased by using lease contracts or financing lease agreements.

24. Construction in progress

Project	January 1, 2003	Additions of the year	Converted into fixed assets	Assets disposed	December 31, 2003	Source of financing
Beijing Minsheng Building	583,592	32,488	-	-	616,080	Self-financed
Shanghai Zhong Shang Plaza (Phase I)	-	600,000	-	-	600,000	Self-financed
Lanxi Building(New office building for branch)	-	27,507	-	-	27,507	Self-financed
Premise purchased for Science & Technology Park Sub-Branch	-	14,295	-	-	14,295	Self-financed
Premise purchased for Jiangbei Sub-Branch	-	14,116	-	-	14,116	Self-financed
Premise purchased for Sanqiang Road Sub-Branch	-	11,524	-	-	11,524	Self-financed
Hangnan Building	153,864	-	-	(153,864)	-	Self-financed
Others	38,509	38,084	(54,079)	-	22,514	Self-financed
Total	775,965	738,014	(54,079)	(153,864)	1,306,036	

The balance of the projects under construction does not include capitalized interest expenses (2002: nil).

25. Long-term amortization charges

	January 1, 2003	Additions	Amortization	Transferred out	December 31, 2003
Improvements	207,843	156,176	(64,608)	-	299,411
Prepaid rents	33,732	5,142	(10,742)	-	28,132
Preparations	5,012	45,714	-	(29,920)	20,806
Others	15,277	4,998	(4,043)	-	16,232
Total	261,864	212,030	(79,393)	(29,920)	364,581

26. Deferred tax debts

	2003	2002
Deferred tax debts:		
Loans loss provisions	210,132	198,000
Others, net	18,743	5,973
Total	228,875	203,973

Because it is not certain as to whether these deferred taxes can be recognized as asset, based on the estimation made by the management of the Bank on the offsetting timing of the deferred income tax asset, the deferred income tax of RMB133,650,000 as of December 31, 2003 has not been recognized as asset, as it was derived from the loan losses provision.

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27. Short-term deposits

	December 31, 2003	December 31, 2002
Time deposits within 1 year*	69,425,653	54,535,893
State-owned enterprises deposits	27,258,543	22,877,214
Private enterprises deposits	23,539,757	16,940,840
Foreign invested enterprises deposits	11,410,365	8,494,605
Collective enterprises deposits	2,971,323	3,485,173
Company card deposits	17,585	18,025
Other deposits	43,002,445	28,632,516
Total	177,625,671	134,984,266

*Time deposits within 1 year include structural deposits of RMB 138,143,000 (RMB 321,242,000 in 2002). Structural deposits refer to those common deposits embedded with such derivative financial instruments as interest rate options and advance options.

28. Short-term savings deposits

	December 31, 2003	December 31, 2002
Demand savings	11,589,944	5,517,358
Time savings within 1 year	11,902,611	7,008,765
Demand-time savings	87,964	34,830
Total	23,580,519	12,560,953

29. Due to Banks

	December 31, 2003	December 31, 2002
Demand deposits due to domestic banks	35,942,176	33,461,851
Time deposits due to domestic banks*	8,065,105	2,168,674
Deposits due to overseas banks	-	681,599
Total	44,007,281	36,312,124

*Time deposits due to domestic banks include structural deposits of RMB 2,122,405,000 (2002: nil). Structural deposits refer to those common deposits embedded with such derivative financial instruments as interest rate options and advance options.

30. Items sold under repurchase agreements

	December 31, 2003	December 31, 2002
Rediscounted/inter-bank discounted bills financing	17,173,870	2,338,128
Loans sold under repurchase agreements	385,320	4,485,000
Bonds sold under repurchase agreements		
- Treasury bonds	2,261,158	1,830,000
- Other bonds	3,960,000	330,000
Total	23,780,348	8,983,128

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31. Interests payable

As of December 31, 2003, the balance of interests payable was mainly time deposits interests payable amounting to RMB 993,451,000 (RMB 662,692,000 in 2002).

32. Taxes payable

	December 31, 2003	December 31, 2002
Business tax payable	142,991	84,706
Corporate income tax payable	199,455	144,773
Others	54,225	21,140
Total	396,671	250,619

33. Other payables

	December 31, 2003	December 31, 2002
Promissory notes	222,681	2,108,126
Insurance premium payable for employees	140,026	17,426
Payables for bonds purchased	98,780	-
Payables for bills clearance at local city	96,323	-
Payables to securities agent	31,479	11,574
Payables for equipments purchase	29,779	19,474
Payables for operational premises	29,747	45,109
Payables for improvements	13,037	9,390
Deposits for rent of safe-boxes	12,388	23,536
Others	72,680	62,367
Total	746,920	2,297,002

As of December 31, 2003, there were no outstanding payables associated with shareholders with 5% or above stock of the Bank (2000: nil).

34. Long-term deposits

	December 31, 2003	December 31, 2002
2-year	647,343	752,341
3-year and over	45,538,554	22,486,026
Total*	46,185,897	23,238,367

*Long-term deposits include structural deposits of RMB 2,779,833,000 (RMB 1,709,073,000 in 2002). Structural deposits refer to those common deposits embedded with such derivative financial instruments as interest rate options and advance options.

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35. Long-term savings deposits

	December 31, 2003	December 31, 2002
2-year	864,113	531,363
3-year	799,936	389,261
5-year and over	254,599	128,381
Total	1,918,648	1,049,005

36. Short-term and long-term margin deposits

	December 31, 2003	December 31, 2002
Deposits for acceptance bills	15,907,086	8,898,717
Deposits for issuance of L/C	1,178,441	542,958
Deposits for comprehensive credit commitments	925,254	747,304
Deposits for letter of guarantee	642,789	422,215
Others	1,718,939	1,330,849
Total	20,372,509	11,942,043

37. Bond payables

	December 31, 2003
Total face value	1,970,699
Accrued interest	24,798
Total	1,995,497

The Bank issued on February 27, 2003 the 5-year-term corporate bonds of total RMB 4 billion at an annual interest rate of 1.5 percent. The interest of bond is payable on each February 27 before maturity. According to the agreement, these bonds can be converted into stocks at any time between August 27, 2003 and February 27, 2008. As of December 31, 2003, there were altogether RMB 2,029,301,000-of bonds converted into stocks at a price of RMB 7.73 per share, the accumulated stock capital increased by RMB 262,522,000(See Note V-38"equity"), capital surplus increased by RMB 1,788,279,000 (See Note V-39 "capital surplus"), including RMB 21,508,000 of accrued interest on bonds already converted to equity.

The Bank holds the right to repurchase the convertible corporate bonds one year after the issuance date but before the maturity date. If the A-Share stock of the Bank closes at a price 130 percent as high as the practice price for 20 consecutive trading days, the Bank is entitled to repurchase part or all of the bonds not yet converted into equity before the repurchase date at a price of 102 percent (including the interest for that year)as high as the par value.

Holder of the convertible corporate bonds are entitled to sell the bonds back to the Bank within one year before the maturity date. If the A-Share stock of the Bank closes at a price lower than 70 percent of the practice price for 20 consecutive trading days, the holders are entitled to sell part or all of the bonds back to the Bank at a price of 106 percent (including the interest for that year) of the par value.

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38. Capital Stock

	January 1, 2003	Bonus stock*	Issue of shares from capital surplus*	Capital stock from converted bonds**	December 31, 2003
Non-listed shares					
Promoters' shares	2,063,471	412,694	206,347	-	2,682,512
Including: Shares held by domestic legal persons	2,063,471	412,694	206,347	-	2,682,512
Listed shares					
Common stock listed at domestic stock exchange	523,250	104,650	52,325	262,522	942,747
Total Shares	2,586,721	517,344	258,672	262,522	3,625,259

*According to the Resolution of the 2002 Shareholders' General Meeting on February 28, 2003 on the 2002 fiscal year profit distribution plan, a cash dividend of RMB 0.60 per 10 shares (including tax), a bonus stock at 20% from dividend and share issue at 10% from capital surplus were allocated for all the 2,586,721,322 shares outstanding as of December 31, 2002. This resulted in the cash dividend payout of RMB 155,203,000 and an increase of capital stock by RMB 517,344,000 from bonus stock and an increase of capital stock by RMB 258,672,000 due to the share issue from capital surplus. The above was validated by PricewaterhouseCoopers Zhongtian CPAS Company Limited in its (2003) No.113 Capital Verification Report on July 9, 2003 on the dividend, bonus stock and share issue from capital surplus.

**See Note V-37 "Bond payables". As of December 31, 2003, the total capital stock increased to RMB 3,625,259,000 (2002: RMB 2,586,721,000). The above has been validated by PricewaterhouseCoopers Zhongtian CPAS Company Limited. In its (2004) No. 23 Capital Verification Report on February 9, 2004 on the conversion of convertible bonds into common shares.

39. Capital surplus

Balance as of January 1, 2003	2,532,123
Plus: Capital stock premium from converted bonds*	1,788,279
Less: Share issue from capital surplus**	(258,672)
Balance as of December 31, 2003	4,061,730

*See Note V-37 "Bond payables".

**See Note V-38 "Capital stock".

40. Surplus reserve

	Statutory surplus reserve	Statutory welfare reserve	Total
January 1, 2003	153,791	109,214	263,005
Additions in 2003*	139,125	69,563	208,688
December 31, 2003	292,916	178,777	471,693

*See Note V-41 "Retained earnings".

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41. Retained Earnings

Balance as of January 1, 2003	624,851
Plus: Retrospective readjustment - from tax payable accounting method to taxation effecting accounting method (Note II)	203,973
Retrospective readjustment - cash dividend as approved and allocated by the Shareholders' Meeting post the Balance Sheet Date	155,203
Balance after the retrospective readjustment as of January 1, 2003	984,027
Plus: Net profit this year	1,391,252
Less: Dividends converted into stock for 2002*	(517,344)
Appropriation to statutory surplus reserve	(139,125)
Appropriation to statutory welfare reserve	(69,563)
Common stock dividend payable - 2002 cash dividend as approved by the Shareholders' General Meeting	(155,203)
Balance as of December 31, 2003	1,494,044

According to the Resolution of the Board of Directors on February 25, 2004, the 2003 profit after tax of the Bank was suggested to be distributed as follows:

(1) Appropriation of 10 percent to the statutory surplus reserve (2002: 10 percent);

(2) Appropriation of 5 percent to the statutory welfare reserve (2002: 5 percent).

*For 2002 cash dividend of common stock converted into equity, see Note V-38 "Capital stock".

42. Interest income and expenses

	2003	2002
Interest income		
Interest income from short-term loans	4,189,068	2,885,409
Interest income from medium and long-term loans	2,666,129	985,988
Interest income from bill discounting	900,339	702,072
Others	137,046	52,984
Total	7,892,582	4,626,453
Interest expenses		
Interest expenses on time deposits	2,610,486	1,519,823
Interest expenses on demand deposits	758,198	511,233
Interest expenses on time savings deposits	161,868	110,492
Interest expenses on demand savings deposits	45,084	22,654
Interest expenses on bonds	46,306	-
Others	1,771	1,104
Total	3,623,713	2,165,306

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43. Income and expenses from financial institutions

	2003	2002
Income from financial institutions		
Interest income on deposits with the Central Bank	412,814	264,452
Interest income on deposits with other banks	306,239	158,379
Interest income on lending to banks and financial institutions	211,064	394,027
Interest income on rediscounted bills	523,864	332,117
Interest income on purchased loans under resale agreements	168,177	2,979
Interest income on purchased bonds under resale agreements	155,902	65,420
Total	1,778,060	1,217,374
Expenses to financial institutions		
Interest expenses on deposits from banks and financial institutions	744,568	471,897
Interest expenses on borrowings from banks and financial institutions	96,287	30,808
Interest expenses on rediscounted bills	661,284	304,436
Interest expenses on bonds sold on repurchase agreements	326,124	74,683
Other expenses	5,746	21,702
Total	1,834,009	903,526

44. Investment income

	2003	2002
Income from investments in long-term bonds	1,965,133	1,153,199
Income from investments in short-term bonds	77,647	33,144
Total	2,042,780	1,186,343

45. Other operating expenses

	2003	2002
Provisions for loan losses	1,056,180	546,693
Provisions for bad debts	5,078	11,715
Others	199	12,787
Total	1,061,457	571,195

46. Business tax and surcharges

	2003	2002
Business tax	409,203	286,157
Urban maintenance and development tax	25,974	14,957
Education surcharges	12,784	7,355
Others	3,592	2,156
Total	451,553	310,625

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47. Income tax

	2003	2002
Income tax this year	574,764	327,489
Deferred income tax	(24,902)	19,716
Total	549,862	347,205

The actual expenses on income tax are at variance with the theoretical figure calculated at the official tax rate. Major modifications are made on the following items :

	2003	2002
Profit before tax	1,941,114	1,219,028
Income tax at 33 percent	640,568	402,279
Effect of the tax-free interest income of treasury bonds	(281,983)	(240,248)
Effect of the non-offsettable salary, business promotion fee and other expenses before tax	191,277	185,174
Total	549,862	347,205

VI Balance Sheet in Different Currencies as of December 31, 2003

	RMB	US\$ Equivalent In RMB	HK\$ Equivalent In RMB	JPY Equivalent In RMB	Other currencies Equivalent In RMB	TOTAL
Assets:						
Cash & bank deposits	870,863	89,883	41,335	31,955	32,187	1,066,223
Due from Central Bank and other banks	58,278,738	1,809,129	2,180,260	1,605,135	106,888	63,980,150
Loans, net	189,604,586	8,034,956	409,893	37,383	295,525	198,382,343
Lendings to banks and financial institutions	3,650,462	4,397,872	400,202	-	96,230	8,544,766
Investment	54,723,737	8,621,412	1,775,913	-	49,948	65,171,010
Other assets	23,116,783	722,034	32,582	6,106	42,413	23,919,918
Total Assets	330,245,169	23,675,286	4,840,185	1,680,579	623,191	361,064,410
Liabilities:						
Deposits	258,285,463	14,521,479	1,696,708	64,513	248,153	274,816,316
Due to other banks	34,288,992	5,404,657	2,772,610	1,540,607	415	44,007,281
Bonds payable	1,995,497	-	-	-	-	1,995,497
Other liabilities	29,048,004	1,331,724	102,909	15,304	97,171	30,595,112
Total Liabilities	323,617,956	21,257,860	4,572,227	1,620,424	345,739	351,414,206
Net positions of assets and liabilities	6,627,213	2,417,426	267,958	60,155	277,452	9,650,204

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VII Maturity Date Analysis on the Balance Sheet Items as of December 31, 2003

	On demand	1-3 ms	3-12 ms	1-5 ys	Over 5 ys	Total
Assets:						
Cash & bank deposits	1,066,223	-	-	-	-	1,066,223
Due from Central Bank and other banks	57,203,827	2,278,766	4,084,214	326,343	87,000	63,980,150
Loans, net	12,808,267	27,008,655	93,685,158	28,800,943	36,079,320	198,382,343
Lendings to banks and financial institutions	168,944	7,291,225	760,525	324,072	-	8,544,766
Investment	211,768	208,988	3,894,661	18,806,052	42,049,541	65,171,010
Other assets	11,827,149	2,996,707	4,916,308	548,486	3,631,268	23,919,918
Total Assets	83,286,178	39,784,341	107,340,866	48,805,896	81,847,129	361,064,410
Liabilities:						
Deposits	131,534,954	34,627,303	62,366,906	42,128,494	4,158,659	274,816,316
Due to other banks	35,942,176	4,162,292	2,329,213	1,039,254	534,346	44,007,281
Bonds payable	-	24,798	-	1,970,699	-	1,995,497
Other liabilities	13,893,309	10,073,010	6,496,412	43,700	88,681	30,595,112
Total Liabilities	181,370,439	48,887,403	71,192,531	45,182,147	4,781,686	351,414,206
Net liquidity	(98,084,261)	(9,103,062)	36,148,335	3,623,749	77,065,443	9,650,204

VIII Related Party Relationships and Transactions

1. Related party relationships

At present, the Bank has no related parties that control the Bank. Related parties that have significant influence to the Bank include: shareholding companies of the Bank and other companies under the control of, members of the Board of Directors and the Board of Supervisors, the senior management or their relatives, and their parent companies and their controlled subsidiaries.

2. Balance of the loan to related parties

The following is the loan balances of related parties that have significant influence to the Bank:

	December 31, 2003	December 31, 2002
China Shipowners Association for Mutual Protection	69,000	-
China Small and Medium Enterprise Investment & Development Co., Ltd.	20,000	23,000
Xiamen Xindi Industry Co., Ltd.	132,000	116,000
Beijing Vantone Industry Co., Ltd.	25,000	-
Oriental Group Co., Ltd.	150,000	90,000
Beijing Guangcai Property Co., Ltd.	341,000	350,000
Xiamen Tiandafu Industry Co Ltd.	-	16,000
Guangcai Undertaking Investment Group Co., Ltd.	-	400,000
Guangcai Construction Group Co., Ltd.	-	400,000
Total	737,000	1,395,000

The Bank trades with the related parties under normal business terms and normal business procedures.

- For the year ended December 31, 2003
- In RMB '000 unless otherwise specified

IX Segment Information

Loans (including short-term, medium and long-term loans, overdue, idle and dead loans, inward and outward documentary bills, discounted bills, before deducting provision for loan losses) are as following in terms of geographic locations:

Locations	December 31, 2003	December 31, 2002
Beijing	63,362,286	43,016,836
Guangdong	37,627,519	26,645,950
Shanghai	32,495,472	19,258,665
Hubei	9,173,550	7,457,969
Zhejiang	13,425,820	5,805,842
Shanxi	9,425,081	5,555,217
Jiangsu	8,590,324	3,772,087
Chongqing	6,334,426	3,706,227
Hebei	4,048,798	3,171,859
Other locations	17,289,633	9,955,627
Total	201,772,909	128,346,279

Loans (as above-described) are as following in terms of sectors:

Sector	December 31, 2003	December 31, 2002
Industry	49,654,702	39,960,938
Real estate and construction	30,423,751	23,586,053
Commerce and service	38,995,201	19,216,416
Transportation	14,492,985	7,489,052
Finance	2,392,433	5,643,211
Individual loans	23,852,515	5,249,199
Science, technology & environmental protection	5,295,161	3,894,584
Import & Export	23,019,615	2,422,317
Agriculture	972,978	538,176
Public sector and others	12,673,568	20,346,333
Total	201,772,909	128,346,279

CHINA MINSHENG BANKING CORP., LTD.

NOTES TO THE FINANCIAL STATEMENTS

- For the year ended December 31, 2003
- In RMB '000 unless otherwise specified

Deposits (including short and long-term deposits, short and long-term savings deposits, fiscal deposits, inward remittance and temporary deposits, short- and long-term margin deposits) are as following in terms of geographic locations:

Locations	December 31, 2003	December 31, 2002
Beijing	76,475,530	55,488,552
Guangdong	54,177,737	40,173,552
Shanghai	50,799,275	31,965,100
Hubei	14,359,148	11,156,888
Zhejiang	15,578,671	7,267,030
Shanxi	12,927,743	7,583,746
Jiangsu	10,810,684	7,264,378
Chongqing	8,721,240	4,485,237
Hebei	7,356,611	4,638,049
Other locations	23,609,677	16,784,435
Total	274,816,316	186,806,967

X Contingency

As of 31 December 2003 , the Bank had no contingency items.

XI Capital Commitment

The Bank's capital commitment was mainly related to construction of office building and purchase of fixed assets as illustrated below:

	December 31, 2003	December 31, 2002
Contracts signed but before payment	367,384	260,448
Approved but not yet signed contracts	1,591,654	241,010
Total	1,959,038	501,458

XII Off-balance Sheet Items

The balances of major off-balance sheet items are as following:

	December 31, 2003	December 31, 2002
Credit facilities: committed but before grant	106,634,318	56,183,812
Bank acceptance bill	28,763,337	18,040,365
Inward L/C	3,335,896	1,377,504
Issuance of letter of guarantee	2,713,942	1,901,421
Leasing commitments	1,413,641	1,135,784
Outward L/C	5,831,470	3,016,867
Entrusted loans	6,181,578	2,822,373
Interests receivable	681,317	489,629

Leasing commitments mainly reflect the rents payable by the Bank for premises and equipments for business operation purposes. The durations of the leasing contracts are usually set at 5-10 years.

- For the year ended December 31, 2003
- In RMB '000 unless otherwise specified

The following are leasing commitments the Bank had as of December 31, 2003:

	< 1y	1-5 ys	>5ys	Total
Business premises	258,587	772,231	368,823	1,399,641
Business equipments	2,603	10,112	1,285	14,000
Total	261,190	782,343	370,108	1,413,641

Altogether assets up to the worth of RMB 28,335,956,000 (RMB 9,223,128,000 in 2002) of the Bank have been taken as collaterals to third parties under repurchase business, issuance of convertible bonds and interest rate swap contracts.

XIII Derivative Financial Instruments

The outstanding contract value and fair value of the financial derivative instruments of the Bank are as following:

	Contract Value	Fair value	
		Assets	Liabilities
As of December 31, 2003			
Interest rate swaps	3,712,115	18,558	(31,488)
Foreign Exchange swaps	646,096	73	(3,869)
Bond option contracts	231,756	-	(1,672)
Total		18,631	(37,029)
As of December 31, 2002			
Foreign Exchange swaps	540,023	1,555	(390)
Foreign Exchange forwards	54,846	904	(49)
Total		2,459	(439)

CHINA MINSHENG BANKING CORP., LTD.

NOTES TO THE FINANCIAL STATEMENTS

- For the year ended December 31, 2003
- In RMB '000 unless otherwise specified

XIV Post Balance Sheet Events

The dividend distribution plan proposed in the resolution of the 4th meeting of the third-term Board of Directors held on February 25, 2004 was as following:

- 1) Cash dividend at RMB 0.12 per share for 2003;
- 2) Bonus stock at 20% for 2003.

This dividend distribution plan is subject to further approval at the Shareholders' Meeting.

In accordance with resolution of the 4th meeting of the third term Board of Directors and the resolution of the first Extraordinary Shareholders' General Meeting in 2004, the Bank entered into an estate purchase contract on February 15, 2004 to buy a commercial building in Shanghai at RMB 1,275,970,000.

XV Net Profit after Extraordinary Items

	2003
Net Profit	1,391,252
Plus (Less): extraordinary profit/loss	
- Loss in fixed assets disposal (Less: Profit)	574
- Non-operating incomes	(8,478)
- Non-operating expenses	8,938
Effects of the extraordinary profit/loss on income tax	673
Net Profit after the extraordinary items	1,392,959

XVI Comparative Figures

To maintain the consistency of the figures, the Bank has reclassified related comparative figures. Besides, due to the changes in the 2003 accounting policies and retrospective adjustments, corresponding changes in related comparative figures have been made.

- For the year ended December 31, 2003
- In RMB '000 unless otherwise specified

XVII Reconciliation for the Discrepancy of Financial Statements

	Net profit of 2003
Balance of the financial statements prepared in accordance with the Accounting System for Financial Institutions of China	1,391,252
Adjustments in accordance with IFRS	
Off-set the closing balance of start-up cost for subsidiaries before business operations	(20,806)
Adjustments related to convertible bonds	12,135
Net losses in unrealized transactions of financial derivative instruments	(18,398)
Deferred income tax and other adjustments	3,574
Balance after adjustment in accordance with IFRS	1,367,757
	Net assets as of December 31, 2003
Balance of the financial statements prepared in accordance with the Accounting System for Financial Institutions of China	9,650,204
Adjustments in accordance with IFRS	
Off-set the closing balance of start-up cost for subsidiaries before business operations	(20,806)
Adjustments related to convertible bonds	217,666
Net losses in unrealized transactions of financial derivative instruments	(18,398)
Unrealized losses on available-for-sale investment, after tax	(95,622)
Deferred income tax and other adjustments	30,954
Balance after adjustment in accordance with IFRS	9,763,998

The Financial Statements prepared in accordance with IFRS are audited by PricewaterhouseCoppers China Limited.

2003 CMBC



Appendix II Supplementary Financial Statements

CHINA MINSHENG BANKING CORP., LTD.
Annual Financial Statements and Report of the Auditors

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2003 CMIBC

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Report of the auditors

To the Shareholders of China Minsheng Banking Corp., Ltd.

We have audited the accompanying balance sheet of China Minsheng Banking Corp., Ltd. (the "Bank") as of December 31, 2003 and the related income and cash flow statements for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects the financial position of the Bank as of December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

February 25, 2004

CHINA MINSHENG BANKING CORP., LTD.

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2003

■ In RMB '000 unless otherwise specified

	Notes	2003	2002
Interest income	4	11,655,192	6,913,317
Interest expenses	4	(5,506,637)	(3,068,832)
Net interest income		6,148,555	3,844,485
Fee and commission income	5	137,394	89,814
Fee and commission expenses		(37,969)	(21,695)
Net fee and commission income		99,425	68,119
Net gain on disposal of available-for-sale securities		41,531	116,853
Other operating income	6	193,828	107,722
Operating income		6,483,339	4,137,179
Operating expenses	7	(3,521,114)	(2,348,391)
Provision for impaired loans	14	(1,056,180)	(546,693)
Profit before tax		1,906,045	1,242,095
Income tax expense	8	(538,288)	(357,469)
Net profit		1,367,757	884,626
Earnings per share (RMB per share)			
Basic earnings per share	9	RMB 0.40	RMB 0.26
Diluted earnings per share	9	RMB 0.38	RMB 0.26

The following notes form an integral part of these financial statements.

CHINA MINSHENG BANKING CORP., LTD.

BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31, 2003

■ In RMB'000 unless otherwise specified

	Notes	2003	2002
ASSETS			
Cash and due from banks	10	29,462,365	20,120,144
Deposits with the PBOC	11	35,584,008	37,678,987
Trading assets	13	98,424	2,459
Securities purchased under resale agreements		18,535,339	14,396,832
Loans, net	14	206,927,109	133,598,655
Investment securities			
- Available-for-sale	15	43,188,933	18,851,676
- Held-to-maturity	15	21,643,653	16,090,570
Fixed assets, net	16	3,202,078	2,314,492
Deferred tax assets	17	291,368	199,214
Other assets, net	18	2,048,730	1,297,631
TOTAL ASSETS		360,982,007	244,550,660
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Customer deposits	19	274,816,316	186,806,967
Deposits from banks		44,007,281	36,312,124
Borrowings from the PBOC and other banks	20	3,526,086	1,269,868
Trading liabilities	13	37,029	439
Securities sold under repurchase agreements		23,780,348	8,983,128
Convertible bonds	21	1,777,831	-
Deferred tax liabilities	17	8,581	294,680
Other liabilities	22	3,264,537	3,894,801
Total Liabilities		351,218,009	237,562,007
Shareholders' Equity			
Capital stock	23	3,625,259	2,586,721
Capital surplus		4,267,261	2,532,123
Surplus reserve			
Statutory surplus reserve	24	292,916	153,791
Statutory welfare reserve	24	178,777	109,214
Retained earnings		1,497,929	1,011,407
Unrealised (loss)/ gain on available-for-sale investment securities, net of tax		(95,622)	598,287
Other capital reserve		(2,522)	(2,890)
Total Shareholders' Equity		9,763,998	6,988,653
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		360,982,007	244,550,660

On February 24, 2003, the Bank's Board of Directors authorized these accounts for issue. The following notes form an integral part of these financial statements.

CHINA MINSHENG BANKING CORP., LTD.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003

■ In RMB '000 unless otherwise specified

	Notes	Capital Stock	Capital Surplus	Statutory Surplus Reserve	Statutory Welfare Reserve	Retained Earnings	Unrealised Gain/(loss) on Available-for-sale Investments	Other Capital Reserve	Total
Balance at January 1, 2002		2,249,323	2,532,123	64,637	64,637	755,363	490,998	(2,913)	6,154,168
Arising in the year									
Net profit		-	-	-	-	884,626	-	-	884,626
Appropriation to surplus reserve	24	-	-	89,154	-	(89,154)	-	-	-
Appropriation to welfare reserve	24	-	-	-	44,577	(44,577)	-	-	-
Unrealised gain on available-for-sale investments, net of tax		-	-	-	-	-	107,289	-	107,289
Distribution of cash dividends	25	-	-	-	-	(157,453)	-	-	(157,453)
Stock dividends	23 & 25	337,398	-	-	-	(337,398)	-	-	-
Other		-	-	-	-	-	-	23	23
Balance at December 31, 2002/ January 1, 2003		2,586,721	2,532,123	153,791	109,214	1,011,407	598,287	(2,890)	6,988,653
Arising in the year									
Stock dividends	23 & 25	517,344	-	-	-	(517,344)	-	-	-
Distribution of cash dividends	25	-	-	-	-	(155,203)	-	-	(155,203)
Fair value of equity component of convertible bonds at the date of issue, net of direct issuance costs	21	-	460,830	-	-	-	-	-	460,830
Conversion of bonds into capital stock	23	262,522	1,532,980	-	-	-	-	-	1,795,502
Issue of shares - transfer from capital surplus	23	258,672	(258,672)	-	-	-	-	-	-
Net profit		-	-	---	-	1,367,757	-	-	1,367,757
Appropriation to surplus reserve	24	-	-	139,125	-	(139,125)	-	-	-
Appropriation to welfare reserve	24	-	-	-	69,563	(69,563)	-	-	-
Unrealised loss on available-for-sale investments, net of tax		-	-	-	-	-	(693,909)	-	(693,909)
Other		-	-	-	-	-	-	368	368
Balance at December 31, 2003		3,625,259	4,267,261	292,916	178,777	1,497,929	(95,622)	(2,522)	9,763,998

The following notes form an integral part of these financial statements.

CHINA MINSHENG BANKING CORP., LTD.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2003

■ In RMB '000 unless otherwise specified

	Notes	2003	2002
Cash flows from operating activities			
Profit before tax		1,906,045	1,242,095
Adjustments:			
Provision for impaired loans	14	1,056,180	546,693
Provision for impairment on fixed assets		25,523	-
Provision for bad debt on other receivables		5,078	11,715
Gain on sales of investment securities		(41,531)	(116,853)
Depreciation and amortisation		308,475	200,160
Loss on disposal of fixed assets		574	4,516
Net changes in operating assets and liabilities:			
Due from banks over 3 months		(1,293,502)	1,778,463
Restricted reserve deposits with the PBOC		(7,471,212)	(4,412,443)
Trading assets		(95,965)	(2,459)
Securities purchased under resale agreements		(4,138,507)	(8,027,578)
Loans		(74,384,634)	(53,027,871)
Other assets		(792,114)	(154,482)
Customer deposits		88,009,349	82,207,531
Deposits from banks		7,695,157	13,059,851
Borrowings from the PBOC and other banks		2,256,218	(1,645,908)
Trading liabilities		36,590	439
Securities sold under repurchase agreements		14,797,220	8,983,128
Other liabilities		(632,933)	1,966,565
Payment of income tax		(520,082)	(318,384)
Net cash provided from operating activities		26,725,929	42,295,178
Cash flows from investing activities			
Cash received from sale and maturity of investment securities		26,854,110	7,603,538
Cash received from disposal of fixed assets		225,465	19,745
Purchases of investment securities		(57,639,825)	(22,386,414)
Purchases of equity investments		-	(17,755)
Purchases of fixed assets and other assets		(1,467,778)	(639,109)
Net cash used in investing activities		(32,028,028)	(15,419,995)
Cash flows from financing activities			
Net cash received from issuance of convertible bonds		3,938,950	-
Cash dividends paid		(154,691)	(157,453)
Net cash provided from/ (used in) financing activities		3,784,259	(157,453)

The following notes form an integral part of these financial statements.

CHINA MINSHENG BANKING CORP., LTD.

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2003

■ In RMB '000 unless otherwise specified

	Notes	2003	2002
Currency translation variances		368	23
Net increase in cash and cash equivalents		(1,517,472)	26,717,753
Cash and cash equivalents at beginning of year	12	42,672,524	15,954,771
Cash and cash equivalents at end of year	12	41,155,052	42,672,524
Supplemental disclosures of cash flow information			
Interest received		9,556,622	6,767,800
Interest paid		(5,031,560)	(2,820,602)

Significant non-cash transactions

Convertible bonds with aggregate face value of RMB 2,029,301 were converted into 262,521,649 shares of the Bank's common stock during 2003.

CHINA MINSHENG BANKING CORP., LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

■ In RMB '000 unless otherwise specified

1. GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

China Minsheng Banking Corp., Ltd. (the "Bank") was established in the People's Republic of China ("PRC") on February 7, 1996 as a joint stock national commercial bank with capital participation mainly from non-state owned enterprises. Its establishment was approved by the State Council of the PRC and by the People's Bank of China ("PBOC"). The Bank's common stock is listed on the PRC domestic A-share market.

The Bank manages its business on a domestic geographic basis, determined based on customer domicile and the location of branches in which the transactions and assets are recorded. The Bank has no subsidiaries nor investments in associates.

At December 31, 2003, the Bank had approximately 5,270 employees (2002: 4,250).

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

A. Basis of preparation

These accounts are prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounts are prepared under the historical cost convention except for available-for-sale investment securities, financial assets and financial liabilities, and all derivatives contracts, which are under the fair value convention.

The preparation of accounts in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Material estimates that are susceptible to significant change in the near-term include the determination of fair values of derivative financial instruments and the provision for impaired loans. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ significantly from those estimates.

The accounting year of the Bank is from January 1 to December 31. The related period refers to the year ended December 31, 2003.

The Bank adopted the revised IAS 32 - Financial Instruments: Disclosure and Presentation ("IAS 32") and the revised IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39") in 2003. The financial effects of adopting these standards were retrospectively applied in the previous years' accounts.

B. Foreign currency translation

The Bank's reporting currency is Renminbi ("RMB"), the lawful currency of the PRC.

Foreign currency transactions are translated into RMB at the exchange rates prevailing on the date of the transactions. Gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement at the exchange rates prevailing on settlement date and the balance sheet date, respectively.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses.

C. Derivative financial instruments

Derivative financial instruments including foreign currency forwards, bond interest rate options and swaps are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are re-measured at their fair values. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. All derivatives are carried as trading assets when fair value is positive and as trading liabilities when fair value is negative.

Certain derivatives embedded in other financial instruments, such as the conversion option for the holder of a convertible bond, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains and losses reported in income.

Changes in the fair values of derivatives are included in trading income.

Derivative transactions, while intended to provide effective economic hedges under the Bank's risk management positions, do not qualify for hedge accounting under the specific rules in the revised IAS 39 and are therefore treated as derivatives held for trading with changes in fair value reported as other operating income.

The fair values of derivative instruments are disclosed in Note 28.

D. Offsetting financial instruments

Financial assets and liabilities are offset. The net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

During the year, the Bank has not offset any major financial assets and liabilities.

E. Interest income and expense

Interest income and expenses are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investment securities and accrued discount and premium on discounted instruments.

F. Fee and commission income

Fees and commissions are recognised on an accrual basis when the related service has been provided.

G. Resale and repurchase agreements

Securities sold subject to linked repurchase agreements ("repos") are retained in the accounts as investment securities and the related liability is recorded as securities sold under repurchase agreements. Securities purchased under agreements to resell ("resales") are recognised in the balance sheet as an advance to the counterparty. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreement using the effective yield method.

H. Trading assets

Trading assets include derivatives and trading securities which are either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. Trading securities are initially recognized at fair value and subsequently re-measured based on quoted bid prices. All related realized and unrealized gains or losses are included in net trading income. Interest earned whilst holding trading securities is reported as interest income. Dividends received are included in dividend income. All purchases and sales of trading securities are treated as derivatives until settlement date. Transaction costs are recognized as other expense when incurred.

Management may irrevocably choose to classify any financial asset as being carried at fair value through profit and loss. During the year, management has not elected to irrevocably classify any financial assets other than trading securities and derivatives at fair value through the profit or loss.

I. Investment securities

The Bank classifies its investment securities into the following two categories: held-to-maturity and available-for-sale securities. Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Investment securities are initially recorded at fair value, plus the related transaction costs directly attributable to their acquisition, on settlement date. Available-for-sale investments are subsequently re-measured based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Unrealised gains and losses arising from

CHINA MINSHENG BANKING CORP., LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

■ In RMB '000 unless otherwise specified

changes in the fair value of investments classified as available-for-sale are recognised in equity net of income tax effect. Equity securities for which fair values cannot be measured reliably are recognized at cost less impairment. When the securities are disposed of or impaired, the related accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Held-to-maturity securities are carried at amortised cost using the effective yield method, less any provision for impairment.

The Bank assesses at each balance sheet date whether there is any objective evidence that an investment security is impaired. Objective evidence may include significant financial difficulty of the issuer, a breach of contract such as default or delinquency, disappearance of an active market because of financial difficulties and for equity securities a significant or prolonged decline in the fair value of the equity below its cost. If there is objective evidence the impairment loss on held to maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rates. If there is objective evidence that an available for sale investment is impaired, the cumulative loss that has been recognised directly in equity shall be removed from equity and recognised in profit or loss.

Interest earned whilst holding investment securities is reported as interest income. Dividend receivables are included separately in dividend income when a dividend is declared.

All purchases and sales of investment securities are recognized as derivative forward transactions until settlement.

J. Loans and provision for impaired loans

Loans to customers, banks and other financial institutions are reported on the balance sheet at amortised

cost, net of provision for impairment. Loans to banks and other financial institutions include placements with banks and other financial institutions that have a term more than one year. All loans are recognised when cash is advanced to borrowers.

The Bank assesses at each balance sheet date whether there is any objective evidence that a loan is impaired. Objective evidence may include significant financial difficulty of the issuer, a breach of contract such as default or delinquency, and granting concessions to a borrower. If there is objective evidence that impairment loss on a loan carried at amortised cost has been incurred, a provision for impairment is established for each impaired loan. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the impaired loan.

Upon impairment, the accrual of interest income based on the original terms of the loan is discontinued, and the accrual of interest on the recoverable amount of the loan is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

When a loan is uncollectible, it is written off against the related provision for impaired loans; subsequent recoveries are credited to the provision for impaired loans in the income statement.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to provision for impaired loans.

The provision for impaired loans also covers unidentified losses where there is objective evidence that a loss has been incurred in the loan portfolio at the balance sheet date. These losses have been estimated based upon historical experience of losses and reflecting the current economic climate in which the borrowers operate.

K. Fixed assets

All fixed assets are stated at historical cost less accumulated depreciation and impairment.

Depreciation is calculated using the straight-line method to write down the cost of fixed assets to their residual values which are estimated at 3 percent of the cost over their anticipated useful lives as follows:

Buildings	20 - 30 years
Leasehold improvements	5 - 10 years
Office equipment	5 - 10 years
Motor vehicles	5 years

No depreciation is provided against construction in progress.

Fixed assets are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the income statement when the expenditure is incurred.

L. Operating leases

The Bank entered into various operating lease agreements to rent its head office and branches' offices and facilities. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the leases.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

All leasing activities engaged in by the Bank to date have involved solely operating leases. The Bank has not conducted any leasing activities as lessor.

M. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 3 months' maturity from the date of acquisition including: cash and balances with the PBOC, and amounts due from other banks.

N. Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Such provisions are charged to operating expenses.

O. Employee benefits

The Bank participates in a number of defined contribution plans regulated by local governments throughout the country or managed by insurance companies. Once the related contributions have been made, the Bank has no further obligations and liabilities to retired employees. The pension plans are generally funded by payments from employees and by the Bank.

The Bank's contributions to these pension plans are charged to the income statement in the period to which they are due.

P. Deferred income taxes

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Currently enacted tax rate of 33% at balance sheet date is used in the determination of deferred income tax.

The principal temporary differences arise from provisions for impaired loans and revaluation of available-for-sale investment securities. Deferred tax assets are recognised to the extent that it is probable that future

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taxable profit will be available against which the temporary differences can be utilised. Deferred tax related to fair value re-measurement of available-for-sale investments is charged or credited directly to equity, and is subsequently recognised in the income statement together with the deferred gain or loss when the related investments are sold.

Income tax payable on profits, based on the applicable tax law in each jurisdiction is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carried forward are recognised as an asset when it is probable that future taxable profits will be available which these losses can be utilised against.

Q. Borrowings

Borrowings are recognised initially at actual proceeds received (fair value of consideration received net of transaction costs incurred). Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective yield method.

R. Convertible bonds

When convertible bonds are issued, the fair value of the obligation to make future payments of principal and interest to bondholders is calculated using a market interest rate for an equivalent non-convertible bond and is presented on the amortised cost basis until extinguished on conversion or maturity of the bonds. The remaining value of the conversion option is recorded separately in shareholders' equity.

S. Financial guarantee contracts

The Bank has the following types of financial guarantee contracts: letters of credit and letters of guarantees. These contracts provide for specified payments to be made to reimburse the holders for losses incurred when the guaranteed parties default under terms of the specified debt instruments.

The Bank initially recognizes all financial guarantee

contracts at fair value, which is amortized ratably over the guarantee period. Subsequently, they are recorded as liabilities in the balance sheet when the guaranteed items lead to countable potential losses. The changes in carrying value are recorded in the income statement as other operating income.

The contractual amounts of financial guarantee contracts are disclosed as contingent liabilities and commitments in Note 27.

T. Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as off-balance sheet transactions and are disclosed as contingent liabilities and commitments in Note 27.

U. Share capital

(1) Share issue costs

External costs directly attributable to the issue of new shares are deducted from capital surplus.

(2) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Dividends for the year which are declared after the balance sheet date are dealt with in the subsequent events note.

V. Capital Surplus

Capital surplus is the excess of share issue proceeds over the par value of common stock.

W. Fiduciary activities

Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from these accounts where the Bank acts in a fiduciary capacity such as trustee or agent.

X. Contingent liabilities and contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. It can also be a present obligation arising from past events that is not recognized because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs that the outflow becomes probable, it will then be recognized as a provision.

Y. Segment reporting

Geographical segments provide products or services within a particular environment that is subject to risks and returns that are different from those of components operating in other economic environments.

Z. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

AA. Change in accounting estimate and its impact

The Bank has changed the estimated useful lives of certain classes of fixed assets in 2003. Useful lives of non-business-use buildings changed from 35 years to 30 years, while useful lives of certain computer equipment changed from 3 years to 5 years. Such changes in estimated useful lives do not have a significant impact on net income for the year ended 31 December 2003.

3. FINANCIAL RISK MANAGEMENT

A. Strategy in using financial instruments

By its nature the Bank is engaged in the extensive use of financial instruments. The Bank accepts deposits from customers at both fixed and floating rates for

various periods, and seeks to earn above average interest margins by investing these funds in high quality assets. The Bank seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due. The Bank operates its business in mainland China under interest rate scheme regulated by the PBOC.

The Bank also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not only on-balance sheet loans and advances but also other commitments such as letters of credit, guarantees, and acceptances.

B. Credit risk

The Bank takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is increased when counterparties are concentrated in the same industries or geographical regions. The Bank's operation is located within China, and different areas in China have their own unique characteristics in economic development. Therefore, each area in China could present different credit risks.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to individual borrowers. Such risks are monitored on a regular basis and subject to an annual review.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which repre-

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sent irrevocable assurances that the Bank will make payments in event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Guarantee deposits are received by the Bank to lessen the credit risks related to certain of these

commitments provided by the Bank. The guarantee deposit which is at certain percentage of the notional amount of the guarantee, standby letters of credit or other credit related commitments is determined by the creditability of the customer.

Geographic sector risk concentration for loans and advances to customers is as follows:

	2003 Amount	%	2002 Amount	%
Loans and discounted bills				
Beijing	63,362,286	31	43,016,836	32
Guangdong	37,627,519	19	26,645,950	20
Shanghai	32,495,472	15	19,258,665	14
Hubei	9,173,550	4	7,457,969	5
Zhejiang	13,425,820	6	5,805,842	4
Shanxi	9,425,081	4	5,555,217	4
Jiangsu	8,590,324	4	3,772,087	3
Chongqing	6,334,426	3	3,706,227	3
Hebei	4,048,798	2	3,171,859	2
Other areas	17,289,633	8	9,955,627	7
Lending to banks and financial institutions	8,544,766	4	7,707,569	6
Total, gross	210,317,675	100	136,053,848	100

The economic sector risk concentration for loans and advances to customers based on the Bank's industry classification is as follows:

	2003 Amount	%	2002 Amount	%
Loans to corporations				
Industrial	50,254,703	24	26,821,652	20
Trading	18,724,306	9	17,213,888	13
Commercial real estate	23,597,750	11	19,176,567	14
Transportation	14,492,985	7	7,422,499	5
Telecommunication	8,957,318	4	4,440,940	3
Construction	6,826,001	3	4,383,610	3
Conglomerates	6,733,191	3	6,107,365	4
Others	26,712,270	13	12,382,691	9
Loans to individuals	23,852,515	11	5,249,199	4
Lending to banks and financial institutions	8,544,766	4	7,707,569	6
Discounted bills				
Accepted by other financial institutions	20,052,973	10	21,339,685	16
Accepted by corporate customers	1,568,897	1	3,808,183	3
Total, gross	210,317,675	100	136,053,848	100

Loans to customers by customer type

	2003 Amount	%	2002 Amount	%
Loans to corporations				
State-owned enterprises	71,462,500	34	52,358,213	38
Non-state-owned enterprises and other enterprises	77,070,364	36	39,785,259	29
Foreign investment enterprises	7,765,660	4	5,805,740	4
Loans to individuals	23,852,515	11	5,249,199	4
Lending to banks and financial institutions	8,544,766	4	7,707,569	6
Discounted bills				
Accepted by other financial institutions	20,052,973	10	21,339,685	16
Accepted by corporate customers	1,568,897	1	3,808,183	3
Total, gross	210,317,675	100	136,053,848	100

C. Market risk

The Bank takes on exposure in market risk. Market risks arise from open positions in interest rate products, currency products and derivative financial instrument transactions, which are exposed to general and specific market movements.

with certain foreign transactions in United States dollars ("USD"), Hong Kong dollars ("HKD") and to a much lesser extent, other currencies. The exchange rates between RMB to USD and HKD respectively are set by the PBOC, which had minimum movements during the reporting year. The Bank is exposed to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The management sets limits on the level of exposure by currency, which are monitored regularly.

D. Currency risk

The Bank conducts the majority of its business in RMB,

The table below summarizes the Bank's exposure to foreign currency exchange rate risk at the end of the year. Included in the table are the Bank's assets and liabilities at carrying amounts in RMB, categorized by the original currency.

As at 31 December 2003	RMB	USD	HKD	JPY	Other currencies	Total
Assets:						
Cash and due from banks	24,045,387	1,451,094	2,189,718	1,637,091	139,075	29,462,365
Deposits with the PBOC	35,104,214	447,918	31,876	-	-	35,584,008
Trading assets	-	98,052	363	-	9	98,424
Securities purchased under resale agreements	18,535,339	-	-	-	-	18,535,339
Loans, net	193,255,047	12,432,828	810,095	37,383	391,756	206,927,109
Investments	54,434,660	8,575,051	1,771,816	-	51,059	64,832,586
Other assets	4,739,041	722,034	32,582	6,106	42,413	5,542,176
Total assets	330,113,688	23,726,977	4,836,450	1,680,580	624,312	360,982,007

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Liabilities :						
Customer deposits	(258,285,463)	(14,521,479)	(1,696,708)	(64,513)	(248,153)	(274,816,316)
Deposits from banks	(34,288,992)	(5,404,657)	(2,772,610)	(1,540,607)	(415)	(44,007,281)
Borrowings from the PBOC and other banks	(2,949,000)	(438,627)	(76,844)	-	(61,615)	(3,526,086)
Trading liabilities	-	(36,716)	(301)	(12)	-	(37,029)
Securities sold under repurchase agreements	(23,499,190)	(281,158)	-	-	-	(23,780,348)
Convertible bonds issued	(1,777,831)	-	-	-	-	(1,777,831)
Other liabilities	(2,629,777)	(566,415)	(26,065)	(15,305)	(35,556)	(3,273,118)
Total liabilities	(323,430,253)	(21,249,052)	(4,572,528)	(1,620,437)	(345,739)	(351,218,009)
Net on balance sheet position	6,683,435	2,477,925	263,922	60,143	278,573	9,763,998
As at December 31, 2002						
Total assets	225,989,935	14,576,845	3,260,710	535,040	188,130	244,550,660
Total liabilities	(220,794,509)	(13,511,695)	(2,638,311)	(537,950)	(79,542)	(237,562,007)
Net on balance sheet position	5,195,426	1,065,150	622,399	(2,910)	108,588	6,988,653

E. Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Currently, the benchmark interest rates for loans and deposits within mainland China are set by the PBOC. The Bank operates its business predominantly in mainland China under the interest rate scheme regulated by the PBOC. It is a normal practice for the interest rates of both interest-bearing assets and liabilities to move in the same directions. Consequently, the Bank has little exposure in terms of interest rate risk, other than the foreign currency denominated investments in bonds. However, there is no guarantee that the PBOC will continue this practice in the future.

According to the PBOC regulations, the ceiling for loan interest rate can be set at 30% above the benchmark interest rates, whilst the floor is 10% below the benchmark rates.

Interest rate for discounted bills is market driven. However, such interest rate cannot be set below the PBOC interest rate for re-discounted bills.

Effective from January 1, 2004, the PBOC has revised its regulation on interest rates: the ceiling for loan interest rate can be set at 70% above the benchmark interest rates, whilst the floor is 10% below the benchmark rate. The change in regulation has no effect on the Bank's financial statements for the current year.

F. Liquidity risk

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and from margin and other calls on cash settled derivatives. Experience shows that a certain level of reinvestment of maturing funds can be predicted with a high level of certainty. The Bank sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

In addition, the Bank limits its loan to deposit ratio at below 75% as required by the PBOC. It is required that the Bank maintains 7% of the total RMB denominated deposits and 2% of the total foreign currency denominated deposits with the PBOC.

The table below analyses the assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

As at December 31, 2003	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets:						
Cash and due from banks	22,686,041	2,278,766	4,084,215	326,343	87,000	29,462,365
Deposits with the PBOC	35,584,008	-	-	-	-	35,584,008
Trading assets	49	24	-	7,747	90,604	98,424
Securities purchased						
under resale agreements	11,323,596	2,167,740	4,766,503	277,500	-	18,535,339
Loans, net	12,948,393	34,303,020	94,460,252	29,129,946	36,085,498	206,927,109
Investments	213,417	185,630	3,840,232	17,799,620	42,793,687	64,832,586
Other assets	546,749	902,132	180,365	302,469	3,610,461	5,542,176
Total assets	83,302,253	39,837,312	107,331,567	47,843,625	82,667,250	360,982,007
Liabilities:						
Customer deposits	(131,534,954)	(34,627,303)	(62,366,906)	(42,128,494)	(4,158,659)	(274,816,316)
Deposits from banks	(35,942,176)	(4,162,292)	(2,329,213)	(1,039,254)	(534,346)	(44,007,281)
Borrowings from the PBOC and other banks	-	(3,104,100)	(335,540)	-	(86,446)	(3,526,086)
Trading liabilities	(4,117)	(1,424)	-	(8,961)	(22,527)	(37,029)
Securities sold under repurchase agreements	(13,069,978)	(5,828,302)	(4,882,068)	-	-	(23,780,348)
Convertible bonds issued	-	(24,798)	-	(1,753,033)	-	(1,777,831)
Other liabilities	(823,327)	(1,116,470)	(1,252,343)	(52,281)	(28,697)	(3,273,118)
Total liabilities	(181,374,552)	(48,864,689)	(71,166,070)	(44,982,023)	(4,830,675)	(351,218,009)
Net liquidity gap	(98,072,299)	(9,027,377)	36,165,497	2,861,602	77,836,575	9,763,998
As at December 31, 2002						
Total assets	74,125,917	42,055,700	67,919,090	38,642,495	21,807,458	244,550,660
Total liabilities	(151,202,283)	(39,804,359)	(31,958,612)	(3,747,593)	(10,849,160)	(237,562,007)
Net liquidity gap	(77,076,366)	2,251,341	35,960,478	34,894,902	10,958,298	6,988,653

The matching and controlled mismatching of the maturities of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks ever to be completely matched since businesses transacted are often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amounts under other credit commitments because the Bank does not generally expect the third party to draw all funds under those agreements. The

total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

G. Fair value of financial assets and liabilities

Fair value estimates are made at a specific point in time based on relevant market information and information about the various financial instruments. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

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(1) Cash and due from banks, treasury bills, discounted bills, deposit with the PBOC, accrued interest receivable, accrued interest payable, and other liabilities

Given that maturities of these financial assets and liabilities are within one year, the carrying amount approximates the fair value.

(2) Investment securities

The fair value of securities is based on quoted market price, if available. If a quoted market price is not available, fair value is estimated using market prices for similar securities.

(3) Loans and advances to customers

The carrying amount of loans and advances to customers is a reasonable estimate of fair value because interest rates are tied to the PBOC rate and are adjusted when the PBOC announces interest rate changes.

(4) Deposits

The fair value of checking, savings accounts is the amount payable on demand at the reporting date. The fair value of fixed maturity certificates of deposit is estimated using a discounted cash flow analysis utilizing the rates currently offered for deposits of similar remaining maturities.

(5) Resale and repurchase agreements

The underlyings of resale and repurchase agreements comprise of investment securities and loans and advances to customers. The fair value of those short term financing arrangements approximate their carrying value.

(6) Convertible bonds

The aggregate fair value is calculated using a discounted cash flow model which is used based on a current yield curve appropriate for the remaining term to maturity.

The estimated fair values of the Bank's financial instruments, of which the respective carrying values are different, at December 31, 2003 and 2002 are summarised as follows:

	Carrying Value		Fair Value	
	2003	2002	2003	2002
Financial assets				
Investment securities				
- Held-to-maturity	21,643,653	16,090,570	21,663,811	16,192,675
Financial liabilities				
Customer deposits	274,816,316	186,806,967	274,632,521	187,688,909
Convertible bonds	1,777,831	-	2,414,106	-

H. Fiduciary activities

The Bank provides custody and trustee services to third parties. Those assets that are held in a fiduciary

capacity are not included in these accounts. At the balance sheet date the Bank had assets under custody accounts amounting to approximately RMB 6,182 million (2002: RMB 2,833 million).

4. NET INTEREST INCOME

	2003	2002
Interest income:		
Loans		
- Loans to customers and discounted bills	8,279,402	4,905,586
- Loans to banks and non-bank financial institutions	211,064	394,027
Investment securities	1,984,550	1,069,490
Deposits with the PBOC	412,814	264,452
Due from banks	306,239	158,379
Securities purchased under resale agreements	324,078	68,399
Others	137,045	52,984
Total	11,655,192	6,913,317
Interest expense:		
Customer deposits	(3,575,636)	(2,164,202)
Deposits from banks	(744,568)	(471,897)
Borrowings from the PBOC	(5,746)	(21,702)
Borrowings from other banks	(96,287)	(30,808)
Securities sold under repurchase agreements	(326,124)	(74,683)
Discounted bills	(661,284)	(304,436)
Convertible bonds issued	(95,221)	-
Others	(1,771)	(1,104)
Total	(5,506,637)	(3,068,832)
Net interest income	6,148,555	3,844,485

5. FEE AND COMMISSION INCOME

	2003	2002
Commission income on bond agency business	8,351	3,837
Commission income on settlement services for customers	100,623	55,156
Others	28,420	30,821
Total	137,394	89,814

6. OTHER OPERATING INCOME

	2003	2002
Net gain on trading assets	17,510	2,020
Net foreign exchange gain	134,862	64,055
Other income	41,456	41,647
Total	193,828	107,722

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7. OPERATING EXPENSES

	2003	2002
Staff costs		
- Salary, including bonus	785,017	494,353
- Other benefits	538,841	252,814
Lease expense, primarily for office space	303,468	228,392
Depreciation	229,043	184,824
Office expenses	199,931	131,711
Business development expenses	215,810	189,116
Business tax	451,553	310,625
Other general and administrative expenses	797,451	556,556
Total	3,521,114	2,348,391

8. INCOME TAX EXPENSE

The Bank incorporates and operates in the PRC and is only subject to PRC profits tax. PRC profits tax has been provided at the rate of 33% on the estimated assessable profit. Taxation in the profit and loss account represents:

	2003	2002
Current tax	574,764	327,489
Deferred tax	(36,476)	29,980
Total	538,288	357,469

The actual income tax expense differs from the statutory income tax as follows:

	2003	2002
Pretax profit	1,906,045	1,242,095
Provision for income tax calculation at statutory rate of 33%	628,994	409,891
Tax-exempted interest income on government bonds	(281,983)	(240,248)
Non-deductible salary, entertainment and other expenses	191,277	187,826
Total	538,288	357,469

9. EARNINGS PER SHARE

On May 23, 2003, the Bank effected a stock distribution through which 3 shares were issued for every 10 shares of the Bank's common stock outstanding. All share and per share amounts have been restated to reflect the effect of this share distribution.

a. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit available to shareholders by the weighted average number of shares outstanding during the respective years.

	2003	2002
Net profit available to shareholders	1,367,757	884,626
Weighted average number of shares outstanding (in thousands)	3,390,671	3,362,738
Basic earnings per share (unit: RMB)	0.40	0.26

b. Diluted earnings per share

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive ordinary shares. The Bank has one category of dilutive ordinary share which is convertible bond. The net profit is adjusted to eliminate the applicable interest expense less the tax effect.

	2003	2002
Net profit attributable to shareholders	1,367,757	884,626
Elimination of interest expense on convertible bond (net of tax effect)	63,798	-
Net profit used to determined diluted earnings per share	1,431,555	884,626
Weighted average number of ordinary shares for diluted earnings per share (unit: thousands)	3,794,623	3,362,738
Diluted earnings per share (unit: RMB)	0.38	0.26

10. CASH AND DUE FROM BANKS

	2003	2002
Cash	1,066,223	543,923
Due from banks	28,396,142	19,576,221
Total	29,462,365	20,120,144

11. DEPOSITS WITH THE PBOC

The Bank is required to maintain with the PBOC a general reserve equal to 7% (2002: 6%) of local currency deposits and 2% (2002: 2%) of foreign currency deposits, which are restricted. Unrestricted deposits are maintained with the PBOC related to the settlement of inter-bank transactions. As a result, deposits with the PBOC include:

	2003	2002
Restricted reserve deposits	17,319,864	9,848,652
Unrestricted deposits	18,264,144	27,830,335
Total	35,584,008	37,678,987

Restricted deposits with the PBOC are not available for use in the Bank's day-to-day operations.

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12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Cash Flow Statement consists of the following:

	2003	2002
Cash and due from banks (excluding amounts due from other banks with original maturities beyond 90 days)	22,890,908	14,842,189
Unrestricted deposits with the PBOC	18,264,144	27,830,335
Total	41,155,052	42,672,524

13. TRADING ASSETS & LIABILITIES

	2003	2002
Trading assets:		
Corporate bonds - unlisted at fair value	79,793	-
Derivatives - at fair value		
- Interest rate swaps	18,558	-
- Currency swaps	73	1,555
- Bond options	-	-
- Currency forwards	-	904
Total	98,424	2,459
Trading liabilities:		
Derivatives - at fair value		
- Interest rate swaps	(31,488)	-
- Currency swaps	(3,869)	(390)
- Bond options	(1,672)	-
- Currency forwards	-	(49)
Total	(37,029)	(439)

14. LOANS AND PROVISION FOR IMPAIRED LOANS

The composition of loans is as follows:

	2003	2002
Loans to customers	180,150,945	103,198,411
Loans to banks	5,137,022	3,303,847
Loans to non-bank financial institutions	3,407,744	4,403,722
Discounted bills	21,621,964	25,147,868
Total loans	210,317,675	136,053,848
Provision for impaired loans	(3,390,566)	(2,455,193)
Loan, net	206,927,109	133,598,655

Movement of provision for impaired loans:

	2003	2002
At the year - beginning	2,455,193	1,908,500
Provision for the year	1,056,180	546,693
Written-off for the year	(120,807)	-
At the year - end	3,390,566	2,455,193

15. INVESTMENT SECURITIES

Available-for-sale investment securities

	2003	2002
Debt securities at fair value		
Government bonds		
- Listed	3,079,314	2,807,831
- Unlisted	13,529,093	8,171,739
Sub-total	16,608,407	10,979,570
Financial institution bonds-unlisted	24,702,325	7,215,504
Corporate bonds-unlisted	1,373,541	606,602
Structured bonds - unlisted*	454,660	-
Others	50,000	50,000
Total	43,188,933	18,851,676

Held-to-maturity investment securities

	2003	2002
Debt securities at amortized cost		
Government bonds - unlisted	8,332,234	4,819,587
Financial institution bonds- unlisted	10,231,844	7,986,068
Corporate bonds- unlisted	-	1,254,600
Structured bonds- unlisted*	3,079,575	2,030,315
Total	21,643,653	16,090,570

Structured bonds represent debt instruments issued by other financial institutions with embedded derivatives instruments, such as the interest forward option of bonds, etc. During the year, the Bank did not recognize impairment losses related to any investment security.

The movements in investment securities are summarized as follows:

	Available-for-sale	Held-to-maturity	Total
As at January 1, 2003	18,851,676	16,090,570	34,942,246
Foreign exchange differences	1,729	7,384	9,113
Additions	41,548,664	16,189,941	57,738,605
Disposals (sale and redemption)	(16,177,451)	(10,644,242)	(26,821,693)
Profit / loss of the unrealized available-for-sale investment	(1,035,685)	-	(1,035,685)
As at December 31, 2003	43,188,933	21,643,653	64,832,586

CHINA MINSHENG BANKING CORP., LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

■ In RMB '000 unless otherwise specified

16. FIXED ASSETS

	2003	2002
Cost	2,577,509	2,021,110
Accumulated depreciation	(655,944)	(482,583)
Sub-total	1,921,565	1,538,527
Less: provision for fixed assets impairment	(25,523)	-
Net book value	1,896,042	1,538,527
Construction in progress	1,306,036	775,965
Total	3,202,078	2,314,492

The net book value of fixed assets comprise of the following:

	Buildings	Leasehold improvements	Office equipment	Motor vehicles	Total
Cost					
As at January 1, 2003	929,619	339,321	675,427	76,743	2,021,110
Add: Additions for the period	123,734	156,565	382,931	21,415	684,645
Less: Disposals for the period	(79,680)	(1,306)	(41,985)	(5,275)	(128,246)
As at December 31, 2003	973,673	494,580	1,016,373	92,883	2,577,509
Accumulated depreciation					
As at January 1, 2003	84,560	131,478	236,990	29,555	482,583
Add: Charge for the year	30,263	64,608	118,467	15,705	229,043
Less: Disposals for the period	(13,628)	(917)	(37,544)	(3,593)	(55,682)
As at December 31, 2003	101,195	195,169	317,913	41,667	655,944
Less: Provision for fixed assets impairment	(25,523)	-	-	-	(25,523)
Net book value					
As at December 31, 2003	846,955	299,411	698,460	51,216	1,896,042
As at December 31, 2002	845,059	207,843	438,437	47,188	1,538,527

17. DEFERRED TAXES

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 33% (2002: 33%)

The movement on the deferred income tax account is as follows:

	2003	2002
As at January 1 :	(95,466)	(12,640)
Income statement charge	36,476	(29,980)
Available-for-sale securities		
- fair value remeasurement	356,053	(14,185)
- transfer to net profit /loss	(13,705)	(38,561)
Foreign exchange differences	(571)	(100)
As at December 31, 2003	282,787	(95,466)

Net deferred tax assets consist of the following items:

	2003	2002
Deferred income tax assets:		
Provision for impaired loans	210,132	198,000
Unrealized loss on available-for-sale investment securities	47,097	-
Others	34,139	1,214
Total	291,368	199,214
Deferred income tax liabilities:		
Unrealized gain on available-for-sale investment securities	-	(294,680)
Issuing costs of convertible bonds	(8,581)	-
Total	(8,581)	(294,680)

Based on projections of the periods in which the temporary differences become deductible, management did not recognize deferred tax assets of RMB 134 million (2002: RMB 157 million) mainly relating to provision for impaired loans due to uncertainty related to the ultimate realization of these deductible differences.

18. OTHER ASSETS

	2003	2002
Accrued interest and other receivables	1,647,048	1,007,810
Other assets, net	357,318	235,801
Deferred assets	44,364	54,020
Total	2,048,730	1,297,631

Other assets mainly consist of foreclosed assets amounted to RMB 323 million as at December 31, 2003 (2002: RMB 232 million).

Deferred assets mainly consist of prepaid office rentals. The carrying amounts of other assets approximate to their recoverable amounts.

19. Customer Deposits

	2003	2002
Demand deposits	117,486,389	81,853,340
Savings deposits	25,499,167	13,609,958
Time deposits	131,119,623	89,929,940
Inward remittance and temporary deposits	711,137	1,413,729
Total	274,816,316	186,806,967

CHINA MINSHENG BANKING CORP., LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

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20. BORROWINGS FROM THE PBOC AND OTHER BANKS

	2003	2002
Borrowings from the PBOC	300,000	-
Borrowings from other banks	3,226,086	1,269,868
Total	3,526,086	1,269,868

The above balances have maturities breakdown as follows:

	2003	2002
Current	-	400,546
Over 1 month but less than 3 months	3,104,100	494,000
Over 3 months but less than 1 year	335,540	375,322
Over 1 year but than 2 years	-	-
Over 2 years but less than 5 years	-	-
Over 5 years	86,446	-
Total	3,526,086	1,269,868

The above borrowings bear interest rates ranged from 2.52% to 4.89% (2002: 1.64% to 6.11%) and are all unsecured.

21. CONVERTIBLE BONDS

On February 27, 2003, the Bank issued RMB4 billion of 5-year-term convertible bonds at a nominal value of RMB100 per bond. The interest is 1.5% and is payable on February 27 every year. The convertible bonds can be converted into the Bank's ordinary shares at the holder's option at RMB 7.73 per ordinary share during August 27, 2003 to February 27, 2008.

The Bank has an early redemption option which commences after one year of the bonds' issuance date until

the maturity date. If the market price of the Bank's listed A shares is 30% higher than the conversion price for 20 consecutive trading days, the Bank has the option to redeem all or a portion of the outstanding bonds at 102% of face value plus accrued interest.

During the final year before the maturity date of the convertible bonds, if the market price of the Bank's listed A shares falls below 70% of the conversion price for 20 consecutive trading days, the investors have the option to resell all or a portion of the outstanding bonds at 106% of face value plus accrued interest to the Bank.

Details of the convertible bond are as follows:

	2003	2002
Initial recognition:		
- Face value	4,000,000	-
- Issuing cost, net of deferred tax liability	(40,903)	-
- Equity conversion component, net of direct issuance costs	(460,830)	-
- Deferred tax liability	(20,147)	-
Liability component at issue date	3,478,120	-
Decrease in liability component due to subsequent conversion	(1,795,510)	-
Interest expense	95,221	-
Liability component as at December 31	1,777,831	-

The carrying amount of the liability component of the convertible bond approximates its fair value at the date of issue.

Interest expense on the bonds is calculated on the effective yield basis by applying the effective interest rate for an equivalent non-convertible bond. For the year ended December 31, 2003 total interest expense charged to the income statement amounted to RMB 95 million (2002: nil).

22. OTHER LIABILITIES

	2003	2002
Promissory notes	222,681	2,108,126
Outward remittance	782,664	544,376
Accrued interest payable	1,102,758	722,894
Tax payable	372,533	218,481
Accrued payroll	199,160	81,767
Others	584,741	219,157
Total	3,264,537	3,894,801

23. CAPITAL STOCK

Number of ordinary shares at the par value of RMB 1.00

	2003	2002
At the year - beginning	2,586,721	2,249,323
Issue of shares - transfer from capital surplus	258,672	-
Issue of shares - stock dividends	517,344	337,398
Issue of shares - converted from bonds	262,522	-
At the year - end	3,625,259	2,586,721

24. SURPLUS AND WELFARE RESERVES

In accordance with the relevant regulations, the Bank is required to allocate 10% of its profit after tax to a surplus reserve and between 5% and 10% to a welfare reserve, in each case based on its statutory accounts. The Bank's Board of Directors authorized the transfer of 10% and 5% respectively of after tax profit to surplus and welfare reserve for 2003, respectively (2002: 10% and 5% respectively). Upon approval by the Board of Directors, the surplus reserve can be used to make up previous losses or transferred to registered capital; whereas the welfare reserve can be used for expenditures on employee welfare.

25. DIVIDENDS PER SHARE

Pursuant to a resolution of Annual General Meeting on March 15, 2003, a cash dividend for the year 2002 of RMB 0.05 per ordinary share (2002: RMB 0.07) totaling RMB 155,203 (2002: 157,453) was declared and paid.

At the same meeting, a 20% percent stock dividend was declared and authorized (2002: 15%), effective immediately.

26. RETIREMENT BENEFIT OBLIGATIONS

The Bank participates in various defined contribution retirement benefit plans organised by municipal and provincial governments under which the Bank is required to make monthly contributions to these plans at rates ranging from 19% to 29% of the employees' basic salary or other applicable calculating basis in each jurisdiction for the Year. The Bank currently has no additional significant cost for the payment of retirement and other post-retirement benefits of employees other than the monthly contributions described above. The Bank's contributions to these pension plans are charged to the income statement in the year to which they relate. Expenses incurred by the Bank in connection with the retirement benefit plans amounted to RMB 140 million for the year of 2003 (2002: RMB 81 million).

There is no forfeited contribution recognized by the Bank during the year.

CHINA MINSHENG BANKING CORP., LTD.

NOTES TO THE FINANCIAL STATEMENTS

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■ In RMB '000 unless otherwise specified

27. CONTINGENT LIABILITIES AND COMMITMENTS

	2003	2002
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Credit commitments:

Letters of credit issued	5,831,480	3,016,867
Letters of guarantee issued	2,713,942	1,901,421
Acceptances outstanding	28,763,337	18,040,365
Undrawn credit commitments	106,634,318	56,183,812

Operating lease commitments:

Future minimum lease payments on operating leases are summarized as follows:

Within 1 year	261,190	222,257
Between 1 and 5 years	782,344	647,694
Over 5 years	370,107	265,833
Total	1,413,641	1,135,784

Assets pledged:

Assets are pledged as collateral with other banks under repurchase agreements, interest rate swaps contracts, and convertible bonds issued. Mandatory reserve deposits are also held with the PBOC in accordance with statutory requirements (Note 11). These deposits are not available to finance the Bank's day-to-day operations.

For Repos:

Government bonds and financial bonds	6,917,757	2,400,100
Discounted bills	17,173,870	2,338,128
Loans	385,320	4,485,000
Total	24,476,947	9,223,228

For the interest rate swaps:

Government bonds and financial bonds	356,897	-
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For the convertible bonds issued:

Government bonds and financial bonds	3,502,112	-
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Capital commitment:

Contracted but not paid	367,384	260,448
Approved but not contracted	1,591,654	241,010
Total	1,959,038	501,458

The above capital commitments are related to office building constructions and fixed assets purchases.

Legal proceedings:

There were a number of legal proceedings outstanding against the Bank by December 31, 2003. No provision has been made as professional advice indicates that it is unlikely that any significant losses will arise.

28. DERIVATIVE FINANCIAL INSTRUMENTS

The following derivative instruments are utilized by the Bank for trading purpose:

Currency forwards represent commitments to purchase/sell foreign exchanges some time in the future, including undelivered spot transactions.

Interest rate and currency swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (e.g. fixed rate for floating rate). No exchange of principal takes place. The Bank's credit risk represents the potential cost to replace the swap contracts if counter-parties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counter-parties using the same techniques as for its lending activities.

Bond options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a debenture instrument at a predetermined price. In consideration for the assumption of bonds risk, the seller receives a

premium from the purchaser. Options are all negotiated between the Bank and a counterparty on an over-the-counter basis. The Bank is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

As at December 31, 2003, the Bank had a total of approximately 110 interest rate swap contracts, currency swap contracts and bond option contracts outstanding. These contracts will become due at various dates by November 2013.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held are set out in the following table:

As at December 31, 2003	Contract/notional	Fair values	
	Amount	Assets	Liabilities
Interest rate swaps	3,712,115	18,558	(31,488)
Currency swaps	646,095	73	(3,869)
Bond options	231,756	-	(1,672)
Total		18,631	(37,029)
As at December 31, 2002			
Currency forwards	54,846	904	(49)
Currency swaps	540,023	1,555	(390)
Total		2,459	(439)

A majority of these derivative instruments were contracted to provide economic hedges to structured deposit liabilities as described in the following paragraph.

Included in customer deposits and deposits from banks are structured deposit contracts with embedded

derivatives comprising mainly bond options. These amounted to RMB 5,040 million (2002: RMB 2,030 million). The economics of these embedded derivatives are closely related to the host deposit contracts' economics and are not separated from the host contracts for accounting purpose.

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Included in held-to-maturity investment securities are structured bonds of RMB 3,080 million (2002: RMB 2,030 million) which are debt instruments with embedded derivatives (See Note 15). The economics of these embedded derivatives are closely related to the host contracts' economics and are not separated from the host contracts for accounting purpose. A portion of these structured bonds, amounting to approximately RMB 1,052 million (2002: RMB 2,030 million), was acquired to provide effective economic hedges against similar structured deposits liabilities taken from the Bank's customers and other financial institutions.

Included in available-for-sale securities are structured bonds of RMB 455 million (2002 : nil) which are debt instruments with embedded derivatives (See Note 15). The economics of these embedded derivatives are closely related to the host contracts' economics and are not separated from the host contracts for accounting purpose.

29. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

As at December 31, 2003, the Bank had outstanding loans to related parties amounted to RMB 737 million (2002: RMB 1,395 million).

As at and for the year ended December 31, 2003

As at December 31, 2003, the Bank had accepted deposits from related parties amounted to RMB 16 million (2002: RMB 35 million).

The terms of loan and deposit with related parties follow the commercial terms arranged in the ordinary course of the Bank's business.

30. SEGMENTAL INFORMATION

The geographical analysis of interest income, segment results, total assets and capital expenditure reflects the way the Bank is managed.

The Bank's businesses operate in four main geographical areas within the PRC:

- (i) Northern China - Including the Head Office in Beijing as well as the following branches: Beijing, Taiyuan, Shijiazhuang.
- (ii) Eastern China - Including the following branches: Shanghai, Hangzhou, Ningbo, Nanjing and Jinan.
- (iii) Southern China - Including the following branches: Fuzhou, Guangzhou, Shenzhen and Shantou.
- (iv) Other locations - Including the following branches: Xi'an, Dalian, Chongqing, Chengdu and Wuhan.

	Interest income external	Interest income Inter-segment	Total interest income	Segment results	Total assets	Total liabilities	Capital expenditures
Northern China	4,775,741	4,206,601	8,982,342	614,958	209,377,890	202,752,515	908,323
Eastern China	3,153,640	1,876,167	5,029,807	474,113	104,465,428	103,114,098	193,044
Southern China	2,490,523	927,920	3,418,443	233,379	72,639,931	71,649,195	210,626
Other locations	1,235,288	629,031	1,864,319	147,732	42,046,153	41,249,596	155,785
Inter-segment elimination	-	(7,639,719)	(7,639,719)	-	(67,547,395)	(67,547,395)	-
Sub-total	11,655,192	-	11,655,192	1,470,182	360,982,007	351,218,009	1,467,778
Unallocated costs				(102,425)			
Net profit				1,367,757			

As at and for the year ended December 31, 2002

	Interest income external	Interest income Inter-segment	Total interest income	Segment results	Total assets	Total liabilities	Capital expenditures
Northern China	2,679,621	2,612,551	5,292,172	426,305	144,834,501	140,497,581	211,089
Eastern China	1,879,885	1,002,860	2,882,745	284,095	67,205,260	66,075,782	102,883
Southern China	1,605,212	634,871	2,240,083	194,472	55,170,989	54,327,946	129,951
Other locations	748,599	456,561	1,205,160	59,806	28,806,273	28,127,061	195,186
Inter-segment elimination	-	(4,706,843)	(4,706,843)	-	(51,466,363)	(51,466,363)	-
Sub-total	6,913,317	-	6,913,317	964,678	244,550,660	237,562,007	639,109
Unallocated costs				(80,052)			
Net profit				884,626			

31. POST BALANCE SHEET EVENTS

Pursuant to the resolution of the Board of Directors' meeting on February 25, 2004, (i) a cash dividend for the year 2003 of RMB 0.12 per ordinary share totaling RMB 435,031,124; and (ii) a 20% stock dividend; were declared. These dividends are subject to the final approval of the Annual General Meeting.

Pursuant to the resolution of the 4th meeting of the third term Board of Directors and the 1st Extraordinary General Meeting of 2004, the Bank entered into a property transfer agreement on February 15, 2004 to purchase a commercial building in Shanghai. The total consideration of the building amounted to approximate RMB 1,276 million.

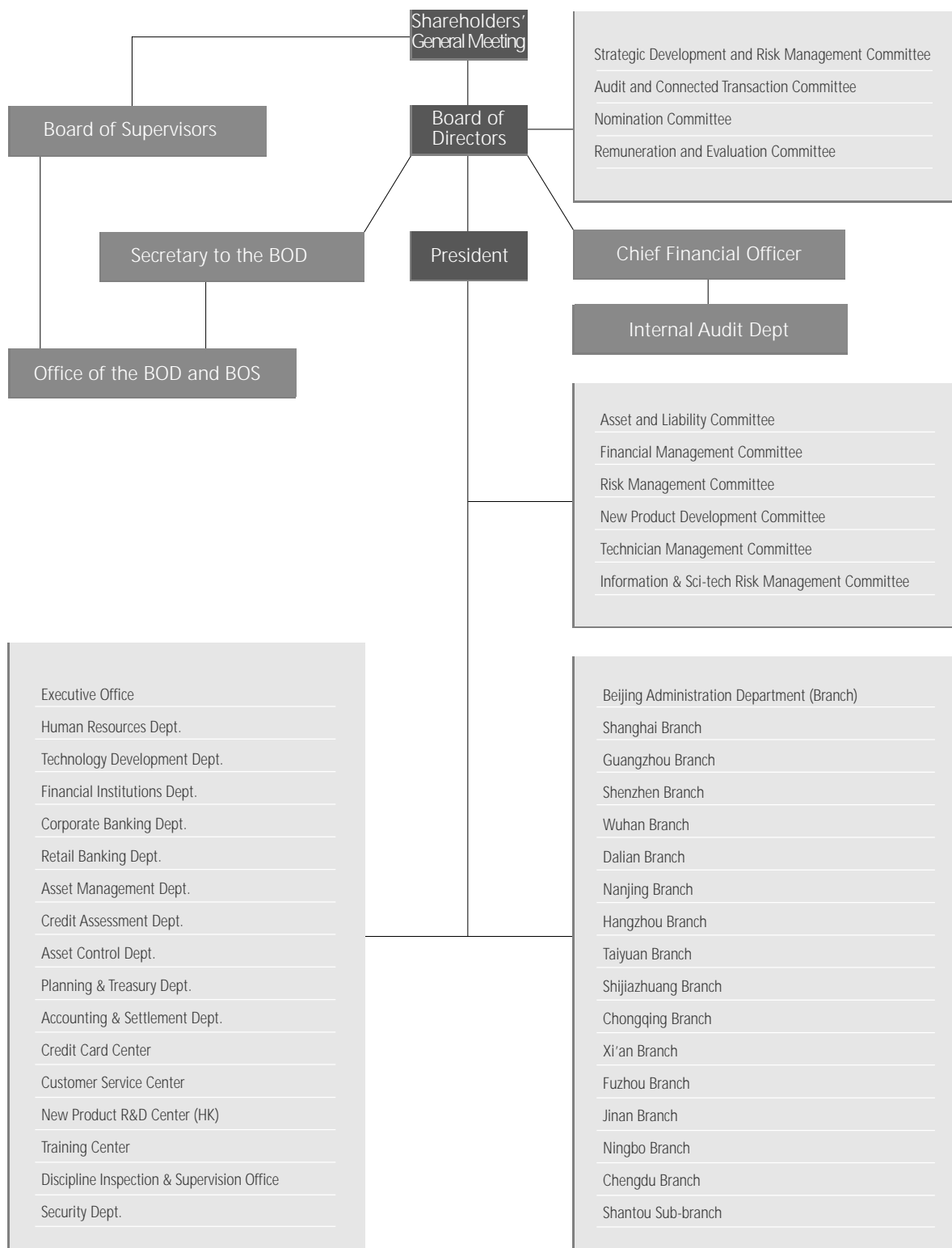


119 CMBC Organizational Chart

120-130 Directory Of CMBC`s Banking Outlets

131-132 List of Correspondent Banks

CMBC Organizational Chart



DIRECTORY OF CMBC'S BANKING OUTLETS

BEIJING	<p>BEIJING ADMINISTRATION DEPARTMENT (BRANCH) ADD: NO. A 3 FUXINGLU, HAI DIAN DISTRICT, BEIJING TEL: (010) 68579321 FAX: (010) 68579317 ZIP CODE: 100038</p> <p>MUXIDI BUSINESS DEPARTMENT ADD: NO. A 3 FUXINGLU, HAI DIAN DISTRICT, BEIJING TEL: (010) 68527369 FAX: (010) 68529161</p> <p>FUCHENGMEN SUB-BRANCH ADD: LEVEL 1, BUILDING B, VANTONE NEW WORLD PLAZA, NO.2 FUCHENGMENWAIDAJIE, BEIJING TEL: (010) 68588449 FAX: (010) 68588449</p> <p>JIANGUOMEN SUB-BRANCH ADD: LEVEL 1, INTERNATIONAL CLUB, NO. 21 JIANGUOMENWAIDAJIE, BEIJING TEL: (010) 65325937 FAX: (010) 65326597</p> <p>ZHONGGUANCUN SUB-BRANCH ADD: LEVEL 1, NO. 128 ZHICHUNLU, HAI DIAN DISTRICT, BEIJING TEL: (010) 62629093 FAX: (010) 62629094</p> <p>XIBAHE SUB-BRANCH ADD: NO. A 118 XIBAHEXILI, CHAOYANG DISTRICT, BEIJING TEL: (010) 64295659 FAX: (010) 64296224</p> <p>GONGTIBEILU SUB-BRANCH ADD: NO. 9 GONGTIBEILU, CHAOYANG DISTRICT, BEIJING TEL: (010) 64155280 FAX: (010) 64155250</p> <p>ANDINGMEN SUB-BRANCH ADD: NO. 8 ANWAIDAJIE, DONGCHENG DISTRICT, BEIJING TEL: (010) 84280562 FAX: (010) 84280461</p> <p>WANSHOULU SUB-BRANCH ADD: NO. A 65-A FUXINGLU, HAI DIAN DISTRICT, BEIJING TEL: (010) 68220159 FAX: (010) 68169095</p> <p>XIKEZHAN SUB-BRANCH ADD: LEVEL 1, ZHONGSE BUILDING, SOUTH SQUARE, WEST RAILWAY STATION, BEIJING TEL: (010) 63485530 FAX: (010) 63485845</p>	BEIJING	<p>ZHENG YILU SUB-BRANCH ADD: NO. 4 ZHENG YILU, DONGCHENG DISTRICT, BEIJING TEL: (010) 65224545 FAX: (010) 65224545</p> <p>SHANGDI SUB-BRANCH ADD: LEVEL 1, BUILDING #4, BLOCK 1, SHANGDIDONGLI, HAI DIAN DISTRICT, BEIJING TEL: (010) 62971288 FAX: (010) 62971229</p> <p>GUOMAO SUB-BRANCH ADD: NO. 2 DONGHUANNANLU, JIANGUOMENWAI DAJIE, BEIJING TEL: (010) 65674738 FAX: (010) 65614739</p> <p>SHOUTI SUB-BRANCH ADD: NO. A 143, XIZHIMENDAJIE, BEIJING TEL: (010) 68310386 FAX: (010) 88364699</p> <p>JINRONGJIE SUB-BRANCH ADD: LEVEL 1, BUILDING B, NO. 33 JINRONGDAJIE, XICHENG DISTRICT, BEIJING TEL: (010) 88087334 FAX: (010) 88087333</p> <p>PING'ANLI SUB-BRANCH ADD: NO. 141 DI'ANMENXIDAJIE, XICHENG DISTRICT, BEIJING TEL: (010) 66519577 FAX: (010) 66171082</p> <p>BEITAIPINGZHUANG SUB-BRANCH ADD: NO. 2 XINJIEKOUWAIDAJIE, XICHENG DISTRICT, BEIJING TEL: (010) 62382766 FAX: (010) 62382765</p> <p>GUANG'ANMEN SUB-BRANCH ADD: NO. 338 GUANGNEIDAJIE, XUANWU DISTRICT, BEIJING TEL: (010) 63574207 FAX: (010) 63574207</p> <p>FANGZHUANG SUB-BRANCH ADD: LEVEL 1, TONGRUN HUIGUAN, FANGGUYUAN, FENGTAI DISTRICT, BEIJING TEL: (010) 67670390 FAX: (010) 67670390</p> <p>CHAOYANGMEN SUB-BRANCH- ADD: NO. 22 CHAOWAIDAJIE, CHAOYANG DISTRICT, BEIJING TEL: (010) 65884529 FAX: (010) 65884506</p>
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BEIJING

ZIZHU SUB-BRANCH
 ADD: NO. 31, ZIZHUYUANLU,
 HAIDIAN DISTRICT, BEIJING
 TEL: (010) 88510826
 FAX: (010) 88510827

WEIGONGCUN SUB-BRANCH
 ADD: NO. 27 ZHONGGUANCUNNANDAJIE,
 HAIDIAN DISTRICT, BEIJING
 TEL: (010) 68937489
 FAX: (010) 68937455

DONGDAN SUB-BRANCH
 ADD: NO. A 2 GANYUHUTONG,
 DONGDANDAJIE, DONGCHENG DISTRICT,
 BEIJING
 TEL: (010) 85110682
 FAX: (010) 85110681

YAYUNCUN SUB-BRANCH
 ADD: NO. 3 HUIXINXIJIE, CHAOYANG DISTRICT,
 BEIJING
 TEL: (010) 64916092
 FAX: (010) 64914228

SUZHOUJIE SUB-BRANCH
 ADD: NO. 33 SUZHOUJIE, HAIDIAN DISTRICT,
 BEIJING
 TEL: (010) 62522755
 FAX: (010) 62520401

XIZHIMEN SUB-BRANCH
 ADD: NO. 43 XIZHIMENDAJIE,
 HAIDIAN DISTRICT, BEIJING
 TEL: (010) 62264846
 FAX: (010) 62266025

HEPINGLI SUB-BRANCH
 ADD: NO. 12 HEPINGLIDONGJIE,
 DONGCHENG DISTRICT, BEIJING
 TEL: (010) 64212230
 FAX: (010) 64212230

CHONGWENMEN SUB-BRANCH
 ADD: NO. 9 CHONGWAIJIE,
 CHONGWEN DISTRICT, BEIJING
 TEL: (010) 67089851
 FAX: (010) 67089852

AOYUNCUN SUB-BRANCH
 ADD: NO. 66 ANLILU,
 CHAOYANG DISTRICT, BEIJING
 TEL: (010) 64906563
 FAX: (010) 64906511

SANYUAN SUB-BRANCH
 ADD: NO. A 2 DONGSANHUANBEILU,
 CHAOYANG DISTRICT, BEIJING
 TEL: (010) 84489519
 FAX: (010) 84489520

BEIJING

XIDAN SUB-BRANCH
 ADD: NO. 107 XIDANBEIDAJIE,
 XICHENG DISTRICT, BEIJING
 TEL: (010) 58533911
 FAX: (010) 58503912

JINSONG SUB-BRANCH
 ADD: NO. A 302 JINSONGSANQU,
 CHAOYANG DISTRICT, BEIJING
 TEL: (010) 87730408
 FAX: (010) 87730400

CHENGFULU SUB-BRANCH
 ADD: NO. 298 CHENGFULU,
 HAIDIAN DISTRICT, BEIJING
 TEL: (010) 82529409
 FAX: (010) 82529408

DESHENGMEN SUB-BRANCH
 ADD: NO. 2 XINFENGJIE, DEWAIJIE,
 XICHENG DISTRICT, BEIJING
 TEL: (010) 82271439
 FAX: (010) 82271440

DIANZICHENG SUB-BRANCH
 ADD: NO. 14 JIUXIANQIAOLU,
 CHAOYANG DISTRICT, BEIJING
 TEL: (010) 58671027
 FAX: (010) 58671024

GUANGZHOU

GUANGZHOU BRANCH
ADD: NO.189 TIANHEBEILU, GUANGZHOU
TEL: (020) 87553888
FAX: (020) 87552777
ZIP CODE: 510075

BUSINESS DEPARTMENT OF GUANGZHOU BRANCH
 ADD: NO.189 TIANHEBEILU, GUANGZHOU
 TEL: (020) 87556751
 FAX: (010) 87552731

DONGCHENG SUB-BRANCH
 ADD: NO. 474, HUANSHIDONGLU, GUANGZHOU
 TEL: (020) 87601254
 FAX: (020) 87621077

HUANSHI SUB-BRANCH
 ADD: NO. 348, HUANSHIDONGLU, GUANGZHOU
 TEL: (020) 83876609
 FAX: (020) 83883844

GUANGZHOU

DONGFENG SUB-BRANCH

ADD: NO. 142 , DONGFENGXILU, GUANGZHOU
TEL: (020) 81360392
FAX: (020) 81360791

DONGSHAN SUB-BRANCH

ADD: NO. 35 ZHONGSHANERLU, GUANGZHOU
TEL: (020) 87765769
FAX: (020) 87768021

YUEHUA SUB-BRANCH

ADD: NO. 185 , YUEHUALU, GUANGZHOU
TEL: (020) 83647011
FAX: (020) 83647030

BAIYUN SUB-BRANCH

ADD: NO. 284 , SICHANGLU, GUANGZHOU
TEL: (020) 861222064
FAX: (020) 86122064

YUEXIU SUB-BRANCH

ADD: NO. 5 , DONGYUANHENGLU, GUANGZHOU
TEL: (020) 83882326
FAX: (020) 83882345

TIANHE SUB-BRANCH

ADD: NO. 351 , TIANHELU, GUANGZHOU
TEL: (020) 38816470
FAX: (020) 38816465

XINCHENG SUB-BRANCH

ADD: NO. 25 TIANHEDONGLU, GUANGZHOU
TEL: (020) 87516556
FAX: (020) 85264687

PANYU SUB-BRANCH

ADD: NO. 91 YUSHAN DADAO,
PANYU DISTRICT, GUANGZHOU
TEL: (020) 84812868
FAX: (020) 84839980

TIYUXI SUB-BRANCH

ADD: LEVEL 1, NO. 1-3 TIYUXILU, GUANGZHOU
TEL: (020) 85299526
FAX: (020) 85239153

ECONOMIC AND TECHNOLOGICAL

DEVELOPMENT ZONE SUB-BRANCH
ADD: NO. 728 XIAGANGLU, GUANGZHOU
TEL: (020) 82001510
FAX: (020) 82001532

GUANGZHOU

YANGCHENG SUB-BRANCH

ADD: NO. 57 ZHONGSHANYILU, GUANGZHOU
TEL: (020) 61280757
FAX: (020) 37584276

HUACHENG SUB-BRANCH

ADD: NO. 92 XIANLIEZHONGLU, GUANGZHOU
TEL: (020) 37618370
FAX: (020) 37618452

SHANGHAI

SHANGHAI BRANCH

ADD: NO. 48 WEIHAILU, SHANGHAI
TEL: (021) 53857700
FAX: (021) 53857880
ZIP CODE: 200003

BUSINESS DEPARTMENT OF SHANGHAI BRANCH

ADD: NO. 48 WEIHAILU, SHANGHAI
TEL: (021) 53857700
FAX: (021) 53857880

WAITAN SUB-BRANCH

ADD: NO. 359 DONGDAMINGLU, SHANGHAI
TEL: (021) 65120761
FAX: (021) 65120886

PUDONG SUB-BRANCH

ADD: NO. 836 DONGFANGLU, SHANGHAI
TEL: (021) 68867943
FAX: (021) 68867907

SHIXI SUB-BRANCH

ADD: NO. 1118 CHANGSHOULU, SHANGHAI
TEL: (021) 62116330
FAX: (021) 62116340

SHIBEI SUB-BRANCH

ADD: NO. 61 MINLILU, SHANGHAI
TEL: (021) 63548042
FAX: (021) 63541301

WUJIAOCHANG SUB-BRANCH

ADD: NO. 2539 SIPINGLU, SHANGHAI
TEL: (021) 55053594
FAX: (021) 65110847

XUHUI SUB-BRANCH

ADD: NO. 1033 ZHAOJIABANGLU, SHANGHAI
TEL: (021) 64271272
FAX: (021) 64271273

SHANGHAI

HUANGPU SUB-BRANCH

ADD: NO. 399 JIUJIANG, SHANGHAI
 TEL: (021) 63606293
 FAX: (021) 63608919

HONGQIAO SUB-BRANCH

ADD: NO. 88 XIANXIALU, SHANGHAI
 TEL: (021) 62700512
 FAX: (021) 62700479

SHINAN SUB-BRANCH

ADD: NO. 550 XUJIAHUILU, SHANGHAI
 TEL: (021) 34060502
 FAX: (021) 64454656

JING'AN SUB-BRANCH

ADD: NO. 88 CHANGSHULU, SHANGHAI
 TEL: (021) 62489119
 FAX: (021) 62482061

JIADING SUB-BRANCH

ADD: NO. 453 TACHENGLU, SHANGHAI
 TEL: (021) 69919086
 FAX: (021) 69919085

MINHANG SUB-BRANCH

ADD: NO. 405 SHENSONGLU, SHANGHAI
 TEL: (021) 64986498
 FAX: (021) 64950220

PUJIANG SUB-BRANCH

ADD: NO. 1 NINGBOLU, SHANGHAI
 TEL: (021) 63372460
 FAX: (021) 63372746

CHANGNING SUB-BRANCH

ADD: NO. 1115 DINGXILU, SHANGHAI
 TEL: (021) 62526254
 FAX: (021) 62200621

LUJIAZUI SUB-BRANCH

ADD: NO. 166 LUJIAZUIDONGLU, SHANGHAI
 TEL: (021) 68419171
 FAX: (021) 68419170

WAIGAOQIAO SUB-BRANCH

ADD: NO.8 HUAJINGLU, SHANGHAI
 TEL: (021) 50461895
 FAX: (021) 50643471

SHANGHAI

HONGKOU SUB-BRANCH

ADD: NO. 53 HUANGPULU, SHANGHAI
 TEL: (021) 53931111
 FAX: (021) 53930304

SHIZHONG SUB-BRANCH

ADD: NO. 261 JIANGNINGLU, SHANGHAI
 TEL: (021) 62719143
 FAX: (021) 63719384

ANTING SUB-BRANCH

ADD: NO. 29 MOYUW, SHANGHAI
 TEL: (021) 59569109
 FAX: (021) 59569125

LUWAN SUB-BRANCH

ADD: NO. 218 XIZANGNANLU, SHANGHAI
 TEL: (021) 63343028
 FAX: (021) 63343025

FUSHAN SUB-BRANCH

ADD: NO. 729 PUDONGDADAO, SHANGHAI
 TEL: (021) 50816636
 FAX: (021) 50815238

HUASHAN SUB-BRANCH

ADD: NO. 55 HUAIHAXILU, SHANGHAI
 TEL: (021) 52989810
 FAX: (021) 52989851

XI'NAN SUB-BRANCH

ADD: NO. 333 ZHAOJIABANGLU, SHANGHAI
 TEL: (021) 64033377
 FAX: (021) 64164014

DONGMEN SUB-BRANCH

ADD: NO. 179 ZHONGHUALU, SHANGHAI
 TEL: (021) 63304240
 FAX: (021) 63304436

SHENZHEN

SHENZHEN BRANCH

ADD: BLOCK B, JIAHEHUAQIANG BUILDING,
 SHENNANZHONGLU, SHENZHEN
 TEL: (0755) 83261828
 FAX: (0755) 83261838
 ZIP CODE: 518031

BUSINESS DEPARTMENT OF SHENZHEN BRANCH

ADD: BLOCK B, JIAHEHUAQIANG BUILDING,
 SHENNANZHONGLU, SHENZHEN
 TEL: (0755) 83677496
 FAX: (0755) 83269182

SHENZHEN

SHENZHEN SHANGBU SUB-BRANCH
ADD: GONGHUI BUILDING,
SHANGBUZHONGLU, SHENZHEN
TEL: (0755) 83288842
FAX: (0755) 83288789

FUTIAN SUB-BRANCH
ADD: OLYMPIC BUILDING, SHANGBAOLU,
SHENZHEN
TEL: (0755) 83521017
FAX: (0755) 83521001

LUOHU SUB-BRANCH
ADD: NO. 36 DONGMENNANLU, SHENZHEN
TEL: (0755) 82207477
FAX: (0755) 82186122

ZHENYE SUB-BRANCH
ADD: ZHENYE BUILDING, BAOANNANLU,
SHENZHEN
TEL: (0755) 25863417
FAX: (0755) 25862811

HONGLING SUB-BRANCH
ADD: WANTONG BUILDING, SUNGANGDONGLU,
SHENZHEN
TEL: (0755) 25867692
FAX: (0755) 25867502

BAOAN SUB-BRANCH
ADD: NO. 35 JIAN'ANYILU, BAOCHENG BLOCK CÜ,
BAOAN DISTRICT, SHENZHEN
TEL: (0755) 27788600
FAX: (0755) 27558010

BINHAI SUB-BRANCH
ADD: NO. 38 SHAZUILU,
FUTIAN DISTRICT, SHENZHEN
TEL: (0755) 83878131
FAX: (0755) 83878129

NANSHAN SUB-BRANCH
ADD: YUEHUAYUAN BUILDING,
NANSHANDADAO, SHENZHEN
TEL: (0755) 26058903
FAX: (0755) 26058919

SHENNAN SUB-BRANCH
ADD: ANHUI BUILDING,
SHENNANZHONGLU, SHENZHEN
TEL: (0755) 83867930
FAX: (0755) 83860037

LONGGANG SUB-BRANCH
ADD: NO. 1 JIANSHELÜ,
LONGGANG DISTRICT, SHENZHEN
TEL: (0755) 28922031
FAX: (0755) 28922041

SHENZHEN

SHEKOU SUB-BRANCH
ADD: TOWER A, HAIYANGSHIYOU BUILDING,
SHEKOU GONGYEERLU, SHENZHEN
TEL: (0755) 26680132
FAX: (0755) 26682316

CAITIAN SUB-BRANCH
ADD: NO.1 LIANHUAZHILU,
FUTIAN DISTRICT, SHENZHEN
TEL: (0755) 83642066
FAX: (0755) 83642099

HONGHU SUB-BRANCH
ADD: TOWER B BAOAN SQUARE, SUNGANGDONGLU,
LUOHU DISTRICT, SHENZHEN
TEL: (0755) 25161784
FAX: (0755) 25161813

CENTRAL AREA SUB-BRANCH
ADD: NO. 69 XINWENLU,
FUTIAN DISTRICT, SHENZHEN
TEL: (0755) 83139100
FAX: (0755) 83139325

DONGMEN SUB-BRANCH
ADD: NO. 2070 DONGMENBEILU, SHENZHEN
TEL: (0755) 25659008
FAX: (0755) 25659118

HUALIAN SUB-BRANCH
ADD: NO. 208 SHENNANZHONGLU, SHENZHEN
TEL: (0755) 83668896
FAX: (0755) 83668869

YANTIAN SUB-BRANCH
ADD: LANTIAN TERMINAL CÜ, SHENYAN ROAD,
SHATOUJIAO, YANTIAN DISTRICT, SHENZHEN
TEL: (0755) 25271933
FAX: (0755) 25271922

XIANGMI SUB-BRANCH
ADD: TOWER A, HAOMING CAIFU SQUARE,
XIANGMINHU, SHENNAN DADAO, SHENZHEN
TEL: (0755) 83022201
FAX: (0755) 83022128

WUHAN

WUHAN BRANCH
ADD: NO. 20 JIANGHANLU,
JIANG'AN DISTRICT, WUHAN
TEL: (027) 82808355
FAX: (027) 82789807
ZIP CODE: 430014

BUSINESS DEPARTMENT OF WUHAN BRANCH
ADD: NO. 20 JIANGHANLU, JIANG'AN
DISTRICT, WUHAN
TEL: (027) 82789830
FAX: (027) 82789834

WUHAN

DONGHU SUB-BRANCH
 ADD: NO. 288-1 WULUOLU,
 WUCHANG DISTRICT, WUHAN
 TEL: (027) 87271008
 FAX: (027) 87274781

XINHUA SUB-BRANCH
 ADD: NO. 139 XINHUALU, HANKOU, WUHAN
 TEL: (027) 85499027
 FAX: (027) 85499027

SANYANG SUB-BRANCH
 ADD: NO. 128 SANYANGLU, HANKOU, WUHAN
 TEL: (027) 82701007
 FAX: (027) 82701019

ZHONGNAN SUB-BRANCH
 ADD: NO. 59 ZHONGNANLU,
 WUCHANG, WUHAN
 TEL: (027) 87892549
 FAX: (027) 87893756

QIAOKOU SUB-BRANCH
 ADD: NO. 1079 JIEFANGDADAO, HANKOU, WUHAN
 TEL: (027) 83661567
 FAX: (027) 83661567

QINGSHAN SUB-BRANCH
 ADD: NO. 2 YAN'GANGLU, HONGGANGCHENG,
 QINGSHAN DISTRICT, WUHAN
 TEL: (027) 86850315
 FAX: (027) 86850315

HUAQIAO SUB-BRANCH
 ADD: NO. 47 HUANGXIAOHELU, HANKOU,
 WUHAN
 TEL: (027) 82601130
 FAX: (027) 82601130

HONGSHAN SUB-BRANCH
 ADD: NO. 424 LUOYULU, WUCHANG,
 WUHAN
 TEL: (027) 87526519
 FAX: (027) 87526512

JINGHAN SUB-BRANCH
 ADD: NO. 894 JINGHANDADAO,
 JIANG'AN DISTRICT, WUHAN
 TEL: (027) 82782785
 FAX: (027) 82792877

SHUIGUOHU SUB-BRANCH
 ADD: NO. 28 HONGSHANLU,
 WUCHANG DISTRICT, WUHAN
 TEL: (027) 87271213
 FAX: (027) 87271213

WUHAN

GUANGGU SUB-BRANCH
 ADD: NO. 18 HUAGUANGDADAO,
 HONGSHAN DISTRICT, WUHAN
 TEL: (027) 87617377
 FAX: (027) 87617175

XUDONG SUB-BRANCH
 ADD: MO. 21 XUDONGDAJIE, WUHAN
 TEL: (027) 86729335
 FAX: (027) 86729335

DUNKOU SUB-BRANCH
 ADD: NO. 2 CHUANGYEDADAO,
 ECONOMIC DEVELOPMENT ZONE, WUHAN
 TEL: (027) 84211592
 FAX: (027) 84211592

DALIAN

DALIAN BRANCH
ADD: NO. 28 YAN'ANLU,
ZHONGSHAN DISTRICT, DALIAN
TEL: (0411) 82802661
FAX: (0411) 82819108
ZIP CODE: 116001

BUSINESS DEPARTMENT OF DALIAN BRANCH
 ADD: NO. 28 YAN'ANLU,
 ZHONGSHAN DISTRICT, DALIAN
 TEL: (0411) 82640309
 FAX: (0411) 82659230

ZHONGSHAN SUB-BRANCH
 ADD: NO. 69 BAIYUJIE,
 ZHONGSHAN DISTRICT, DALIAN
 TEL: (0411) 82812308
 FAX: (0411) 82812308

GAOXINYUANQU SUB-BRANCH
 ADD: NO. 663 HUANGHELU,
 SHAHEKOU DISTRICT, DALIAN
 TEL: (0411) 84601400
 FAX: (0411) 84601400

DEVELOPMENT ZONE SUB-BRANCH
 ADD: NO. 99 LIAOHEXILU, ECONOMIC AND
 TECHNOLOGICAL DEVELOPMENT ZONE,
 DALIAN
 TEL: (0411) 87618710
 FAX: (0411) 87618710

XIGANG SUB-BRANCH
 ADD: NO. 51-7 TANGSHANJIE,
 XIGANG DISTRICT, DALIAN
 TEL: (0411) 83604088
 FAX: (0411) 83604088

SANBA GUANGCHANG SUB-BRANCH
 ADD: NO. 42 CHAOYANGJIE,
 ZHONGSHAN DISTRICT, DALIAN
 TEL: (0411) 82109008
 FAX: (0411) 82109029

DALIAN | SHENGLIQIAO SUB-BRANCH
 ADD: NO. 39 XINSHENGJIE,
 ZHONGSHAN DISTRICT, DALIAN
 TEL: (0411) 82145286
 FAX: (0411) 82145286

NANJING | CHENGBEI SUB-BRANCH
 ADD: NO. 212-2 ZHONGSHANBEILU NANJING
 TEL: (025) 83538274
 FAX: (025) 83538278

NANJING | **NANJING BRANCH**
ADD: NO. 26 ZHONGSHANBEILU, NAJING
TEL: (025) 83279000
FAX: (025) 83279002
ZIP CODE: 210008

BUSINESS DEPARTMENT OFFICE OF NANJING BRANCH
 ADD: NO. 26 ZHONGSHANBEILU, NAJING
 TEL: (025) 83279017
 FAX: (025) 83279006

BEIJINGXILU SUB-BRANCH
 ADD: NO. 65 BEIJINGXILU, NAJING
 TEL: (025) 83736685
 FAX: (025) 83725382

SHANGHAILU SUB-BRANCH
 ADD: NO. 21 SHANGHAILU, NANJING
 TEL: (025) 83697153
 FAX: (025) 83697260

XINJIEKOU SUB-BRANCH
 ADD: NO. 129 HONGWULU, NANJING
 TEL: (025) 84524524
 FAX: (025) 84522445

CHENGDONG SUB-BRANCH
 ADD: NO. 20 JIEFANGLU, NANJING
 TEL: (025) 84632000
 FAX: (025) 84632021

NANJING ZHONGYANGMEN SUB-BRANCH
 ADD: NO. 23 HEYANLU, NANJING
 TEL: (025) 85531600
 FAX: (025) 85531605

CHENGNAN SUB-BRANCH
 ADD: NO. 538 TAIPINGNANLU, NANJING
 TEL: (025) 52852760
 FAX: (025) 52852758

HANZHONGLU SUB-BRANCH
 ADD: NO. 159-16 HANZHONGLU, NANJING
 TEL: (025) 86587511
 FAX: (025) 86587510

HANGZHOU | **HANGZHOU BRANCH**
ADD: NO.25 QINGCHUNLU, HANGZHOU
TEL: (0571) 87239699
FAX: (0571) 87239789
ZIP CODE: 310009

BUSINESS DEPARTMENT OF HANGZHOU BRANCH
 ADD: NO. 25 QINGCHUNLU, HANGZHOU
 TEL: (0571) 87239722
 FAX: (0571) 87239710

FENGQI SUB-BRANCH
 ADD: NO. 76 FENGQILU, HANGZHOU
 TEL: (0571) 85271400
 FAX: (0571) 85271401

WULIN SUB-BRANCH
 ADD: NO. 479 TIYUCHANGLU, HANGZHOU
 TEL: (0571) 87055631
 FAX: (0571) 85215366

QIANTANG SUB-BRANCH
 ADD: NO. 170 JIANGUONANLU, HANGZHOU
 TEL: (0571) 87832937
 FAX: (0571) 87832945

XIHU SUB-BRANCH
 ADD: NO. 5-1 HUANGGUSHANLU, HANGZHOU
 TEL: (0571) 88994676
 FAX: (0571) 88994214

YUHANG SUB-BRANCH
 ADD: NO. 10 OUHUAZHOUJIE,
 YUHANG DISTRICT, HANGZHOU
 TEL: (0571) 86160502
 FAX: (0571) 86160565

XIAOSHAN SUB-BRANCH
 ADD: NO. 129 SHIXINNANLU,
 XIAOSHAN DISTRICT HANGZHOU
 TEL: (0571) 82376253
 FAX: (0571) 82376227

YAN'AN SUB-BRANCH
 ADD: NO. 398 YAN'ANLU, HANGZHOU
 TEL: (0571) 87036811
 FAX: (0571) 87037899

HANGZHOU

HUSHU SUB-BRANCH
 ADD: NO. 410 HUSHUNANLU, HANGZHOU
 TEL: (0571) 88397355
 FAX: (0571) 88397366

CHENGDONG SUB-BRANCH
 ADD: NO. 60 FENGQIDONGLU, HANGZHOU
 TEL: (0571) 86990568
 FAX: (0571) 86991297

CHONGQING

CHONGQING BRANCH
ADD: NO. 18 MINZULU,
YUZHONG DISTRICT, CHONGQING
TEL: (023) 89038388
FAX: (023) 89098389
ZIP CODE: 400011

BUSINESS DEPARTMENT OF CHONGQING BRANCH
 ADD: NO. 18 MINZULU,
 YUZHONG DISTRICT, CHONGQING
 TEL: (023) 89098388
 FAX: (023) 89098354

NANPING SUB-BRANCH
 ADD: NO. 1 NANPINGDONGLU, CHONGQING
 TEL: (023) 89020299
 FAX: (023) 89020298

GAOXIN SUB-BRANCH
 ADD: NO. 39 KEYUANSANJIE,
 JIULONGPO DISTRICT, CHONGQING
 TEL: (023) 89089877
 FAX: (023) 89089866

JIANGBEI SUB-BRANCH
 ADD: NO. 85 JIANXINDONGLU,
 JIANGBEI DISTRICT, CHONGQING
 TEL: (023) 89072731
 FAX: (023) 89072732

YUZHONG SUB-BRANCH
 ADD: NO. 2 LINJIANGLU,
 YUZHONG DISTRICT, CHONGQING
 TEL: (023) 89887885
 FAX: (023) 89887130

YANGJIAPING SUB-BRANCH
 ADD: NO. 27 YANGJIAPINGXIJIAOLU 24XIANG,
 JIULONGPO DISTRICT, CHONGQING
 TEL: (023) 89085993
 FAX: (023) 89085983

SHAPINGBA SUB-BRANCH
 ADD: NO. 2 TIANCHENLU,
 SHAPINGBA DISTRICT, CHONGQING
 TEL: (023) 89059588
 FAX: (023) 89059585

XI'AN

XI'AN BRANCH
ADD: NO. 78 ERHUANNANLUXIDUAN, XI'AN
TEL: (029) 88266088
FAX: (029) 88266090
ZIP CODE: 710065

BUSINESS DEPARTMENT OF XI'AN BRANCH
 ADD: NO. 78 ERHUANNANLUXIDUAN, XI'AN
 TEL: (029) 88266000
 FAX: (029) 88266000

NANDAJIE SUB-BRANCH
 ADD: NO. 8 NANDAJIE , XI'AN
 TEL: (029) 87261412
 FAX: (029) 87257956

HI-TECH INDUSTRIAL PARK SUB-BRANCH
 ADD: NO. 39 KEJILU,
 HI-TECH INDUSTRIAL PARK, XI'AN
 TEL: (029) 88323539
 FAX: (029) 88322732

HEPINGLU SUB-BRANCH
 ADD: NO. 99 HEPINGLU , XI'AN
 TEL: (029) 87206010
 FAX: (029) 87206015

TUMEN SUB-BRANCH
 ADD: ZHISHENG SQUARE,
 TUMEN, XI'AN
 TEL: (029) 84254030
 FAX: (029) 84233215

CHANG'ANLU SUB-BRANCH
 ADD: NO. 100 CHANG'ANZHONGLU, XI'AN
 TEL: (029) 85258840
 FAX: (029) 85268655

FUZHOU

FUZHOU BRANCH
ADD: NO. 173 HUDONGLU, FUZHOU
TEL: (0591) 7619126
FAX: (0591) 7617310
ZIP CODE: 350001

HUALIN SUB-BRANCH
 ADD: NO. 169 HUALINLU, FUZHOU
 TEL: (0591) 7675458
 FAX: (0591) 7675021

FUZHOU

DONGJIE SUB-BRANCH
ADD: NO. 33 DONGJIE, FUZHOU
TEL: (0591) 7674568
FAX: (0591) 7675837

MINDU SUB-BRANCH
ADD: NO. 60 GUTIANLU, FUZHOU
TEL: (0591) 7114772
FAX: (0591) 7114771

MINJIANG SUB-BRANCH
ADD: NO. 558 LIUYIBEILU, FUZHOU
TEL: (0591) 7626712
FAX: (0591) 7626711

GUANGDA SUB-BRANCH
ADD: NO. 106 GUANGDALU, FUZHOU
TEL: (0591) 3367613
FAX: (0591) 7119561

GULOU SUB-BRANCH
ADD: NO. 69 HUALINLU, FUZHOU
TEL: (0591) 7879685
FAX: (0591) 7851737

JI'NAN

JI'NAN BRANCH
ADD: NO. 229 LUOYUANDAJIE, JI'NAN
TEL: (0531) 6121680
FAX: (0531) 6121690
ZIP CODE: 250012

BUSINESS DEPARTMENT OF JI'NAN BRANCH
ADD: NO. 229 LUOYUANDAJIE, JI'NAN
TEL: (0531) 6069988
FAX: (0531) 6121661

JIQILU SUB-BRANCH
ADD: NO. 556 JIQILU, JI'NAN
TEL: (0531) 7066737
FAX: (0531) 7066737

QUANCHENGLU SUB-BRANCH
ADD: NO. 30 QUANCHENGLU, JI'NAN
TEL: (0531) 6150400
FAX: (0531) 6151535

JIEFANGLU SUB-BRANCH
ADD: NO. 16 JIEFANGLU, JI'NAN
TEL: (0531) 8517118
FAX: (0531) 8517118

JI'NAN

JINGSHILU SUB-BRANCH
ADD: NO. 1 JINGSHILU, JI'NAN
TEL: (0531) 2620118
FAX: (0531) 2620538

LISHANGLU SUB-BRANCH
ADD: NO. 49 LISHANGLU, JI'NAN
TEL: (0531) 6977606
FAX: (0531) 6975208

TAIYUAN

TAIYUAN BRANCH
ADD: NO. 188 WUYILU, TAIYUAN
TEL: (0351) 4137483
FAX: (0351) 4137733
ZIP CODE: 036011

BUSINESS DEPARTMENT OF TAIYUAN BRANCH
ADD: NO. 188 WUYILU, TAIYUAN
TEL: (0351) 4137347
FAX: (0351) 4137837

SHUANGTADONGJIE SUB-BRANCH
ADD: NO. 75 SHUANGTADONGJIE, TAIYUAN
TEL: (0351) 4136537
FAX: (0351) 4136537

YINGZEJIE SUB-BRANCH
ADD: NO. 312 YINGZEJIE, TAIYUAN
TEL: (0351) 4198215
FAX: (0351) 4198215

FUXIJIE SUB-BRANCH
ADD: NO. 268 FUXIJIE, TAIYUAN
TEL: (0351) 4936911
FAX: (0351) 4936911

DAYINGPAN SUB-BRANCH
ADD: NO. 47 BINGZHOUNANLU, TAIYUAN
TEL: (0351) 7083539
FAX: (0351) 7062541

QINXIANBEJIE SUB-BRANCH
ADD: NO. 189 QINXIANBEJIE, TAIYUAN
TEL: (0351) 7332730
FAX: (0351) 7332730

PINGYANGLU SUB-BRANCH
ADD: NO. 39 PINGYANGLU, TAIYUAN
TEL: (0351) 7325488
FAX: (0351) 7237042

TAIYUAN

SANQIANGLU SUB-BRANCH
 ADD: NO. 10 YUDEDONGLI, SANQIANGLU, TAIYUAN
 TEL: (0351) 3238372
 FAX: (0351) 3238372

WUCHENGLU SUB-BRANCH
 ADD: NO. 19 WUCHENGLU, TAIYUAN
 TEL: (0351) 7630706
 FAX: (0351) 7630706

YIFEN SUB-BRANCH
 ADD: NO. 90 YIFENJIE, TAIYUAN
 TEL: (0351) 6168661
 FAX: (0351) 6168662

CHENGDU

CHENGDU BRANCH
 ADD: NO. 22 RENMINZHONGLU ERDUAN, CHENGDU
 TEL: (028) 86266333
 FAX: (028) 86268797
 ZIP CODE: 610031

BUSINESS DEPARTMENT OF CHENGDU BRANCH
 ADD: NO. 22 RENMINZHONGLU ERDUAN, CHENGDU
 TEL: (028) 86268064
 FAX: (028) 86268061

CHENGDU JINXING SUB-BRANCH
 ADD: NO. 2 JINXINGLU,
 JINJIANG DISTRICT, CHENGDU
 TEL: (028) 86675687
 FAX: (028) 86675607

NINGBO

NINGBO BRANCH
 ADD: NO. 166-168 ZHONGSHANXILU, NINGBO
 TEL: (0574) 87260600
 FAX: (0574) 87270075
 ZIP CODE: 317010

BUSINESS DEPARTMENT OF NINGBO BRANCH
 ADD: NO. 166-168 ZHONGSHANXILU, NINGBO
 TEL: (0574) 87260506
 FAX: (0574) 87260506

SHIJIAZHUANG

SHIJIAZHUANG BRANCH
 ADD: NO. 10 XIDAJIE, SHIJIAZHUANG
 TEL: (0311) 6678533
 FAX: (0311) 6678522
 ZIP CODE: 050011

SHIJIAZHUANG

BUSINESS DEPARTMENT OF SHIJIAZHUANG BRANCH
 ADD: NO. 10 XIDAJIE, SHIJIAZHUANG
 TEL: (0311) 6679433
 FAX: (0311) 6679435

ZHONGSHANDONGLU SUB-BRANCH
 ADD: NO. 128 ZHONGSHANDONGLU, SHIJIAZHUANG
 TEL: (0311) 6033335
 FAX: (0311) 6993264

YUHUAXILU SUB-BRANCH
 ADD: NO. 386 YUHUAXILU, SHIJIAZHUANG
 TEL: (0311) 7016887
 FAX: (0311) 7010263

HEPINGXILU SUB-BRANCH
 ADD: NO. 157 HEPINGXILU, SHIJIAZHUANG
 TEL: (0311) 7046518
 FAX: (0311) 7045518

HONGQIDAJIE SUB-BRANCH
 ADD: NO. 92 HONGQIDAJIE, SHIJIAZHUANG
 TEL: (0311) 3030123
 FAX: (0311) 3030169

ZHONGHUANANAJIE SUB-BRANCH
 ADD: NO. 139 ZHONGHUANANAJIE, SHIJIAZHUANG
 TEL: (0311) 7890669
 FAX: (0311) 7890665

HUAINANLU SUB-BRANCH
 ADD: NO. 285 YUCAJIE, SHIJIAZHUANG
 TEL: (0311) 5880299
 FAX: (0311) 5894318

XINHUALU SUB-BRANCH
 ADD: NO. 313 XINHUALU, SHIJIAZHUANG
 TEL: (0311) 5205665
 FAX: (0311) 5205656

SHANTOU

SHANTOU SUB-BRANCH
 ADD: BINHAI BUILDING, HUASHANNANLU,
 SHANTOU, GUANGDONG
 TEL: (0754) 8363056
 FAX: (0754) 8363055
 ZIP CODE: 515041

HENGSHAN BUSINESS OUTLET
 ADD: YIXING BUILDING, HENGSHANNANLU,
 SHANTOU
 TEL: (0754) 8867751
 FAX: (0754) 8867750

SHANTOU

RENMINGUANGCHANG BUSINESS OUTLET
ADD: HAIBIN BUILDING, YUEJINLU, SHANTOU
TEL: (0754) 8986725
FAX: (0754) 8986723

SHANZHANG BUSINESS OUTLET
ADD: HUAWULU, SHANZHANGLU, SHANTOU
TEL: (0754) 8986795
FAX: (0754) 8986804

List of Correspondent Banks

■ As of December 31, 2003

■ 77 Countries and regions, 698 banks



■ ASIA (27 COUNTRIES AND REGIONS, 360 BANKS)

CHINA	66	INDONESIA	10	SAUDI ARABIA	1
HONG KONG	73	PHILIPPINES	8	KUWAIT	2
MACAU	4	INDIA	11	VIETNAM	5
TAIWAN	35	PAKISTAN	1	LAOS	1
JAPAN	23	ISRAEL	6	CAMBODIA	1
SINGAPORE	38	LEBANON	3	SRI LANKA	3
KOREA	28	TURKEY	12	CYPRUS	1
THAILAND	11	IRAN	1	BANGLADESH	3
MALAYSIA	8	UNITED ARAB EMIRATES	4	MONGOLIA	1

■ EUROPE (26 COUNTRIES AND REGIONS, 207 BANKS)

GERMANY	35	SWEDEN	6
ENGLAND	21	DENMARK	3
IRELAND	3	NORWAY	5
POLAND	3	GREECE	2
SWITZERLAND	12	FINLAND	3
NETHERLAND	7	AUSTRIA	16
FRANCE	11	HUNGARY	4
SPAIN	17	BELGIUM	10
ITALY	23	LUXEMBURG	2



EUROPE

ASIA

AFRICA

OCEANIA

PORTUGAL	3
MONACO	3
ROMANIA	2
CZECH	5
SLOVAK REPUBLIC	3
CROATIA	1
RUSSIA	6
YUGOSLAVIA	1

AMERICA (16 COUNTRIES, 107 BANKS)			
U.S.A	63	DOMINICAR	1
CANADA	7	BELIZE	1
PERU	4	URUGUAY	4
CHILE	6	MEXICO	2
BAHAMAS	2	CUBA	1
COLOMBIA	2	PANAMA	2
PUERTORICO	2	PARAGUAY	1
ARGENTINA	4		
BRAZIL	5		

OCEANIA (2 COUNTRIES, 11 BANKS)	
NEW ZEALAND	2
AUSTRALIA	9

AFRICA (6 COUNTRIES, 13 BANKS)	
EGYPT	4
TUNISIE	1
MAURITIUS	1
SOUTH AFRICA	3
KENYA	3
NIGERIA	1