

## **Commonwealth** Bank

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## **COMMONWEALTH BANK IN DISCUSSIONS WITH CHINA'S JINAN CITY COMMERCIAL BANK**

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The Commonwealth Bank of Australia is at an advanced stage of discussions with a People's Republic of China ('PRC') bank, Jinan City Commercial Bank ('JNCCB') regarding strategic co-operation. This strategic co-operation would involve purchase of shares in JNCCB by the Commonwealth Bank. Agreements to formalise this arrangement have not been signed, and would be subject to approval by the China Banking Regulatory Commission ('CBRC'). A foreign bank may singly hold a maximum 20% shareholding in PRC domestic banks – currently the Commonwealth Bank is discussing a smaller than the maximum allowable shareholding (11%), with options up to 20%.

Jinan City Commercial Bank is one of the 10 largest city commercial banks ('CCBs') in China by assets and is located in the capital city of Shandong Province on China's eastern seaboard, south-east of Beijing. JNCCB has total assets of approximately A\$4 billion, a diverse customer base and a strong position in Jinan with approximately a 5% market share of both savings and loans. Shareholders' capital is < A\$200m at current exchange rates. Shandong is one of the fastest growing provinces in China with a population of almost 90 million people.

This is the first time an Australian bank has entered the domestic commercial and retail banking sectors in Mainland China by investing in a PRC bank. The Commonwealth Bank of Australia already has investments in banking, life insurance and funds management in Greater China, including Hong Kong, and an investment in JNCCB would be a complementary investment to its existing operations.

Additional details will be released should discussions progress to a point where a formal application has been lodged with and approved by the CBRC.

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The Commonwealth Bank is one of Australia's leading providers of integrated financial services which include retail, business and institutional banking, funds management, superannuation, insurance, investment and broking services. The Bank has the largest customer base of any Australian Bank with leading domestic market shares in home loans, personal loans, retail deposits and discount stockbroking, and is Australia's largest issuer of credit cards. It is the country's largest manager of Australian funds, and the largest retail funds manager by total value of funds under management. The Bank is the largest manager of retail superannuation, allocated pensions and annuities by fund under management in Australia. It is one of the largest listed companies on the Australian Stock Exchange and is included in the Morgan Stanley Capital Global Index.