



# PA Banking Business Introduction

June 2007



深圳市商业银行  
Shenzhen Commercial Bank

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# Content

PA Banking Business Overview

Transition Plan and New Achievements

Vision of PA Banking Business



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## Profile of SZCB & PAB

### n SZCB

As the first city commercial bank in China, Shenzhen Commercial Bank was established on June 22, 1995, and changed its name to SZCB in June 1998. At the end of 2004, SZCB ranked 17th from all Chinese domestic banks and 3rd from all city banks in terms of asset (RMB 68 Billion).

At the end of 2006, SZCB has 1,699 staff working in HQ and 46 outlets across Shenzhen. Approximately 400 of the staff are HQ based. The bank also has 155 owned remote ATMs across Shenzhen. The bank has a full set of licenses.

On December 2006, PAG obtained 89.36% SZCB share and became the dominant shareholder.

### n PAB

PAG Purchased 73% shares (another 27% was acquired by HSBC) of Fujian Asia Bank on Dec 2003 and officially renamed into Ping An Bank (PAB) as a Joint Venture Bank. On June 2005, CBRC approved PAB Head Office moving to Shanghai and having one branch in Fuzhou.

On Oct 2006, PAB obtained RMB corporate license from CBRC.



## 2006 Balance Sheet Summary\*

( RMB Million)	SZCB	PAB	Total
<b>Total Loans</b> 总贷款	<b>47,457</b>	<b>1,469</b>	<b>48,926</b>
<b>Total Deposits</b> 总存款	<b>72,273</b>	<b>772</b>	<b>73,045</b>
<b>Total Assets</b> 总资产	<b>81,725</b>	<b>3,046</b>	<b>84,771</b>
<b>Capital Adequacy Ratio</b> 资本充足率	<b>10.7 %</b>	<b>50.2 %</b>	–
<b>Non-performing Loan's Ratio</b> 不良贷款率	<b>6.5 %</b>	<b>0 %</b>	–

Note: all figures are calculated according to 2006 PRC Accounting Standards, "Total" is the sum of SZCB's and PAB's data.



## New Management Team with Extensive International Experience

Name	Position	Experience
Richard Jackson	President of SZCB	Former General Manager, Citibank, Korea
David Kiang	President, Ping An Bank	Former Vice Chairman/President, First Sino Bank
Chen Wei	Head of Credit Cards, SZCB	Former Head of Cards/Retail and CFO, China Merchants Bank
Stephen Harner	VP and Chief Risk Officer, SZCB	Former President, American Express Financial Advisors, Japan
Ali Broker	CFO, SZCB	Former CFO, Citibank HK Consumer Business
Imran Ibrahim	Head of O&T, Finance Business, Ping An Group	Former Head of O&T, Retail Banking Citibank, Japan
Vicky Liem	Head of Retail Business, SZCB	Former CEO of China Region, Commonwealth Bank of Australia
Joan Fang	Head of O&T, SZCB	Former EVP of Operations Division Sinopac Financial Holdings
Lau Chi Fong	Head of Market Risk Management, SZCB	Former Head of Market Risk Management, HSBC, Asia-Pacific



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# Transition Plan Objectives

*We have a very detailed two year transition plan which has the following key objectives*

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## Management

- U Establish a management team that is able to create and operate a world class infrastructure to very high standards

## Corporate Governance

- U Establish and maintain a world class Corporate Governance culture and infrastructure

## Capital

- U Maintain capital levels above all regulatory requirements

## Financial Performance

- U Achieve superior financial performance and increased market share

## Portfolio Quality

- U Build and maintain a high quality Portfolio and Portfolio Management processes

## Operational Risk

- U Establish and maintain a strong Operational Risk and Control environment

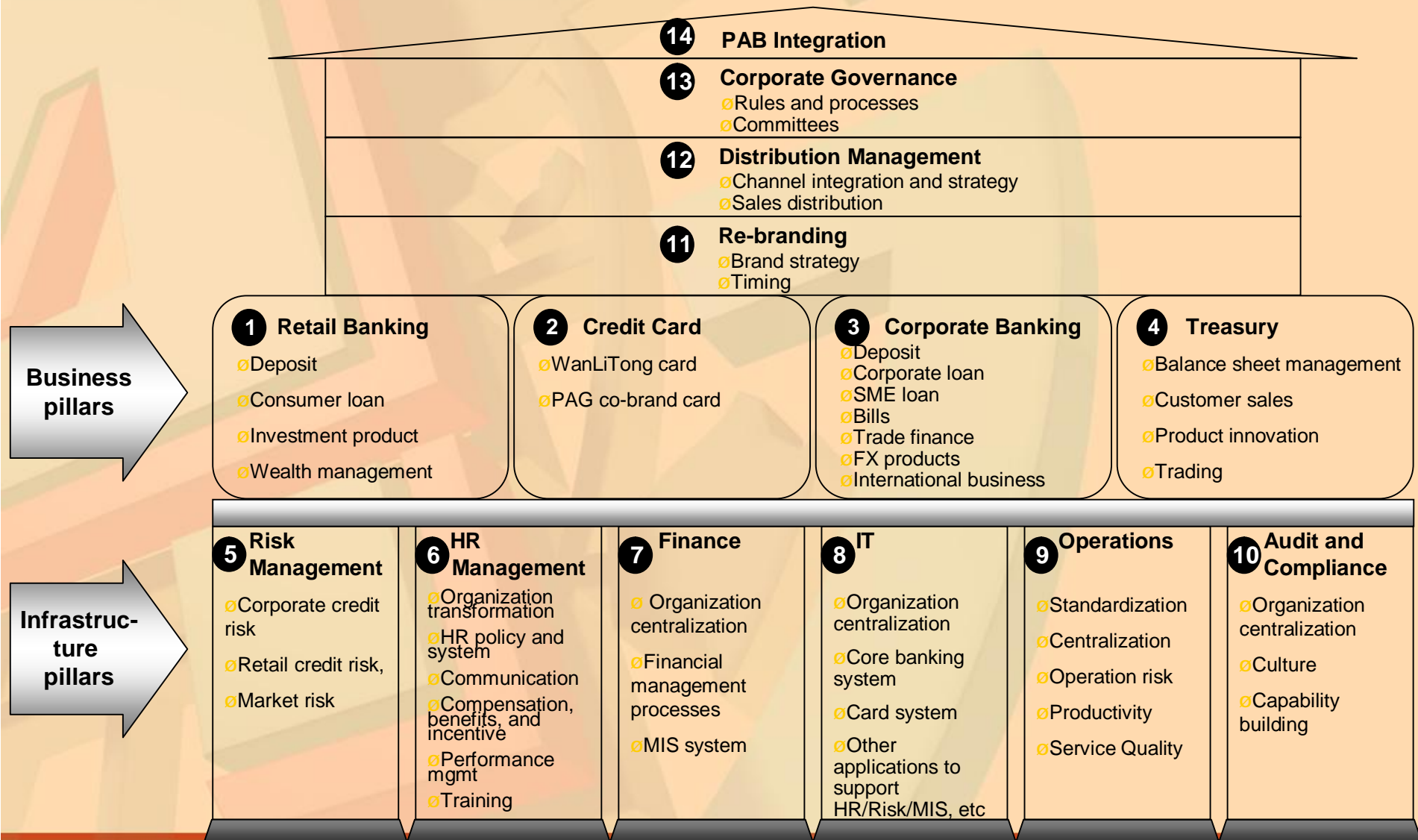
## Innovation

- U Establish and develop strong innovation culture and create clear industry leadership in a number of areas

## Market Position

- U Establish and build a clear market position leveraging inherent advantages







# Key Transition Plan Achievements

## Management

- uHQ organization change completed
- uManagement team additions completed
- uCorporate/retail segmentation finished

## Corporate Governance

- uALCO process revised and implemented
- uCompliance department established and key processes established
- uMIS infrastructure established (with much more to do)

## Financial Strength

- uFirst quarter budget achieved
- uCorporate loan growth ~6%, declining trend stalled
- uCAR maintained at 10%

## Portfolio Quality

- uIndependent risk management established
- uCredit policy for corporate customers finalized and implemented

## Operational Risk

- uIT remediation well underway
- uBranch operations diagnostic completed

## Innovation

- uWM launch preparation completed and first WM center trial run started
- uCredit card launch preparation completed

## Market Position

- uPAB merger application finalized and submitted to the CBRC

## Corporate Culture

- uTransition communication programs developed



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## Key Actions

- n Obtain approval from CBRC on PAB merger
- n Launch SME business
- n Launch Wealth Management
- n Launch Credit Card
- n Launch cross selling Campaign
- n Introduce FTP mechanism



## Progress of PAB Merger

### n PAB merger approval

- u Application submitted for merger, bank rename and reservation of offshore business in Shanghai and Fuzhou

### n Business

- u PAB client contracts collected
- u SZCB product descriptions (credit products, international business products, settlement products) collected
- u Worked with IT and settlement center to solve issues on treasury management, funding management, and reserve accounting management

### n Infrastructure

- u Dedicated team sent to Shanghai and Fuzhou to assess system integration after merger
- u Credit system upgraded in Shanghai and Fuzhou
- u New corporate credit policy implemented at SZCB and PAB
- u Credit policy for key personal loan products developed and implemented at SZCB; product policies to be aligned at PAB Shanghai
- u Revision of audit policy started and consistent auditing tools/templates launched
- u Re-branding to be completed by end of June



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## Wealth Management

- Ø Launched the trial run WM center in Yitian branch (April.9<sup>th</sup>)
- Ø Pilot launch in 5 branches in May



SZCB Anchor Wealth Management Center



## Credit Card

- u Soft launch in April starting with staff
- u Full launch in May



PA CUP VIP Card



PA CUP Gold Card



PA CUP Standard Card



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Thank You !