

2009 Investor Day of Ping An - An Introduction to PAB

Oct. 16, 2009



Subjects

Theme	Speaker	Title
Bank overview	Richard Jackson	PAB President
Introduction to PA Credit Card Business	Chen Wei	PAB EVP
Introduction to Outlet Strategic Expansion	Li Nanqing	PAB BoD Secretary
GZ Branch development model	Ye Wangchun	PAB VP





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Bank Overview

President Richard Jackson

Oct.16, 2009

Ping An Bank development milestone

PAG acquiring about 90% equity of SZCB

1

2006/12

Original PAB merged into SZCB

2

2007

- Build mgt team
- Greatly improve assets quality
- Start up three strategic businesses of CC, Anchor WM, and “Yingdongli” (SME)

Approved to be renamed as Ping An Bank, winning title of “the Best City Commercial Bank”

3

2008

- Establish robust corporate governance mechanism
- Intensify mgt on five risks
- Expand strategic business
- Upgrade service level
- Push ahead culture integration and talent development

Continue to expand footprint - currently 8 branches including SZ, SH, FZ, QZ, XM, HZ, GZ, DG (Prepared to establish)

4

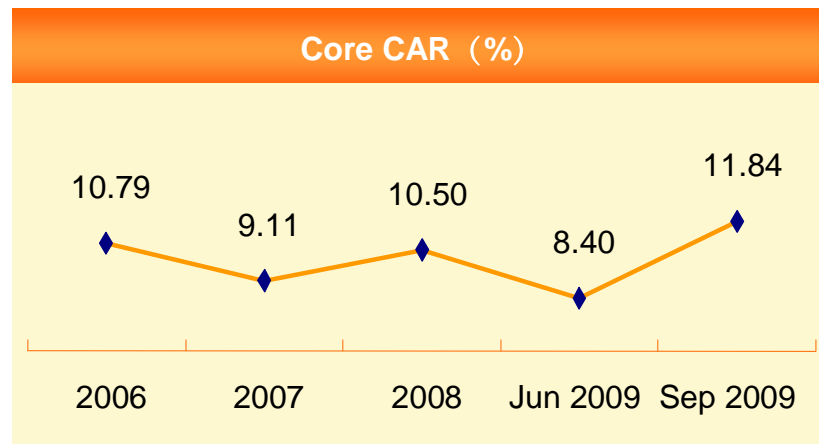
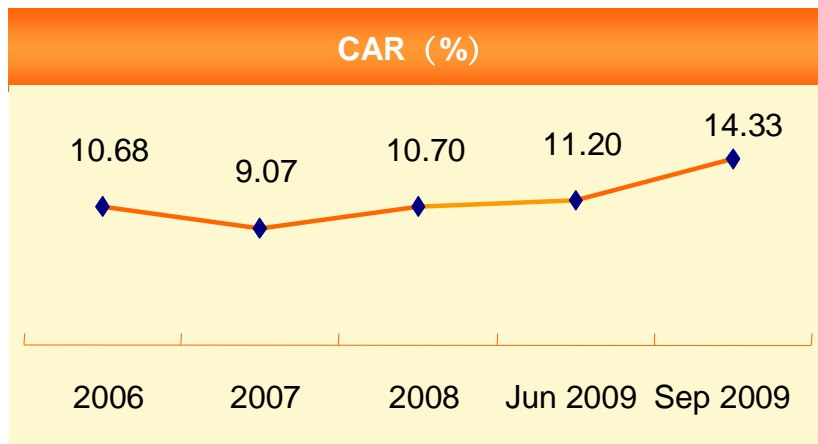
Present

- Regulatory rating upgraded to “2” from “5”

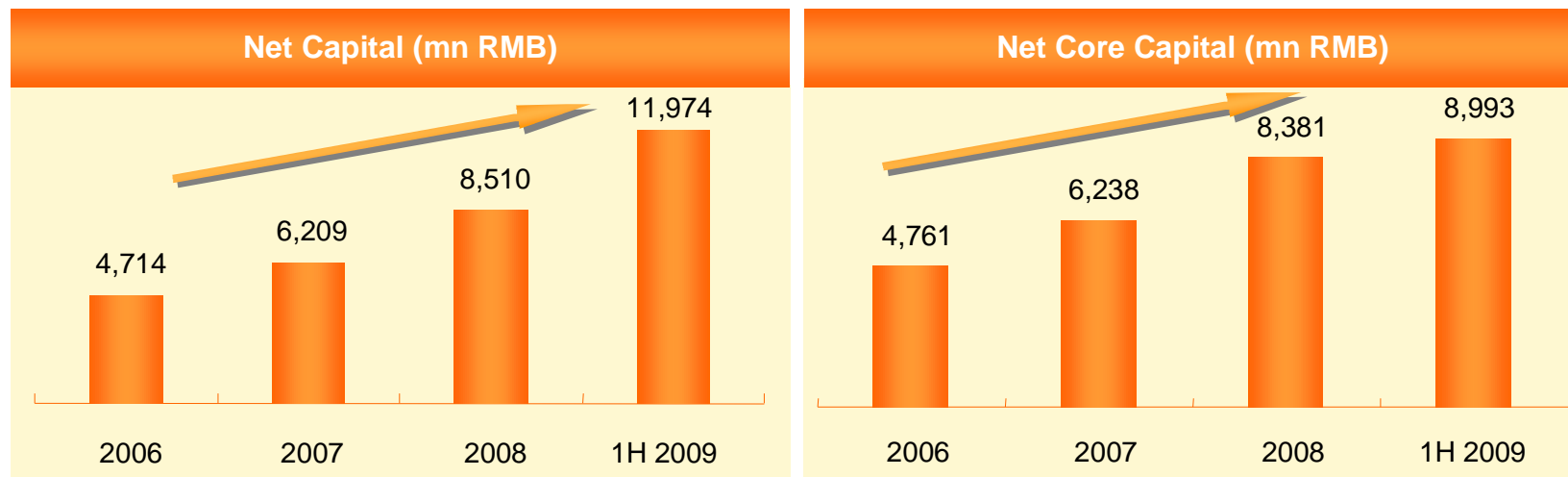


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Raise capital from multiple channels with capital adequacy level remaining higher than regulatory requirements

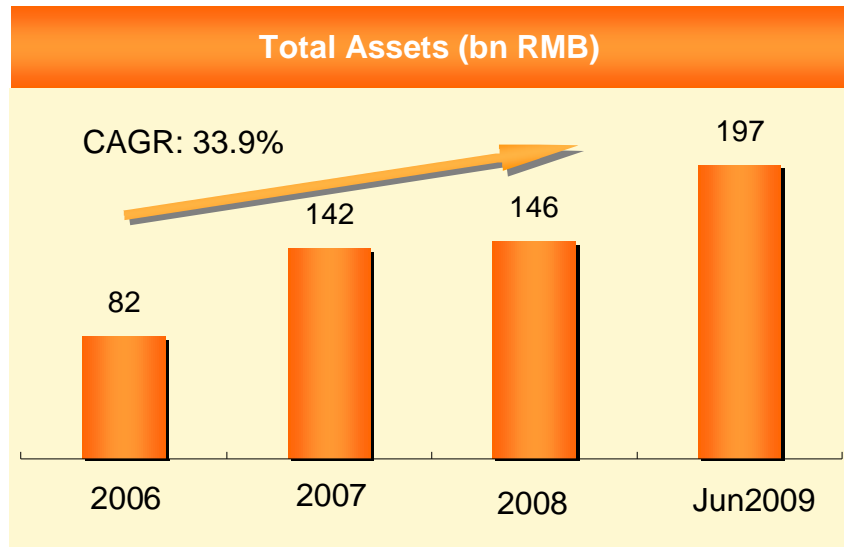


Raise capital from multiple channels with capital adequacy level remaining higher than regulatory requirements



- In June, 2009, the bank successfully issued 3 billion Yuan of sub-debt as supplementary capital.
- In Aug, 2009, the bank completed right issue to original shareholders and increased capital by 5 billion Yuan, to supplement core capital.

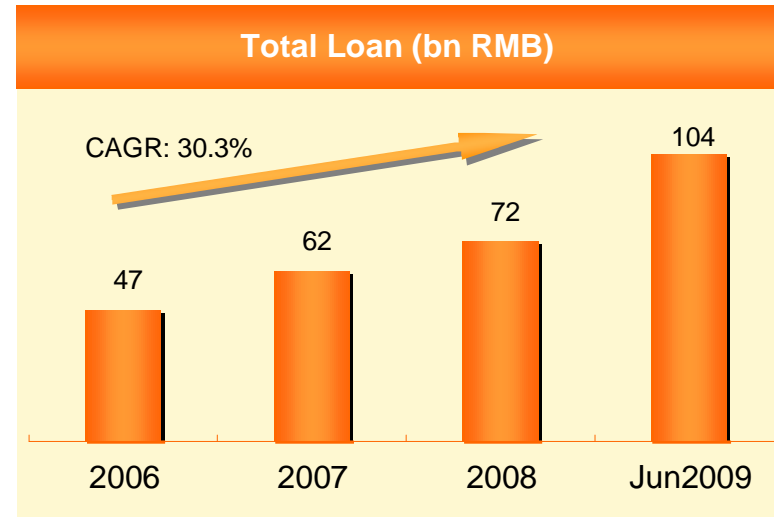
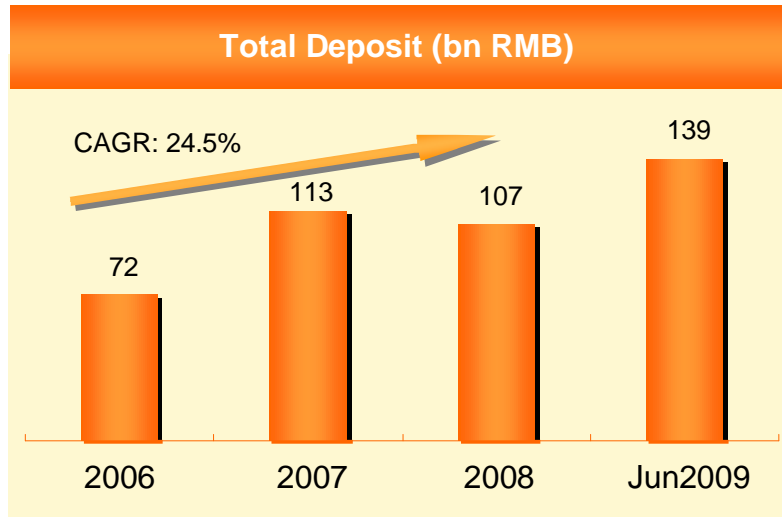
Business scale grows sharply (1/2)



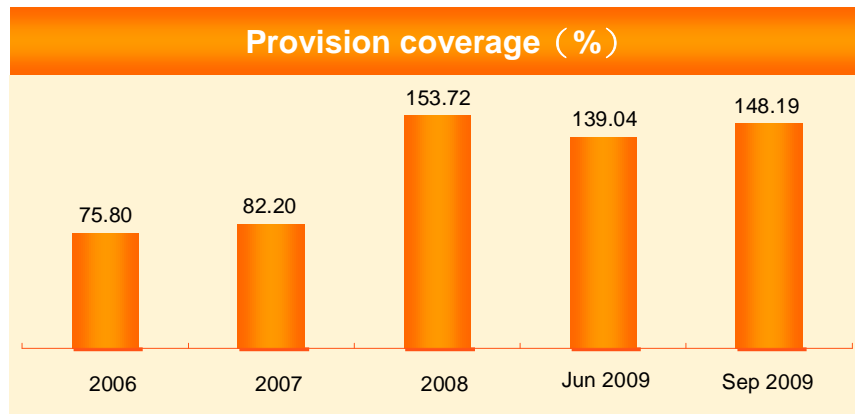
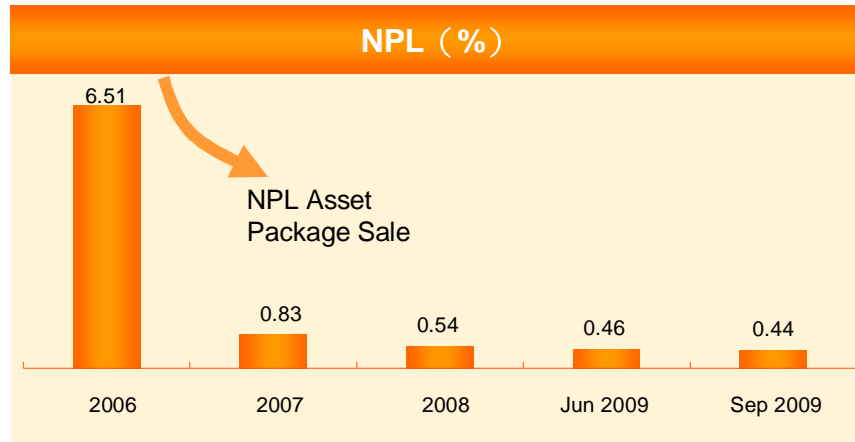
Faster growth rate than
market average level



Business scale grows sharply (2/2)



Asset quality significantly improved



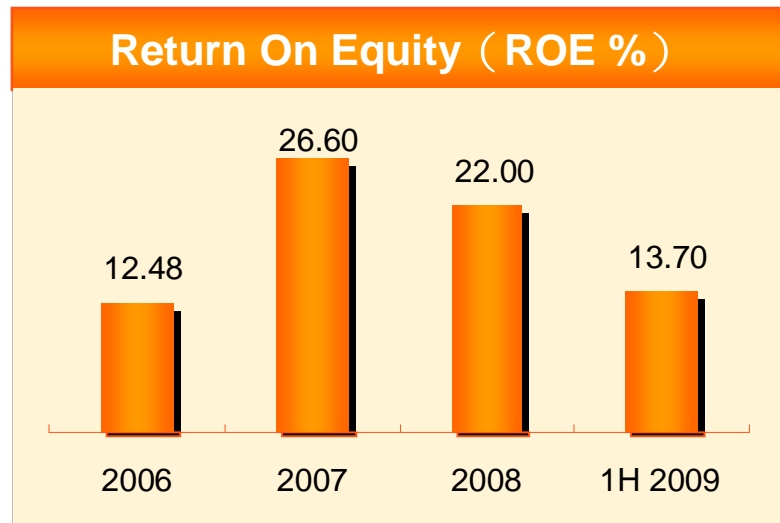
Adopt various measures to properly deal with legacy NPA

Significantly enhanced various risk control policies, criteria and processes, to establish complete risk mgt system

Best asset quality compared to 14 public banks



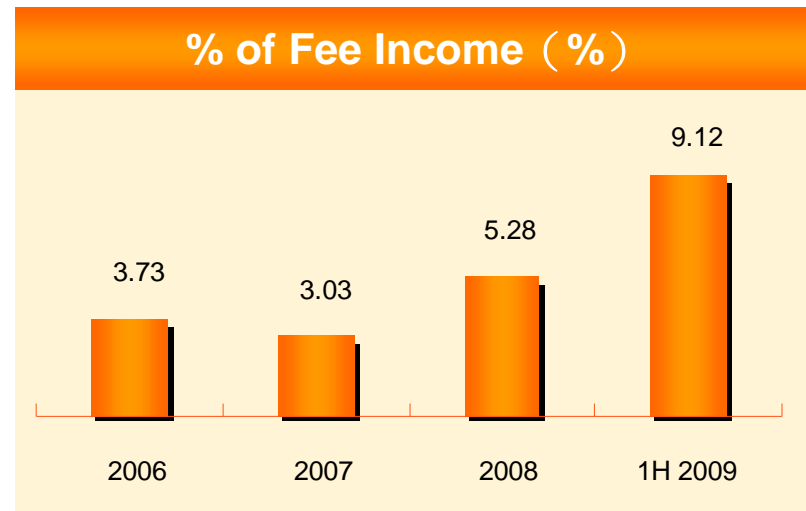
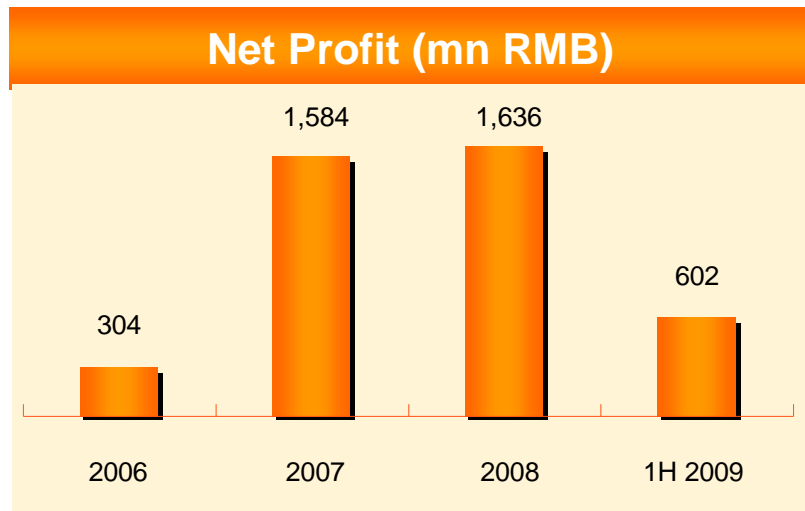
Post transition phase, focus is now on improving profitability and shareholder return (1/2)



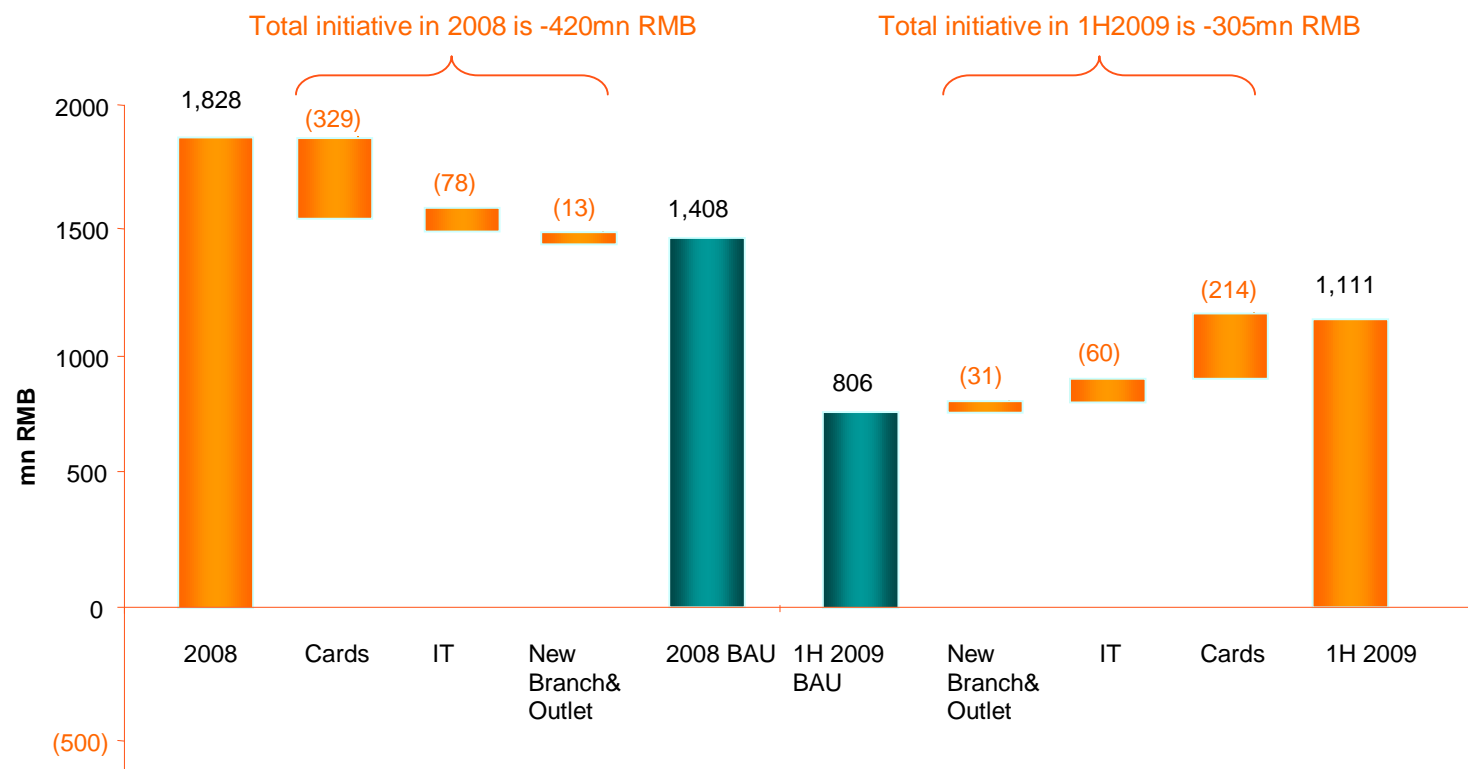
ROE gradually returning to industry average and higher than regulatory threshold



Post transition phase, focus is now on improving profitability and shareholder return (2/2)



Expenses

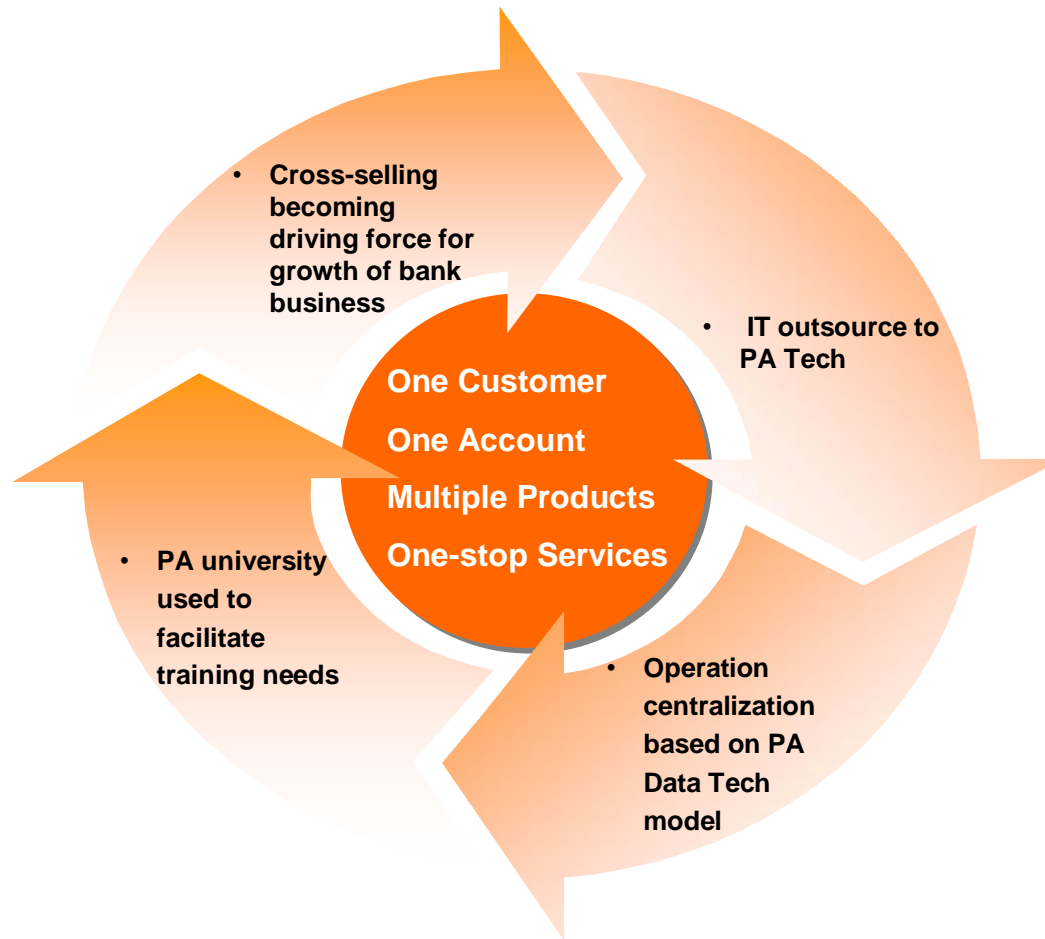


Credit cards: 2008 CIF 1.52 mn, 20091H CIF 2.11 mn, grew by 38.8%

New branches: QZ, XM(2008), GZ, HZ(2009)

New outlets: 10 new outlets in 2008 and 5 new outlets in 1H2009

Leverage group resources, fully integrated with the group



Example-model outlet for training in Ping An University



Sound Improvements

Enhancement of frontline staff's skills and service quality

Inside are money transfer area, cash transaction area, lobby manager service area, waiting area and form filling area, etc

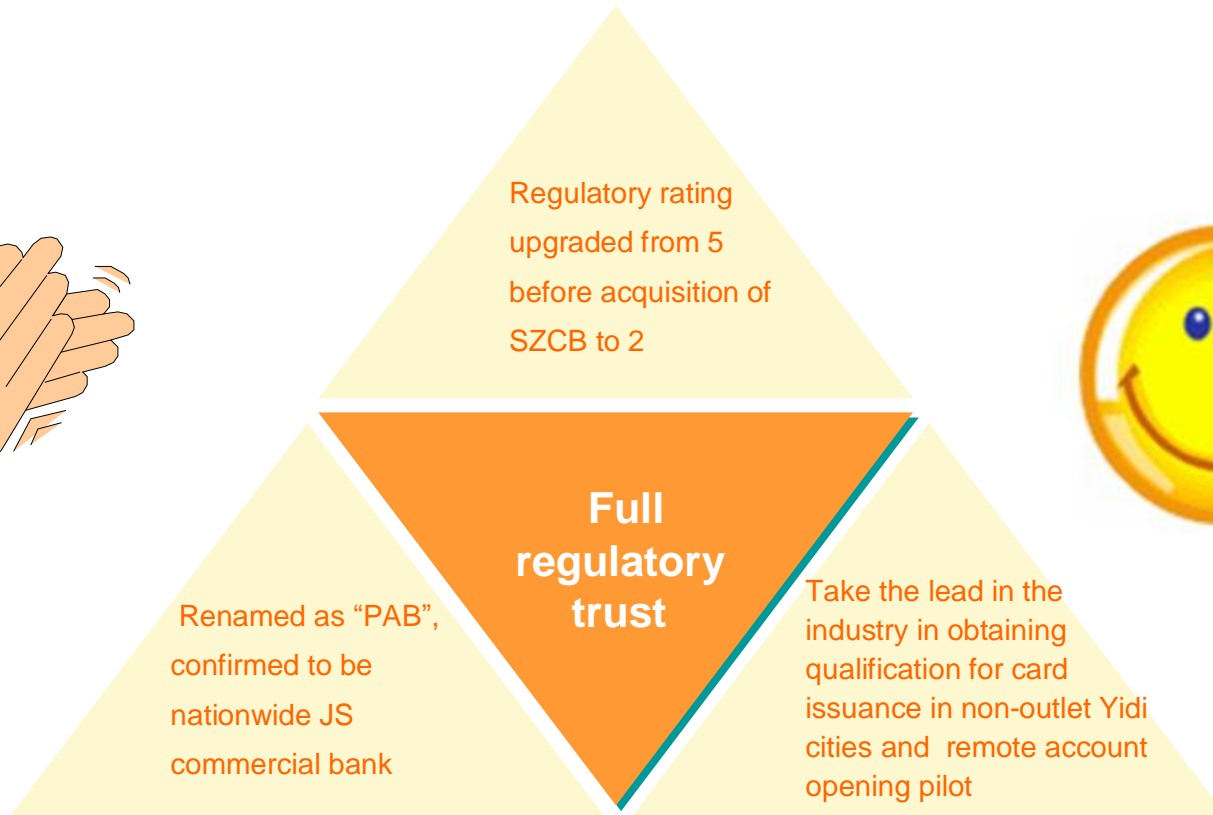
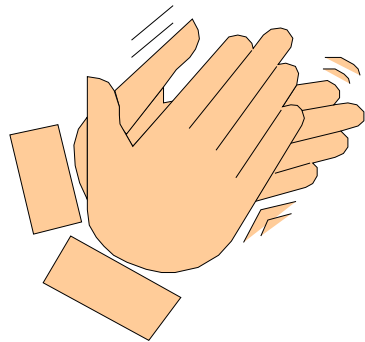
Representation of real work environment by using the equipment that we use in reality

Full understanding of actual work and experiences of detailed operations through simulation

Practical experiences through simulation



Stable reform and restructure, gain full trust from regulators





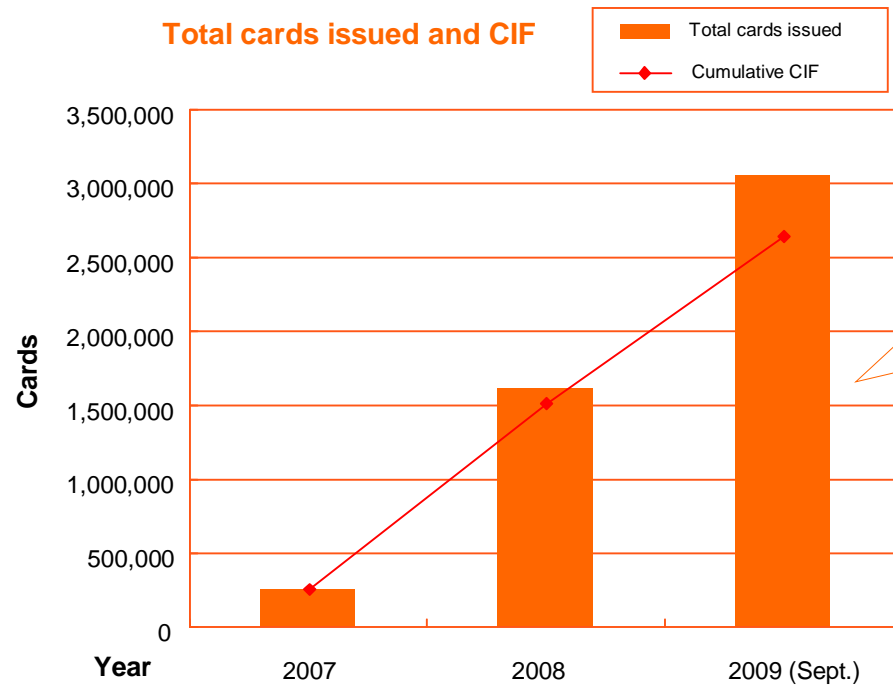
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Introduction to PA Credit Card Business

EVP Chen Wei

Oct.16, 2009

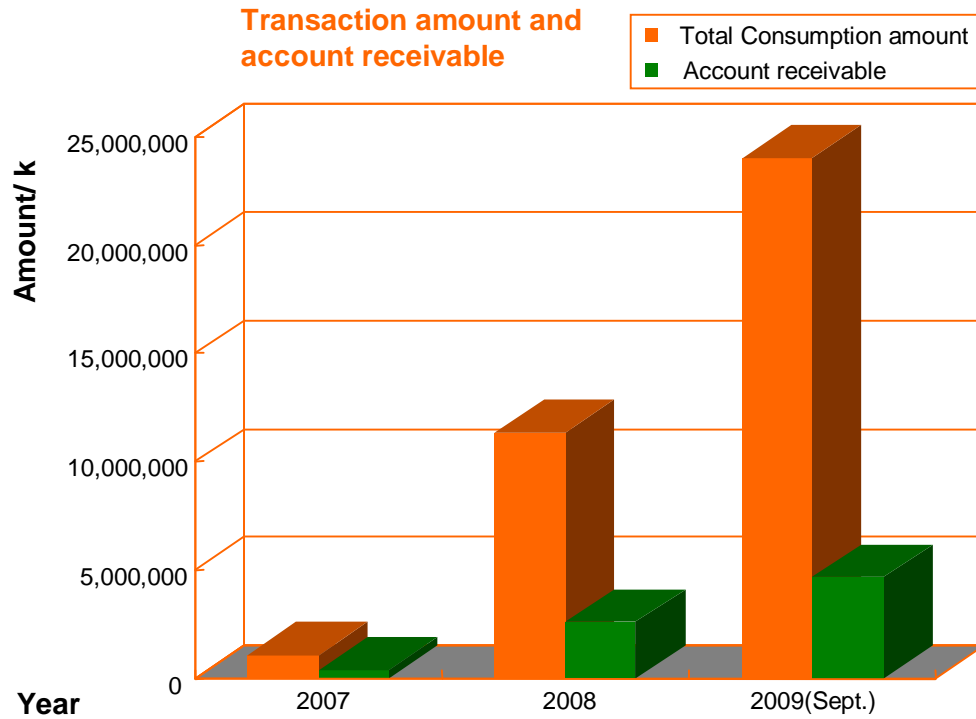
Rapid business growth



- **Creating a card issuance record among domestic commercial banks through overcoming the weakness of card issuance in only a few cities and rapid growth of cards issued and CIF;**
- **Rapid growth despite financial crisis in 2008-2009**



Rapid business growth



- **Rapid growth of market share and account receivable;**
- **Surpassing SPDB and SDB in respect of market share in 2009 1H;**
- **No. 2 in SZ;**
- **No. 8 in SH.**



Preliminary establishment of a product system covering different customer groups

PAB credit card



Target customers: home caring people

Function highlights:

- Consumption loss guarantee for 72 hours before loss reporting;
- Home property theft and robbery insurance as a gift;
- 2-million-yuan air accident insurance as a gift

PAB insurance credit card



Target customers: PA Life customers

Function highlights:

- Consumption loss guarantee for 72 hours before loss reporting;
- Land, air, marine accident insurance as a gift;
- Gas accident insurance as a gift

PA credit card for car owners



Target customers: private car owners

Function highlights:

- Consumption loss guarantee for 72 hours before loss reporting;
- Accident insurance for all people taking the car as a gift;
- Road rescue guarantee nation wide as a gift

PA BE@RBRICK fashion credit card



Target customers: Tribes of fashion

Function highlights:

- Consumption loss guarantee for 72 hours before loss reporting;
- The first BE@RBRICK theme card around the world

PA-Ctrip travel credit card



Target customers: business and traveling people

Function highlights:

- Consumption loss guarantee for 72 hours before loss reporting;
- Consumption bonus points converted into Ctrip points automatically;
- Land, air, marine accident insurance as a gift;



First to adopt the model of utilizing Life Insurance for credit card promotion

June 18, 2006
SZ Life kicked off the sales of credit cards, creating the new model of credit card promotion.

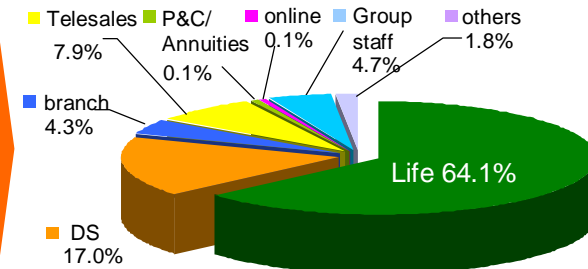
Exploring cross selling model

- Forming specialist teams for them to move into business districts for training of agents and promotion support;
- Research and develop products and functions with regard to Life customer requirements: launch of PAB-Insurance credit card, with high-amount guarantee, etc. granted as gift;
- Develop specific credit policy targeting Life customers;
- Set up specific incentive plan for business agents;
- Ensure promotion quality by staffing specific personnel for in-person customer verification and calls.

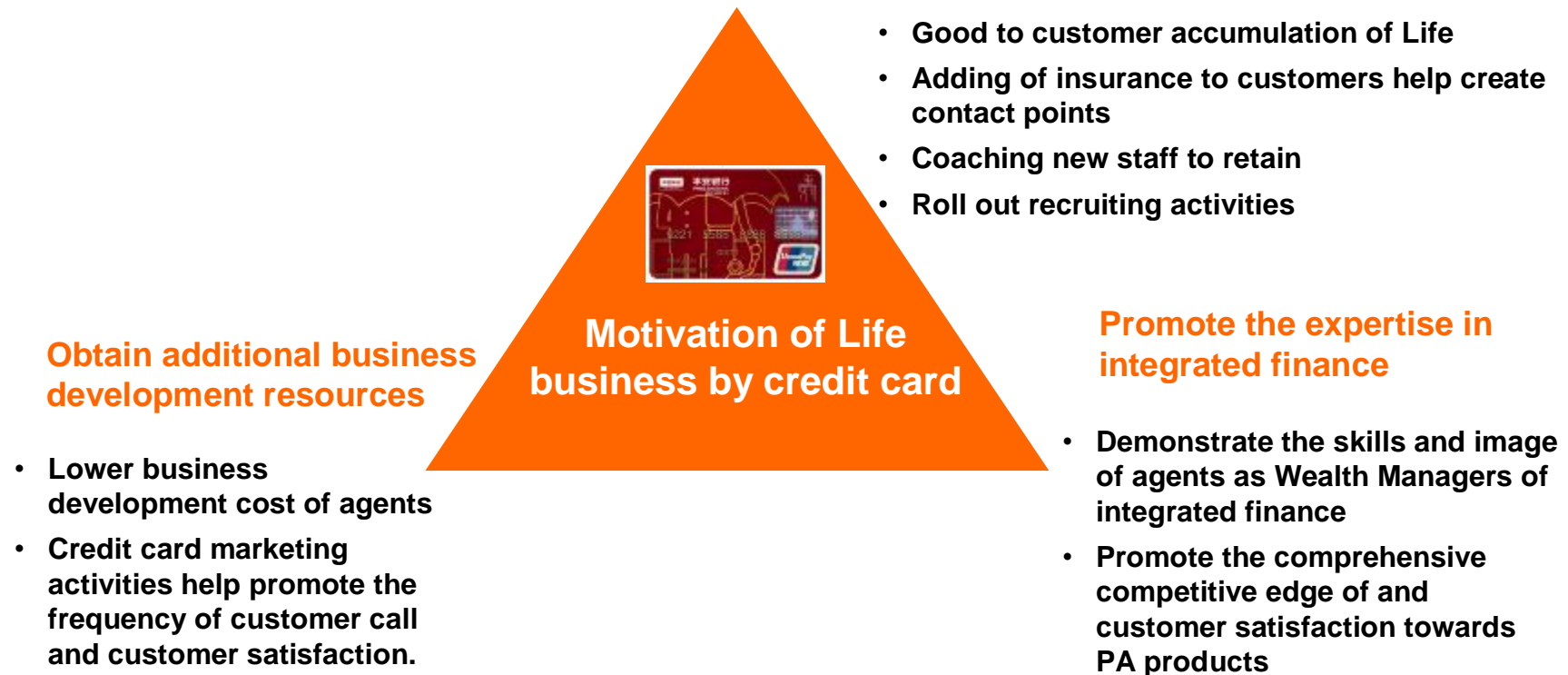
Effect

- Credit card becomes an effective client development approach for agents;
- Insurance function enables agents to build up relationship between credit card and the main business of insurance;
- Subsequent service and market activities of credit card provide agents with excuses of contacting customers constantly, and help promote customer satisfaction.
- Strengthen the confidence and motivation of agents for business development

Life Insurance contributes 60% of the cards



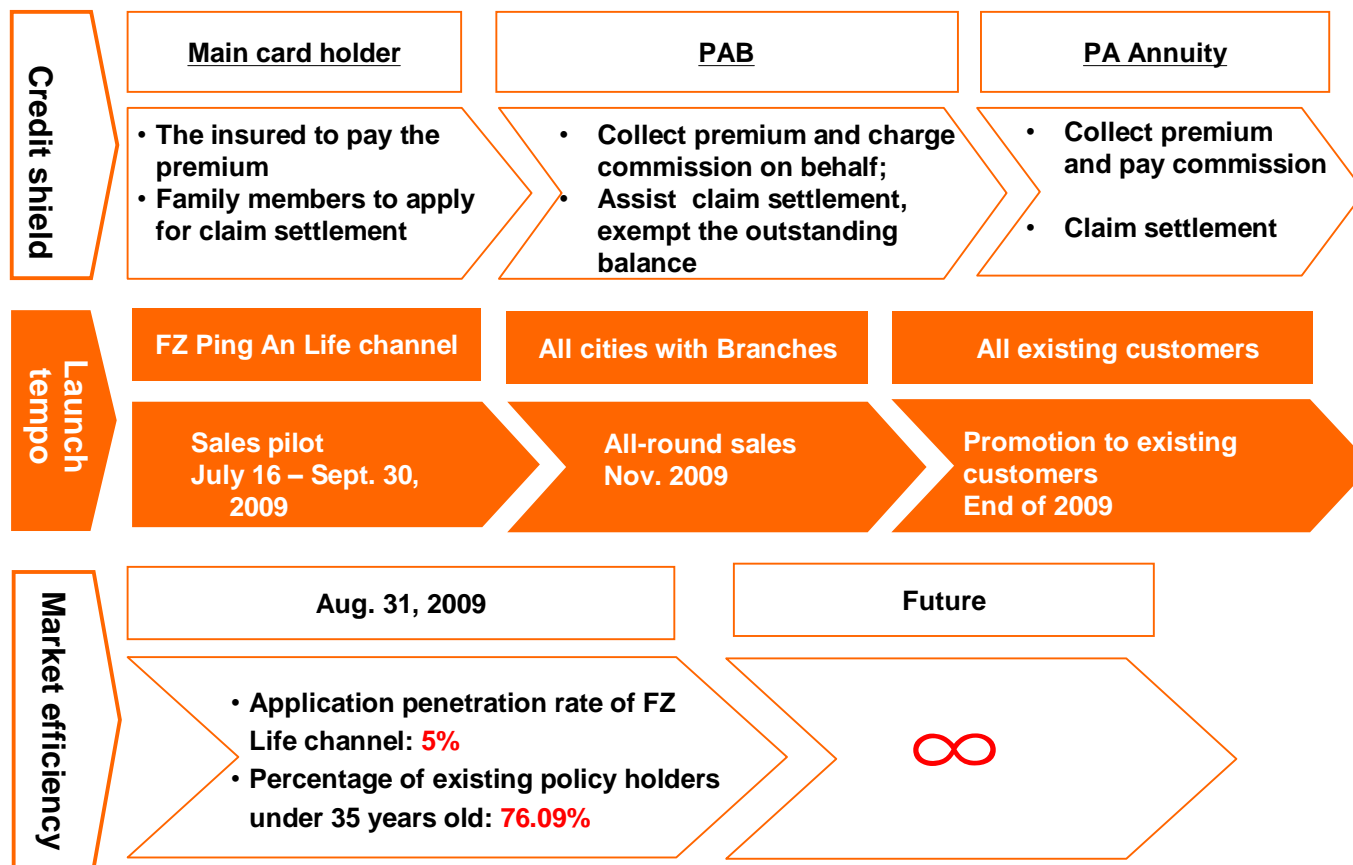
Motivate the development of Life business



**Coming up next is a short clip, where PA
Life agents will talk about their experience
of promoting PA credit cards.**



Innovate “Credit shield” for agent sales of insurance products



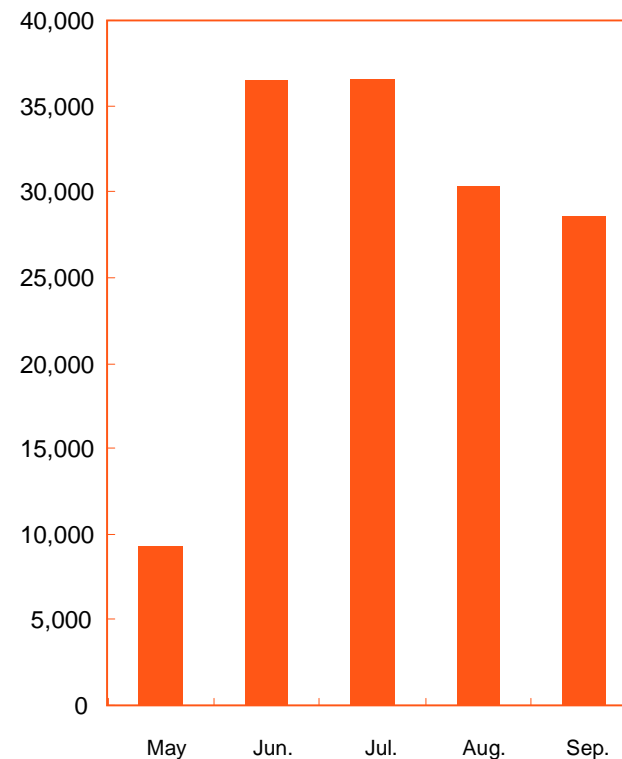
Integrated finance, strong advantages



First to pilot card issuance in Branch-free cities

Relying on PAG's integrated financial service platform as well as strong risk control mechanism, marketing strategy, and customer service quality, PAB becomes the first bank approved for pilot of credit card issuance in cities without branch in Feb. 2009, pilot area covering Bohai-rim.

Already issued 141,300 cards in BJ since the pilot started in May, 2009.



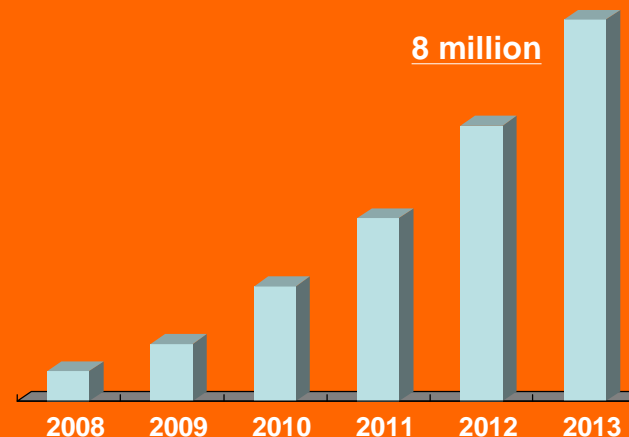
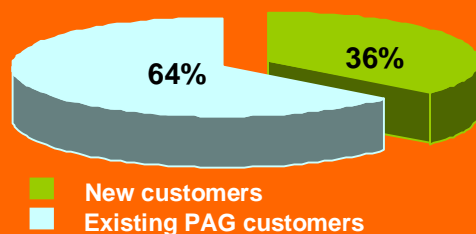
Credit Card — a business card of PA integrated financial service

Approaches to gather CC customers

- ρ Accumulate customers through multi-channel card issuance;
- ρ Share customer resources through enterprise/ industry co-brand cards;
- ρ Extend name list of emergency contacts of card holders

According to PA CC 5-year plan, it will contribute a cumulative 8 million customers for PAG by 2013:

The cumulative % (when applying for credit card) of internal and external customers of PA CC by Aug. 2009:



	No. of customers	Successful customer call rate	Conversion rate of name list	Per capita premium (RMB)	Premium paid (mn RMB)
2009.2 (SZ Life)	30,000	27.2%	1.57%	6,582	3.09

CC SZ Division piloted promotion of Life products in Feb. 2009 among CC customers who had not yet bought PA Life products, triggering very good market reaction. Based on this, it is forecasted that sales of only Life products to the 8 million external customer by 2013 can generate the first year premium of several hundred million yuan.



Business support from IOC in Zhangjiang

- Provide centralized, integrated, standardized service to nation wide customers by leveraging the most advance software and hardware platform of Ping An IOC in the industry. In Aug. 2009, CC Customer Service Dept. won the prize of “**World’s Best Call Center in 2008 - 2009**”;
- Improve operation productivity and timeliness constantly through central scanning and typing-in, and the image splitting and entering mode can protect customer info more effectively;
- Rely on PAG integrated finance platform and have all-round understanding of customer info at time of CC underwriting to prevent risks effectively;
- Rely on globally advanced collection supporting system to improve collection efficiency and to ensure CC assets quality;
- Central operation can help to form economies of scale and minimize the operating cost.





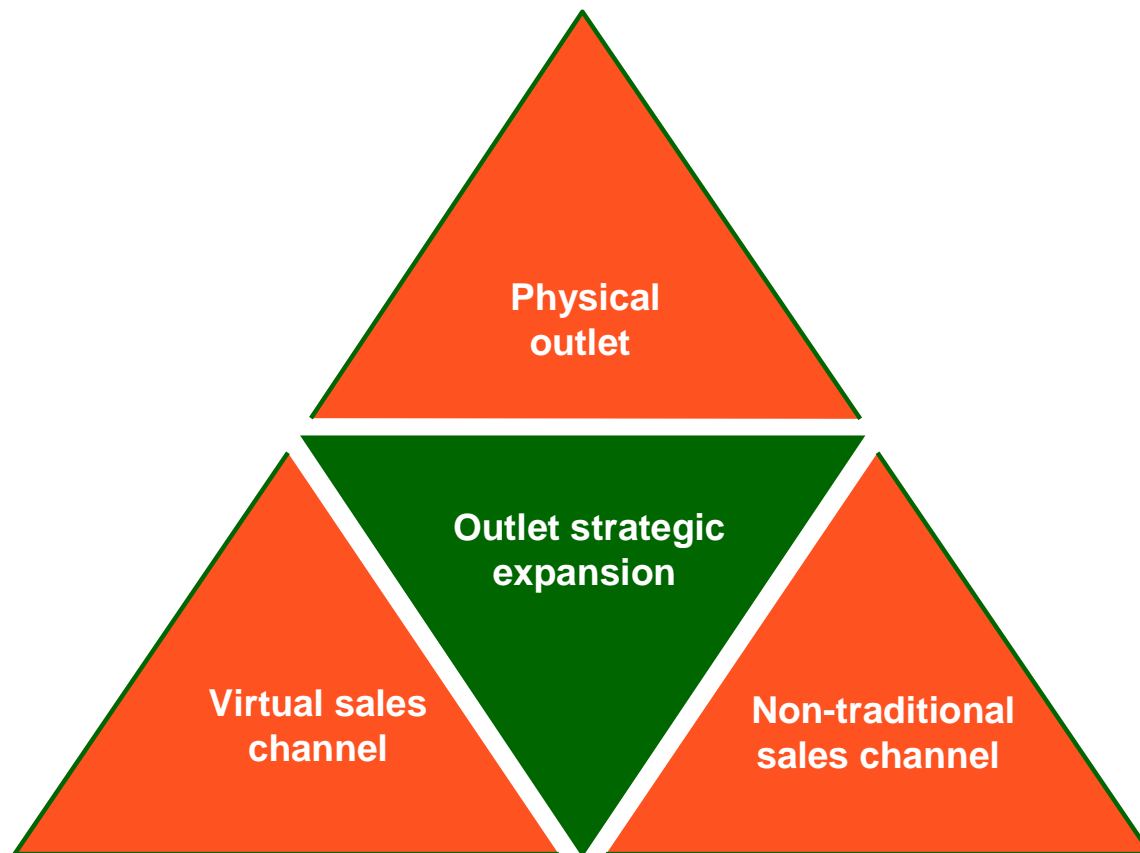
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Introduction to Outlet Strategic Expansion Status

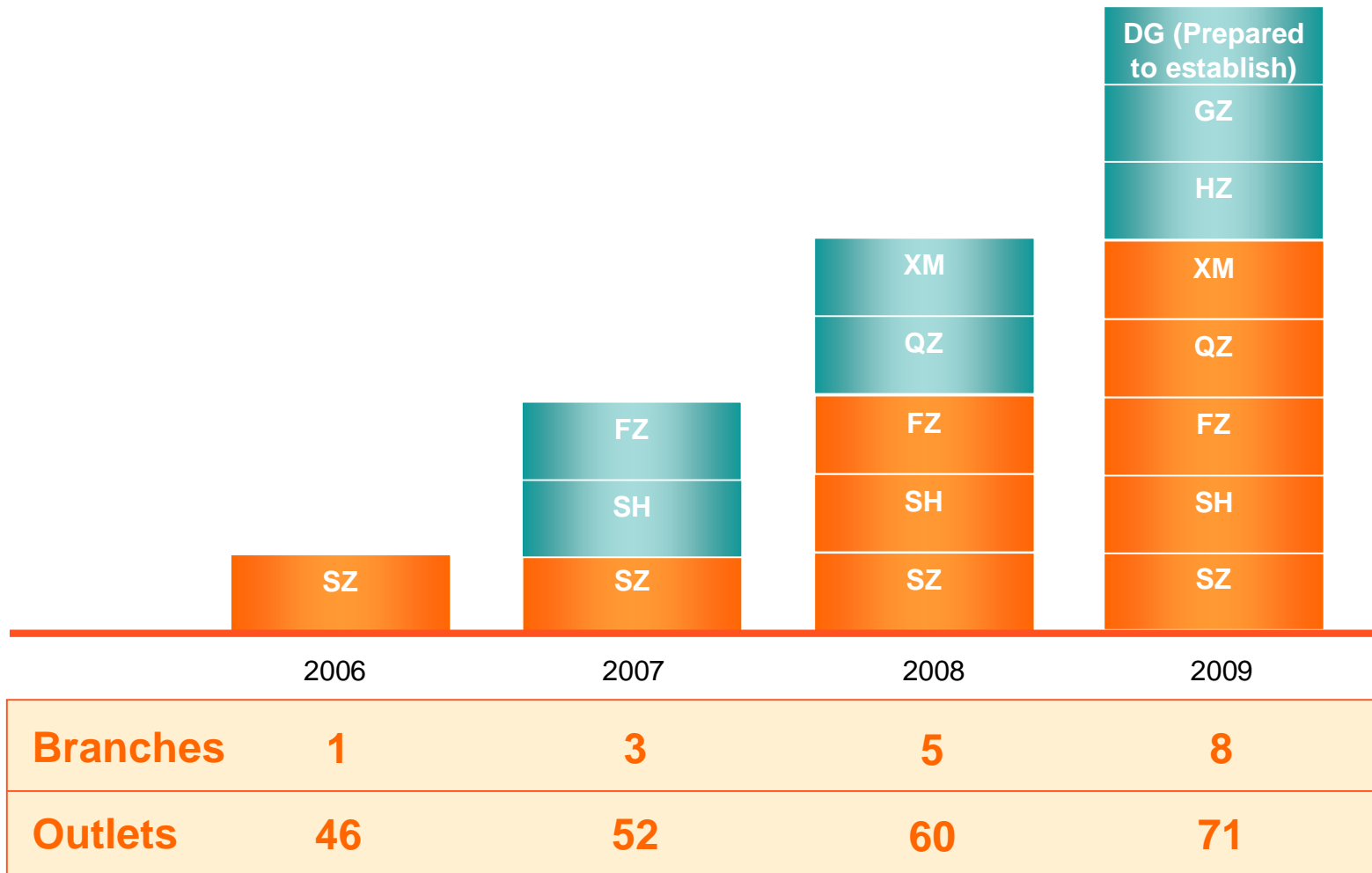
BoD Secretary Li Nanqing

Oct.16, 2009

Summary



Physical outlet is rapidly expanded



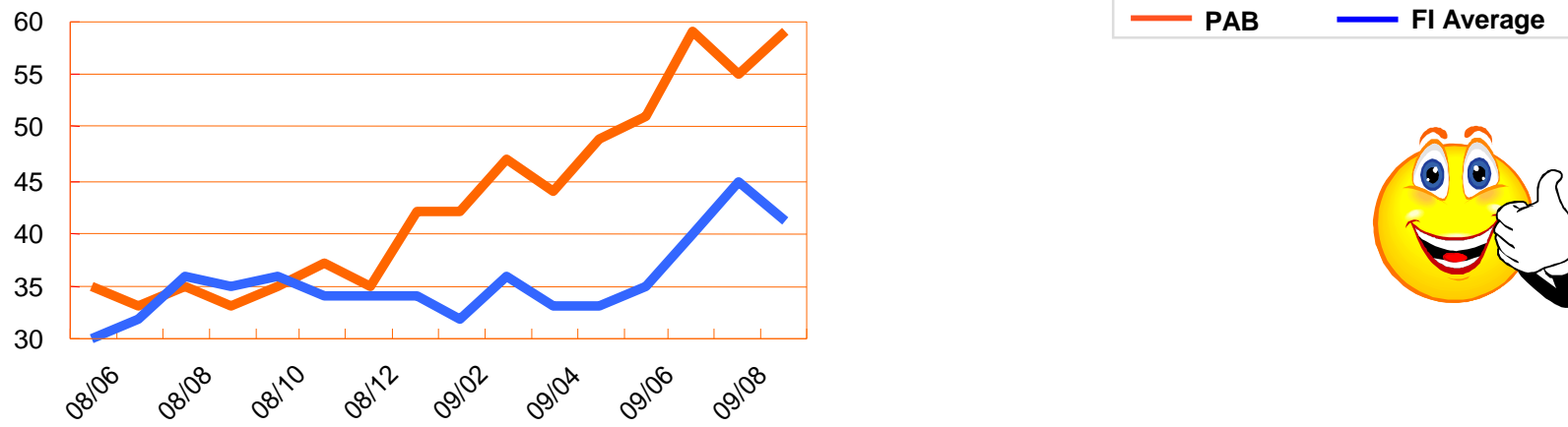
Appearance and image of outlet receives good praise from customers



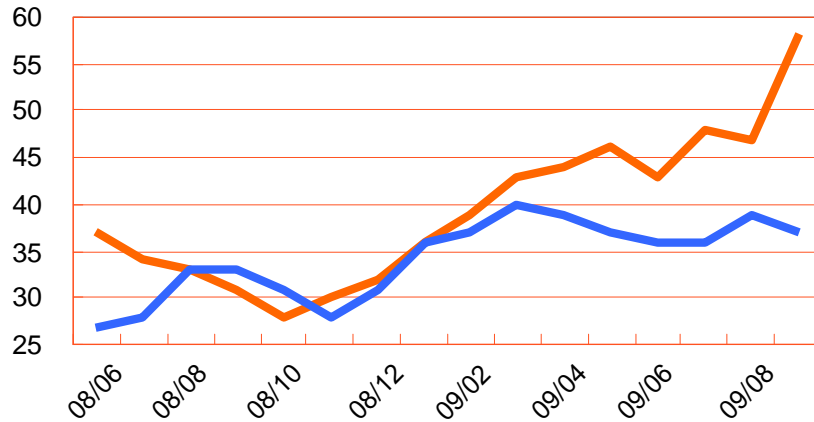
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Outlet customer satisfaction indicator better than FIs

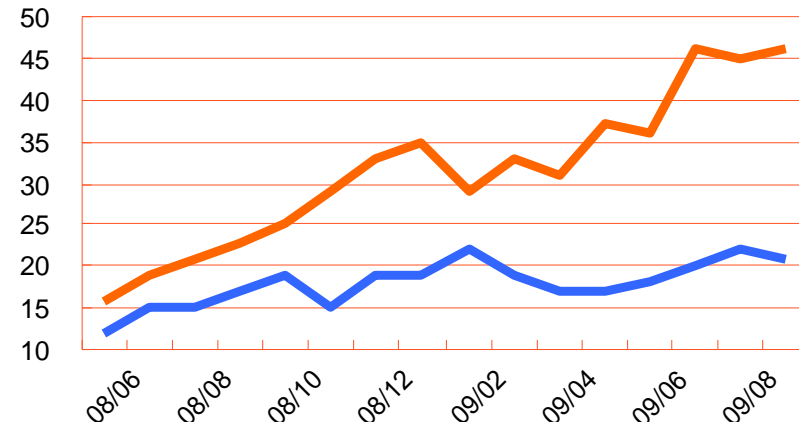
Retail outlet comfortable environment customer satisfaction



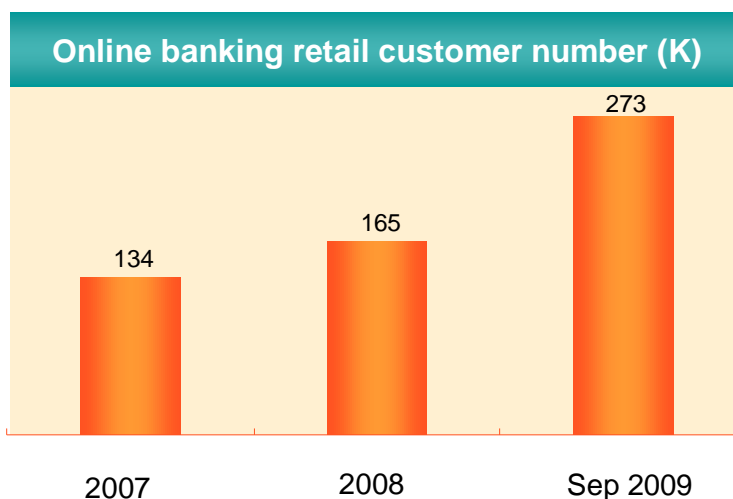
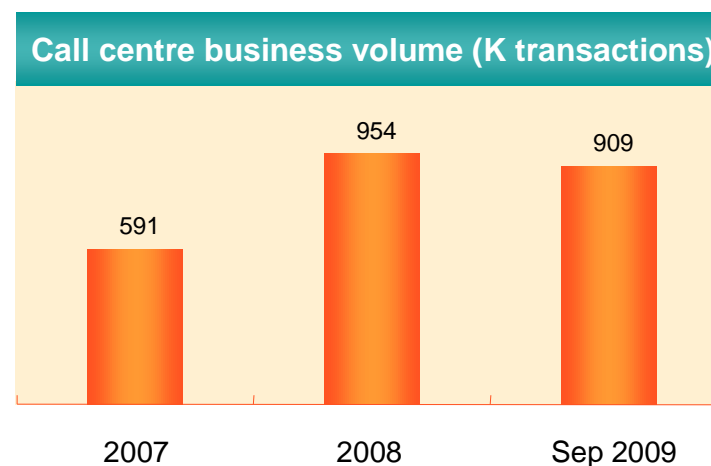
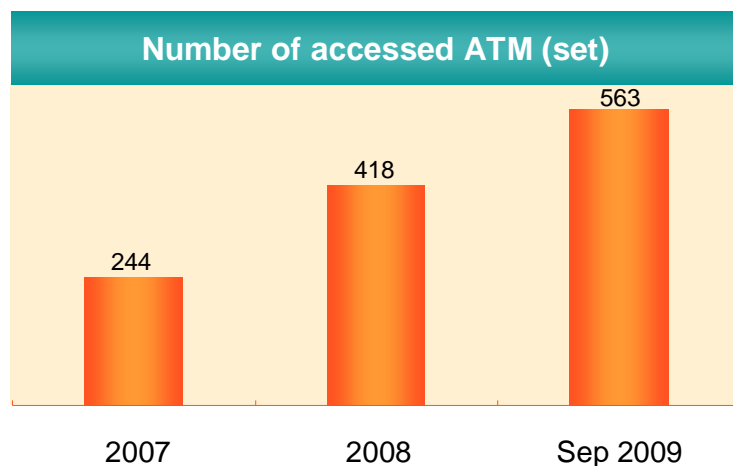
Retail outlet clear instruction customer satisfaction



Retail outlet waiting time customer satisfaction

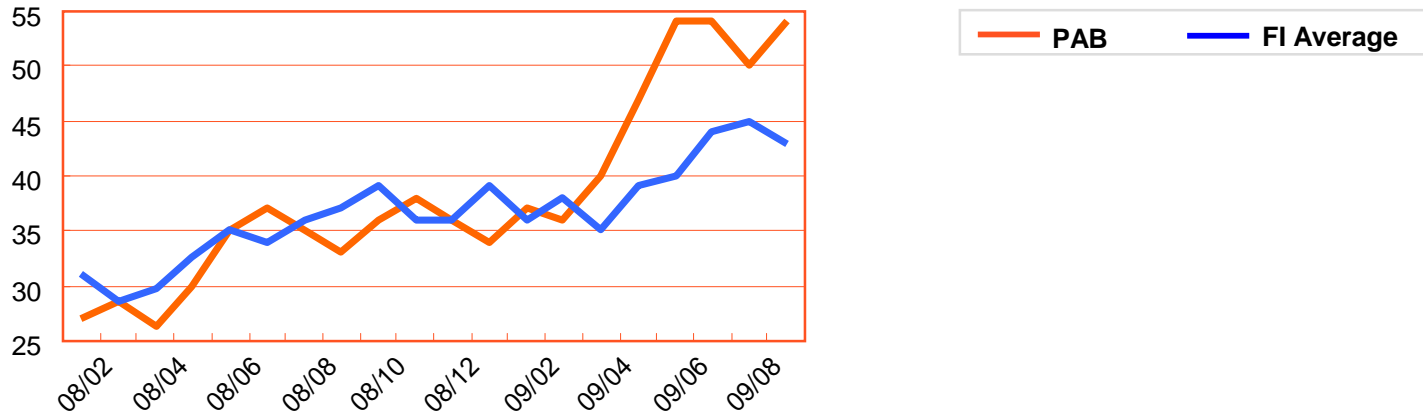


Virtual sales channel scale is rapidly growing

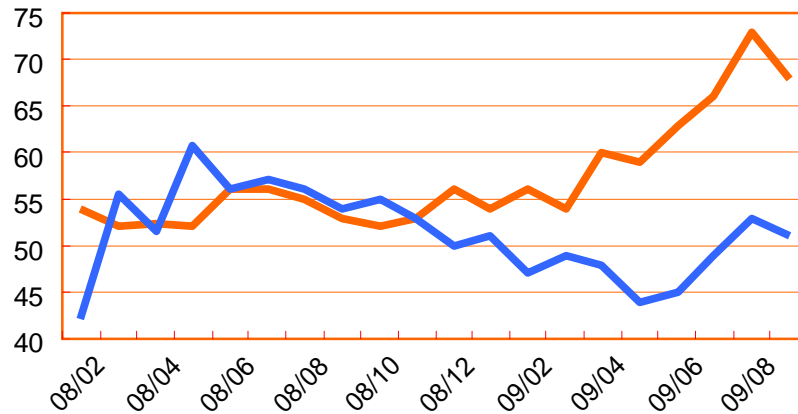


Virtual sales channel customer satisfaction indicator better than FIs

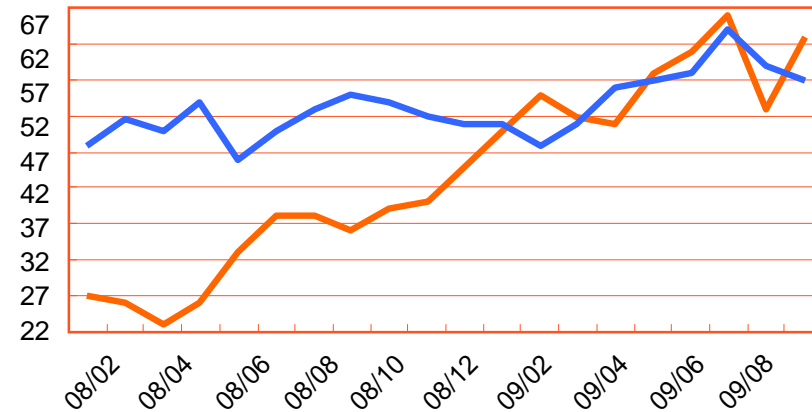
Retail ATM customer satisfaction



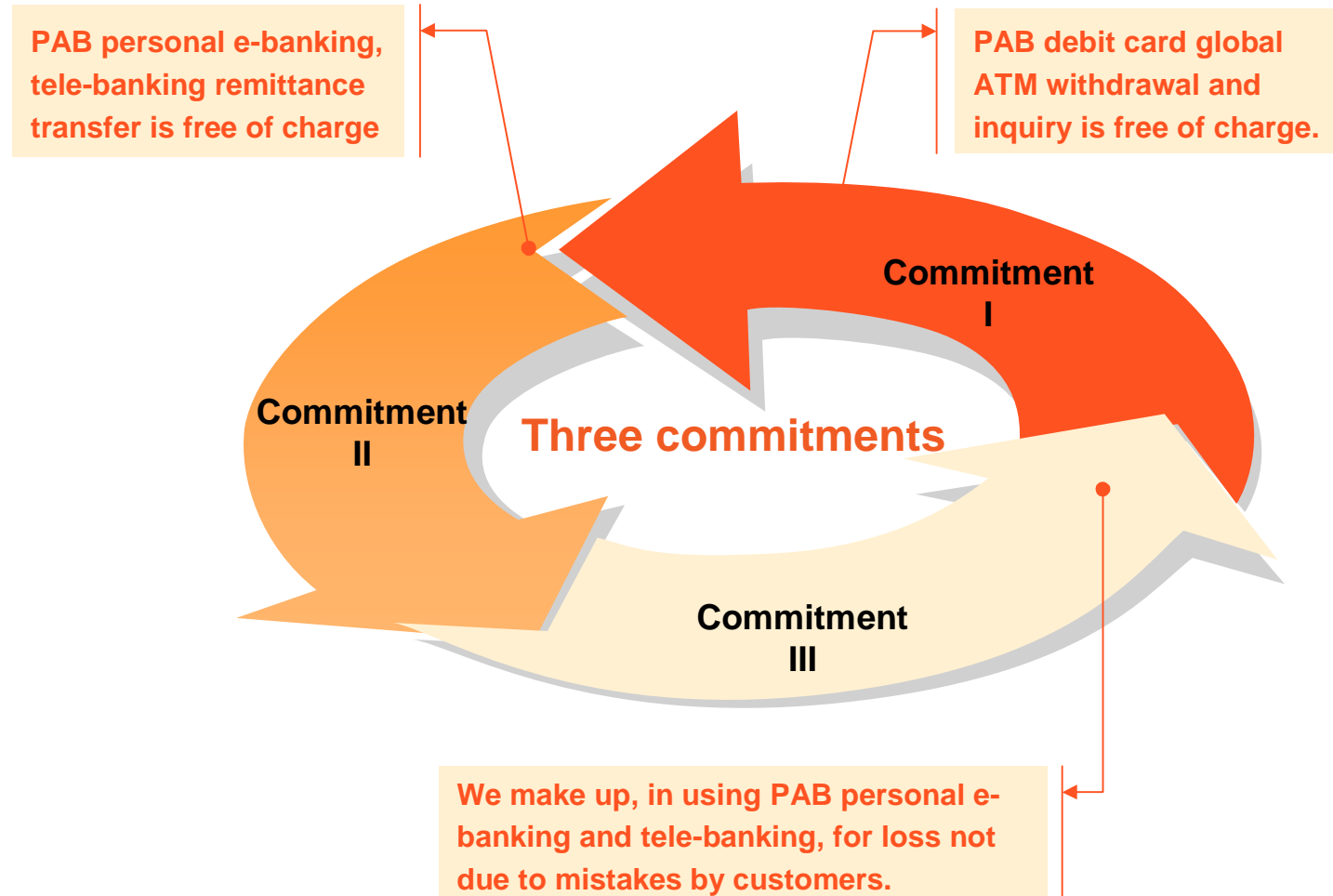
Retail customer service hotline customer satisfaction



Retail e-banking customer satisfaction

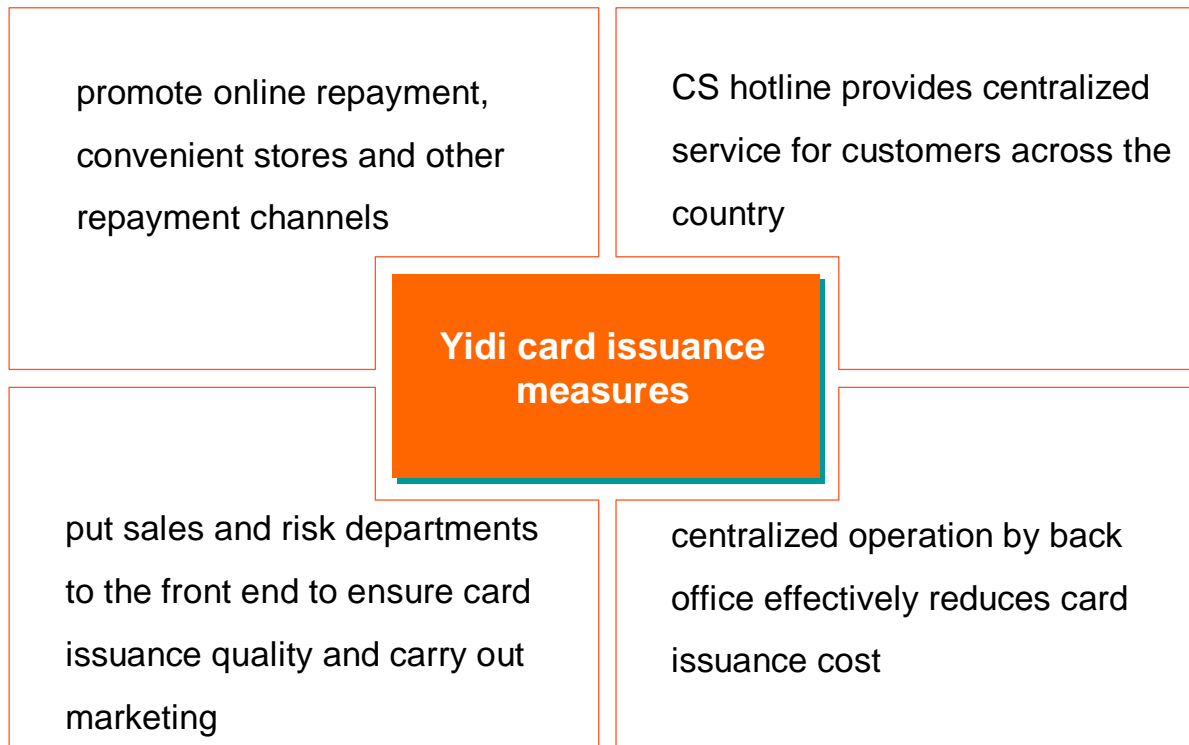


“Three commitments” trenchantly raises service quality



Explore non-traditional sales channels through great efforts of innovation — Yidi card issuance

- As from Feb. 2009, our bank became the first bank approved for piloting card issuance in areas where we do not have branches.
- Till Sep. end, 2009, our bank has issued over 140,000 cards in BJ area.



Explore non-traditional sales channels through great efforts of innovation — remote account opening

- customers fill in application forms in direct banking website
- customers go to self-service account opening outlets for identity verification
- break the limitations of physical outlets and facilitate customers to open account

become the first pilot bank across the country to be approved by CBRC and carry out pilot in SZ this year

illustration: remote identity verification machine



Now, I'm demonstrating the simple operation process for remote account opening with a clip. PAB is the first bank approved for remote account opening pilot in China, which fully highlights the innovation capability of PA.





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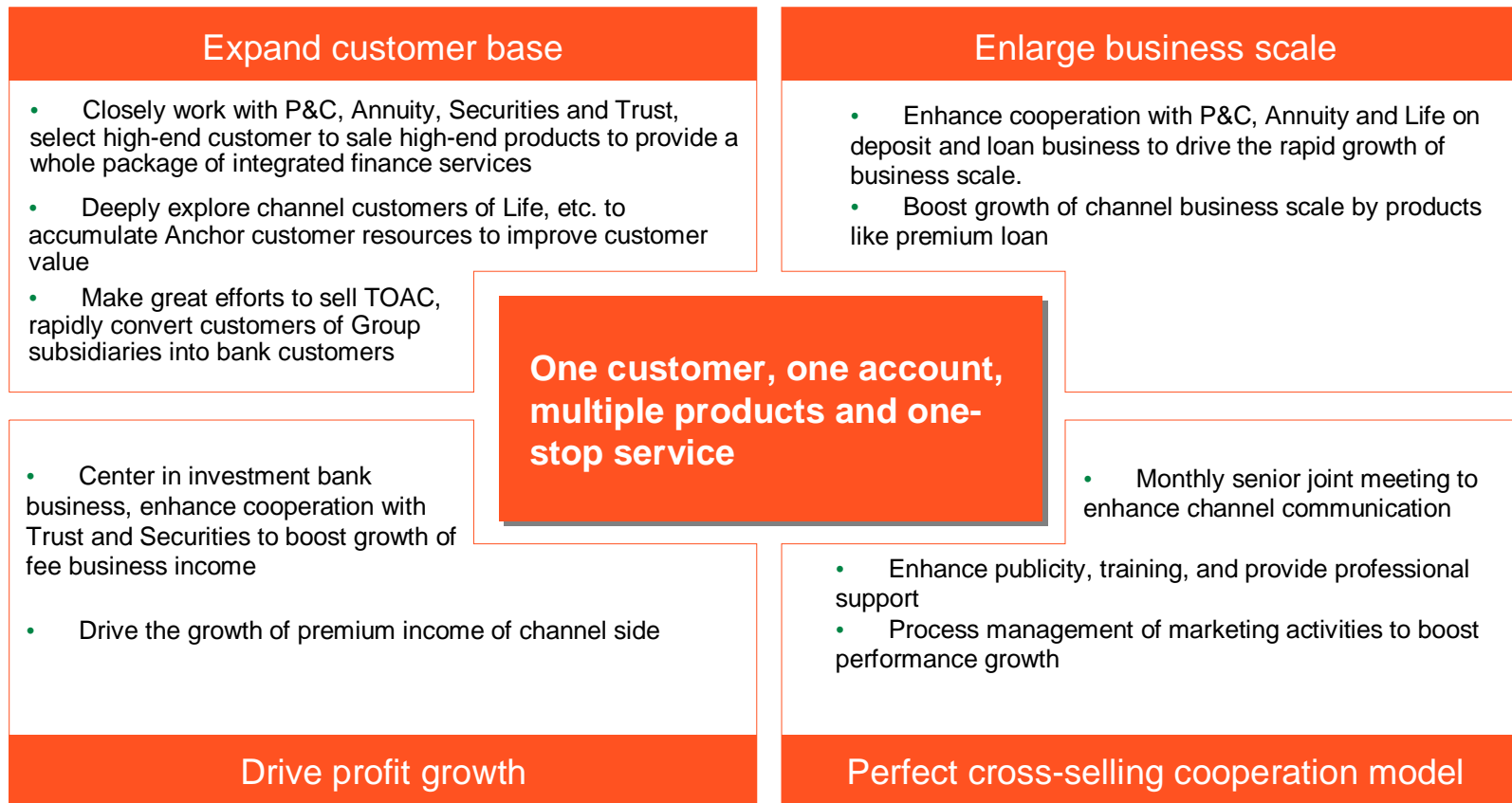
Leverage integrated financial advantages and innovate business development model — GZ Branch as an example

VP Ye Wangchun

Oct. 16, 2009

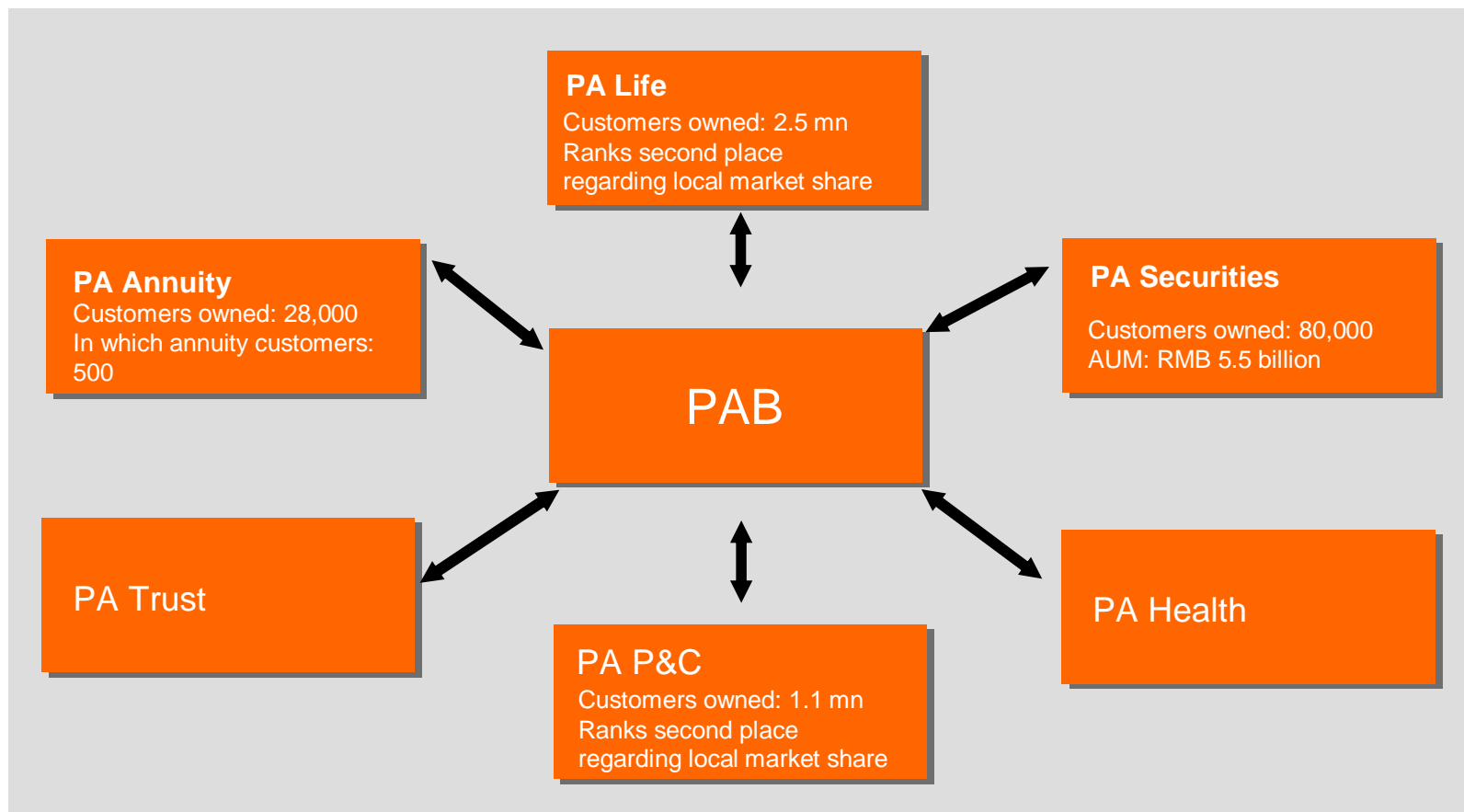
Build up core competitive edge hard to duplicate

With the development of 21 years, PAG now has more than 3000 business outlets nation wide. Branches of PAG Subsidiaries have build up good branding reputation, huge customer resources, wide sales channels, and specialized service capability in all regional markets. This provides great support to the business development of new PAB branches.



New branches expand their businesses rapidly through cross selling

GZ Branch realized sustained and rapid growth of performance by means of cross selling to expand its customer resources and solidify its business foundation .

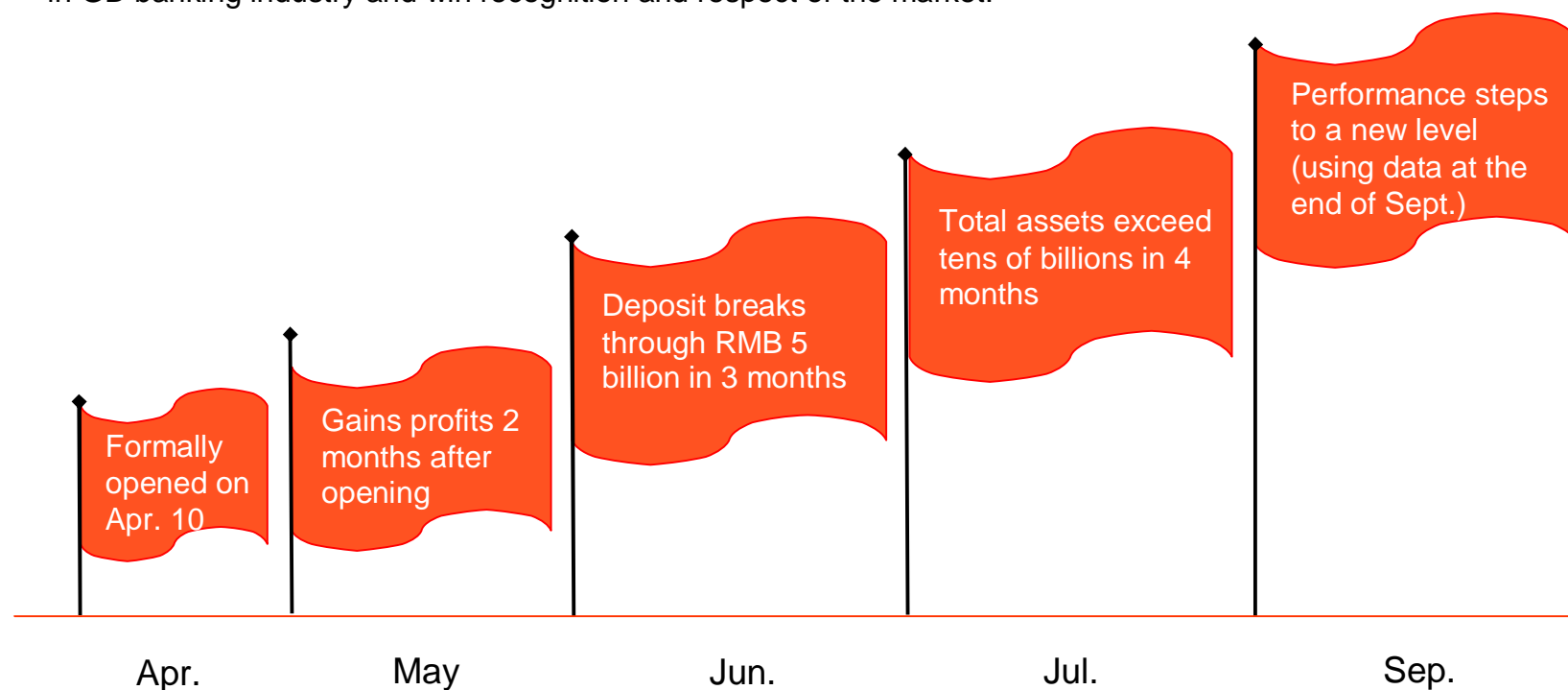


Next, with GZ Branch as an example, I would like to show you how PA banking business achieved extraordinarily rapid development under PA integrated financial structure.

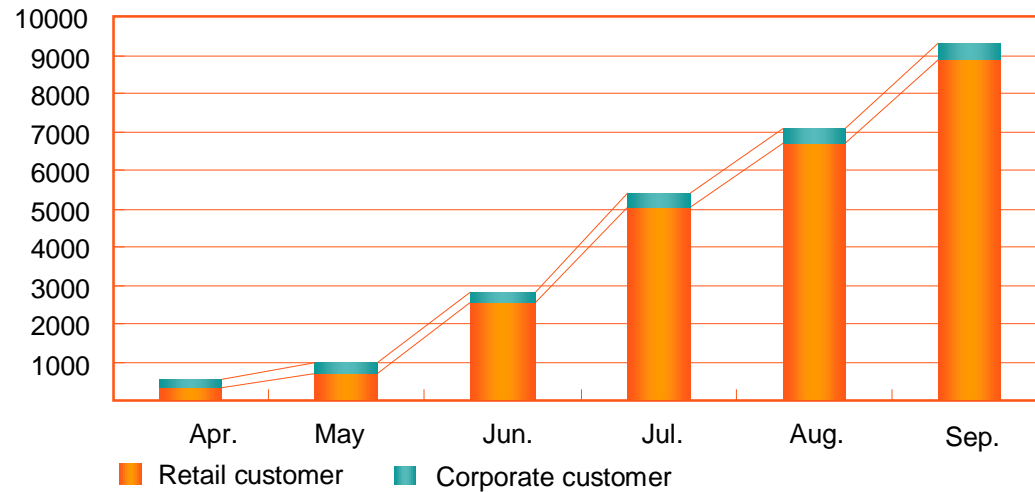


GZ Branch hit a new record in GD banking industry in respect of development speed

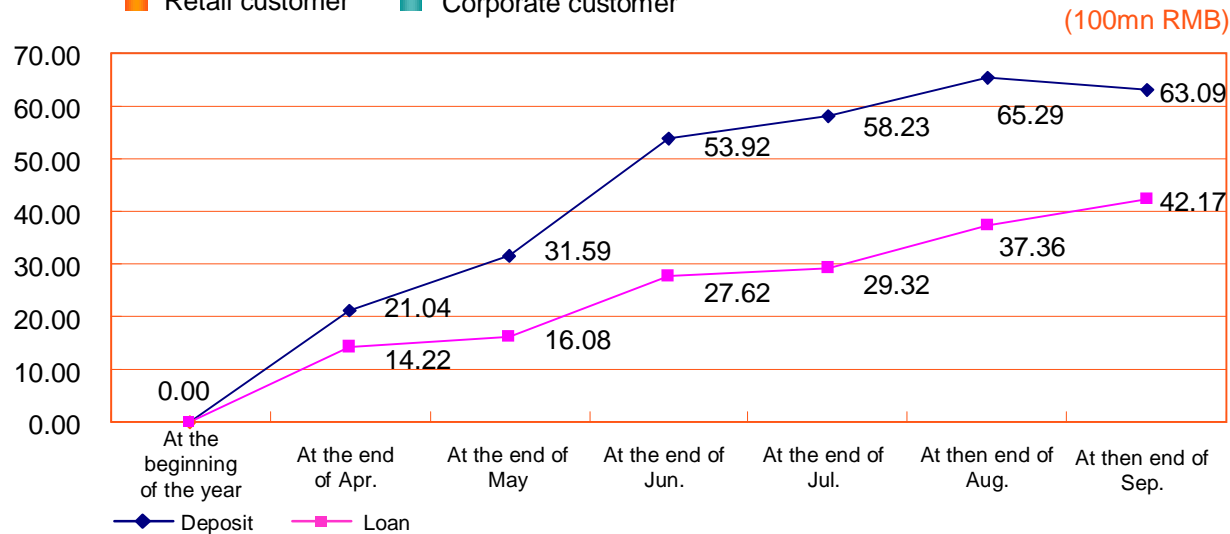
Under the strong brand influence and support of advantageous integrated financial service platform, PAB GZ branch, which opened in Apr. this year, has made impressive achievement: gains profits 2 months after opening; deposit breaks through RMB 5 billion in 3 months; asset volume exceeds ten billion in 4 months. The extraordinary development speed and outstanding innovation ability not only set new standard of PAB, but also make a new record in GD banking industry and win recognition and respect of the market.



Customer amount increases rapidly, business size expands by leaps and bounds



Since opening, the customer amount increased from 540 at the time of opening to 9,316

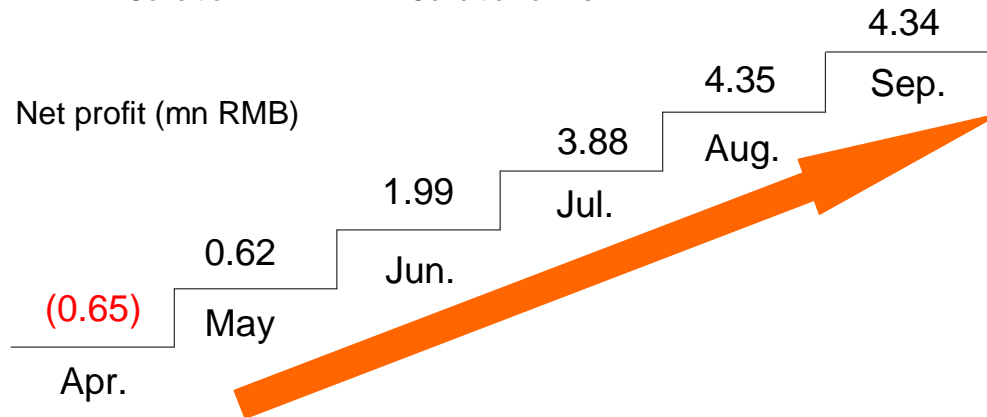
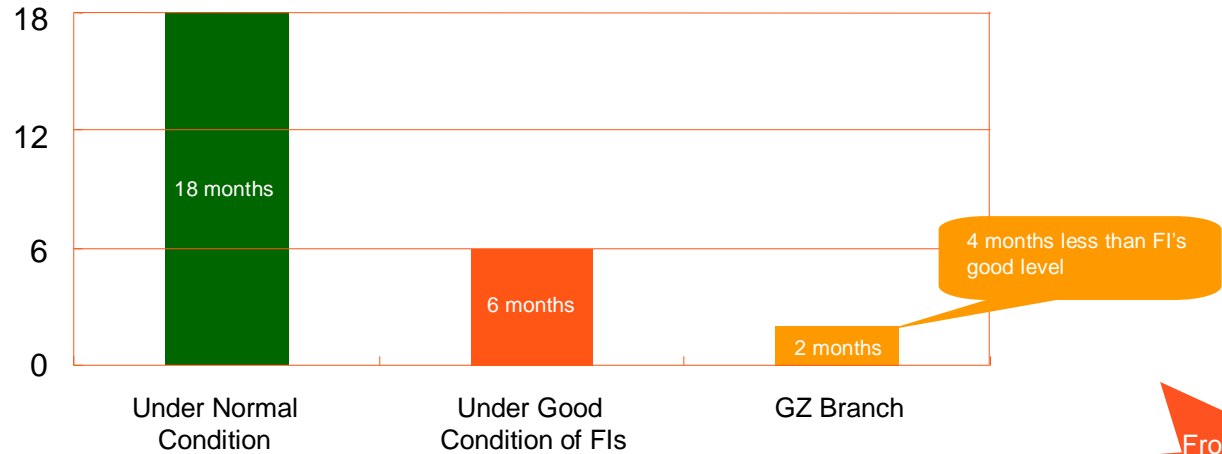


At the end of Aug. the balance of self-operating deposit and loan increased by 200% and 197% respectively compared with the that at opening

Profitability runs in the lead of FIs

Gain profits only 2 months after opening, net profits increases greatly

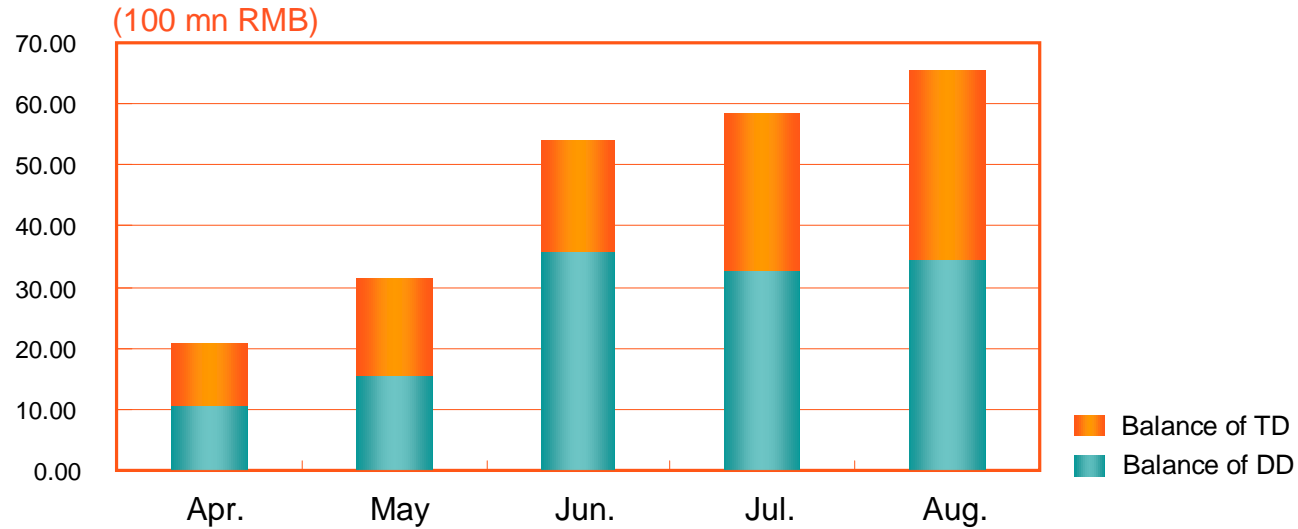
The shortest period for gaining profits of FIs' newly opened branches



From the opening to the end of Aug., already gained net profit of RMB 14.35 million

Tenor and structure of the liability business are more optimized

Analysis of deposit structure and tenor



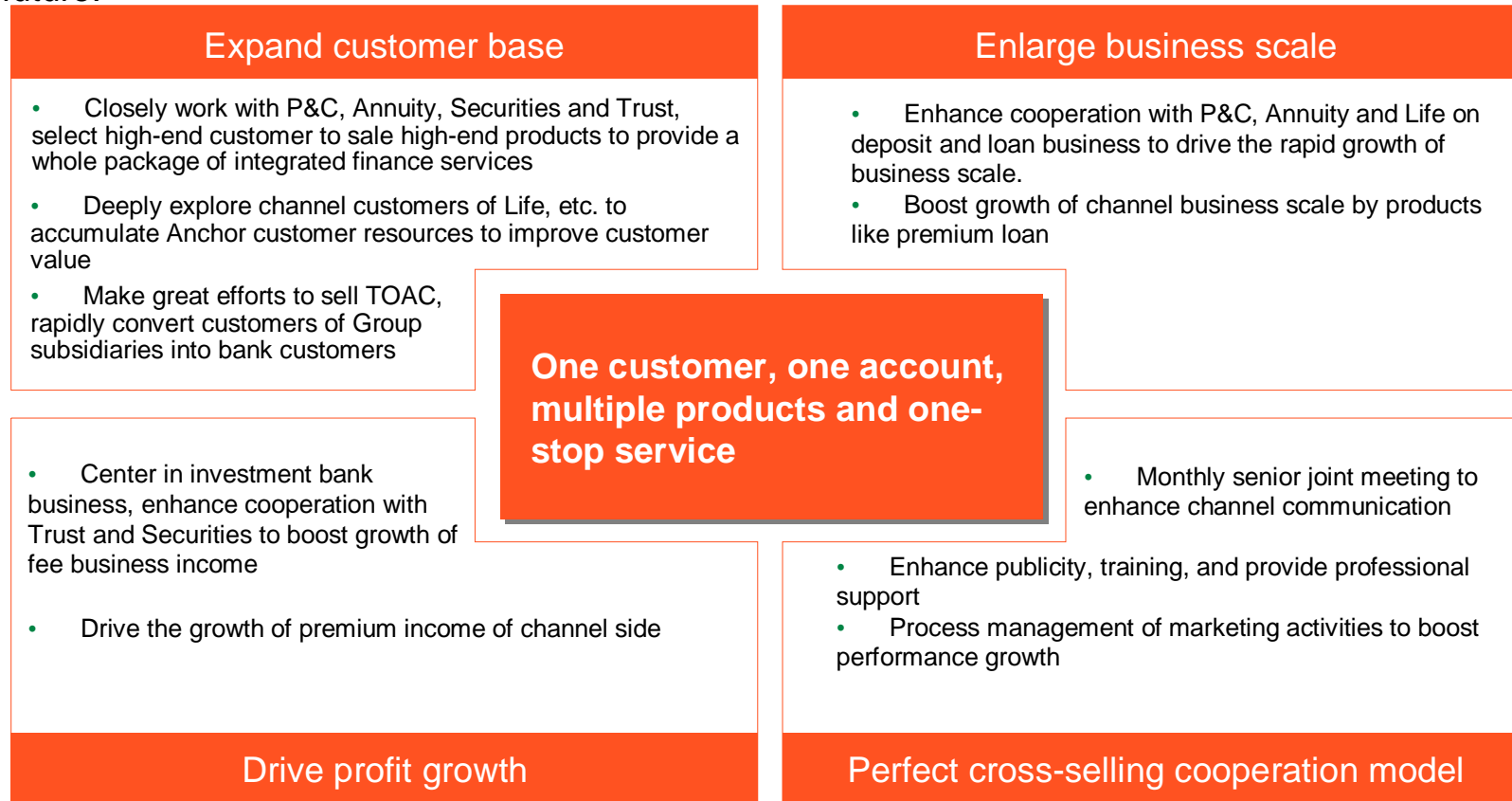
	Apr.	May	Jun.	Jul.	Aug.
Balance of DD	10.62	15.70	35.98	32.75	34.45
Balance of TD	10.43	15.88	17.94	25.49	30.84
Total	21.05	31.58	53.92	58.24	65.29
DD %	50%	50%	67%	56%	53%
TD %	50%	50%	33%	44%	47%

The percentage of DD remains more than 50% and further improves in Q3. The average deposit cost rate is 1.19%, which is on a relatively good level in the industry.



Business prospect: the successful model of GZ Branch is duplicable nation wide

GZ Branch's successful business development model of cross selling on the basis of PAG integrated financial service platform is absolutely duplicable in all new branches of PAB in the future.



Q & A



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