
Introduction of the Postal Savings Bank of China



Chen Ying
Executive Office
Postal Savings Bank of China

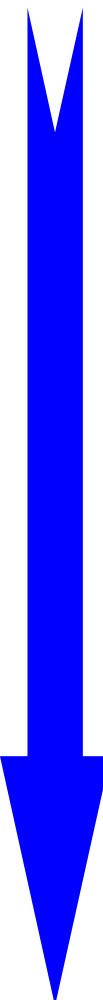
Content

1. Development Chronicle
2. Organizational Structure
3. Business Profile
4. Business Highlights
5. Distribution Network
6. Market Positioning

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1. Development Chronicle (1)



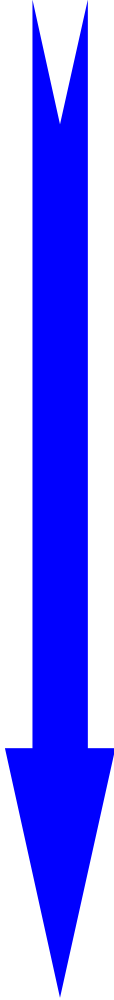
1986, the postal department reopened savings business upon the approval of the State Council.

Jan. 1990, the postal savings business became an independent business of the postal department. All savings deposit of the post was re-deposited at the People's Bank of China, China's central bank.

Aug. 2003, the postal savings deposits received thereafter are transferred to be managed by the post itself while those received before stay at the People's Bank of China.

Aug. 2005, the State Council issued the *Plan on Reform of the Postal System*, launching the preparation for the establishment of the Postal Savings Bank of China.

1. Development Chronicle (2)



Dec. 2006, China Banking Regulatory Commission approved the establishment of the Postal Savings Bank of China, which is expected to be a full-fledged state-owned commercial bank

Mar. 2007, the Head Office of the Postal Savings Bank of China was established in Beijing.



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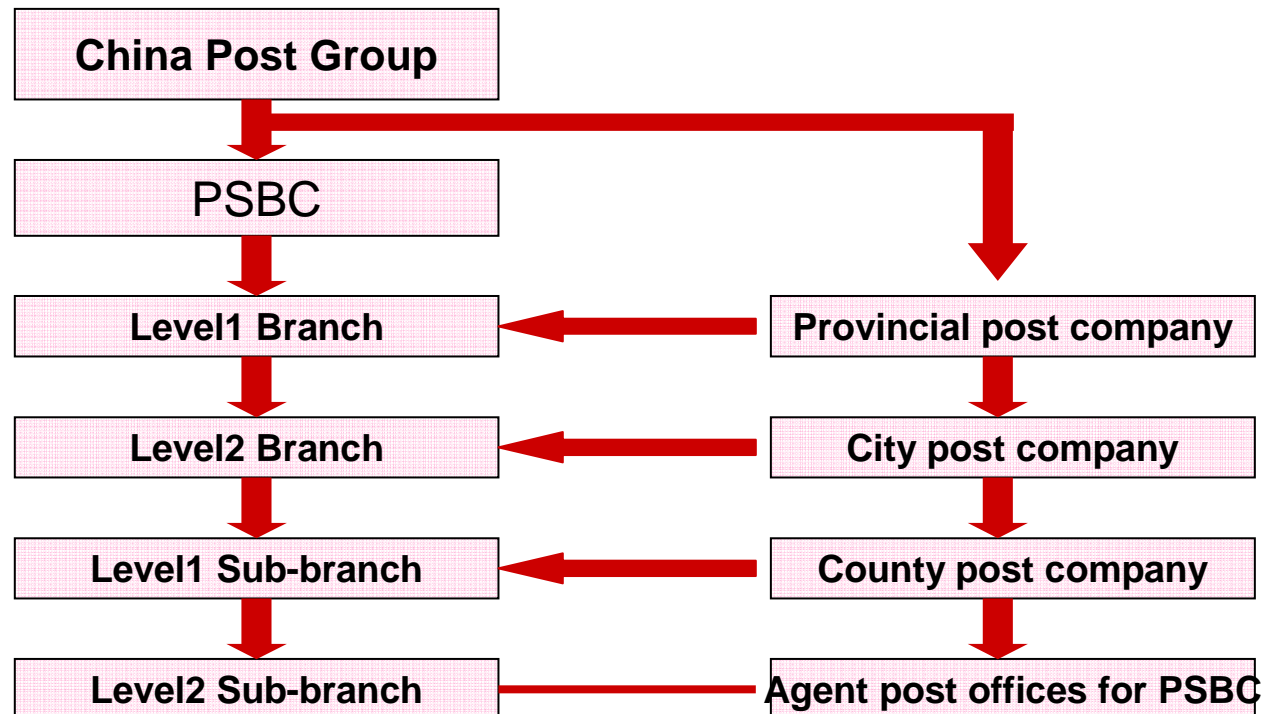
2. Organization Structure (1)



The Postal Savings Bank of China (“PSBC”) was incorporated in March 2007, succeeding the the former Postal Savings and Remittance Bureau of the State Post Bureau. It is headquartered in Beijing, being a state-owned commercial bank and a 100% subsidiary company of China Post Group.

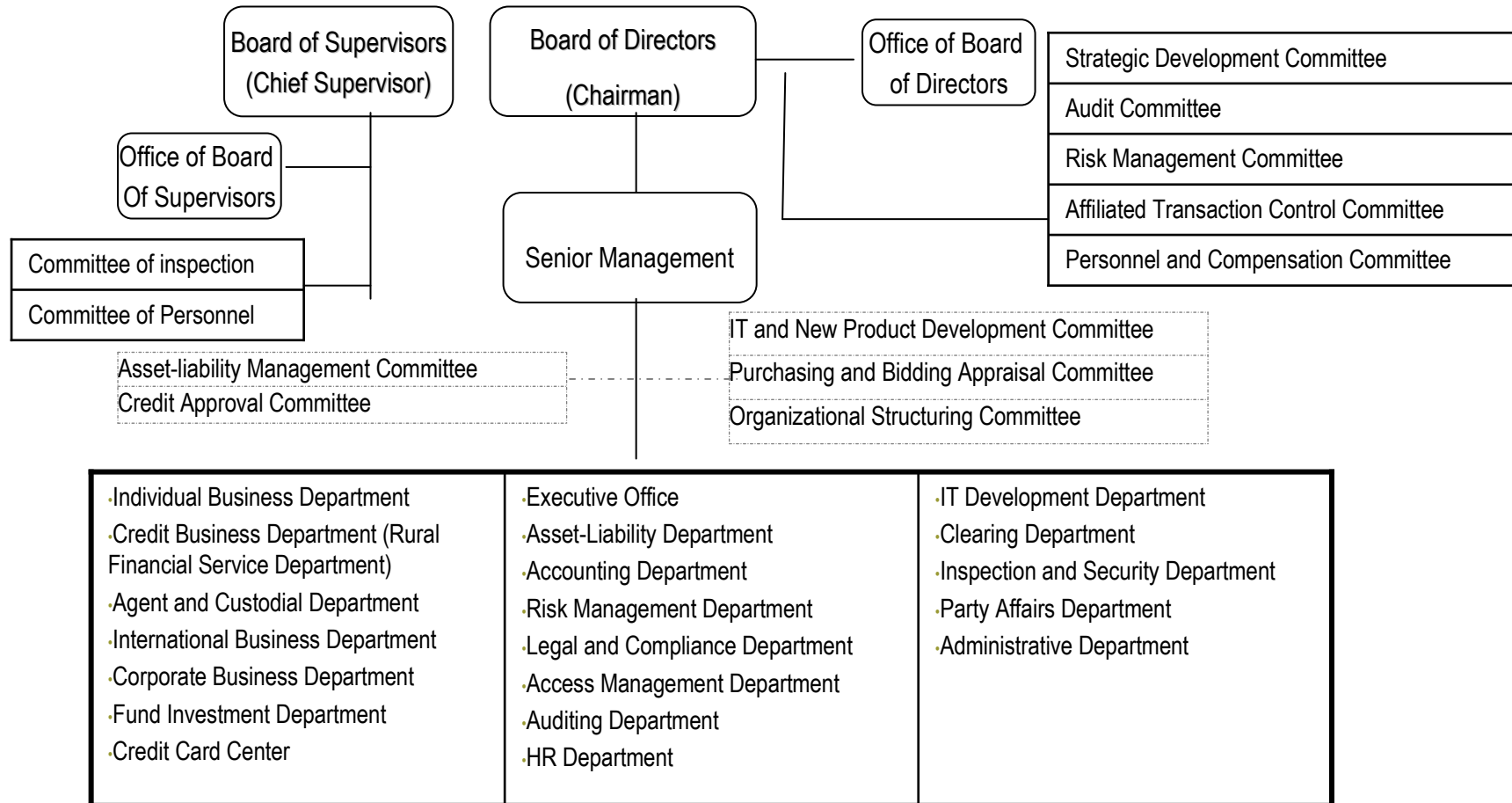
2. Organization Structure (2)

Relationship between PSBC and the Post



2. Organization Structure (3)

Internal Structure of PSBC



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3. Business Profile (1)

- **Liabilities Business**
- **Intermediary Business**
- **Asset Business**

3. Business Profile (2)

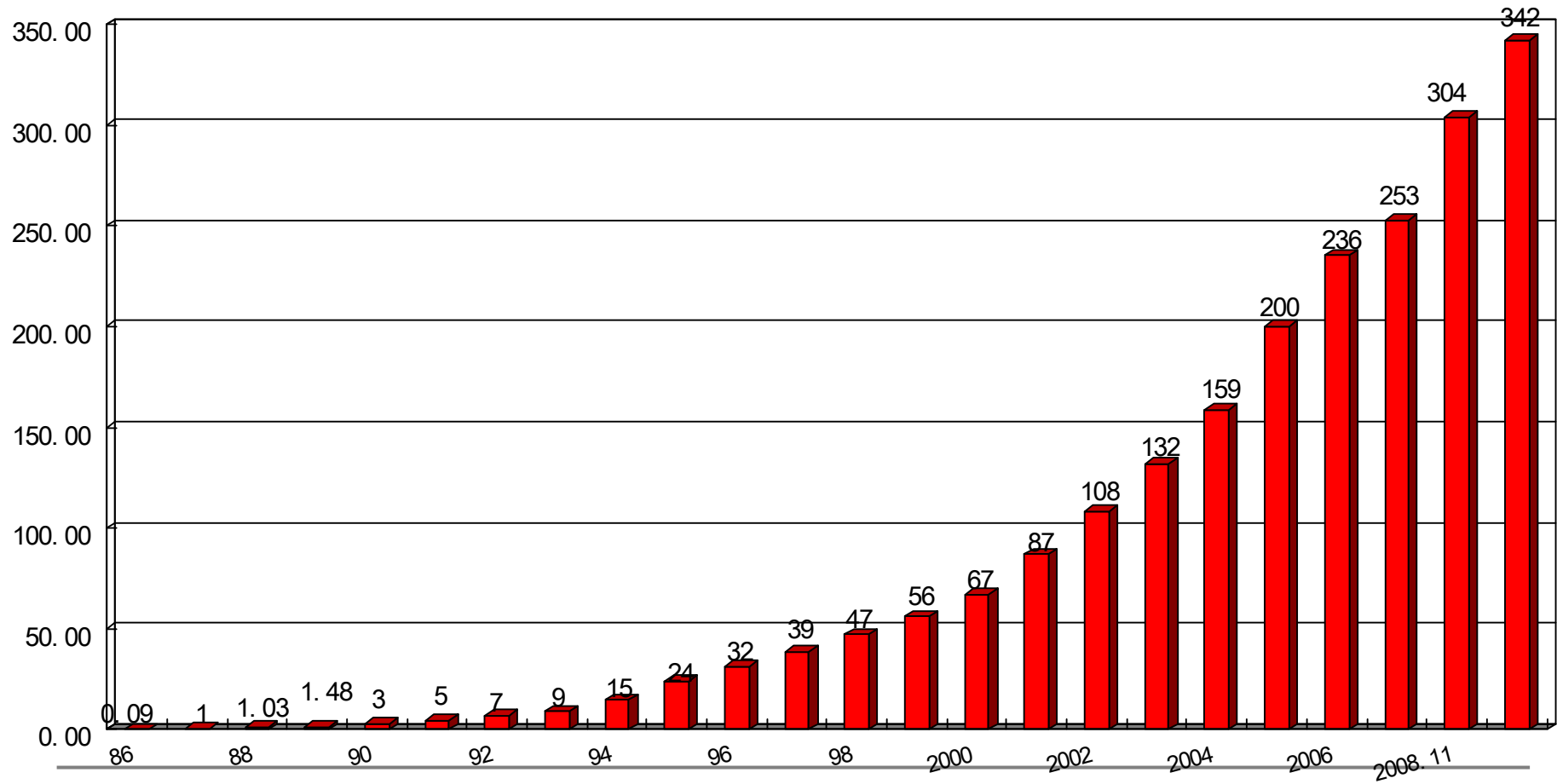
Liabilities Business

The deposit business is a traditional business of the postal savings department, which was initialized almost 23 year years ago. Currently, PSBC provides both local currency (RMB) and foreign-currency (only USD-denominated at present) deposit services to the public. By the end of September 2009, the deposit balance of PSBC totals 2.32 trillion RMB (342 billion USD), ranking the 5th among all commercial banks in China with a market share of 10%.

3. Business Profile (3)

Growth of Deposit Balance of PSBC in Recent Years

Billion USD 1USD=6.8RMB



3. Business Profile (4)

Intermediary Business

- Banking Card
- Domestic Remittance
- International Remittance
- Agent Business

3. Business Profile (5)

Banking Card

1. Debit Card

Till the end of September 2009, the total number of debit card accounts is 324 million, which is increased by 20% over the end of 2008.



2. Credit Card

The first piece of PSBC credit card was issued in June 2008, and PSBC is now implementing the "Employee Program", a pilot launch of credit card among employees of PSBC and the post.



3. Business Profile (6)

Domestic Remittance

With the advantage of a nation wide outlet network covering both urban and rural areas, the remittance services of PSBC have been growing very fast in the past few years. At present, domestic remittance services are available in over 45,000 branches across the country. Between Jan.-Sep. 2009, the total number of domestic remittance transactions is 200 million, amounting to 70.7 billion USD, .

3. Business Profile (7)

International Remittance

■ *products*

- UPU (Universal Postal Union) money order
- Bank-Post money transfer (through Eurogiro)
- Western Union money transfer

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3. Business Profile (8)

Agent Business

- Collection and payment
- Insurance
- Mutual fund
- Wealth Management

3. Business Profile (9)

Asset Business

- Wholesale asset business
including investment in bonds, inter-bank deposit, project financing, bill discount and syndicated loan, etc.
- Retail asset business
including secured loan and micro-credit

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4. Business Highlights (1)

- Micro Credit
- Fund Investment

4. Business Highlights (2)

Micro Credit

Business Launch

- In June 2007, pilot launch of the micro credit business was conducted.
- In September 2007, a set of advanced credit technology and perfected business rules and policies was established. At the same time, the computer system of the micro credit business was put into trial production.
- Since the beginning of 2008, development of the micro credit business has moved forward from the pilot launch to nationwide promotion.

4. Business Highlights (3)

Micro Credit

Development Highlights

Till the end of October 2009,

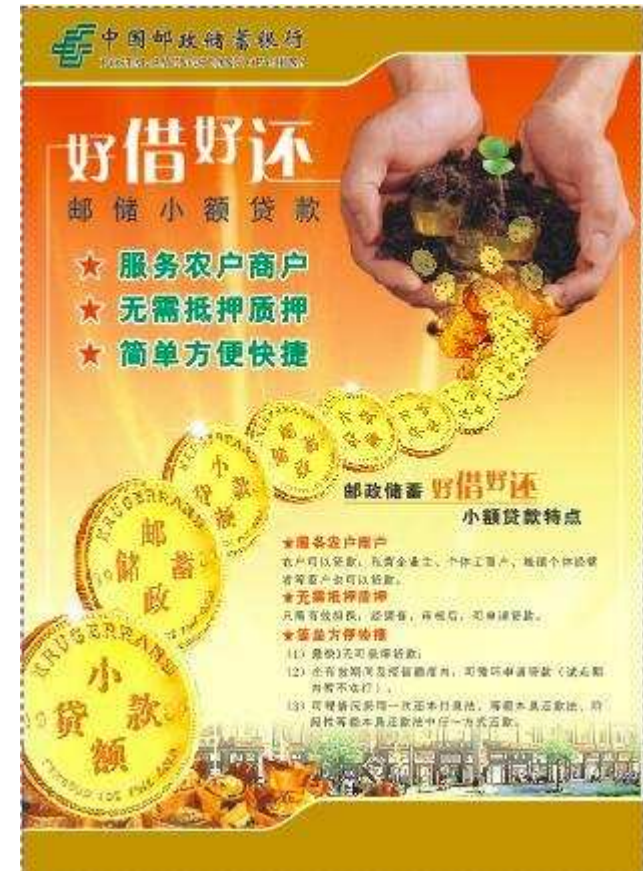
- the total number of micro credit loans underwritten by PSBC is 1.77 million, with a total volume of 15.8 billion USD and an average amount of about 9000 USD per loan;
- the number of outstanding loans is 1.2 million, valuing 8.05 billion USD;
- The ratio of all delinquent loans is 1.3%.

4. Business Highlights (4)

Micro Credit

Product Features

- **Small amount** : to meet the demand on fund of low and mid-income customers
- **High interest rate**: market-oriented pricing, risk pricing, cost coverage
- **Risk decentralization** : barely influenced by economic circles
- **Timely** : fast and convenient
- **Installment**: reduce cost of management after the loan is underwritten



4. Business Highlights (5)

Micro Credit

Management Methodologies

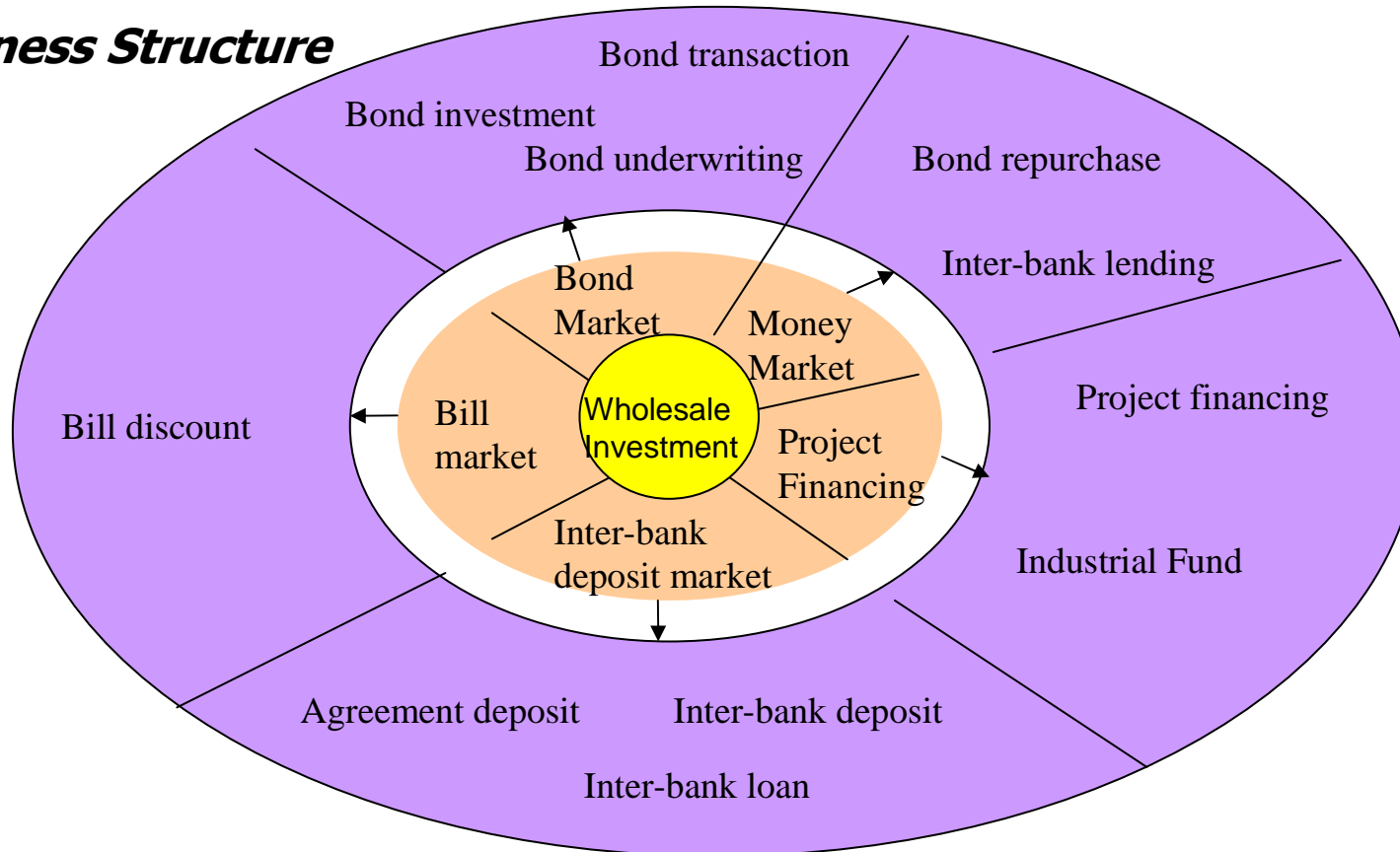
- Consider the micro credit business as a strategic business of the bank.
- Focus on training of the micro credit business
- Expand the development of micro credit business in large scale
- Establishment of performance-evaluation system
- Strict credit disciplines



4. Business Highlights (6)

Fund Investment

Business Structure

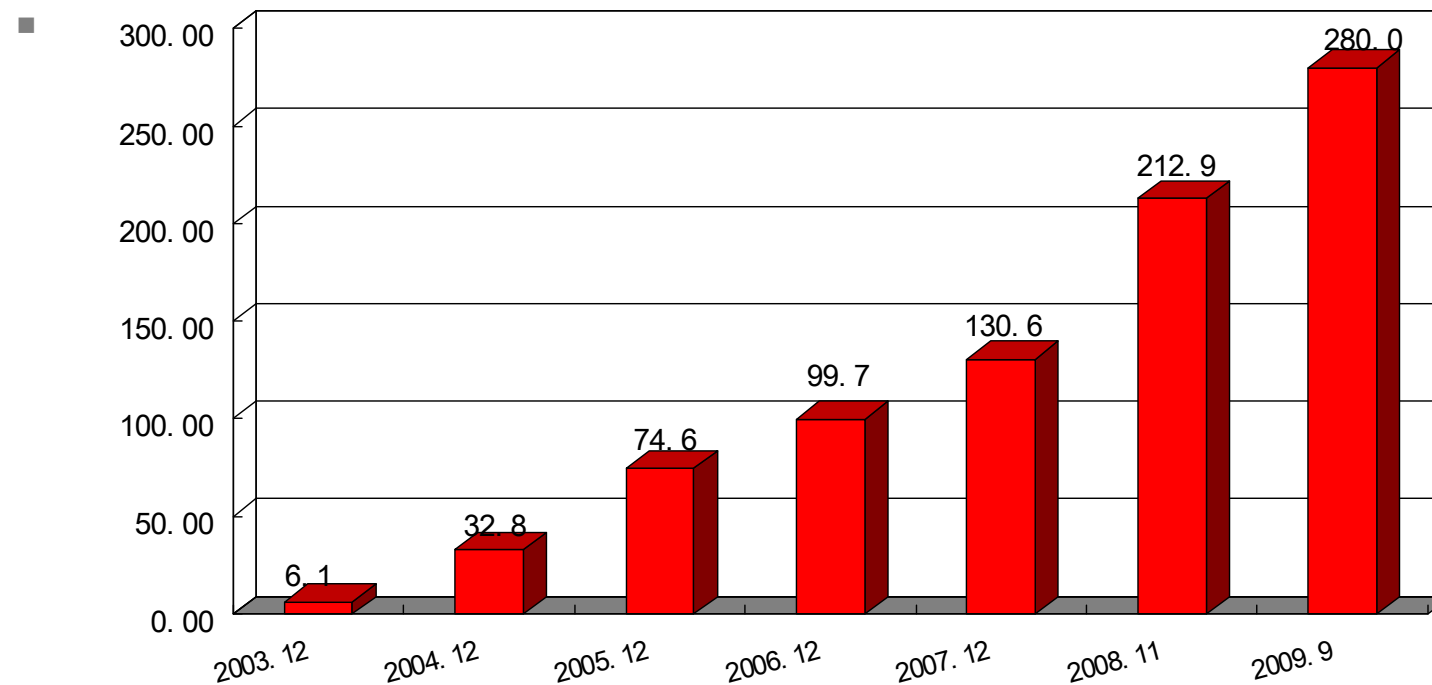


4. Business Highlights (7)

Fund Investment

Growth of Wholesale Investment in Recent Years

Billion USD 1USD=6.8RMB



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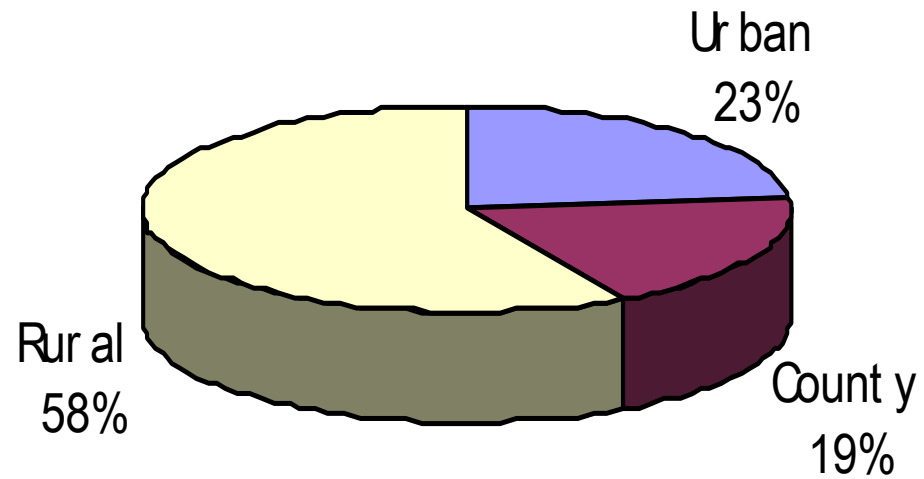
5. Distribution Network (1)



The Postal Savings Bank of China has over 36,000 outlets, ranking the first in terms of outlet number among all Chinese financial institutions, thus laying a solid foundation for providing retail and other financial services.

5. Distribution Network (2)

Geographical Distribution of PSBC Outlets



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6. Market Positioning (1)

- **Business Guidelines**

Improve urban and rural financial services by taking full advantage of outlet network; focus on retail and intermediary businesses in order to provide urban and rural residents with basic financial services, form a relationship of compatibility with other commercial banks, and support building new socialist countryside.

- **Business Scope**

As stipulated by the Commercial Banking Law of China, the Postal Savings Bank of China provides a full range of services as a comprehensive commercial bank.

6. Market Positioning (2)

■ Target Market

1. Develop the retail financial services such as micro credit, credit card, individual consumption loan, in an all-round manner.
2. Foster business clients from SMEs and develop corporate services of deposit, loan and settlement in a step-by-step way.
3. Develop wholesale investment business and provide financial support for the government and other financial institutions, such as agreement deposit, bonds and industry fund investment.



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