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Postal Savings Bank of China Co., Ltd.
中國郵政儲蓄銀行股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock Code: 1658)

(Stock Code of Preference Shares: 4612)

**ANNOUNCEMENT ON THE NON-COMPLIANCE BILLS CASE
OF WENCHANG ROAD SUB-BRANCH, WUWEI CITY,
GANSU PROVINCE OF THE BANK AND
THE RELEVANT ADMINISTRATIVE PENALTY**

This announcement is made by Postal Savings Bank of China Co., Ltd. (the “**Bank**”) on a voluntary basis.

Wang Jianzhong, the former head of the Wenchang Road Sub-branch, Wuwei City, Gansu Province of the Bank, was alleged to have conspired with external parties, to swindle funds from bills by forging stamps and other means in breach of relevant laws and rules in the name of Wuwei City Branch of the Bank. The nominal amount of the bills was RMB7.9 billion. Wang Jianzhong was also alleged to have misappropriated wealth management funds amounted to RMB3.0 billion for payment of the aforementioned bills. The case is currently being investigated by public security authorities, which have taken enforcement measures on the personnel involved.

The Bank is actively handling the claim of RMB350 million in respect of the aforementioned bills, and is making endeavor to secure the funds to the fullest extent possible. The Bank has made full assessment of the potential losses based on the facts available and current circumstances, and has recognized the losses as contingent liabilities.

Recently, Gansu Provincial Branch of the Bank has received a decision on administrative penalty issued by Gansu Bureau of China Banking Regulatory Commission, imposing a fine of RMB90.5 million on Wuwei City Branch of the Bank. The Bank will further enhance its awareness of compliant operation and strengthen its risk management and control.

The Bank believes that the above case will not have any material adverse impact on the business and financial position of the Bank.

By order of the Board of Directors
Postal Savings Bank of China Co., Ltd.
Du Chunye
Joint Company Secretary

Beijing, China
January 28, 2018

As at the date of this announcement, the Board comprises Mr. Li Guohua as Chairman and non-executive Director; Mr. Lyu Jiajin, Mr. Zhang Xuewen and Ms. Yao Hong as executive Directors; Mr. Han Wenbo, Mr. Tang Jian, Mr. Liu Yaogong, Mr. Chin Hung I David, Mr. Liu Yue and Mr. Ding Xiangming as non-executive Directors; Mr. Ma Weihua, Ms. Bi Zhonghua, Mr. Fu Tingmei, Mr. Gan Peizhong and Mr. Hu Xiang as independent non-executive Directors.

* *Postal Savings Bank of China Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.*