



2023

Corporate Social Responsibility Report

Environmental | Social | Governance

Green world
better life

GREEN WORLD, BETTER LIFE.

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Environmental Social Governance

About the Report

1. Scope of the Report

Scope of this report: This report covers the Head Office of Postal Savings Bank of China Co., Ltd. and branches, institutions and subsidiaries under its administration. "Postal Savings Bank of China", "PSBC" or "the Bank" in this report refers to "Postal Savings Bank of China Co., Ltd.".

Reporting period: January 1, 2023 to December 31, 2023. Some contents may exceed this scope.

Reporting cycle: Annual.

2. References for Preparing the Report

This report meets the relevant requirements specified in the Opinions on Strengthening the Corporate Social Responsibility of Banking Institutions issued by the former China Banking Regulatory Commission, the Guidelines on the Corporate Social Responsibility of Banking Institutions of China issued by the China Banking Association, Guidelines No.1 for Self-Discipline of Listed Companies - Standardized Operations and Guidelines for the Report on Performance of Corporate Social Responsibility issued by Shanghai Stock Exchange, as well as the Environmental, Social and Governance Reporting Guide issued by Hong Kong Exchanges and Clearing Limited. It also complies with the Principles for Responsible Banking issued by the United Nations Environment Programme. It was prepared with reference to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, the GRI Sustainability Reporting Standards(GRI Standards) issued by the Global Sustainability Standards Board, ISO26000: 2010 Guidance on Social Responsibility issued by the International Organization for Standardization and GB/T36000: Guidance on Social Responsibility issued by the Standardization Administration of the PRC.

3. Data Sources of the Report

The financial data in this report are all from the Results Announcement for the Year Ended December 31, 2023 of Postal Savings Bank of China Co., Ltd. while other data are mainly from the year 2023, and some data are beyond the above time range. The currency for the amounts included in this report is Renminbi ("RMB"). Certain amounts and percentage figures included in this report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the preceding figures.

4. Assurance Approach of the Report

The contents and data in this report have been reviewed and approved by the Board of Directors of Postal Savings Bank of China Co., Ltd. In the meantime, to further ensure truthfulness and reliability, Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent third party, has been engaged to provide limited assurance services on selected key indicators disclosed in this report in accordance with the International Standard on Assurance Engagements - ISAE 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, and issued an independent third-party assurance report.

5. Publication Format and Language of the Report

This report is published in print and electronic format. The print version is available to the shareholders and other stakeholders at the General Office of the Bank, and the electronic version is available on the websites of the Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Bank.

This report is available in three languages: Simplified Chinese, Traditional Chinese and English. In case of any inconsistency, the Simplified Chinese version shall prevail.

6. Other Channels to Get Information

Previous CSR reports and other relevant information can be accessed at:

www.psbcltd.cn/en/

www.psb.com/en/



Or you may follow us on our official WeChat account: PSBC+

7. Contact Information

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President of Postal Savings
Bank of China



Message from President

The year 2023 was the first year for fully implementing the guiding principles of the 20th National Congress of the Communist Party of China. Postal Savings Bank of China followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and resolutely implemented the decisions and plans of the CPC Central Committee and the State Council. Centering on the political significance and the public nature of financial work, we integrated the CSR philosophy into our development strategy, corporate governance, corporate culture and business processes. We moved faster to foster the five differentiated growth poles of Sannong finance, microfinance, proactive credit extension, wealth management, and financial market business. We cultivated new advantages based on our resource endowments, continued to accelerate innovation and breakthroughs, transformation and upgrading, fulfilled our responsibilities as a major state-owned bank with concrete achievements, and strove to break new ground in the pursuit of high-quality development.

Carrying forward the century-old tradition, we consolidated the foundation of inclusive finance. Inclusive finance is an important force to improve the availability and expand the coverage of financial services, and promote high-quality economic and social development. Carrying forward the century-old tradition of our parent company China Post Group Corporation Limited, we have the gene of inclusive finance in our blood. Via our extensive network of nearly 40,000 outlets covering urban and rural areas, we introduced a new model for delivering financial services to Sannong customers, urban and rural residents and small and medium-sized enterprises, and have become a pioneer and active practitioner in the field of inclusive finance in China. We made a big push to promote creditworthy households and villages assessment, built a digital microfinance system, reached customers through proactive credit extension, raised investors' financial literacy through the "Weekly Wealth Management Lecture" Campaign, and created an immersive customer experience on the mobile banking app... In recent years, we have strengthened our financial service capacity through innovation and reform, and continuously enhanced the people's sense of gain, happiness and security. By the end of 2023, we had rated more than 10 million creditworthy households and more than 300,000 creditworthy villages; the balance of inclusive loans to micro and small-sized enterprises amounted to RMB1.46 trillion, and its proportion in the total loans was among the highest among major state-owned banks. Since our inception, we have granted more than RMB10 trillion in loans to micro and small-sized enterprises and self-employed individuals, and more than RMB9 trillion in micro loans, serving more than 70 million customers.

Remaining true to our original aspiration as a major state-owned bank, we actively fulfilled our responsibilities. Finance is the bloodline of the real economy, and is tasked with the mission to serve it. We have actively responded to the needs of the real economy and helped consolidate and strengthen the momentum of economic recovery. We supported the implementation of national strategies, continued to increase financial investment in key areas, and promoted the regional coordinated development. We deeply cultivated the fertile soil of Sannong, worked hard to increase the supply of agriculture-related finance, and became a main force serving rural revitalization. We explored more ecosystem-based financial service scenarios for industrial parks and industrial chains, and combined dedicated institutions and teams, the professional service system and the "future-oriented" evaluation model to provide financial services to technology enterprises in every stage of their growth. We built a financial interbank ecosystem, used digital technology to facilitate the rapid flow of resources and elements, and worked with peer institutions to support the take-off of industries. In serving high-level opening-up, we continuously optimized cross-border financial services to facilitate high-quality Belt and Road cooperation. As of the end of 2023, the proportion of incremental loans to the real economy exceeded 100%; the balance of agriculture-related loans was RMB2.15 trillion, accounting for more than a quarter of the total customer loans; the loans to companies exceeded RMB3.2 trillion, an increase of 20.42% from the end of the previous year; and the annual growth rate of medium and long-term loans to manufacturing and loans to technology enterprises exceeded 37%.

Pursuing green development, we joined the global action to make the world a better home. The green and low-carbon economic and social development is the key to achieving high-quality development. PSBC endorses the United Nations 2030 Sustainable Development Goals (SDGs) and the Paris Agreement, adopts the Principles for Responsible Banking (PRB), and has signed up for the Sustainable Blue Economy Finance Initiative, striving to grow into a first-class green and inclusive bank, a climate-friendly bank and an eco-friendly bank and contribute to China's carbon peaking and carbon neutrality goals. We have opened 28 green financial institutions, including carbon-neutral sub-branches, green sub-branches and green finance departments, and continuously improved green financial services for the low-carbon transition. We issued the country's first just transition loan, and implemented the country's first "carbon emission reduction facility plus sustainability linked plus e-CNY" scenario-based loan, working to set a new model of green financial services. As of the end of 2023, the balance of green loans was RMB637,878 million, an increase of 28.46% from the end of the previous year, and the balance of green financing was RMB747,946 million, an increase of 28.24% from the end of the previous year.

Remaining people-centric, we actively gave back to society. We work relentlessly to meet the people's aspiration for a better life. We attach great importance to the protection of consumer rights and interests, and take solid steps to improve services. In 2023, we took 1,077 measures to optimize the customer journey and introduced 25 considerate services to continuously improve customer satisfaction. We see the staff as our biggest asset, and organically integrate talent recruitment, training and internal mobility, to create a vast platform for the staff to grow and shine. We set up the "PSBC Care Stations" at outlets to serve outdoor workers, the elderly, and other customers with special needs. Via the "PSBC Love Charity Foundation", we provide financial assistance and educational support for students from economically disadvantaged families and spread the positive energy of philanthropy. By the end of 2023, we had opened 4,861 "PSBC Care Stations", serving more than 37 million people, and more than 9,000 high school students have received financial assistance from the "PSBC Love Classes of Self-Commitment" program.

This year marks the 75th anniversary of the founding of the People's Republic of China and a crucial year for the implementation of the 14th Five-Year Plan. We will continue to forge ahead while upholding our positioning as a large retail bank serving Sannong, urban and rural residents and small and medium-sized enterprises. We will continue to promote the vision of "Green World, Better Life", unwaveringly follow the path of financial development with Chinese characteristics, work hard to support the "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, and contribute to the national drive to achieve greater strength in finance and modernization.

GREEN WORLD, BETTER LIFE.

CSR
STRATEGY

CSR Strategy

About Us

Corporate Culture

Concept of CSR

Unique Advantages and Strategy Execution

About Us

With approximately 40,000 outlets and services covering over 660 million personal customers, the Bank focuses on providing financial services to Sannong customers, urban and rural residents and SMEs. Relying on its unique model and resource endowment featuring directly-operated outlets and agency outlets, it is committed to meeting the financial needs of the most promising customers during China's economic transformation. In addition, the Bank is accelerating its transformation towards a new retail bank featuring data-driven, channel coordination, interaction between wholesale and retail as well as efficient operation. It has shown its superior asset quality and significant development potential, and is a leading major retail bank in China.

The Bank is committed to serving the real economy, actively implementing national strategies, and fulfilling its social responsibilities. It adheres to the customer-centric philosophy and has established a financial service system where online and offline services connect with each other for joint development, providing our customers with quality, convenient and efficient integrated financial services. It adheres to the risk-based approach as well as a prudent and sound risk appetite, enhances the leading role of risk management on all fronts, and continuously improves the comprehensive risk management framework featuring "all aspects, whole process and entire staff". It continues to follow the operation philosophy of "gaining a first mover advantage with market insights", takes bold action in innovation and reform, deepens capacity building, and strives for high-quality development.

Since its establishment 17 years ago, the Bank has been playing an increasingly important role in the market with marked influence. It has been rated A+ and A1 this year by Fitch Ratings and Moody's Investors Service, respectively, which are the same as China's sovereign credit ratings. It has been rated A, AAAspc and AAA by S&P Global Ratings, S&P Global (China) Ratings and CCXI, respectively. In 2023, it ranked 12th in The Banker's list of "Top 1000 World Banks" in terms of tier 1 capital.

Faced with new requirements for the financial sector in a new era and on a new journey, the Bank will thoroughly implement the new development philosophy, focus on high-quality development, stay committed to the general principle of pursuing progress while ensuring stability, and comprehensively deepen reform and innovation. Committed to fulfilling its economic, political and social responsibilities as a major state-owned bank, the Bank will press ahead with "five priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, continue to improve the quality and efficiency of serving the real economy and the ability to serve customers, and accelerate the transformation and development towards "uniqueness, comprehensiveness, lightness, digitalization and intensiveness". It will adhere to the "5 plus 1" strategic path of digital finance, eco-finance, coordinated finance, industrial finance and green finance, and end-to-end risk management and compliance, move faster to build the five differentiated growth poles in Sannong finance, microfinance, proactive credit extension, wealth management and financial market business, and make every effort to be a first-tier large retail bank which is trustworthy, distinctive, prudent, safe, innovative, and with remarkable value.



Corporate Culture

Mission

Deliver accessible financial services in both urban and rural areas

Vision

Build a first-tier large retail bank which is trustworthy, distinctive, prudent, safe, innovative, and with remarkable value

Values

Create value for customers
Integrity is the cornerstone of our development
Prudence leads to sustainability
Employees are our greatest assets
Excellence comes through professionalism
Embrace change and keep innovating

Company Spirit

Be responsible, resilient and caring

Company Philosophies

Management philosophy: Keep it simple and reduce administrative burden
Business philosophy: Gain a first-mover advantage with market insights
Risk philosophy: Prudence and compliance lead to stability, and risk control is the key to sustainable development
Service philosophy: Pour our heart and soul for customer satisfaction
Talent philosophy: Respect the value of employees, tap their potential, and bring them closer to their dreams
Coordination philosophy: See the bigger picture, act with one mind, and make progress towards a shared future

Brand Premise

Together we make it better



Further reading

Green World, Better Life - Embrace Changes and Keep Innovating

showing PSBC's pioneering spirit to break new ground in the fast-changing financial market.

Consensus of PSBCers

1. Release concise documents, have meaningful meetings, and make straightforward communication.
2. You are respected for your capacity to create value, not your authority to dictate.
3. Relationship shall facilitate cooperation, rather than be an excuse to break rules.
4. Be practical rather than superficial, be down-to-earth rather than perfunctory.
5. Dive into the market and get close to customers. It is all empty talk without field study.
6. Discussion without a conclusion is a dereliction of duty. The front-line business cannot wait for endless discussions behind.
7. An action is better than a dozen of plans. Do it right away and get the job well-done.
8. Support each other and everyone has his or her stage.
9. Lessen ineffective orders and streamline front-line business.
10. The professional pathway can also lead to great career success.

Concept of CSR

The Bank integrates social responsibility into its development strategy, governance structure, corporate culture and business processes, and joins hands with relevant parties to build a first-tier large retail bank that is responsible, resilient and caring.



Unique Advantages and Strategy Execution

In 2023, the Bank adhered to the people-centered values and prioritized serving the real economy as the fundamental purpose, with the prevention and control of financial risks as an enduring task. Centering around the strategic objectives and guidelines of the 14th Five-Year Plan, the Bank gave full play to its distinctive endowments, accelerated the development of five differentiated growth poles, strengthened the development of major capabilities in six aspects, and enhanced the competitiveness and strength of PSBC.

Distinctive endowments and advantages

The advantage of widely accessible “online + offline” channels. Relying on the operation model of “directly-operated + agency outlets”, the Bank has nearly 40,000 financial outlets covering 99% of counties; among 492,000 administrative villages nationwide, 420,000 ULE stations were built by China Post Group and over 300,000 creditworthy villages were built by PSBC; and online direct banking and mobile banking have become online supplements to the widely accessible offline channels.

The advantage of comprehensive, accurate and reliable information. The Bank collaborated with local governments and leading local enterprises in building a farmers’ information data platform which is shared by the Bank, the government, and enterprises. Through this platform, the Bank has access to information on over 2.20 million farmers’ cooperatives, over 1.80 million family farms and over 10,000 leading agricultural industrialization enterprises. In addition, the Bank also conducted field trips to verify production and operation situations, ensuring the accuracy and reliability of the data and information from different dimensions. These reliable data sources will provide accurate information support for the Bank’s targeted credit extension and risk prevention and control.

The advantage of an ecosystem with multiple business models and business types. Leveraging the resource advantages of China Post Group, the Bank formed a rural credit ecosystem in the process of solving the difficulties of sales and helping thousands of small farmers sell their products to large markets in China. It also formed the foundation of supply chain finance in the process of solving the difficulties of logistics and promoting the integration of small industries in thousands of villages into the economic cycle. Furthermore, in the process of solving the difficulties of financing and providing lines of credit to millions of farmers in China, it changed the situation from “individual farmers with no collateral” to “active credit extension for thousands of villages and tens of thousands of farmers” by leveraging sales data brought by the flow of goods, warehousing data brought by delivery and logistics, and settlement data brought by the flow of funds.

Strategy implementation

Notable achievements were seen in developing the five differentiated growth poles. The increment of agriculture-related loans reached a new record high. The Bank deepened its efforts on serving the five major customer groups of villages, cooperatives, farmers, agricultural enterprises and rural supermarkets, and the balance of agriculture-related loans amounted to RMB2.15 trillion, representing an increase of RMB346,498 million. The Bank achieved fast breakthroughs in its capability of providing inclusive finance. The balance of inclusive loans to micro and small-sized enterprises (MSEs) amounted to RMB1.46 trillion, nearly 90% of which were granted online. Loans to sci-tech enterprises exceeded RMB326,772 million, up 37.65% over the prior year-end. The Bank maintained a leading position in the industry in terms of the growth of proactive credit extension business and the quality of risk control. The loan balance of proactive credit extension exceeded RMB150 billion, with an NPL ratio below 0.5%. The Bank further advanced the building of a wealth management system. The AUM (assets under management of personal customers) reached RMB15.23 trillion, representing an increase of RMB1.34 trillion over the prior year-end. The Bank continued to enhance its influence in the interbank ecosystem, with 2,407 institutions registering with the interbank ecosystem platform “Together We Thrive” and a cumulative transaction volume exceeding RMB2 trillion.

The building of the capabilities in six aspects was continuously advanced. The Bank strengthened professional core capabilities in the core business, adhered to creating value for customers, improved the customer segmentation management system, and continued to strengthen the building of the workforce. The Bank strengthened its system support capability, centered around the “optimization of the customer journey”, promoted the overall improvement of customer service capacities, solidified the centralized operational management mechanism, and optimized the risk management operating mechanism. The Bank strengthened capabilities of coordination and integration and consolidated the organizational synergy, steadily improving the effectiveness of the collaboration between China Post Group and the Bank, between the business lines, and between the parent bank and subsidiaries, acquiring more than 2 million customers through collaboration between China Post Group and the Bank. The Bank strengthened the capability of technological facilitation, pushed forward information technology projects in a comprehensive manner, and the proportion of self-developed systems in the Bank increased to 73%. The Bank strengthened the capability of institutional drive, optimized the human resources management mechanism, improved the resource allocation mechanism centered on RAROC (risk-adjusted return on capital), and continuously enhanced its financial support capability. The Bank strengthened the leading role of innovation. Through optimizing service models, leading business transformation and unleashing development momentum, the Bank fostered new differentiated competitive advantages.

The leading role of risk management was strengthened. The Bank deepened the implementation of advanced approaches for capital management and the construction of intelligent risk control, established the “future-oriented” mechanism throughout the entire process, improved the risk monitoring models, prevented and resolved risks in key areas, and perfected the internal control and case prevention management mechanism, with the overall asset quality remaining stable. The NPL ratio was 0.83%, which was among the best of major state-owned banks.

GREEN WORLD, BETTER LIFE.

CSR
FEATURE

CSR Feature

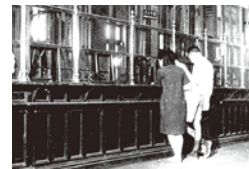
Carrying Forward the 100-Year Tradition
of Inclusive Finance and
Cultivating the Fertile Soil of Inclusive Finance

CSR Feature | Carrying Forward the 100-Year Tradition of Inclusive Finance and Cultivating the Fertile Soil of Inclusive Finance



1919

The Postal Savings Bureau was established to offer postal savings business.



1949

The Postal Savings and Remittance Bureau was taken over by the People's Post of China and started to run its business under the guidance of the People's Bank of China.

In 1953, the postal savings business was suspended, while the remittance business was kept and continued to be run by the post offices.

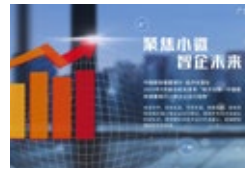


2007

On the basis of the reform of the former postal savings administrative system, the Postal Savings Bank of China was established. The Bank is positioned to serve Sannong customers, urban and rural residents and SMEs, and assumes the responsibility of "delivering inclusive financial services in both urban and rural areas".

In 2008, the Bank started to promote micro loans nationwide and launched the consumer credit business.

In 2009, the Bank opened its first small enterprise credit center to start providing loans to small enterprises.



2015

The Bank, together with Economic Daily, released the Small and Micro-sized Enterprise Operating Index to measure the operation and development of MSEs and self-employed individuals in China. By the end of 2023, the Index had been released for eight consecutive years.

PSBC Consumer Finance Co., Ltd. was founded and opened for business to further serve urban and rural consumers.



2019

Officially a state-owned large commercial bank, PSBC was listed on the Shanghai Stock Exchange.

PSBC Wealth Management Co., Ltd. was established and opened for business to better meet the needs of residents for wealth management.



2021

The Bank continued to optimize the organizational structure of inclusive finance, and developed a working mechanism led by the Strategic Planning Committee of the Board of Directors, coordinated by the Rural Revitalization and Inclusive Finance Management Committee, with the Inclusive Finance Department (Small Enterprise Finance Department) and the Sannong Finance Department (Rural Revitalization Finance Department) as the main players, and supported by several other departments, to fully support the development of inclusive finance.

The Bank, together with the Ministry of Industry and Information Technology and Renmin University of China (RUC), established the RUC National Institute of Small and Medium Sized Enterprises to explore the path of healthy development for SMEs.

The Bank established a dedicated credit card center.



2023

The balance of the Bank's agriculture-related loans exceeded RMB2 trillion, with a net increase of more than RMB100 billion for 10 consecutive years.

To build a service system for technology finance, the Bank opened 30 specialized financial institutions in key regions across the country, and built the "U Prosper" financial service brand to accelerate the growth of tech enterprises.

1930

The Postal Savings and Remittance Bureau was founded in Shanghai and started to promote the deposit business throughout the country.

Shortly after its founding, it proposed the business philosophy of "working on the trivial work even others despise; working towards stability rather than big profit", which won it the reputation of "the bank for the people".



1986

The postal savings business was approved to resume to support the national economic development.

In 2001, a national network of postal savings business was established, which allowed postal savings users to deposit and withdraw money from any city or county across the country using their green debit cards or passbooks.



2013

The Bank hosted the 16th Postal Savings Banks Forum of the World Savings and Retail Banking Institute, at which it discussed how to promote the sustainable development of inclusive finance with representatives of relevant institutions from more than 20 countries and regions around the world.



2016

The Bank was listed on the Main Board of Hong Kong Stock Exchange. From then on, its comprehensive strength kept growing and its capacity in delivering inclusive financial services was strengthened.

The Bank established the Sannong Finance Department, and completed the bank-wide institutional reform in 2017, with the aim to build a professional service system for Sannong, thus opening a new chapter of financial services for Sannong.



2020

By the end of 2020, the Bank had issued accumulatively more than RMB5 trillion in micro loans, serving more than 40 million customers and effectively meeting their demand for inclusive microfinance. Since the 18th National Congress of the CPC, it had issued more than RMB1 trillion in credit to 832 national-level impoverished counties (which have all emerged from poverty), contributing to the decisive victory in the battle against poverty and the building of a moderately prosperous society in all respects.



2022

The balance of the Bank's inclusive loans to MSEs exceeded RMB1 trillion. The Bank's new generation core system for personal banking business was completed, providing stronger support for the development of inclusive finance.

YOU* BANK was established and opened to business.

The electronic banking had more than 400 million registered users.



Inclusive finance plays a vital part in financial development with Chinese characteristics and was included in the national development strategy in 2013. Since then, the Chinese financial sector has initially established a multi-level, wide-coverage and competitive service system for inclusive finance, and inclusive finance has become an important force in improving people's well-being, promoting fairness and justice, and driving socio-economic development. In the meantime, leveraging its resource endowment and own advantages, PSBC explored an inclusive finance model with its own characteristics, and together with many other financial institutions, made due contribution to improving China's system and capabilities of providing inclusive financial services.

PSBC's inclusive finance business grew out of its century-old tradition and accumulation, and is a continuity of its spirit and a testament to its original aspiration of "China Post, by the people, for the people". PSBC was officially founded in 2007 and is positioned to serve Sannong customers, urban and rural residents and SMEs. The Bank has since then incorporated its business philosophy of "working on the trivial work even others despise; working towards stability rather than big profit" into its mission of "delivering accessible financial services in both urban and rural areas". After years of hard work, PSBC has formed an inclusive financial service system led by the Strategic Planning Committee of the Board of Directors, coordinated by the Rural Revitalization and Inclusive Finance Management Committee, with the Inclusive Finance Department (Small Enterprise Finance Department) and the Sannong Finance Department (Rural Revitalization Finance Department) as the main players, and featuring coordination and collaboration between postal services and banking services, between the Head Office and branches, and between the parent company and subsidiaries.



PSBC contributed to the bumper harvests of specialty agriculture with its financial services.

As of the end of 2023

Number of outlets **Nearly 40,000** Number of personal customers **663 million**

Balance of inclusive loans to MSEs **RMB 1.46 trillion** A YoY increase of **23.25%**

Balance of agriculture-related loans **RMB2.15 trillion** A YoY increase of **19.16%**

Since 2007 when the Bank was established

Loans issued to MSEs and self-employed individuals over **RMB10 trillion**

Micro loans issued cumulatively over **RMB9 trillion** Customers served over **70 million person-times**

Strengthening specialized services based on resource endowment

With both directly-operated outlets and agency outlets, PSBC has built an extensive service network of nearly 40 thousand outlets, covering about 99% of counties in China, 70% of which are in areas at and below the county level. The Bank has become a major provider of modern banking services in remote areas and built a highly trusted and popular network close to customers. It has trained a professional, dedicated and attentive inclusive service team, and served 663 million personal customers, with more than 24 thousand account managers serving MSEs. Meanwhile, online and offline services are integrated to provide considerate services to MSEs. The Bank has become a pioneer and practitioner of inclusive finance in China. Since its establishment, the Bank has granted accumulatively more than RMB10 trillion of loans to MSEs and self-employed individuals. As of the end of 2023, the balance of the Bank's agriculture-related loans was RMB2.15 trillion, an increase of 19.16% from the end of the previous year, and the balance of inclusive loans to MSEs was RMB1.46 trillion, up by 23.25% from the end of the previous year, with the proportion of each loan in the total loans of the Bank ranking among the forefront of the large state-owned banks. The Bank's financial services for MSEs had received the highest rating in the assessment by regulatory authorities for two consecutive years. In 2023, at the SME Finance Forum initiated by the G20 Global Partnership for Financial Inclusion, PSBC won two awards of the Global SME Finance Awards: the Silver Award of SME Financier of the Year Asia and the Honorable Mention of Product Innovation of the Year.

Promoting rural financial services by taking root in the fertile land of Sannong

PSBC has long been committed to serving Sannong. It has long taken roots in the countryside, responded to the needs of farmers, and built a strong rural service network, a professional rural financial service team, and a diversified rural financial service system. In response to the changes in agricultural and rural financial needs and the trend of fintech development, the Bank steadily promotes universal credit extension to farmers in creditworthy villages. So far it has designated more than 300 thousand creditworthy villages and rated more than 10 million creditworthy households. By the means of digital operations, the service costs are reduced and the service efficiency is improved. The Bank closely works with China Post Group to integrate the flows of business, goods, funds and information, and solve the financing, sales, and logistics difficulties facing rural areas. In light of local conditions, the Bank has launched characteristic financial service models for rural areas, including the model which is led by leading businesses and capable individuals and supported with financial services, the “Party building plus finance” model, the “business flow plus logistics plus finance” model and the model featuring small credit line, wide coverage and unsecured loans, effectively removing obstacles facing rural inclusive finance.

Integrating online and offline services to benefit numerous enterprises

In 2023, the Bank continued to strengthen the long-term mechanism for boosting the confidence, willingness, capacity, and professionalism of branches to issue loans and actively assisted MSEs in surviving and thriving through integrated online and offline services via fintech innovation and digital transformation. Offline, the Bank has established a nationwide service network to reach customers and set up platforms for cooperating with government institutions, industries and enterprises. The Bank also jointly established the RUC National Institute of Small and Medium Sized Enterprises, issued the MSE Operating Index, and provided micro, small and medium-sized enterprises (MSMEs) with integrated financing plus consulting services to support their growth. Online, the Bank uses fintech to remove barriers to access to financial services. In addition, the 5D (Digital) systems for microfinance are built to help solve the marketing, product R&D, risk control, operational, and service difficulties facing MSEs.

Exploring the deep integration of green finance and inclusive finance

PSBC insists on integrating green elements in services in key areas of inclusive finance and promoting the effective integration of green finance and inclusive finance. In Yuhang, Zhejiang Province, a demonstration unit for the implementation of the United Nations Forest Instrument, considering the carbon fixation function of bamboo forests, PSBC, based on creditworthy villages, launched the green financial product – “Carbon Sink Loan” for local farmers. In Jingning County, Lishui, Zhejiang, the pilot project of realizing the value of eco-products with financial services was implemented. Moreover, based on the local “Green Valley Points”, the Bank launched the “Eco-credit Loan”, a pure-credit loan for rural households, to promote the mutual transformation and healthy development of the gross ecosystem product (GEP) and the regional GDP. The Bank also used the carbon credit evaluation pilot system, the first in China, to provide targeted inclusive financial service tools for MSEs and used the carbon credit rating result as one of the requirements for business approval in Zhejiang.

Moving faster to build the differentiated growth pole of microfinance

The Bank explores building a multidimensional service system consisting of online, remote and offline services. Based on online channels such as mobile corporate banking and remote banking, the Bank has built a team of inclusive service representatives responsible for MSE customer development and service at outlets. The Bank also widely uses digital tools such as the marketing map and panoramic business view for inclusive finance to reach a larger customer base. The Bank actively promotes the deep integration of industry and finance. To meet the financing needs of upstream and downstream MSEs of core enterprises along the supply chain and MSEs in industry clusters, the Bank uses the data generated from the flows of business, funds, goods and information in the industrial chain scenarios and offers key products under the Easy Small and Micro Loan such as “Industry E-loan” and “Platform E-loan” to provide convenient online services. By the end of 2023, the Bank had cooperated with nearly 60 core enterprises in industrial chain projects, covering such fields as healthcare, electronics, and infrastructure construction.



A PSBC account manager visited a pomelo farmer.



A PSBC account manager was on a follow-up visit after credit extension.



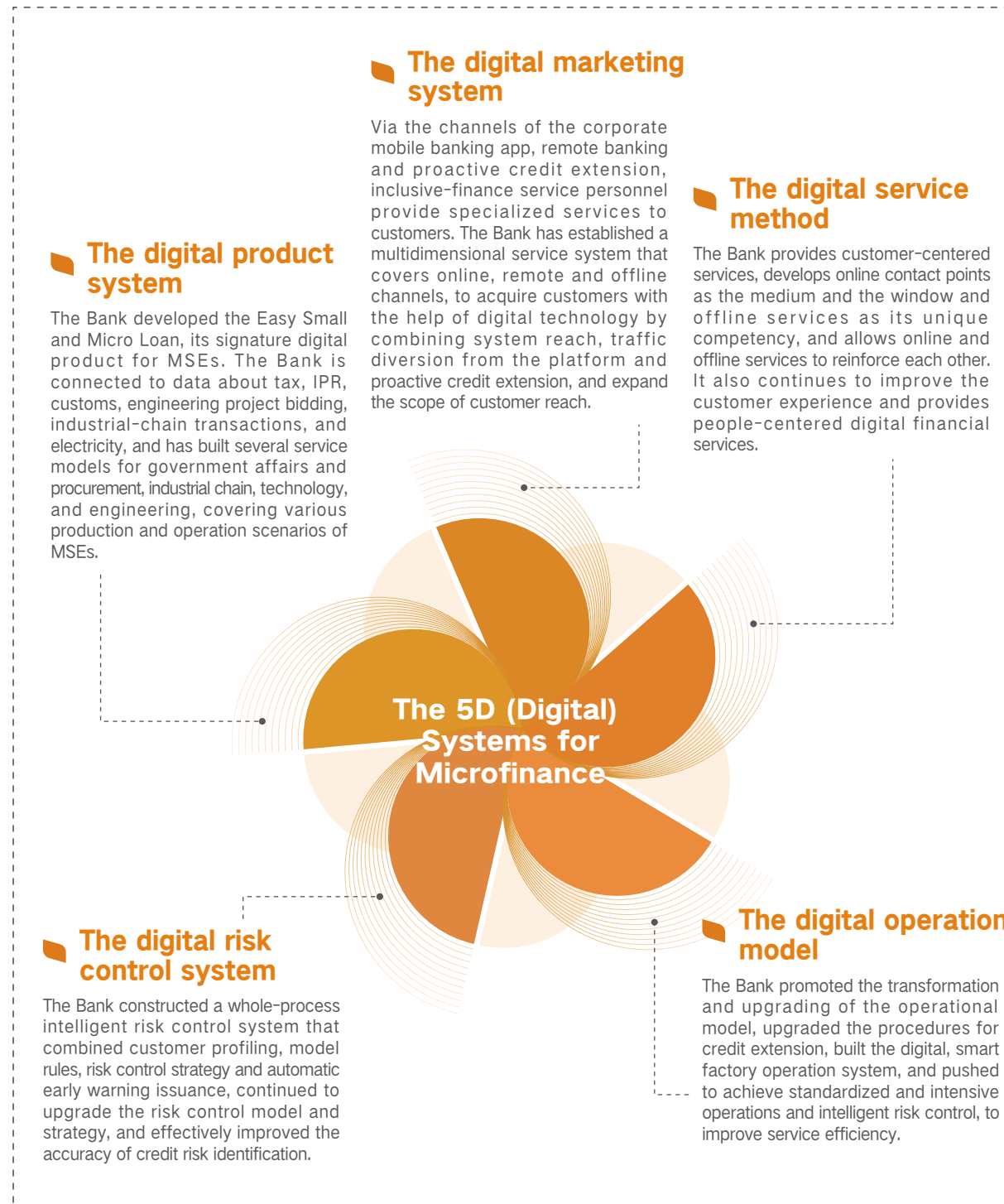
PSBC staff provided professional service to customers.



PSBC supports the development of the tea industry in Danzhai County.

The 5D (Digital) Systems for Microfinance

The 5D (Digital) systems for microfinance include the digital marketing system, digital product system, digital risk control system, digital operation model and digital service method, which is aimed to build application models represented by “ABCDIX” (A stands for artificial intelligence, B blockchain, C cloud computing, D big data, I the Internet of Things plus 5G, and X frontier technology), use digital technology to enhance core competitiveness, and provide personalized, differentiated and customized products and services for MSEs.



Case

“Cold chain plus” financial services for MSEs on the industrial chain

PSBC Shenzhen Branch joined hands with Optimize Integration Group Inc. to explore a new “cold chain plus” financial service model. Based on the network strengths of Optimize Integration Group, Shenzhen Branch analyzed and verified the real transaction data of the Group’s downstream dealers collected from the flows of business, goods, information, and funds, and tailored a financial service platform for the Group’s industrial chain scenarios, thus solving the financing difficulties facing agriculture-related enterprises on the chain. The front-end system of Optimize Integration Group can realize fast interaction with PSBC’s Easy Small and Micro Loan system, thus providing safe and efficient closed-loop information service for agriculture-related enterprises on the chain. Since the introduction of the business, Shenzhen Branch has granted more than 660 loans to enterprises on the chain, with a total amount of RMB263 million.

Supporting the development of the Gannan navel orange planting industry

PSBC Jiangxi Branch explored a new way to serve the agricultural industry. It increased resource input and strengthened financial innovation to empower the development of rural specialty industries in the province. For example, to support the development of the navel orange planting industry in southern Jiangxi, Jiangxi Branch set up a special team, redoubled its efforts to visit markets, formulated comprehensive financial service plans, opened up express service channels, and provided timely and efficient financial support for the fruit growers and fruit merchants. Under the universal credit extension model for farmers, it promoted online loan products, so that the fruit farmers could enjoy inclusive financial services without visiting branches. The Gannan navel orange has become a “golden goose” for local people. By the end of 2023, Jiangxi Branch had delivered nearly 20 thousand services to citrus planting customers in the province, including the Gannan navel orange farmers, with the balance of micro loans granted standing at nearly RMB3 billion.

Releasing the Pear Orchard Loan - a pledge loan secured by forest and fruit tree carbon sink

PSBC Jiangsu Branch launched the Pear Orchard Loan - a pledge loan secured by forest and fruit tree carbon sink, in Dafeng District, Yancheng City, Jiangsu Province. The Pear Orchard Loan is based on the carbon emission reductions and usufruct of carbon sequestration forward income generated by pear trees, and uses the pledge of carbon sink as an important means of credit enhancement. With reference to the carbon emissions trading price in China’s national carbon emission trading market, the loan takes as pledge the carbon emission reductions and usufruct of carbon sequestration forward income generated by the project. The pledge right will be registered and made public on the registration and public announcement system for financing against movable property of the People’s Bank of China. The product solves the problem of insufficient effective guarantee, and opens up the express channel of financial support for realizing the value of eco-products such as forests and fruit trees. It is estimated that during the loan period, the project has cumulatively reduced and fixed carbon by 173.7 thousand tonnes.

Enhancing customer reach with the help of technology

Focusing on the needs of MSEs, the Bank continued to optimize the marketing map and panoramic business view for inclusive finance, boosted regional service, introduced various service scenarios, and supported its branches to proactively extend credit lines to customers on the whitelist. The outbound calls enable the real-time service, which helps account managers reach customers instantly and further motivates them to carry out proactive service. The visualized display of service results is achieved. The panoramic business view is used to assist with business operations and management. The Bank also conducted in-depth mining, analysis and display of service data from the perspectives of institutions, customers, customer groups, products and account managers. By the end of 2023, the Bank had developed 82 data indicators and was able to prepare customized reports, helping account managers reach about 20 thousand MSE customers.

GREEN WORLD, BETTER LIFE.

CSR
PRACTICES

CSR Practices

**Focusing on National Strategies and
Serving the Real Economy**

Implementing major strategies

Pooling resources to develop technology finance

Serving China's opening-up

Implementing major strategies

In 2023, PSBC made targeted efforts to meet the needs of the real economy and continued to increase financial input in the implementation of major strategies and the development of key areas. Specifically, it boosted the implementation of major national strategies such as Beijing-Tianjin-Hebei coordinated development, the development of Xiong'an New Area and Yangtze River Economic Belt, and the integrated development of Yangtze River Delta, and continued to improve its financial service capacity in such areas as the construction of a modern industrial system, industrial chains and supply chains, manufacturing, real estate and urban renewal, channeling financial resources to support the rebound of the real economy. As of the end of 2023, the total corporate loans exceeded RMB3.2 trillion, representing an increase of 20.42% from the end of the previous year.

As of the end of 2023

Total corporate loans

Over **RMB3.2 trillion**

A YoY increase of

20.42%

Serving regional coordinated development

Serving the coordinated development of the Beijing-Tianjin-Hebei Region

PSBC improved the top-level design and institutional arrangements. Based on the coordination mechanism between the Head Office, tier-1 branches and tier-2 branches and between the Beijing Branch, Tianjin Branch, Hebei Branch, and Xiong'an Branch, the Bank continued to support the coordinated development of Beijing, Tianjin and Hebei, and prioritized such areas as transportation infrastructure, the transformation and upgrading of industries, and energy conservation and environmental protection.

Serving the development of Xiong'an New Area

PSBC has fully and faithfully implemented the CPC Central Committee's strategic deployments regarding Xiong'an New Area on all fronts and strengthened the coordinated management of the Office of the Commission for Serving the Development of Xiong'an New Area and the coordination between the Head Office, Hebei Branch and Xiong'an Branch. Working mechanisms for information sharing, routine communication, regular meetings, rapid response, and work assessment are in place. The Bank actively supported the Xiong'an New Area in accommodating non-capital functions. It has cumulatively provided credit support to 27 key areas for non-capital function removal, infrastructure construction and major transportation projects, and participated in eight green credit financing projects for the Xiong'an Citizen Service Center and the Business Service Center, among others.

The Bank fully implemented the requirements of promoting the high-standard and high-quality development of Xiong'an New Area, focused on the implementation of the innovation-driven development strategy, and participated in the Digital Xiong'an initiative. It completed the third phase of the blockchain-based comprehensive management platform for non-tax income of Xiong'an New Area. The Bank actively worked with the Administrative Committee of Xiong'an New Area to build a smart healthcare platform, completed the healthcare data archiving and the development of the healthcare data gateway, and realized the connectivity between medical bill details and the data on the smart medical platform. The Bank completed the third phase of the blockchain-based administrative system for the development funds of Xiong'an New Area and reached out to several banks for cross-blockchain payment. The Bank introduced new application scenarios of e-CNY and built a business ecosystem with PSBC characteristics. A number of e-CNY credit scenarios such as scenarios for small-enterprise loans, start-up guaranteed loans, guaranteed loans for farmers in Hebei and personal automobile consumption loans were implemented. The Bank carried out research on Xiong'an's digital and intelligent platforms, and put forward suggestions on the development of digital and intelligent platforms and financial innovation.

Serving the development of the Yangtze River Economic Zone

Centering on the development paradigm consisting of "one axis, two wings, three poles and multiple points", PSBC actively participated in key national infrastructure construction projects and vigorously supported the development of such industries as advanced manufacturing, strategic emerging industries, green energy, green agriculture, modern services, ecological conservation, and water conservancy.

Serving the integrated development of the Yangtze River Delta

With a focus on such fields as infrastructure connectivity, manufacturing, modern services, strategic emerging industries, ecotourism and cultural tourism, PSBC worked to enhance its integrated financial service capabilities.

Case

Supporting the development of Hainan Free Trade Port

PSBC Hainan Branch stays oriented towards the overall goal of delivering financial services to the development of Hainan Free Trade Port, continues to channel financial resources to its "four leading industries" (tourism, modern services, high and new technologies, and highly-efficiency tropical agriculture), "three future-oriented industries" (seed, deep sea and aviation) and 13 key parks, serves as the "vanguard" of supporting the real economy, and goes all out to support the high-quality development of the Hainan Free Trade Port. In 2023, it granted RMB6,299 million credit to key infrastructure projects such as the Phase II of Huaneng Changjiang Nuclear Power Plant, Datang's Natural Gas Power Plant in Haikou, and Longfor Paradise Walk, RMB1,784 million to 16 subsidized housing projects, and RMB1,491 million to key park projects that involved Niuhang Financial Leasing Co., Ltd. and Jinhai Pulp and Paper Co., Ltd.

Supporting the Guangdong-Hong Kong-Macao Greater Bay Area

Connectivity Project

PSBC Guangzhou Branch, as one of the partner banks of the Shenzhen-Zhongshan Corridor, a major transportation infrastructure project in Guangdong-Hong Kong-Macao Greater Bay Area, provided strong credit support for the project to accelerate transportation infrastructure construction in the Greater Bay Area. The Corridor runs 24 kilometers connecting the two sides of the Pearl River. It is expected to shorten the journey between Shenzhen and Zhongshan from 2 hours to 30 minutes, which will greatly facilitate the exchanges between the east and west banks of the Pearl River Estuary.



PSBC extended credit for the construction of Hainan Island Ring Road.

Serving key areas



Further reading

The "Intelligent Manufacturers" mini-documentary series

The "Intelligent Manufacturers" mini-documentary series tells stories of how PSBC supports the innovation and development of specialized and sophisticated enterprises with comprehensive financial services through their lifecycle.

Serving the modernized industrial system

Acting on the decision and plans to accelerate the construction of a modernized industrial system supported by the real economy, PSBC adopted the general approach of "meeting demand at the source, providing one-point access, advancing projects in two lines, and building an ecosystem". With a focus on industrial parks, the Bank formulated the Action Plan for Comprehensive Financial Services for Businesses in Industrial Parks, and employed government-business-consumer (GBC) linkage to build a new model for industrial finance and eco-finance. The Bank also explored the "1 plus N" integrated financial services for industrial parks. It reached out to government agencies directly, provided one-point access for the park development and operation entities, and worked to meet the diversified financial needs of the park operation platforms and businesses in the parks. Through these partnerships, the Bank reached out to the park operating entities and enterprises and delivered industrial chain services through the "settlement plus financing" two-wheel drive. Based on production and lifestyle scenarios, the Bank developed the intra-park financial service ecosystem and employed advanced technologies to develop online scenarios and promote intelligent operations of the parks, thus developing industrial parks and improving city functions at the same time, and aligning the operation of industrial parks with the development of industry clusters.

Serving industrial chains and supply chains

PSBC continued to work on financial service scenarios for the industrial chains. Based on the development philosophy of providing digital financial services for industries, and with a focus on key industries such as construction, new energy vehicles (NEVs) and advanced manufacturing, the Bank carried out special actions on the industrial chains such as "U-Chain for Win-Win Results" and "Serving Enterprises with Industrial Chain Finance" to help make the industrial chains and supply chains more resilient and safer. The balance of supply chain financing exceeded RMB150 billion. The Bank has deeply integrated into the ecosystem of key industries and helped the core enterprises of the chain build the industry finance platforms. It has completed direct connectivity with more than 40 industry finance ecosystem platforms and has developed a "network" with "chains" to build an open ecosystem with win-win results for all. The Bank used blockchain technology to build a U-Chain supply chain finance platform and continued to use digital technology to promote the paperless and automated transformation of business.

Supporting the manufacturing industry

PSBC actively served the strategy of making China strong in manufacturing. With a focus on the key areas and weak links of high-quality development of the manufacturing industry, the Bank improved the top-level design and long-effect mechanism, continued to introduce new products and service models, and increased financial support for high-tech manufacturing, strategic emerging industries, specialized and sophisticated manufacturing and traditional manufacturing, to promote high-end, intelligent and green manufacturing.

As of the end of 2023, the Bank's balance of medium and long-term loans to the manufacturing industry increased by RMB62.5 billion, or 37.52% from the end of the previous year.

In 2023, the Bank underwrote bonds for energy supply totaling RMB1,478 million and corporate bonds of RMB26,746 million issued by manufacturing enterprises, serving manufacturing enterprises including Geely Holding, China Jushi Co., Ltd., XCMG Machinery and Tianma Electronics. The Bank leveraged the advantages of syndicated loans in supporting the implementation of national strategies, serving the real economy and providing large-amount financing, prioritized the support for the development of the Beijing-Tianjin-Hebei region, the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area, and served a number of advanced manufacturing transformation and upgrading projects involving high-end equipment manufacturing and industrial chains of environmental protection and new energy.

Supporting real estate and urban renewal projects

PSBC promoted the development of urban projects vital to the public welfare by focusing on key regions and key customers, developing new product models, and giving preference to these projects when allocating resources. Based on fintech innovation, and by combining finance, products and scenarios, the Bank provided a full range of financial services such as smart city service and smart community service, to contribute to local high-quality development.

In 2023, the Bank supported real estate enterprises through bond financing. It underwrote real estate bonds with a scale of RMB5,852 million. It optimized the syndicated loan service model and scenarios and acted as the lead bank of syndicated loans for urban renewal projects aimed to optimize urban spatial layout and improve the quality of life. A number of demonstration projects of diversified mergers and acquisitions involving high-quality private enterprises and mergers and acquisitions of real estate enterprises in distress were implemented.

As of the end of 2023

The balance of medium and long-term loans to the manufacturing industry increased by

RMB62.5 billion

A YoY increase of

37.52%

Pooling resources to develop technology finance

Keeping in mind the characteristics of tech enterprises, PSBC has established a team of professionals in specialized institutions, a professional service system and the “future-oriented” evaluation model, and continued to promote the paradigm reshaping of technology finance and innovation in services. As of the end of 2023, the Bank served 69.4 thousand tech enterprises, an increase of 28.38% over the end of the previous year; the balance of the Bank’s loans to tech enterprises was RMB326,772 million, an increase of 37.65% over the end of the previous year.

The Bank continued with capacity building of specialized institutions and teams, with 30 institutions specialized in technology finance set up in key regions of the country. It joined hands with the China Center for Promotion of SME Development in reforming the government-bank cooperation model and launching special campaigns for delivering financing services to enterprises. PSBC has built a team of financing service specialists for specialized and sophisticated enterprises that produce new and unique products. The outstanding service specialists were selected to act as the “ambassadors” of relevant policies, “commissioners” of financial services,

and “liaison persons” for government-bank cooperation. They are tasked to promptly respond to and solve the pain points and difficulties that enterprises encounter in the process of financing, and develop targeted financial service solutions for customers.

The Bank developed the brand “U Prosper” for sci-tech finance. The “U Prosper” system encompasses the five pillars of “U Finance”, “U Investment”, “U Connect”, “U Wealth” and “U Intelligence” to provide customers with comprehensive services including financing, capital operations, payment & settlement, wealth management, and think-tank consulting, and to meet the multidimensional needs of tech enterprises with diverse relay financial services that cover every stage of their lifecycle.

The Bank has developed the “future-oriented” evaluation method. The rating model is customized to suit the unique characteristics of tech enterprises, and accurately profile customers by taking into account such factors as R&D investment, patents, growth potential and policy support, to make accurate credit evaluations of tech enterprises. Based on the internal MSE operating index cloud survey system, the Bank analyzed the profile of hard-technology entrepreneurs to further enrich the “future-oriented” model.

The Bank also strengthened the effectiveness of direct financing. In 2023, the Bank underwrote RMB9,497 million of technology innovation bills. The Bank underwrote the first “quasi-REITS plus hybrid technology innovation bill” asset securitization product in China, the first batch of hybrid technology innovation bills, and provided bond underwriting services for a number of tech enterprises including ZTE and Zoomlion.



As of the end of 2023

The number of tech enterprises served

69,400

A YoY increase of

28.38%

As of the end of 2023

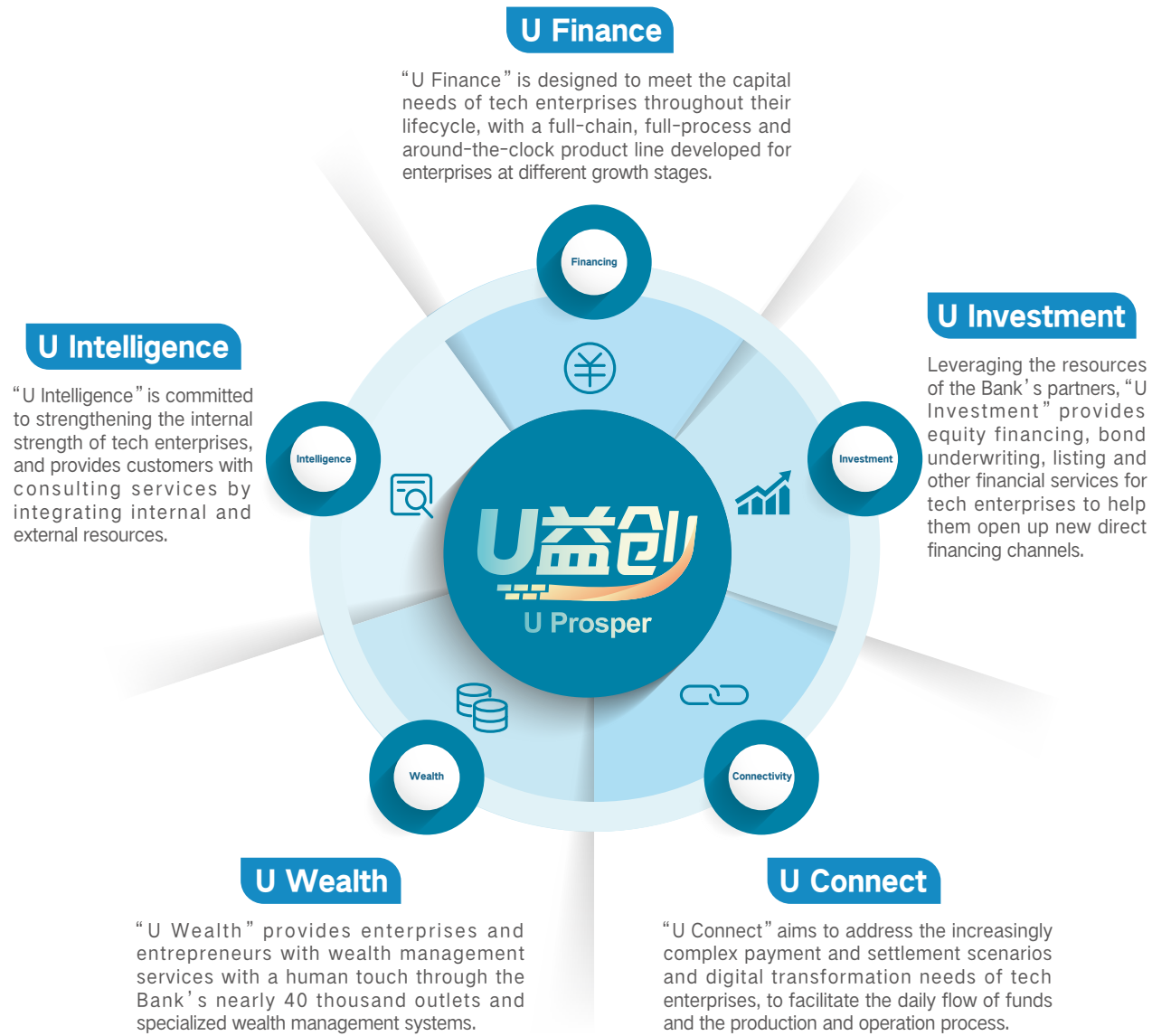
The balance of loans to tech enterprises

RMB326,772 million

A YoY increase of

37.65%

The “U Prosper” system for sci-tech finance



“U” in “U Prosper” is a pun on the Chinese name of PSBC and on “You”, sending the message that the Bank is always there for the MSEs, creating value for customers. Its slogan “Together We Light up the Future with Technology” carries the meaning that PSBC will act as the lead bank and support technological innovation in enterprises, especially tech enterprises, with comprehensive financial services.

Case

Supporting the growth of specialized and sophisticated enterprises that produce new and unique products

In recent years, PSBC Jiangsu Branch has been there for Taizhou Tianli Iron Core Manufacturing Co., Ltd. at every important stage of the latter’s growth, and leveraged the specialized service system of technology finance to help it grow into a national-level “Little Giant” among specialized and sophisticated enterprises. It precisely matched the “mortgage plus credit” product portfolio to meet the company’s needs at different stages of development, ensured that the credit support was not terminated, and increased the loan amount from RMB10 million to RMB30 million. In the meantime, it renewed the loans before the principal was repaid to lighten the pressure and cost of capital turnover for the company. The company has seen its annual output value soar from RMB3 million to RMB500 million.

PSBC Ningbo Branch took the initiative to reach out to local national-level specialized and sophisticated enterprises, and established the collaboration and process linkage mechanism between its departments and the front, middle and back offices. It formulated comprehensive financial service plans for tech enterprises to meet their diversified needs at different stages of growth. Its services were delivered in a more timely, professional and flexible manner. It extended a credit line of RMB71 million to Ningbo Jiang Chen Intelligence Co., Ltd. under the comprehensive secured loan model, to help the latter move on to the next level.

Focusing on the development needs of specialized and sophisticated enterprises and “key industrial chains”, PSBC Shaanxi Branch strengthened the working mechanism for financial services in the sector of science and technology. Considering the light-asset characteristics of tech enterprises, it vigorously promoted the brand “U Prosper” for sci-tech finance, and set up a “1 plus N” specialized service team, to fully meet the financial service needs of tech enterprises.



PSBC account managers visited a specialized and sophisticated enterprise that produces new and unique products.



Serving China's opening-up

PSBC actively implemented national strategies and plans, supported enterprises to strengthen production capacity cooperation with BRI partner countries and regions, and continued to improve the quality and efficiency of financial services to contribute to the high-quality development of the BRI projects. As of the end of 2023, the Bank's cross-border settlement service had covered 118 BRI partner countries and regions.

In terms of promoting infrastructure connectivity, since the BRI was put forward, PSBC has continuously increased the input of financial resources to support BRI projects. It financed the construction of the Vientiane-Vang Vieng section of the China-Laos expressway, to help open up a main artery of transportation between China and Southeast Asia; and later financed the projects in BRI countries to improve local livelihoods and develop local industries, built a financial bridge for collaboration under the BRI, and continuously consolidated the capability foundation of delivering financial services for the BRI projects.

In terms of promoting cross-border financing, the Bank implemented the reform of foreign exchange facilitation. Cross-border direct loans, overseas loans secured by domestic branches and international syndicated loans were used to support Chinese enterprises' overseas investment, M&As and project operations, and help enterprises both at home and abroad get involved more deeply in the BRI.

As of the end of 2023

PSBC's cross-border settlement service had covered

118 BRI partner countries and regions



Case

Providing a cross-border syndicated loan for China Telecom

On November 15, 2023, the cross-border syndicated loan for the China Telecom's project was drawn successfully for the first time after contract signing. The implementation of the project is conducive to the economic and trade exchanges and people-to-people exchanges between China and the Philippines. It will also help China's whole communications industry to expand overseas markets, and achieve a higher level of development in the domestic economy and international engagement. The syndicated loan was issued by 11 domestic and overseas banks, including PSBC which lent RMB1.83 billion, the largest RMB loan among the syndicate, a concrete step to promote the priority use of RMB in BRI financing.

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CSR
PRACTICES

CSR Practices

Highlighting the Philosophy That
Finance Is for the People and
Enhancing Public Wellbeing

Serving rural revitalization

Serving urban and rural residents

Developing digital finance

Serving rural revitalization

PSBC kept the bigger picture of Sannong in mind and worked to meet the financial service needs of rural residents for a better life while serving rural revitalization. The Bank strengthened technology empowerment, urban-rural linkage, and internal-external coordination. Based on its rural service network, the Bank continued to improve its financial services for Sannong through digitization. In particular, it increased the supply of agriculture-related financial services and improved the quality and efficiency of financial services for Sannong. The Bank is striving to become the main force of serving rural revitalization, contributing to high-quality rural revitalization in all respects and making China strong in agriculture. By the end of 2023, the balance of agriculture-related loans was RMB2.15 trillion, exceeding one-quarter of the total loan balance of the Bank. The amount of bonds held to support rural revitalization increased by 8.31% year-on-year. The balance of personal micro loans stood at RMB1.39 trillion.

As of the end of 2023

The balance of personal micro loans

RMB1.39 trillion

A YoY increase of bonds held to support rural revitalization

8.31%



Further reading

“The Rural Dream Builders” series of feature stories

The stories are on how financial resources are channeled to develop rural industries, increase farmers' income, and improve the rural environment, thus boosting rural revitalization.

Strengthening organizational support for serving rural revitalization

The Party Committee of PSBC attaches great importance to serving rural revitalization. It keeps strengthening organizational leadership and improving top-level design and the policy support system, maintains the overall stability of major financial assistance policies, works to build a dedicated and professional team to serve rural revitalization, and actively injects impetus into the Bank's service for rural revitalization. First, strengthening organizational leadership. PSBC adheres to the leadership of the Party Committee while serving rural revitalization. It has built an organizational structure that includes the Leading Group for Supporting Rural Revitalization, the Rural Revitalization and Inclusive Finance Management Committee, and the Sannong Finance Department (Rural Revitalization Finance Department), firmly and forcefully coordinating the Bank's work in serving rural revitalization. Second, strengthening top-level design. The Bank formulated the Opinions of the Postal Savings Bank of China on the Implementation of Key Tasks of Comprehensively Advancing Rural Revitalization in 2023, stepped up policy support and steadily pushed forward the core projects to enhance the resolve, momentum and vitality of serving rural revitalization. Third, building a team that can integrate business and technology and is enabled by technology to serve rural revitalization. The Bank actively adapted to the latest developments in the digitization of agriculture and rural areas and set up a team for proactive credit extension consisting of staff members from the front, middle and back offices, including the Sannong Finance Department, the Risk Management Department, the Credit Management Department and the Software Research and Development Center. Through inter-departmental co-working and business-technology integration, the Bank has built an inter-disciplinary financial service team for Sannong. The Bank launched the “Marketing Map” to dynamically display the development of financial services for Sannong. The mobile terminal is equipped with such functions as one-click outbound call and location-based clocking-in, to digitally empower the rural revitalization service team.

Developing new suitable products to scale up support for grain supply

PSBC increased policy support, developed new suitable products, and actively served the national food security strategy. First, strengthening policy support. The Bank issued a special credit policy, offered financial services for spring farming and related preparations, opened an express channel, offered preferential interest rates to grain-related loans, and increased lending in the grain



sector. Second, developing new suitable products. For the 13 major grain production areas and 800 major grain production counties and other major crop producers, the Bank innovatively launched large-scale planting loans, loans for agricultural machinery purchase and business loans for grain purchase to meet the financing needs in all links across the industrial chain of grain production. It actively participated in the "Grain Loan" Action organized by the Ministry of Agriculture and Rural Affairs and promoted in-depth cooperation with leading grain-production enterprises across the industrial chain. It also introduced e-CNY payment and settlement services, and provided a full range of comprehensive financial services for grain production, bulk purchase, processing, storage, retail sales and seed production, effectively helping farmers increase yields and consolidate the foundation of China's food security.

In Heilongjiang, the Bank worked with the Provincial Department of Agriculture and Rural Affairs and leading agricultural enterprises, used big data about agriculture and rural areas such as grain subsidies, transfers of land use rights, agricultural insurance, agricultural machinery operations, and grain warehouse receipts, and developed digital and intelligent application scenarios that combine finance, technology and big data. It launched a series of online products including "Smart Longjiang Speedy Loan" to help farmers keep up with the spring farming schedule in which time is as precious as gold. Since the launch of the "Smart Longjiang Speedy Loan" in 2019, more than RMB28 billion has been granted, benefiting more than 130 thousand farmers. In Anhui, the Bank established a database of customers engaged in the grain industry based on external data, and developed and launched a series of statements and reports on customers in the grain industry to provide exclusive products and services to customers.

Reinforcing rural industrial chains with the "one industry, one plan" service model

PSBC gave full play to its advantageous resources to support the development of rural specialty industries which are "small but with excellent quality" and "distinctive and superb". Through urban-rural linkage, it served the whole rural industrial chain with its unified national network. The Bank supported the development of rural specialty industries and supported areas that have just been lifted out of poverty, in particular the counties identified by the state as key to rural revitalization. For one thing, the Bank actively reached out to businesses engaged in rural specialty industries, vigorously promoted the "one industry, one plan" service model, matched credit lines, terms, repayment methods and other conditions for them, diversified guarantee methods to include credit, guarantee, and mortgage, and provided them with more targeted financial services. For another, the Bank promoted the deep integration of digital technologies such as big data and financial services for agricultural industry chains, widely used external data, and promoted online services and automated approval for customers in rural specialty industries, to help rural businesses climb up the value chain and the industrial chain with high-quality financial services.

Building a rural grid-based operation system to help increase farmers' income

Based on its long-term practices in the rural market, the Bank actively innovated and built a "manual plus technology" and "online plus offline" grid-based operation system for the rural market so that financial services could truly benefit the numerous rural households. First, the Bank gave full play to the advantages of offline outlets and personnel. With the help of the committee of the village Party branch and the village committee, the account managers visited the rural households by bringing mobile equipment with them to collect key information and assess creditworthy households and villages. The Bank offered online, pure-credit financing services for the farmers, as well as card activation, mobile banking, wealth management, insurance and other comprehensive financial services. Second, through internal data mining and external data sharing, the Bank continued to use big data analysis, image recognition and other technologies to enrich the rural customer profile and empower the evaluation of creditworthy users. The Bank explored a universal credit line extension model featuring small credit lines, wide coverage and pure credit, to further expand the breadth and depth of services. Third, based on the development of an agriculture-related data ecosystem, the Bank introduced the creditworthy-village distribution map and creditworthy-village data profile, developed digital and visualized management tools, and dynamically tracked the progress on building creditworthy villages and service results, to contribute to the further development of creditworthy villages. Fourth, the Bank carried out activities to spread financial knowledge in the countryside, including knowledge on the rights of financial consumers, anti-money laundering, and protection from telecom and online fraud, and help the farmers protect their pockets and live a happy life.

Promoting digital operations to better serve rural revitalization

PSBC actively adapted to the latest situation and requirements of rural financial development, employed digital technology to reform the traditional manual-based financial operation model, and further stimulated the vitality of financial services in rural revitalization. First, the Bank promoted proactive credit extension. The Bank used big data technology to tap the existing customer base and generate the whitelist for proactive credit extension in batches. It used short messages, pop-up windows, chatbot-enabled outbound

calls and manual outbound calls to reach customers, and has built an omni-channel multidimensional marketing system, to provide rural customers with instant loan approval service. Second, the Bank advanced digital transformation. It used facial recognition, image detection, and mobile locating technologies to digitize the whole process of Sannong finance. With mobile business terminals, account managers can provide door-to-door services, bringing financial services to the customers' doorstep. Third, the Bank promoted intensive operations. Specifically, the Bank promoted the centralized operation of review and approval and iteratively optimized the review and approval model. The Bank promoted 36 tier-1 branches to realize the centralized operation of post-lending management, and realized full coverage of chatbot-enabled outbound calls for repayment reminders and collection of overdue loans, with the help of AI-enabled voice recognition, dialogue flow analysis and voice synthesis technologies.



Account managers of PSBC visited customers to understand their loan demand.

Building an agriculture-related scenario ecosystem and pooling efforts to serve rural revitalization

Making full use of the resources of China Post Group in diverse sectors, PSBC furthered cooperation with external partners by sharing resources and complementing with each other, to jointly build an ecosystem for serving rural revitalization, and provide more convenient and high-quality financial services for the Sannong customers. First, the collaborative service ecosystem between the Bank and China Post Group to benefit the farmers. Based on the advantageous "four-in-one" integrated flows of business, goods, funds and information of China Post Group, PSBC worked to build a service ecosystem, in particular for the five major customer groups of villages, cooperatives, farmers, agricultural enterprises and rural supermarkets and provided them with a package of comprehensive services such as e-commerce, delivery and finance, effectively solving their difficulties in sales, logistics and financing. Second, a collaborative scenario-based financial service ecosystem based on direct banking. PSBC gave full play to the role of YOU+ BANK, its direct banking subsidiary, and together the two developed a new Sannong service model, and worked to build a rural scenario-based financial service ecosystem. The "YOU+ Villages" management platform was launched to provide comprehensive solutions for rural governance and build a rural digital ecosystem. As of the end of 2023, "YOU+ Villages" had been launched on a trial basis in 20 provinces (autonomous regions and municipalities) such as Shaanxi, Guizhou, Guangdong and Guangxi. Third, platform linkage to establish a service ecosystem for rural revitalization. PSBC strengthened information sharing with and product offerings to governments, enterprises, industry associations, guarantee companies, insurance companies and other institutions, participated in the development of smart e-government platforms for rural areas, pushed for online cooperation on agricultural financial guarantees, and embedded financial services into more agricultural and rural scenarios. A rural revitalization service ecosystem featuring multi-party linkage, win-win cooperation, and risk sharing is established.

Case

“Rural E Discounting” channeling financial resources to rural areas

“Rural E Discounting” is a digital discount product to promote rural revitalization, and also an important part of PSBC’s financial service product matrix for Sannong. Through technology empowerment and model innovation, “Rural E Discounting” provides customers in key industries and fields of rural revitalization with efficient and agile featured billing services to meet their needs for stable development. As of the end of 2023, the Bank had signed 593 new customers of “Rural E Discounting” and cumulatively handled RMB52,233 million worth of transactions.

Building a new service ecosystem for “farmer-makers”

Focusing on rural industries and key customer groups, PSBC Zhejiang Branch continued to support high-quality and efficient development of agriculture, and to make rural areas more suitable for living and working, and farmers’ life more affluent. Considering the characteristics and financing needs of rural entrepreneurs, it built a “one-stop” service system to serve young rural entrepreneurs, and a new service ecosystem for “farmer-makers”. For many years in a row, it has strengthened cooperation with the local Students Entrepreneurship Association to meet target customers’ financial needs, provide them with more convenient, faster and preferential credit loan services, and help young customers and role models in rural industrial development start business and increase income.

Supporting the development of high-standard farmland

PSBC formulated the Integrated Development Plan for High-standard Farmland and Cultivated Land of Postal Savings Bank of China to develop high-standard farmland and cultivated land. The Bank developed two product lines of loans for the development and operations of high-standard farmland and cultivated land, and optimized the financial service model covering the whole process from farmland development to operations. The Bank developed the “1 plus N” integrated service plan covering the life cycle of projects and featuring collaboration between corporate and retail banking sectors, between different lines of businesses and between PSBC and China Post Group, to provide one-stop specialized financial and postal services for the industrial chain. The Bank empowered risk management with technology, developed and put into use a regulatory system for high-standard farmland and cultivated land funds, and enhanced the “future-oriented” evaluation ability in the Sannong field. The Bank integrated the ecological scenarios of high-standard farmland and cultivated land with other industries, extended the industrial chain of agriculture, and developed a “1 plus N” industrial integration model.

In Guizhou, Sichuan, Jiangsu, and Anhui, the Bank has successfully implemented multiple financial service models such as “high-standard farmland plus aquaculture industry”, “high-standard farmland plus comprehensive improvement in rural land”, “high-standard farmland plus farmland rent”, and “high-standard farmland plus protected agriculture”.

“Fuliang Loan” to ensure a bumper harvest of rice

“Fuliang Loan” is a pure-credit loan provided by PSBC specifically for customers involved in the grain industrial chain. It grants a maximum of RMB1 million to farmers and agriculture-related business owners without the need of collateral or guarantor.

On a field trip, the account managers of PSBC Fujian Branch learned that a farmer wanted to buy another rice dryer, but did not have enough money, so they recommended “Fuliang Loan” to the farmer. With the support of PSBC, the farmer later bought other equipment such as the rice transplanter. Nowadays, the farmer plants more than 250 mu of rice by himself, with an annual income of nearly RMB200 thousand. The farmer also provides mechanized planting and harvesting services to fellow villagers, and has inspired more than 30 fellow villagers to plant the paddy rice and increase their income.



Loan officers of PSBC visited villages.



A PSBC account manager visited a lemon farmer.



A PSBC employee checked on the condition of an oyster farming base.



Two account managers of PSBC visited a cattle farmer.

Serving urban and rural residents

PSBC strived to meet the financial and non-financial needs of urban and rural residents in the pursuit of a better life. It aligned business development with the enhancement of public wellbeing and provided high-quality, convenient and efficient comprehensive financial services to a wider customer base.

As of the end of 2023, PSBC had 663 million personal customers, and RMB15.23 trillion of assets under management (AUM), an increase of RMB1.34 trillion, or 9.68% from the end of the previous year.

As of the end of 2023

AUM

RMB15.23 trillion

A YoY increase of

RMB1.34 trillion

Upgrading the operating ecosystem

In 2023, PSBC upgraded the ecosystem of serving merchants and customers. First, the “outlet plus business district” operating system. Based on the mobile business district and the local lifestyle services of mobile banking, the Bank continued to develop distinctive business districts with “sub-scenarios” at the core, and launched service products through “distinctive business districts plus business promotion QR codes”. Precision customer reach tools of “coupon for whitelisted customers plus smart coupon pop-ups plus WeChat notifications of marketing events plus advertising on e-payment platforms plus post-payment advertising” were also launched to further tap into the potential of businesses and individual customers. Second, the innovative “acquiring plus SAAS” (Software as a Service) merchant service system. The Bank developed intelligent integrated solutions covering the users, goods, scenarios and capital, enabling merchants to reduce costs and increase efficiency through digital transformation. Third, the industry scenario development system. Through payment and settlement services, the Bank provided comprehensive financial services covering fund receipt and payment, agency payroll payment and supply chain financing. It also helped merchants in industries such as supermarkets, convenience stores, catering, campus services, healthcare, tourism and transportation transit from traditional business models to digital and intelligent ones.



The outlet of PSBC Longyan Sub-branch in Fujian, one of the top 100 demonstration outlets for banking services in China.

Boosting consumption

PSBC increased financial support for the consumption of large-budget items such as automobiles, home furnishing and furniture, enhanced the availability of credit to various customer groups, and helped revive and expand consumer demand. First, increasing financial support for automobile consumption. The Bank seized the opportunity of the Promotion of NEVs in Rural Areas Campaign and the introduction of NEV purchase subsidies by various localities, followed the trend of green finance, and increased the supply of green credit products such as the NEV loan. The Bank also worked actively with automakers and dealers and continued to upgrade products and services to meet customers' demand for automobile purchases. Second, supporting the consumption of large-budget items such as home furnishing and furniture and electronic products. To meet the diversified consumption demands of customers, the Bank launched the proactive credit extension service featuring “instant approval and disbursement”, tapped the large-amount consumption scenarios, and embedded its services into the consumption scenarios, thus improving the availability of consumer credit services. The Bank proactively provided online credit services for new urban residents and extended differentiated credit lines according to their different qualifications to meet their financing needs for home decoration, electronic devices and other products, expanding the coverage of consumer credit services.

At the same time, the Bank built a consumption scenario of “one city, one mall”. The Credit Card Center jointly carried out activities with commercial complexes such as Wanda and Wuyue, with a focus on offering consumers discounts at high-quality catering merchants and supermarkets. It also strengthened cooperation with daily scenarios such as supermarkets to offer discount deals to the consumers. It tightened cooperation with online platforms such as Ctrip in domestic and overseas travel scenarios and provided consumers with travel benefits and convenience. It signed strategic cooperation agreements with six of China's top 100 auto dealers including Pang Da Automobile Trade Co., Ltd. and China Grand Auto. It realized a system connection with NETA Auto and ZEEKR, two NEV automakers, and started business development. The Yue Xiang Installment Card was upgraded with a better business model and functions, to meet the card holders' demand for big-budget consumption such as car purchase, home decoration, wedding ceremonies and tourism. The pilot installment plan for home decoration was introduced to meet customers' needs for the purchase of home appliances and home furnishings. Centralized operation of bill and cash installment payment plans was implemented to provide convenient financial services for consumers and to facilitate overall economic recovery, including consumption.

Case

“PSBC-sponsored Car Purchase Season for Rural Areas” held for the third consecutive year

PSBC has held the Car Purchase Season for Rural Areas for three consecutive years. In 2023, to promote rural revitalization, the Bank implemented the policy of promoting automobile consumption and delivering related financial services to the countryside. It continuously upgraded its products and services, built online and offline platforms, and extended its reach and broadened the scope of automotive financial services, with a focus on NEVs and high utility and multi-functional mid-range and high-end automotive brands. It worked with 14 automakers in selecting 20 models that met the demand of rural consumers, and introduced zero-interest or low-interest loan policies. It held joint marketing events in a large number of cities and counties, and worked with dealers to offer group purchase discounts. From cities to townships, from squares to outlets, the Bank's car display and purchase platform was easily accessible, making car purchase easier with high-quality financial services. By the end of 2023, more than 3,000 such joint marketing activities were held accumulatively.

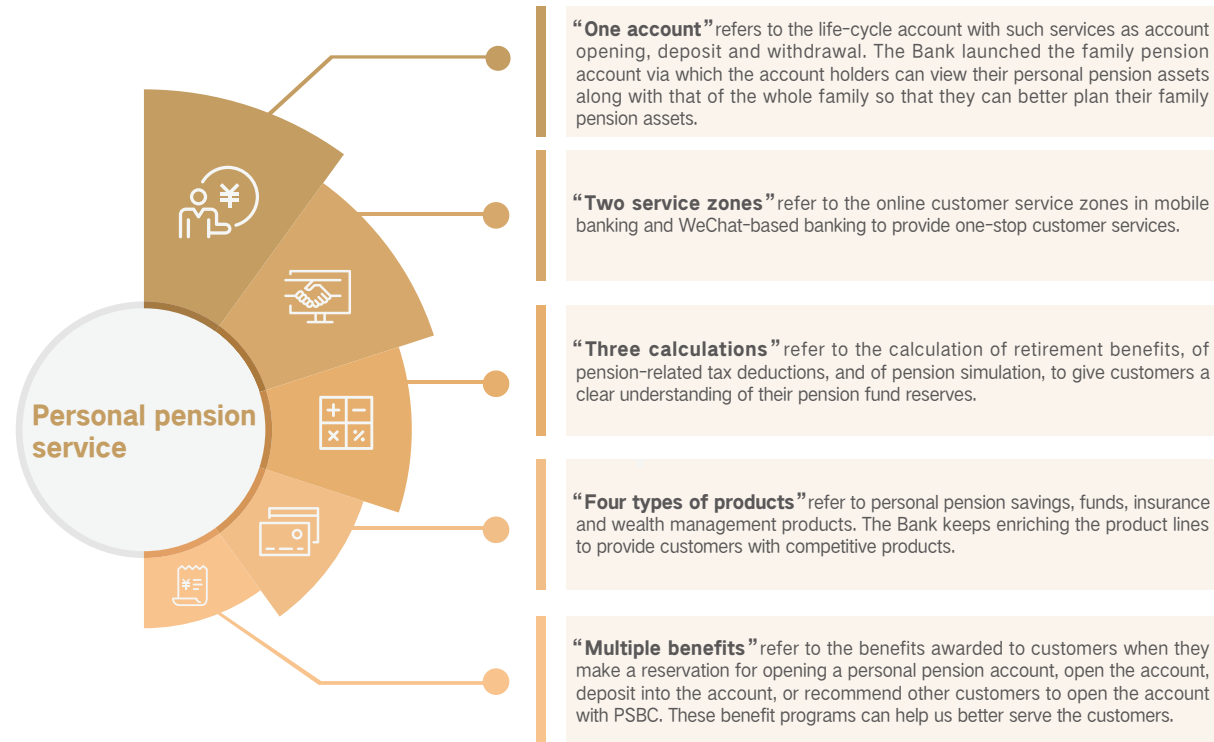
Reviving consumption through diversified services

With a focus on key customer groups, PSBC continued to improve products and enhance its ability to provide differentiated services, with the aim to help revive consumption. For female customers, the Bank launched the Fangfei-themed credit card which offers exclusive benefits and gifts for female customers to meet their consumption needs. For young customers, the Bank launched the “You Sheng Huo”-themed credit card which offers young online shoppers bargain deals on the “You Sheng Huo” platform to boost their consumption. For coffee lovers and young shoppers, the Bank launched a co-branded card with Luckin to leverage its advantages in the sales network and customer group structure to acquire more consumers, and support the small-amount and high-frequency offline catering consumption.

With a focus on the existing retail users, it prioritized the market expansion in third- and fourth-tier cities, and worked hard to improve the ability to provide refined and digitalized services, satisfy the diversified needs of users with differentiated products and services, and continue to enhance the customer experience.

Promoting pension finance

As one of the first banks in the country to launch the personal pension business, PSBC always assumes its role as a large state-owned bank, keeps improving the pension finance system and strengthening related capacity building, adapts financial services to the needs of elderly people, and strives to improve their sense of gains, happiness and security.



Case

The pension-related tax deductions calculator and the pension simulation calculator

PSBC launched the pension-related tax deductions calculator and pension simulation calculator, and provided one-stop personal pension services to address customers' retirement concerns. Among them, the pension-related tax deductions calculator can give customers a clear idea about how much the personal pension plan can save for them in the form of tax deductions, so that they can better plan their pension investment.

The pension simulation calculator can help estimate the monthly income and monthly expenses after retirement, compare them to the five brackets of the “U Enjoy Future” index, estimate the quality of retirement life, and help customers clarify expectations for the retirement life with different pension levels.

Raising public awareness of pension finance

PSBC stepped up efforts to raise public awareness of personal pension policies, and spread the message “Planning Now Is U Enjoy Future”, fulfilling its social responsibility of improving the national pension system, and helping customers live a better and happier life. In 2023, the “PSBC with You – The Nationwide Pension Awareness Campaign” was held in nine key provinces and cities across the country, with public lectures and forums organized to raise public awareness of related policies, build up national influence, meet the needs of customers for pension planning and investment services, and help them establish the scientific pension investment philosophy based on long-term and value investment philosophy.

Meeting the needs for housing

PSBC focused on meeting the people's demand for buying their first homes or improving their housing situation and was committed to maintaining the steady and healthy development of the real estate market. According to the policy requirements, the Bank timely issued the Announcement of Postal Savings Bank of China on the Adjustment of the Interest Rate of Existing Mortgages for First-Home Purchases and implemented the adjustment and the differential housing credit policy. The batch adjustment of the interest rate of existing mortgages for first-home purchases in 2023 benefited more than 4 million customers. PSBC continued to move the whole housing loan services online. It launched and promoted the remote housing loan review and approval system via mobile banking so that applicants, in both urban and rural areas, could have one more channel to apply for housing loans and meet their housing demand.

In 2023

The batch reduction in the interest rate of existing mortgages for first-home purchases benefited

Over **4 million customers**

Promoting wealth management

澎湃 | 中国邮政储蓄银行
POSTAL SAVINGS BANK OF CHINA
Presented by The Paper

Wealth Management for Common Prosperity

Episode 1 Confidence | Episode 2 Responsibility | Episode 3 Growth | Episode 4 Progress

Further reading
Wealth Management for Common Prosperity feature program
The program records the CSR and growth stories of the Bank and its individual business owner clients, and sheds new light on the path towards common prosperity.

00:00/20:23

Enriching the wealth management product line

Always putting the interests of customers first, the Bank built a diversified and open product platform, enriched the wealth management product line, launched online sales zones such as “Ji Ji Hong” and “First-time Buyers’ Zone”, and improved the competitiveness of products on sale via the horse-racing evaluation mechanism. The Bank developed equity funds despite the sluggish market and constructed a suitable fixed-income and equity fund product spectrum targeting the risk-return characteristics of different customer groups. It also promoted treasury bonds to the countryside to meet the diversified wealth management needs of rural customers.

Becoming a wealth management bank close to customers

The Bank prioritized optimizing services and strove to become a wealth management bank close to the people. The Bank firmly promoted investor education and continued to carry out the “Weekly Wealth Management Lecture” campaign, serving 5.59 million customers in 2023, and passing on the scientific asset allocation knowledge and philosophy to more customers. The Bank upgraded its omni-channel wealth management operations, built visually-appealing and highly-efficient physical premises with a comfortable environment for serving medium and high-end customers, and opened private banking centers in Wuhan, Guangzhou, Hangzhou and Changchun. Online, primarily via the mobile banking app, the Bank reshaped the service model of “U NAV Asset Allocation – Investing Consultation”, introduced the Sailboat Theory, and provided customers with around-the-clock wealth management consultation services.

Cultivating a professional wealth management team

The Bank kept building the team and improving their professional skills. It organized wealth management consultants and wealth management managers to receive on-the-job training to improve their abilities to serve the customers. An on-site training camp for wealth management managers under the theme of “Improving Abilities and Pursuing Excellence” and the Eighth Top Ten Wealth Management Managers Competition were held to enhance the comprehensive quality and professional capability of the team in all respects. It offered effective support for the wealth management managers to recommend asset allocation plans and product portfolios to the customers. It organized the training on the Certified Private Banker (CPB) certificate to cultivate more qualified bankers for providing more professional and comprehensive private banking services to customers.

Enhancing the brand influence of “PSBC WEALTH”

The Bank stayed customer-centered and worked to create more wealth value for the customers. The “24 Solar Terms · Wealth” event was upgraded, and live-streaming sessions on such themes as rural revitalization and financial wellbeing were organized. The Bank launched a series of children’s education activities for customers, serving over 13.3 thousand customers. The Bank, together with Tencent News and The Paper.cn, launched the documentaries The Answer to Wealth Management and Wealth Management for Common Prosperity respectively, effectively enhancing the brand image of “PSBC WEALTH”. During the reporting period, the Bank won a number of awards including the “Banking Wealth Management Brand of the Year” of the 14th Golden Wealth Management Award from Shanghai Securities News, claiming more and more attention and influence in the wealth management market.



PSBC is working to build up the “PSBC WEALTH” brand.

Promoting the use of e-CNY

PSBC expanded the pilot program on e-CNY, built e-CNY application demonstration scenarios in counties, improved the e-CNY payment ecosystem, and continued to enable the high-quality development of inclusive finance through e-CNY business.

The Bank improved the level of inclusive service. E-CNY was used in MSE loans and guarantee loans for startups for the first time, and the first e-CNY guarantee loan for startups in Hebei Province was issued in Xiong’an New Area. By the end of 2023, the disbursement and repayment of e-CNY inclusive loans exceeded RMB1 billion. The Bank also explored ways to facilitate the payment of special subsidies using e-CNY and issued e-CNY loans with discounted interests for 29 distressed enterprises in the Xiong’an New Area.

The Bank developed application scenarios concerning e-government services and public wellbeing. The Bank vigorously promoted the development of key scenarios such as corporate tax payment, the collection of central non-tax fiscal revenue, medical insurance and social security contributions, and payment of public utility bills. By the end of 2023, the total amount of tax paid in e-CNY reached RMB7.4 billion; more than a thousand charging units accepted e-CNY payment; Shaanxi, Hunan, Sichuan, and Qingdao allowed the payment of medical insurance and social security contributions using e-CNY; and Jiangsu, Zhejiang, and Hebei allowed the use of e-CNY for agency collection of central non-tax fiscal revenue. The Bank continued to support the digital transformation of public services, became a banking service provider on the Guangxi e-government service platform “Zhiguitong”, and further expanded the e-CNY application scope of the Fuzhou e-government service platform “e-Fuzhou”.

The Bank promoted better-quality consumption. The Bank actively organized more than 130 activities such as the E-CNY Red Packet and cash-back events, and delivered more benefits to the consumers via the inclusive and convenient e-CNY services. It spread e-CNY knowledge to customers via its public accounts on WeChat and WeChat Channel and showed customers how to correctly use e-CNY. In 2023, PSBC participated in the China International Fair for Trade in Services, China (Beijing) Digital Finance Forum, and the 6th Digital China Summit, and seized these opportunities to present its e-CNY products and scenario application results.

As of the end of 2023

The amount of e-CNY inclusive loans granted and repaid

Over **RMB1 billion**

Improving basic financial services

PSBC continued to optimize the procedures to access financial services, made basic financial services more accessible, made it easier for business entities to open accounts, and significantly improved the efficiency and security of basic financial services. First, promoting the digital processing of life-cycle account services. The Bank developed the service scenario of online reservation-based account opening, in which the customers can make a reservation through various online channels, go through the due diligence process through video banking on the corporate mobile banking terminal, and confirm their intention on account opening on their own. At the service counter, it introduced third-party industrial and commercial data to help with account opening and employed the latest technologies such as RPA (robotic process automation) for automatic reporting of accounts information and intelligent voice for verification on phones to improve the quality and efficiency of business handling. As a result, the efficiency of account opening grew by 80%. Meanwhile, technologies such as OCR (optical character recognition) identification and slicing robots were used to improve the efficiency of information collection, and as a result, the settlement efficiency was up by 50%. The Bank also provided the reconciliation service through WeChat, mobile banking app, and online banking, greatly improving the convenience of customer account services. Second, expanding the implementation scenarios of “One-Stop Service”. The Bank integrated the account opening service with industrial and commercial business registration service, and 27 branches have connected the account opening system with the e-government platforms for industrial and commercial business registration. Third, steadily promoting the application of electronic confirmation with the future and the big picture in mind. Based on the operation management model featuring resource sharing, intensive management and standardized operation, the Bank used the integrated system for processing and management of digital confirmation it independently developed, and technologies such as distributed computing, big data, artificial intelligence, secure digital watermarking and blockchain to reshape business processes. It has realized automatic extraction and integration of business data, and efficient collaboration between information and business processing. Through cooperation with the confirmation blockchain service platform of the China Banking Association, it realized electronic processing of confirmation business, and improved business efficiency, thus promoting green finance, and helping build a sound social credit system and maintain financial stability.



PSBC set up a sub-branch in Naqu, Xizang, China's highest-altitude city.

To improve the service quality of outlets, the Bank steadily pushed ahead with improvement actions at outlets. It carried out large-scale training and drills on outlet service standards, upgraded the outlet facilities, specified the standards for the placement of items, and improved the outlet service environment. The Bank launched 25 considerate services regarding the service flow, service atmosphere, special scenarios and customer groups with special needs, to provide customers with uniform, standardized, well-regulated and considerate financial services. The Bank kept its ears open to customers. Based on the customer experience management platform "Lingxi", the Bank dynamically monitored the scenario-based satisfaction degree of 1,360 experience indicators of 37 customer journeys. In 2023, the Bank implemented 1,077 measures to improve the customer journey and launched one-stop services such as "one-click contract signing" and "one-click unlock", and instant issuance of the bank statement on the mobile banking app. The customer and employee satisfaction degree kept rising. The "PSBC Care Station" was opened as a sustainable people-centered public welfare platform, to provide convenient, heart-warming and considerate services for the public, including outdoor workers, the elderly, and customers with special needs. By the end of 2023, the Bank had opened 4,861 "PSBC Care Stations", covering all provincial- and prefecture-level branches, and cumulatively serving more than 37 million person-times. Forty-nine "PSBC Care Stations" were rated as the "Best Outdoor Workers Service Station" by the All-China Federation of Trade Unions in 2023.

As of the end of 2023

The number of "PSBC Care Stations" opened

4,861 covering all provincial- and prefecture/municipal-level branches and sub-branches

Number of customers served cumulatively

Over **37 million person-times**

PSBC kept improving the competitiveness of outlets. Guided by the three-year plan for efficiency improvement, the Bank made particular efforts to improve the geographical distribution of outlets, strengthen governance of low-efficiency outlets, improve the outlets' production capacity and personnel efficiency, and strengthen digital management and intensive operation, improving the quality and efficiency of outlet operations and enhancing the comprehensive competitiveness of outlets. The Bank optimized the geographical distribution of outlets, guaranteed the coverage of outlets in counties and below, and increased input in opening more outlets in the Beijing-Tianjin-Hebei region, the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area. It enriched the business forms at outlets, established a management system for the development of outlets with characteristic business, services and themes, and improved the capability of outlets in providing differentiated services. It also improved the image of outlets and opened flagship stores in municipalities directly under the central government, cities separately listed in the national plan and 50 key cities across the country, to develop them into model outlets with strong visual appeal, a comfortable environment, and high efficiency.

Case

"U NAV Asset Allocation" to improve the customer investment experience

"U NAV Asset Allocation - Investing Consultation" is an online asset allocation consulting service accessible via mobile banking. PSBC introduced the sailing ship theory of asset allocation, which compares the financial assets of a household to a sailing ship, and uses the "paddle, hull, sail, anchor, and lifebuoy" as the metaphor for five types of financial assets, respectively, thus explaining the obscure jargons of asset allocation vividly to customers in plain language. "U NAV Asset Allocation - Investing Consultation" analyzes the asset structure using scientific asset allocation models, and issues personalized diagnosis results and optimization plans to customers. It also selects excellent investment and wealth management products in the market, and helps customers understand them quickly by means of product popularity rating, expert interpretation, and expert evaluation results. Investors can place the portfolio order in the shopping cart to optimize their asset structure. All this has helped improve the online investment experience.



PSBC provides considerate services for every customer.

Delivering social insurance services to customers

In June 2023, PSBC Heilongjiang Branch and the Department of Human Resources and Social Security of Heilongjiang Province jointly launched an in-depth cooperation project on the delivery of social security services. Based on system connectivity between the two sides, Heilongjiang Branch leveraged its extensive physical outlet network, and actively cooperated with the Social Insurance Affairs Center to build a social security service circle within a 15-minute walk from urban communities and with a 5-kilometer radius in the countryside. This can largely meet the needs of enterprises and the public for convenient social insurance services. By the end of 2023, the customers of Heilongjiang Branch could go to the nearest outlet to access social security services, with a total of 221 self-operated outlets offering such services and cumulatively 3,714 such requests met. The customers spoke highly of the efficient, convenient and quick one-stop services provided by the Bank.

Developing digital finance

In response to the call for accelerating digital development and building a digital China set forth in The Outline of the 14th Five-Year Plan and Long-Range Objectives through the Year 2035, the Bank fully implemented the Outline of the 14th Five-Year Plan for IT Development of the Postal Savings Bank of China. It unwaveringly adhered to the path of building an IT-enabled bank with independent and controllable core technologies, continued to consolidate the enterprise-level sharing platform, continued to make the R&D more independent, controllable and agile, increased the application of fintech innovations, continuously improved the quality and efficiency of serving the real economy, and enhanced the customer service capacity. As of the end of 2023, the Bank's IT investment totaled RMB11.278 billion, a year-on-year increase of 5.88%.

The Bank developed IT systems and made every effort to advance the R&D of key projects, including the new-generation core banking system plus ten major programs. Solid efforts were made to implement the Three-year Plan for Enhancing the Independent Capacity in Information Technology of the Head Office and Controlled Subsidiaries (2023-2025). The Bank pushed forward the construction of enterprise-level platforms and moved faster to build the middle office of the six business lines of marketing, ecosystem collaboration, credit, wealth management, operations and finance. The Bank developed five key capabilities: DevOps, common components, enterprise integration, technological innovation and cloud native, and formed unified, reusable technical services across the Bank. Meanwhile, it kept enhancing the degree of technology standardization, independence and controllability.

The Bank continued to develop the R&D management system, released Version 2.0 of the bank-wide R&D process management system, and passed the Capability Maturity Model Integration (CMMI) Level 4 certification. It enriched the R&D efficiency indicator system and optimized the performance baseline and model of performance indicators. It promoted the standardized pipeline of the DevOps toolchain, and realized automatic support for the whole process of software development, refined management of the whole process, and end-to-end value delivery. It optimized the personnel allocation, leading to lower costs and higher efficiency.

As of the end of 2023

IT investment in 2023

RMB11.278 billion

A YoY increase of

5.88%

The Bank strengthened R&D security management. It improved R&D risk control capabilities and pushed for the steady development of information engineering. The new-generation core banking system of corporate business was among the first key infrastructure systems to pass the security assessment of commercial password applications in the industry. The Bank organized a large number of anti-fraud awareness events on campus, at enterprises and in residential neighborhoods. These events in turn enhanced the security of e-CNY, mobile banking and other key business areas. The Bank also strengthened team building, continued to improve the human resources management system, and developed core professional capabilities.

The Bank strengthened data governance. It obtained a certificate for Data Management Capability Maturity Assessment Model (DCMM) in quantitative management (Level 4), marking that its data management capability was at the advanced level in the industry. The Bank made particular efforts to improve customer service quality and efficiency, risk control capability, and refined operation management, while continuously advancing purpose-specific improvements and improving the quality of data assets to tap their value. The Bank led the preparation of Guidelines for Building Enterprise Data Dictionaries of Banks issued by the China Banking Association and participated in the preparation of Financial Metadata Standards issued by the People's Bank of China, and White Paper on Data Models of Commercial Banks issued by China Communications Standards Association, among a dozen other industry normative documents.



The Bank consolidated the foundation for data security. It followed the latest laws, regulations and regulatory requirements, took into account its actual conditions, and made rolling updates to its data security related plans, with a focus on the aspects of data security governance, data classification and grading, data life-cycle security protection, data security technology, and risk monitoring and response. The Bank continued to classify and grade data, with full coverage of systems certified as Level 3 and above by the national information security protection rating system, and other important information systems. The Bank actively participated in the pilot implementation of the Information Security Technology – Rules for Data Classification and Grading and explored its implementation in the financial sector. For key scenarios such as external data access and data sharing, the Bank conducted assessments in the dimensions of the necessity of data exchange, legal compliance and adequacy of protection, and strictly managed the data security risk in key data exchange links. In the evaluation of Galaxy best practices organized by the China Academy of Information and Communications Technology, PSBC's data security classification and grading practice was voted a best practice.

New application scenarios of digital technology

Developing digital employees to provide a new digital service experience

In 2023, the Bank built an enterprise-level digital employee content production platform, and created a number of digital employees with its own characteristics. They assume the role of the customer service manager on the mobile banking terminal and the virtual service manager on the credit card app, introduce products to and handle the service requests of customers in an all-weather and non-stop manner. This people-centered and diversified human-computer interaction brings forth a more immersive customer service experience. At the same time, the Bank launched the sign-language digital human operation platform to help customers with hearing impairment access banking services and improve the availability of financial services.



Our 2D digital employees.



Our 3D digital employees.

Improving the ability to serve MSEs via the Internet of Things platform

The Bank independently developed the Internet of Things (IoT) platform which realizes the integrated “cloud-network-edge-end” management of all types of IoT devices throughout their lifecycle. The IoT platform adds important data perception and acquisition capabilities to the “PSBC Brain”, and extends the “capillaries” of data to MSEs, so that PSBC can obtain more authentic and comprehensive information about MSEs, realize the digitized circulation of assets, help solve the problem of information asymmetry, and promote the development of digital inclusive finance.

Strengthening the smart risk control capability to ensure the security of customer funds

The Bank actively used fintech to strengthen security and ensure the safety of customers’ property. The Bank developed a bank-wide map for identifying accounts involved in telecom fraud, which enables it to accurately identify accounts involved in such cases. The Bank also reconstructed the manual operation process for identifying group fraud, and realized efficient and intelligent decision-making. The Bank’s deep anti-counterfeiting detection capability of biometric identification was upgraded, and could effectively intercept image synthesis attacks in the identity verification process, ensuring the security of the authentication process and transaction links.



The PSBC booth at the 6th Digital China Summit.

Promoting the application of intelligent technology to improve the quality and efficiency of operation and management

The Bank vigorously promoted the RPA technology which has replaced people in the execution of large-scale and repetitive tasks in such fields as financial management, operation management, and credit management, and automated the work process. As of the end of 2023, RPA had executed more than 2 million tasks. At the same time, the Bank stepped up to apply the OCR technology in business scenarios such as card activation and guaranteed loans. The technology could also be used to assist with fund monitoring and customer service.

Developing cutting-edge technology and promoting the application of large models

Closely following the development trend of cutting-edge technologies, the Bank made attempts to apply the large-model technology in the fields of text generation, code generation, text extraction and multi-modal understanding and generation. The large-model technology has been implemented for digital collection on the mobile banking terminal and in the "Lingdong Think Tank" service bot on the PSBC account on WeChat Work. At the PSBC Digital Finance Conference and Mobile Banking 9.0 Press Conference in December 2023, the Bank launched the "Digital Pet Paradise" in which it used multi-modal generation technology to generate personalized digital collection images, and used the blockchain technology to give the collection property rights, providing an exclusive customer experience.

Building the five platforms for custody business and elevating the customer service capability to a new level

The Bank has built a system platform covering the five aspects of product management, core operations, investment services, data management, and customer service, and launched its first self-developed product operation system for the custody business. The system realized the online management of custody products from marketing to operation, and significantly sped up the process of product introduction and improved the effects and efficiency of contract review and signing. At the same time, the custody business system was fully and directly connected to the system of infrastructure and settlement institutions such as China Central Depository & Clearing Co., Ltd. and China Securities Depository and Clearing Corporation Limited, and the system processing efficiency was greatly improved.

Case

Enhancing centralized operation capacity

PSBC made great efforts to build an online operation system, and turned its mobile banking app into a main customer operation platform capable of proactive reach and targeted recommendations for customers. The Bank stepped up efforts to build the customer operation platform, with the goal of promoting the conversion of customer value, and significantly enhanced its digital service capability. Based on the brand-new architecture, the PSBC mobile banking app 9.0 added functions such as floating window, and banners at homepage and transaction result page, to realize personalized and targeted push notifications to different customer groups and enhance the comprehensive customer service experience. The Bank gradually explored the automatic operation mode, and built a one-stop operation strategy configuration platform by building a "thick middle office", to realize refined operation and automatic access based on the characteristics and behavioral patterns of different customer groups.

Building the product operation system

By building the product operation system, and with a focus on the whole-chain transformation of product design, marketing and operation, the Bank established a comprehensive evaluation system, to standardize process management, and conduct centralized materials processing and distribution, digital centralized operation and risk management, and AI-empowered marketing management for all types of products. The Bank realized online lifecycle operation management and enterprise-level services, enabled more refined and standardized product duration management, and fully mobilized the Head Office and branches to better monitor the risk of product's business process and improve the product operation efficiency in all respects.

Building the interbank ecosystem platform "Together We Thrive"

The PSBC interbank ecosystem platform "Together We Thrive" offers such functions as customer exchange, business cooperation and information exchange, and brings together internal and external resources to provide multi-level and comprehensive financial services for financial institution customers. As of the end of 2023, the platform had 2,407 registered institutions and more than 6,900 registered users, and the cumulative transaction scale exceeded RMB2 trillion, driving the continuous improvement of interbank customer service capacity and the transformation and upgrading of fund and asset management business.



The "Together We Thrive" interbank ecosystem platform of PSBC.

The "digital and intelligent video plus" remote service model

PSBC launched the "digital and intelligent video plus" remote service center which is equipped with online reengineering of business scenarios and intelligent reshaping of business processes, and embeds audio and video communication, AI identification, data analysis and interactive experience technologies flexibly into financial business scenarios, effectively improving the operating capacity of more than 30 financial scenarios including the audio-visual recording of insurance sales and face-to-face contract signing for Sannong related business. The system implied technologies including containerization, distributed storage, cross-platform integration, and multi-device compatibility, and can support 20 thousand simultaneous video-based transactions and 40 thousand simultaneous visits, indicating high performance and availability of video capabilities.

Improving the operating efficiency of outlets

To meet the needs of outlet transformation and customer experience improvement, PSBC built a digital and intelligent remote financial service center (cloud counter) and a chatbot system, and promoted the outlet transformation and the development of digital finance. The cloud counter has built a remote customer service system with speech recognition, video and sharing functions using the streaming technology, and can organize and coordinate the work of staff in all outlets across the country, improve the overall operational efficiency, and provide efficient and convenient financial services to customers. The "Xiaoyou Assistant" chatbot system provides professional support and intelligent services for tellers in real time by matching questions using LLM (Large Language Model) and fielding online inquiries, so as to further improve the business processing efficiency and customer experience.

PSBC mobile banking app 9.0

PSBC launched its mobile banking app 9.0, offering users a new multidimensional interactive experience involving customer interaction, scenario interaction and product interaction. It rolled out such functions as U NAV Asset Allocation and retirement planning, and a mobile banking wealth management system capable of income and expenditure analysis, account inquiry, and monthly statement/annual statement, to meet personalized and diversified wealth management needs. The search function was optimized, the display page of search results modified and the accuracy of search prediction improved. The message center was upgraded. The app also introduced the themed blind box, birthday/holiday blessings, and desktop widgets to enhance interactivity. The AI space was launched to provide customers with more high-tech customized services. The transaction authentication methods were improved to be user-friendlier, and the users now can choose quick transaction without login, cell phone number authentication and basic authentication methods for transfers, enhancing the customer experience while ensuring effective risk control. By the end of 2023, the personal mobile banking app had 361 million registered users, with 69.32 million monthly active users (MAUs). (MAUs refer to users who have opened the mobile banking app in the current month.)



PSBC mobile banking app 9.0 - Smart Xiaoyou

GREEN WORLD, BETTER LIFE.

CSR
PRACTICES

CSR Practices

**Focusing on Green Development and
Jointly Building a Beautiful Home**

Strengthening green management

Developing green finance

Implementing green operations



Strengthening green management

PSBC actively implemented the philosophy that “clear waters and green mountains are invaluable assets”, strictly implemented national policies and regulatory requirements, and supported the United Nations 2030 Sustainable Development Goals (SDGs) and the Paris Agreement. The Bank vigorously developed sustainable finance, green finance and climate finance, supported biodiversity conservation, and strove to build itself into a first-class green inclusive bank, climate-friendly bank and eco-friendly bank, and contributed to the realization of the carbon peaking and carbon neutrality goals. As of the end of 2023, the balance of green loans was RMB637,878 million, an increase of 28.46% over the end of the previous year; that of green finance was RMB747,946 million, an increase of 28.24%; that of loans to clean energy industries RMB232,916 million, up by 20.76%; that of green bond investment was RMB36,769 million; the underwriting scale of green bonds was RMB6,087 million. The projects financed by the Bank’s green credit saved 20.0564 million tonnes of standard coal and reduced carbon dioxide equivalent by 48.2175 million tonnes annually.

The Bank signed up for the United Nations Sustainable Blue Economy Finance Initiative, the first large state-owned commercial bank in China to do so. It was awarded the honorary title “Advanced Organization in Green Bank Evaluation” by the China Banking Association, and the 2023 Best ESG Practice among A-share Companies and the 2023 Best Practice of Digital Transformation among Listed Companies by the China Association for Public Companies.

As of the end of 2023

The balance of green loans

RMB637,878 million

The balance of green finance

RMB747,946 million

Improving green governance

Green banking is given strategic significance. Attaching great importance to relevant work in the field of green finance, the Board of Directors incorporated the carbon peaking and carbon neutrality goals and green banking into the Bank’s Outline of Medium and Long-term Development Strategy and Outline of the 14th Five-Year Plan and regularly heard reports on green finance, ESG and climate risk, environmental information disclosure, etc. It also monitored and evaluated the implementation of the green finance development strategy.

Seeking institutional innovation

The Bank implemented the Action Plan for Peaking Carbon Emissions and Achieving Carbon Neutrality, actively played the coordinating role of the “Leading Group for Peaking Carbon Emissions and Achieving Carbon Neutrality/Green Finance”, regularly heard reports on the progress of green bank development and ESG management, and continued to implement its green strategies. The Bank supported the green and low-carbon transformation and development pilot projects, including the reform and innovation pilot areas for green finance, the climate investment and financing pilot areas, and carbon peaking pilot cities and parks. It opened 28 green financial institutions, including carbon-neutral sub-branches, green sub-branches and green finance departments, to improve the quality and efficiency of low-carbon transformation of green financial services. It also developed the demonstration outlets of green sub-branches. The Bank opened its first blue finance service center at PSBC Yangxi Sub-branch of Yangjiang City, Guangdong Province.

Optimizing the policy system

PSBC continued to optimize the credit policy guideline for green finance, placed more emphasis on biodiversity protection and climate change, and allocated more financial resources to biodiversity protection and nature-based solutions. It encouraged lending to such industries as hydropower, nuclear power, wind power, photovoltaic power generation, biomass power generation, electrochemical energy storage, energy conservation and environmental protection, NEVs, high-power lithium batteries, charging piles, railways, rail transit, and the marine industry, and prioritized such areas as marine renewable energy, fisheries, marine transportation, tourism, response to climate change and marine garbage disposal. The Bank forbade financing to overseas coal, coal power and other high-carbon fossil energy projects, and resolutely applied the one-vote veto system for environmental assessment.

The Bank formulated the Key Points for Peaking Carbon Emissions and Achieving Carbon Neutrality and Green Finance in 2023 and the Business Development Strategy for the Clean Energy Industry, clarifying the annual objectives and key tasks of green finance, and guided the branches to offer targeted services and support customers’ transformation and development.

The industry-specific credit policies

Industry	Credit Policy Description
Agriculture, forestry, animal husbandry and fishing	The Bank encourages financing in agriculture, forestry, animal husbandry and fishing industries. Focusing on ecological conservation, it actively develops green agriculture, forestry, animal husbandry, and fishing projects, projects for natural and tourism resource conservation and development, as well as ecological restoration projects with multiple benefits.
Biodiversity	The Bank incorporates biodiversity conservation into the scope of sustainable finance and green finance, explores opportunities for commercially sustainable biodiversity investment and financing, and allocates more financial resources towards biodiversity conservation and nature-based solutions.
Climate change	The Bank focuses on global climate change policies and greenhouse gas emissions reduction requirements, and gives priority to clean and green renewable energy projects.
Energy use	Energy use includes such industries as natural gas power generation, hydropower, nuclear power, wind power, photovoltaic power generation, biomass power generation, and power supply. The Bank encourages lending to clean energy industries such as photovoltaic power generation, wind power, and hydropower, and increases support to them. It gives great weight to the measures and effects of the energy conservation and emissions reduction of enterprises in the production and circulation links in financing review and approval, with the aim to help cultivate and strengthen the clean energy industries and the transformation and upgrading of the traditional energy industries.
Mining	The Bank supports green, clean and intelligent mining projects, and evaluates customers and projects from perspectives of workplace safety, environmental protection and resource utilization. It supports the green and intelligent development of the coal industry and the clean and efficient use of coal. It applies the “one-vote veto” system for ESG and climate risks, forbids lending to customers and projects with significant environmental and climate risks, and resolutely scales back and withdraws credit from non-compliant and backward production capacity projects that go against relevant national industrial policies and enterprises that fail to meet environmental and workplace safety regulations.
Oil and gas exploitation	In terms of oil and gas exploitation, and related professional and auxiliary activities, the Bank pays close attention to the environmental and social risks of investment and financing in the oil and gas sector, and supports projects that meet the standards for comprehensive utilization of resources and energy conservation and environmental protection stipulated in related industrial policies. Focus is placed on the environmental risks in the discharge of fracturing flowback fluid and gas field wastewater, the treatment and disposal of waste mud and rock waste, and the storage of chemicals.
Transportation	In terms of railways, highways, ports, shipping industry, urban rail transit, air transport, and civil airports, the Bank primarily supports green transportation, such as railway transportation, urban public transportation, and environmentally friendly transportation. It actively supports national key infrastructure construction projects for shoring up weaknesses, effectively finances air pollution control in areas such as transportation emissions reduction and transformation, and supports the construction of intelligent transportation and logistics facilities.

▶ Giving stronger support to relevant areas

The Bank introduced more preferential policies in terms of performance evaluation, credit scale, funds transfer pricing (FTP), economic capital and internal audit, to support key green finance areas such as low-carbon transportation, renewable energy, clean energy, green buildings, energy conservation and environmental protection. The Bank optimized the performance evaluation mechanism and incorporated green finance, blue finance and ESG risks into the evaluation system of the Head Office and branches. It implemented differentiated policies for the measurement of the economic capital of green finance, further expanded the measurement scope, and set an economic capital adjustment coefficient of 90% for green finance businesses. It provided preferential interest rates and lowered the FTP as appropriate for green projects with significant carbon reduction benefits: a decrease of 15 bps for green credit and green bonds, and 70 bps for green agriculture projects and green inclusive loans to MSEs.

▶ Introducing new products and services

The Bank issued the first just transition loan in the country, launched the first “carbon emission reduction facility plus sustainability-linked plus e-CNY” scenario-based loan in the country, and assisted the low-carbon transformation and development of enterprises with a new product combination, striving to build a new model of green financial services. The Bank successfully launched the blue M&A loan, to promote the scientific utilization of marine resources and the integrated development of the marine economy and energy economy. The Bank issued the first green financial bond with a scale of RMB5 billion, and all the raised funds were used for financing the green upgrading of infrastructure projects specified in the Catalogue of Projects Eligible for Green Bond Support (2021 Edition) issued by the People’s Bank of China. The Bank issued the first green asset-backed notes simultaneously labeled with the three innovative marks of carbon neutrality, rural revitalization and former revolutionary bases. It also issued two ESG-themed wealth management products: the closed-end RMB wealth management product PSBC Wealth Yueyi · Hongjin Tranche 13 of 2023 (ESG select) and the closed-end RMB wealth management product PSBC Wealth · Hongjin Tranche 32 of 2023 (ESG select). It issued several sustainability-linked financing schemes and launched the “green bills plus e-CNY” innovative discount product “Green G Discount”. Focusing on such scenarios as green finance, green lifestyles and green philosophy, the Bank launched personal carbon accounts in the low-carbon zone of its mobile banking app to record users’ low-carbon practices and provide incentives such as gift rewards, advocating low-carbon lifestyles. It provided carbon accounting services for corporate customers and had completed carbon accounting for 4,067 enterprises by the end of 2023.

▶ Strengthening digital empowerment

Based on the existing “Jinjing” (Golden Eye) credit risk monitoring system, the Bank completed the pilot project of comprehensive application of financial data launched by the People’s Bank of China – “Green Credit Service Based on Big Data Technology”. The climate risk database was improved. The “Jinjing” system provided access to environmental data, including the total annual emissions of greenhouse gases, the total annual emissions of pollutants by enterprises, the climate data of listed companies, the color change in environmental performance levels, the daily average of noncompliance via the online monitoring, feedback status of enterprises, emission permits, greenhouse gas emissions reports, carbon accounting of corporate customers, and the red lines for ecological conservation, alleviating information asymmetry in green financial market transactions. The Bank launched the automatic identification of green labels and energy saving and emissions reduction data to meet the needs of digital development and management of green finance.

As of the end of 2023

Green credit and green bonds were given a discount of

15 bps in FTP

Green agriculture projects and green inclusive loans to MSEs were given a discount of

70 bps in FTP



PSBC financed the development of the beautiful countryside with a pleasant living environment in Datian County, Fujian.

Case

The first TCFD report released

In 2023, in reference to the Guidelines on Environmental Information Disclosure by Financial Institutions issued by the People's Bank of China, the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) framework, the Environmental, Social and Governance Reporting Guide of Hong Kong Exchanges and Clearing Limited, and the Global Sustainability Standards Board's GRI Sustainability Reporting Standards, the Bank prepared its first TCFD Report and released it in May 2023 on its official website. The report consists of "Foreword", "Governance", "Strategy", "Policies and Procedures", "Risk Management", "Green Investment and Financing", "Green Operation", "Research Achievements", "Honors and Awards", "Appendices", and "Notes to the Report", fully showing the Bank's green banking drive and management of environmental and climate risks.

Participating in the pilot project of comprehensive application of financial data

In June 2023, the pilot project of comprehensive application of financial data launched by the Beijing Municipal Branch of the People's Bank of China – "Green Credit Service Based on Big Data Technology", in which the Bank participated, was successfully concluded. Based on the PSBC's "Jinjing" credit risk monitoring system, the project dynamically assessed the enterprises' environmental performance, effectively identified their environmental credit risks, and improved the efficiency of credit management. It used artificial intelligence technology to embed various green financial statistical standards and rules in business systems to improve the ability to identify green projects and green assets. The environmental benefit calculation model was built into the credit business platform to realize dynamic monitoring and accurate calculation of the environmental benefits of green projects. This project will further drive PSBC's digital transformation of green finance.

Promoting carbon accounting for corporate customers

Since 2021, the Bank has promoted the carbon accounting among enterprises subject to non-mandatory disclosure of environmental information in an orderly manner. By the end of 2023, it had completed carbon accounting for 4,067 enterprises. This is a useful attempt to promote the green and low-carbon transformation of enterprises, improve risk management, and better regulate information disclosure. Meanwhile, branches in Fujian, Hunan, Zhejiang, Shandong and Beijing piloted the combination of carbon accounting with customer survey, review and approval, post-lending management and product innovation to nudge the customers to shift to green and low-carbon development, strengthen risk monitoring and early warning, speed up the development of more green financial products and services, expand the breadth and depth of carbon accounting, and lay a solid foundation for promoting the low-carbon transition.

As of the end of 2023

The number of enterprises with carbon accounting completed

4,067

The personal carbon account

In December 2023, PSBC launched the personal carbon account in the low-carbon zone of its mobile banking app, to record the users' daily low-carbon practices and the corresponding amount of carbon emissions reduced. At the same time, the financial business was added to the low-carbon zone, so that the users' financial behavior was linked to their personal carbon account. All this was to promote the green and low-carbon e-banking, improve the quality and efficiency of the Bank's low-carbon operations, and build a green "finance plus lifestyle" scenario. At present, in the low-carbon zone of the mobile banking app, the following green and low-carbon practices can all generate carbon reduction: opening the virtual low-carbon card, transfers and remittance, loan application, e-CNY consumption, and payment of public utility bills, effectively encouraging more customers to help protect the environment and lead a low-carbon life.

The blue M&A loan

In June 2023, PSBC Shanghai Branch granted its first M&A loan to Titan Wind Energy (Suzhou) Co., Ltd. This was the first green clean energy M&A loan for the private sector and the first blue M&A loan issued by the branch. By the end of 2023, the branch had issued RMB560 million blue M&A loans.

Titan Wind Energy (Suzhou) Co., Ltd. is mainly engaged in the production and sales of wind power towers and wind turbine blades, and the development, investment, construction and operation of wind power projects. It is one of the largest wind power tower manufacturers in China. Learning that the company was short of funds and in need of an M&A loan for the acquisition of an equipment manufacturing company in Jiangsu, Shanghai Branch actively responded to the national strategy, developed a special M&A loan plan for it, financed its M&A project, and helped it transform into an offshore and onshore wind power equipment manufacturer.



PSBC supported the development of the wind power industry in Hainan with green finance.

Developing green finance

PSBC gave full play to the joint operating efficiency of “commercial banking plus investment banking”, solved the pain point in financing facing customers with sophisticated solutions, and enhanced the growth momentum of green finance with the thinking and tools of investment banking. Through diversified financing channels and products, the Bank served the low-carbon transformation and development of the real economy.

The Bank actively supported green, low-carbon and circular economy and promoted green development. It increased investment in green bonds, and gave priority to green projects in such areas as energy conservation and environmental protection, clean energy and infrastructure upgrading, to support the green transition of the real economy. As of the end of 2023, the balance of green bond investment was RMB36,769 million, and the Bank had been awarded the title of “Excellent Institutional Investor of ChinaBond Green Bond Index” for five consecutive years.

Focusing on the marketing and product innovation of green bond financing projects, PSBC underwrote RMB6,087 million of green bonds, up by 34.67% year-on-year, bringing the cumulative underwriting scale to RMB17,857 million. It assisted many enterprises such as Shanghai Shenneng Financial Leasing, China West Construction Group, Everbright Environment, and Greentown in green financing. Specifically, the Bank issued green asset-backed commercial notes (carbon-neutral bonds/rural revitalization/former revolutionary bases) for Shanghai Shenneng Financial Leasing Co., Ltd., raising RMB1,001 million. The project was the first green asset-backed note with three labels under the debt financing instrument of the National Association of Financial Market Institutional Investors. In terms of syndicated financing, the Bank acted as the lead bank and organized green innovation projects such as the syndicated loan for fruit forests as carbon sinks and the syndicated loan for bamboo forests as carbon sinks. It actively gave play to its advantages in integrating financing resources for M&As, and supported the blue M&As in the offshore wind power equipment manufacturing sector and the green M&As in the environmental governance and clean energy sector.

By the end of 2023, the balance of discounted bills that fell in the statistical scope of green loans of the People’s Bank of China was RMB11,306 million, 26.64% higher than the end of the previous year; the balance of discounted bills that fell in the statistical scope of green financing of the National Financial Regulatory Administration was RMB 8,647 million, an increase of 26.44% over the end of the previous year; the investment in green asset-backed-security (ABS) projects was RMB8,816 million, an increase of 120% from the end of the previous year.



Two account managers of PSBC visited an LNG central gasification station to find out the company’s financing needs.



PSBC’s green loans are helping enterprises save energy and reduce resource consumption.

Case

“Green G Discount”, a “green bill plus e-CNY” innovative discount product

In February 2023, the Bank launched the “green bill plus e-CNY” discount product “Green G Discount”. This green finance product is targeted at the particular customer group of green and low-carbon enterprises, supports e-CNY lending, improves the efficiency of payment and settlement, provides customers with “Green G Points” benefits, saves discount costs, and effectively supports green and low-carbon enterprises’ bill financing. On the day of launch, PSBC Shaoxing Sub-branch in Zhejiang handled the “Green G Discount” business in the e-CNY scenario for green enterprises, and issued funds of RMB2 million to them through the corporate e-CNY wallet. This marked a new step to benefit more MSMEs and promote green, low-carbon development.

The first scenario-based loan featuring “carbon emission reduction facility plus sustainability linked plus e-CNY”

In April 2023, PSBC Guangxi Branch launched the country’s first scenario-based loan featuring “carbon emission reduction facility plus sustainability linked plus e-CNY”, helping enterprises save energy and reduce emissions through innovative product combination. The e-CNY loan can reduce the financing cost for enterprises and improve the capital turnover efficiency. The credit was extended to an energy investment and operation company under a large state-owned enterprise in Guangxi, which is specialized in investment in and operations of conventional energy and new energy projects. The credit was used to finance the construction of distributed photovoltaic power generation projects with a total installed capacity of 8.48MW and an average annual power generation capacity of about 8,077,900 kWh, which is expected to save 2,463.75 tonnes of standard coal equivalent per year and reduce carbon dioxide emissions by 8,053.64 tonnes compared with current coal-fired thermal power plant. The energy-saving and environmental benefits are significant.

The first “Green Panda Bond” underwritten by PSBC

In May 2023, PSBC Shenzhen Branch underwrote the first “Green Panda Bond” of the Bank – the first tranche of a green medium-term note issued by China Everbright Greentech Limited in 2023, with a scale of RMB1 billion, a term of three years, and a coupon rate of 3.2%. All the funds raised will be used for the company’s green projects, involving 14 comprehensive biomass utilization projects and another 14 solid and hazardous waste disposal projects. According to the green bond assessment report, the green projects to be financed by the current tranche of bonds are expected to reduce carbon dioxide emissions by 1,410,500 tonnes per year, and have good environmental benefits such as carbon emissions reduction.

The loan for bamboo forests secured by carbon sinks

In May 2023, PSBC Huzhou Sub-branch of Zhejiang Province granted a loan of RMB372 million to Anji’s bamboo industry renovation and upgrading project (the Zhangcun Town section), marking the successful launch of its first loan for bamboo forests secured by carbon sinks. In this project, Huzhou Sub-branch used the carbon sink pledge as an important means of credit enhancement, and solved the problem of insufficient effective guarantee in the early stage of the project through the guarantee of a platform company of a state-owned enterprise. At the same time, as the lead bank, it established a syndicate of RMB1 billion, opened an express channel to offer financial support for tapping the value of forests and fruit trees as eco-products, and effectively promoted local carbon sequestration and storage by bamboo forests and the development of the eco-forestry demonstration project.

The “Green Organic Agriculture Loan”

PSBC Guangdong Branch tailored the financing plan of the “Green Organic Agriculture Loan” according to the “Organic Product Certification” qualifications of the related enterprises, and supported the landing of the first carbon-neutral certified food “Zero-carbon Tea Oil” in the province. It established a new model of coordinated development of biodiversity conservation, carbon neutrality and eco-friendly, organic products.

The “Zero-carbon Tea Oil” project develops the undergrowth economy in an industrialized way that brings together companies, the base, farmers and cooperatives. The oil tea forest is mixed with the carbon sink forest, achieving the ecosystem balance and symbiosis of birds and insects, and increasing the overall economic value. At the same time, the hybrid model also increased carbon dioxide capture and contributed to the achievement of the carbon neutrality goal. The project base is powered by photovoltaic power alone, and continues to improve the utilization efficiency of existing production equipment. With the “Green Organic Agriculture Loan”, the project achieved “net zero” emissions throughout the lifecycle from raw material acquisition to production and transportation.



The national reserve forest project in Chishui City, partly financed by PSBC Guizhou Branch.



Implementing green operations

PSBC continued to prioritize energy conservation, promoted low-carbon operations, and kept advocating and practicing green operations. The Bank formulated the Energy Management Manual of Postal Savings Bank of China Co., Ltd. in reference to the national standard Energy Management System – Requirements with Guidance for Use (GB/T23331-2020), and established and put into trial operation the energy management system. The Bank strengthened internal control. Related documents issued included the Rules of the Head Office of Postal Savings Bank of China on Energy Management (Revised Edition 2023), Administrative Measures of Postal Savings Bank of China for Points of Employees with Minor Non-compliance (Revised Edition 2023), and the Forwarding of “Take the Lead in Embracing Green Lifestyles and Be an Important Participant in and Contributor to Building a Beautiful China – A Call for All Employees of China Post Group Corporation Limited” Issued by the General Affairs Department of China Post Group Corporation Limited, to specify the code of conduct for employees, and raise their awareness of green operations regardless of their positions.

The Bank fulfilled its commitments regarding the work of eco-environmental protection. The Head Office signed the Letter of Responsibility for Eco-environmental Protection Work in 2023 with the heads of 36 tier-1 branches and controlled subsidiaries, and actively implemented the energy conservation and carbon reduction plans issued by the central government, the municipal government of Beijing and the district government of Xicheng. For two consecutive years from 2022 to 2023, the Head Office achieved the target of total energy consumption control, and its comprehensive total energy consumption and energy intensity decreased year by year. It was rated “Excellent” in the annual energy conservation assessment conducted by the Xicheng District Development and Reform Commission. In the next step, it will continue to build the carbon emissions data management system, carry out greenhouse gas accounting for its operations in all of the self-operated institutions, accelerate the collection, sorting and labeling of carbon emissions data, and continue to develop low-carbon and energy-saving buildings. It will also promote the use of new energy and clean energy vehicles, and continue to meet corresponding energy-conservation targets as required by the local government.

The Bank continued to promote green buildings and strengthen technological innovation. In 2023, the branches adopted the approach of “improving efficiency and promoting green development”, strictly implemented the requirements of local governments on green buildings, and advanced the development of green banking in a solid and orderly manner. For example, in the renovation of the business premises of PSBC Zhejiang Branch, the design was carried out in strict accordance with the Design Standard for Energy Efficiency of Public Buildings, and the business premises of PSBC Dongguan Sub-branch were designed and constructed in strict accordance with the national one-star criteria and the Implementation Plan for the Green Building Action in Dongguan.

The Hefei Base (Phase III) project adopted advanced construction technology and produced outstanding comprehensive benefits. The project applied 22 items of nine major technologies and obtained more than 20 awards, including national, provincial and ministerial-level awards, and awards of the Building Information Modelling (BIM) Competition and Quality Control (QC). The solar photovoltaic system installed in the base has an installed capacity of 125.345 kW and an annual power generation of 132 thousand kWh, all of which is generated and used by the base, realizing the use of green electricity. In December 2023, the project was awarded the National Quality Engineering Award by the China Association of Construction Enterprise Management.

The Bank continued to apply green, energy-saving technology to make its data center greener. Based on the new-generation system for power supply and environment monitoring and AI-enabled energy efficiency management, the Bank established a sound mechanism and technical system for monitoring the energy consumption of the data center, to achieve intelligent control of the data center’s energy consumption. It adopted advanced solutions such as fluorine pump natural cooling, chilled water plus multi-heat pipe air conditioning, waste heat recovery, cold and hot channel closure, and photovoltaic power generation according to local conditions, and continued to make its data center low-carbon, efficient, intelligent, advanced and green. The power usage effectiveness (PUE) value of all our data centers had declined year by year.



PSBC Wealth Management has been rated carbon neutral in main operations for two consecutive years

PSBC Wealth Management Co., Ltd. actively explored its own green and low-carbon development path. It completed the carbon accounting and verification at the level of the company’s main operations in 2022, and offset the same amount of carbon emissions with the Chian Certified Emission Reduction (CCER) quota purchased. It obtained the carbon neutrality certificate issued by China Beijing Green Exchange and became the first company in the wealth management industry to achieve carbon neutrality in the main operations for two consecutive years, showing its commitment to actively responding to climate change and to green and low-carbon development. The green finance and ESG practice of PSBC Wealth Management was voted the “Best Corporate Practice of ESG and Green Finance of 2023” by xinhuanet.com, the “ESG Pioneer Practitioner of 2023” by Securities Daily, and “Best Practice of Green Finance Innovation of 2023” by The Chinese Banker.

PSBC unveils its first batch of Green Sub-branch Demonstration Outlets

PSBC organized the evaluation of green sub-branches and formulated the Evaluation Standards for Green Sub-branch Demonstration Outlets (for Trial Implementation). The evaluation considered not only the scale of green credit business, but also the working mechanism, green buildings and other low-carbon operation requirements. In April, 2023, it unveiled the first batch of 25 green sub-branch demonstration outlets, marking initial progress in the drive to develop green sub-branches.

2023 Environmental Performance Indicators¹

Unless otherwise stated, the environmental performance data herein cover the Head Office, headquarters of domestic tier-1 branches, institutions directly under tier-1 branches and majority-owned subsidiaries of the Postal Savings Bank of China.

Emissions²

SO ₂ (tonne) ³	0.01
NO _x (tonne) ⁴	0.12
Total GHG emissions (Scope 1 and Scope 2) (tonne) ⁵	220,626.19
GHG emissions per capita (Scope 1 and Scope 2) (tonne/person)	5.46
GHG emissions per square meter of floor area (Scope 1 and Scope 2) (tonne/m ²)	0.14
Direct emissions (Scope 1) (tonne)	5,524.40
Emissions from use of fuel by vehicles	1,033.05
Emissions from use of diesel by facilities	189.90
Natural gas emissions	4,301.45
Indirect emissions (Scope 2) (tonne)	215,101.79
Emissions from purchased electricity	215,101.79
Total hazardous waste (tonne) ⁶	283.12
Hazardous waste per capita (tonne/person)	0.0070
Hazardous waste per square meter of floor area (tonne/m ²)	0.0002
Total non-hazardous waste (tonne) ⁷	4,621.62
Non-hazardous waste per capita (tonne/person)	0.11
Non-hazardous waste per square meter of floor area (tonne/m ²)	0.0030

Notes:

- The annual data covers the Head Office, headquarters of domestic tier-1 branches, institutions directly under tier-1 branches and majority-owned subsidiaries of the Postal Savings Bank of China.
- As the emission data and consumption data of energy and resources in the machine room could not be measured separately, the Bank's GHG emission intensity, hazardous waste emission intensity, non-hazardous waste emission intensity, energy consumption intensity and the intensity of daily workplace water consumption calculated by per person and per square meter of floor area include both office areas and machine rooms.
- SO₂ emissions were mainly from the use of fuel by vehicles, which were calculated as per the Technical Guidelines for the Compilation of Air Pollutant Emission Inventories of Road Motor Vehicles (Trial) released by the former Ministry of Environmental Protection of the People's Republic of China.
- NO_x emissions were mainly from the use of fuel by vehicles, which were calculated as per the Technical Guidelines for the Compilation of Air Pollutant Emission Inventories of Road Motor Vehicles (Trial) released by the former Ministry of Environmental Protection of the People's Republic of China.
- GHG inventories contain carbon dioxide, methane and nitrous oxide, which were mainly from purchased electricity and fuel. GHG emissions are presented in terms of carbon dioxide equivalent, and calculated in accordance with the 2019 Revision to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories by the Intergovernmental Panel on Climate Change (IPCC), Appendix 2: Reporting Guidance on Environmental KPIs, to the Environmental, Social and Governance Reporting Guide by The Stock Exchange of Hong Kong Limited, Average Carbon Dioxide Emission Factors of China's Regional Power Grids in 2011 and 2012, and DB11/T1787-2020 Requirements for Carbon Dioxide Emission Accounting and Reporting Other Industrial Enterprises.
- Hazardous waste involved in the operation of the Bank, most of which were waste lead-acid batteries, was disposed of by qualified professional enterprises. In 2023, the data center replaced some old equipment and disposed of a number of lead-acid batteries, resulting in a large increase in related figures compared to 2022.
- Non-hazardous waste of the Bank, most of which were office waste and discarded hard disks, was disposed of by recyclers. Office waste of some institutions was disposed of by property companies of the office areas and could not be measured separately. The Bank made an estimation in line with the First National Survey of Pollution Sources Urban Living Source Pollution Coefficient Manual issued by the State Council.

Energy and Resource Consumption

Total energy consumption (MWh) ¹	354,636.91
Energy consumption per capita (MWh/person)	8.77
Energy consumption per square meter of floor area (MWh/m ²)	0.23
Direct energy consumption (MWh)	
Fuel consumption by vehicles ²	4,123.30
Diesel consumption by facilities ³	709.18
Natural gas	19,408.45
Indirect energy consumption (MWh)	
Purchased electricity	330,395.98
Consumption of purchased electricity of the Head Office (MWh) ⁴	109,469.67
Office water consumption (tonne) ⁵	1,592,192.15
Office water consumption of the Head Office (tonne) ⁶	270,510.80
Office water consumption per capita (tonne/person)	39.37
Office water consumption per square meter of floor area (tonne/m ²)	1.05

Notes:

- The calculation of total energy consumption was based on electricity power and fuel consumption and relevant conversion coefficients provided in the national standards of the General Rules for Calculation of Comprehensive Energy Consumption (GBT2589-2020), including purchased electricity, natural gas, fuel consumption by vehicles and diesel consumption by facilities.
- Fuel consumption by vehicles includes gasoline and diesel consumption by vehicles.
- Diesel consumption by facilities refers to diesel consumed by standby generators and a small number of stoves.
- Purchased electricity consumption of the Head Office is the total power consumption of Beijing-based institutions of the Head Office, including the office areas at Jinding Mansion, No.72 Yard, Fengtai Road, Internet Finance Department at Advanced Business Park, Software Research and Development Center at Advanced Business Park, Yongfeng Industrial Base, Yizhuang, Xincheng Mansion, Orient Asset Mansion, Ximeng Mansion, Jinyu Mansion, New Era International Center, Nuode Mansion, and Kunlun Center.
- Office water consumption includes tap water and reclaimed water. Specifically, office water consumption of the institutions directly under Shanxi Branch, institutions directly under Shanghai Branch, Henan Branch, regional audit office in Guangzhou, was controlled by the property companies of the office areas, so the water fees were included in the property fees and the water consumption could not be measured separately. The Bank made an estimation as per the national standards of The Standards for Design of Water Supply and Drainage in Buildings (GB50015-2019) issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China.
- The office water consumption of the Head Office is the total water consumption of Beijing-based institutions of the Head Office, including the office areas at Jinding Mansion, No.72 Yard, Fengtai Road, Internet Finance Department at Advanced Business Park, Software Research and Development Center at Advanced Business Park, Yongfeng Industrial Base, Yizhuang, Xincheng Mansion, Orient Asset Mansion, Ximeng Mansion, Jinyu Mansion, New Era International Center, Nuode Mansion, and Kunlun Center. The water fees of the office area at Xincheng Mansion were included in the property fees and the water consumption could not be measured separately. Since the water consumption data at Xincheng Mansion has little impact and is of little significance, it is not included.

GREEN WORLD, BETTER LIFE.

CSR
PRACTICES

CSR Practices

**Focusing on a Better Life and
Actively Giving Back to Society**

Protecting consumers' rights and interests

Growing with employees

Actively giving back to society



Protecting consumers' rights and interests

PSBC attached great importance to the protection of consumer rights, strictly implemented relevant laws, regulations and regulatory requirements, and continuously stepped up efforts to build a corporate culture that values consumer rights protection. The Bank integrated consumer rights protection into business development strategies, corporate culture building, and the comprehensive risk management framework, effectively protecting the lawful rights of financial consumers.

Continuously improving the governance capacity for consumer protection

Doing more to ensure the management fulfill their duties of consumer rights protection

The Board of Directors and the Social Responsibility and Consumer Rights Protection Committee under it earnestly performed their duties. They deliberated on the proposals on the annual regulatory assessment on consumer protection and the administrative measures for consumer protection, heard the report on the response to complaints forwarded by regulators, and put forward requirements on improving the systems and mechanisms for consumer protection, strengthening the forward-looking management of complaints, and forming synergy of the "three lines of defense" to regulate business behavior. The senior management promoted the fulfillment of consumer protection responsibilities, reviewed the annual work plan and administrative measures for consumer protection, complaint response measures, and analysis of major complaints and solutions, and provided guidance on improvements in key areas of consumer protection.

Improving the consumer protection mechanism

The Bank improved the administrative mechanism for consumer protection. It issued the Administrative Measures on Consumer Protection (Revised Edition 2023), and strengthened consumer protection before, during and after the sales. The Bank improved the complaint response mechanism, issued the Administrative Measures on Consumer Complaints (Revised Edition 2023), enriched the means of complaint response, and improved the refined management of complaints. The Bank also issued the Administrative Measures on the Contingency Plan for Handling Major Consumer Complaints (2023). This year, the Bank organized major-complaint emergency drills targeting typical complaint scenarios and improved the ability to respond to major consumer complaints. The personal information protection mechanism was improved. The Bank revised and issued the Administrative Measures for Protecting Personal Information of Consumers (2023), and continued to step up administrative efforts in personal information protection.

Intensifying efforts to build the consumer protection assessment mechanism

In 2023, the Bank formulated the annual consumer protection assessment plan, specified assessment indicators, and conducted an annual consumer protection assessment on tier-1 branches and relevant departments of the Head Office. The consumer protection assessment results were included in the performance assessment of operation and management, in which the weight of consumer protection indicators was further increased compared with the previous year. The effect of consumer protection was considered an important indicator for the evaluation of the managers' capability of the agency finance business, and the complaint handling effect was included in the risk level evaluation of the agency outlets. Differentiated administrative approaches were adopted for outlets with different risk levels.

Strengthening the consumer protection review mechanism

To enhance the professionalism of consumer protection review, the Bank revised and issued the Guide to Key Points of Consumer Protection Review (2023) to unify the review standards for various products and services. It organized consumer protection review and exchange meetings of the Head Office and branches, to share review experience, and discuss the scope of review, submission control measures, system flow design and other optimization plans. To make the consumer protection review more authoritative, for matters whose review opinions were not adopted, a secondary assessment shall be initiated automatically to ensure the effective implementation of review opinions. Post-review assessment was also conducted. The Bank issued the Circular on Post-consumer Protection Review Assessment, sorting out the problems identified in the review process, and clarifying the requirements for improving the quality of self-assessment and strengthening the implementation of review opinions. To promote intelligent consumer protection review, the Bank developed and applied intelligent review models, identified key sensitive words and risk points, and established rules on the intelligent consumer protection review. It used intelligent technologies such as natural language processing, knowledge graphs and optical character/image recognition to conduct a preliminary review of the submitted texts and produce the pre-assessment report, to help the reviewers of institutions at all levels to improve their professional review abilities.



PSBC organized diverse events to help raise consumers' financial safety awareness.

Training on consumer protection

Organizing special training sessions on consumer protection

In 2023, the Head Office and tier-1 branches organized more than 800 consumer rights protection training sessions for an audience of 492 thousand, covering the middle and senior management, frontline business personnel and new hires. The Bank carried out special training sessions on consumer protection, covering the interpretation of Administrative Measures for the Protection of Consumer Rights by Banking and Insurance Institutions, personal information protection, complaint response, consumer protection review and financial knowledge dissemination. The purpose was to better communicate the requirements for consumer protection work and raise employees' awareness of consumer protection.

Expanding the audience base of consumer protection training

Based on the actual conditions of each post, the training was carried out online and offline in a more interesting, engaging manner, and included as part of the training for the management personnel of personal banking business, on agency finance management, for heads of tier-2 branches, field training camps for wealth advisors, and training camps for fresh college graduates, to actively engage the employees in consumer protection.

Building a stronger team of internal lecturers on consumer protection

In response to key issues in the personal banking business, the Bank developed a number of courses, including complaint handling skills and case analysis, and the practice and key points of consumer protection review, to continuously strengthen the consumer protection team.

Fair Advertising Policies

The Bank tightened regulation over the marketing compliance of personal banking business and effectively protected the lawful rights of consumers. In reference to the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, Advertising Law of the People's Republic of China, Guiding Opinions of the General Office of the State Council on Strengthening the Protection of the Rights and Interests of Financial Consumers, and Circular on Further Regulating Financial Marketing Behavior, the Bank formulated the Rules on the Marketing Compliance Management of Personal Banking Business based on the Bank's actual conditions.

The Rules apply to all marketing channels, including but not limited to official websites, mobile terminals, social platforms, business premises, and external media. The Rules set forth specific requirements on the scope of marketing activities, the supervision of partner institutions, the review of the legality and compliance of marketing materials, and the protection of consumer information security. In the Rules, the Bank forbids fraudulent or misleading marketing of financial products and services, financial marketing that undermines fair competition, and taking advantage of the government's credibility in financial marketing, and stipulates that financial marketing must not damage the rights of financial consumers to know, misuse the internet, or send marketing information to financial consumers in a way that violates applicable regulations.

To improve the effectiveness of the fair marketing policy, the Bank included the lawful and compliant marketing of personal banking business into the scope of the consumer protection assessment. It regularly organized the inspection of personal banking business advertising, design and production of promotional materials, and marketing activities, and organized, from time to time, business exchange and training activities for the marketing personnel, to improve the compliance level of marketing across the Bank.

Loan modification options

The Post-credit Operating Procedures for Personal Consumer Loan Business (Revised Edition 2023) and the Operating Procedures for Micro Loan Business (2019) specify the applicable conditions, the content of changes, and application channels for making changes to the loan contract.

Applicable conditions and the content of changes

The Bank gives full consideration to the impact of objective factors such as extreme weather conditions, accidents and disasters, physical conditions and subjective factors such as changes in the borrower's financial condition on the repayment of the loan, and allows the modification to the original credit conditions or credit elements such as the loan term, the repayment date, and the repayment method after receiving the customer application and going through a certain decision-making process.

Application channels

The Bank provides standardized and convenient services. Customers may submit applications for post-credit changes offline to business outlets or initiate changes through online channels such as the mobile banking app.

Debt collection policy

The Bank strictly implemented applicable laws and regulations as well as regulatory provisions. It formulated rules for non-performing asset recovery, clarified the responsibilities for recovery management, strictly regulated the recovery behavior, and strengthened supervision, inspection, assessment and management. It organized various forms of training for asset preservation personnel to enhance their professional capabilities. In the process of non-performing asset recovery, while fully safeguarding its claims, the Bank made a particular effort to protect the lawful rights and interests of financial consumers and prevent violent recovery.

Financial literacy promotion

The Bank attached great importance to financial literacy popularization. It formulated the annual work plan for financial knowledge popularization and financial consumer education, carried out various public awareness activities in a coordinated manner, and introduced new resource-sharing mechanisms and new forms of activities. The Bank continued to increase resource input, and cumulatively carried out 186 thousand financial knowledge popularization activities, covering an audience of 740 million, and published and forwarded more than 20 thousand reports on the Bank's consumer protection and customer service practices in various media in 2023. The Bank ranked first among large state-owned commercial banks in a quiz competition on anti-illegal fundraising.

Popularizing financial knowledge among key customer groups

The Third "PSBC Wealth Management Festival" was held to popularize the concepts of asset allocation and family wealth planning, attracting 90,610.7 thousand clicks. The "Wealth Management Weekly Lecture" and "The Way of Investing" public awareness activities were carried out, to help consumers establish a scientific outlook on investment. More than 840 thousand financial literacy promotion activities were carried out in 2023, covering an audience of nearly 5.59 million.

Making full use of its extensive outlet network covering urban and rural areas, and to address the limited resources for popularizing financial knowledge in rural areas, the Bank carried out a financial literacy promotion campaign in rural areas during Financial Literacy Awareness Month, to allocate educational resources to the remote areas, poverty-stricken areas and areas where ethnic minorities are concentrated, address the people's practical concerns and improve the financial literacy of rural consumers. The campaign was carried out in 7,174 villages, covering an audience of more than 13.73 million in rural areas.

Establishing a mechanism for sharing financial literacy promotion materials

The Bank built an inter-branch platform for sharing educational materials to improve the utilization efficiency of excellent materials and improve the quality and effectiveness of the Bank's promotion activities.

Introducing new forms of financial literacy promotion

The Bank actively carried out financial knowledge popularization activities and introduced new ways of promotion. PSBC Jilin Branch independently established the first "Rural Financial Education Demonstration Base" in the province. PSBC Anhui Branch held a consumer protection and anti-fraud knowledge competition for college students. PSBC Shaanxi Branch carried out the "Party building plus consumer protection" themed activities during holidays. PSBC Fujian Branch produced the "Grandpa Zhuzi" series of emojis to help spread financial knowledge.

The Bank fully implemented the regulatory requirements on anti-telecom and online fraud and effectively safeguarded the lawful rights and interests of the people. The Bank strengthened the empowering role of technologies, continuously improved the accuracy of risk monitoring, and strove to improve account quality. It moved faster to shift to intensive operations, and effectively played out the professional advantages of centralized analysis and disposal of risk accounts. It organized a variety of themed promotion and education activities to improve the ability of customers and employees to detect and prevent fraud.



Case

Financial literacy promotion activities



Volunteer activities to raise anti-fraud awareness

PSBC gave full play to the advantages of anti-fraud technology and carried out a series of anti-fraud youth volunteer activities. By the end of 2023, 24 on-site anti-fraud awareness activities were held in five cities where the main center and sub-centers of the Bank's Software Research and Development Center were located, involving five universities, 14 residential neighborhoods, five enterprises, and an audience of more than 2,000, helping prevent the crime of telecom and online fraud and protect the people's property.

Customer complaint management

The complaint management working mechanism



Consumer complaints

In 2023, the Bank received 627.2 thousand complaints from customers, with an average of 15.93 complaints per outlet and 9.45 complaints per 10 thousand individual customers. The satisfaction rate of complaint handling was 95.46%, the complaint settlement rate 100%, and the timely complaint settlement rate (settled within 15 days) 99.51%. These complaints mainly involved credit cards (37.23%), debit cards (23.02%), loans (10.65%), functional services (7.29%), and call services (5.39%), and were mainly distributed in East China (19.46%) and Central China (12.30%). (The Bank's complaint data cannot be used for comparison with other banks due to the difference in complaint statistics among banks.)

Growing with employees

PSBC attaches great importance to the professional development of employees. In 2023, it introduced new ways to organize campus recruitment events, continued to build up its brand as an employer, advanced the “U Series” talent project, and improved the incentive and constraint mechanism and the ability and quality of employees.

Brand building as an employer

The Bank continued to build up its brand as an employer. Based on an accurate understanding of bank-wide recruitment needs, campus recruitment events were held. In 2023, the Bank won the award of “Top 10 Best Employers of the Year” and “Most Attractive Employers among College Students” in the China Best Employer Award 2023 jointly organized by the Institute of Social Science Survey of Peking University and zhaopin.com.

The recruitment publicity was started earlier. The Head Office launched its first summer internship program – the “U+ Reserve Camp” summer internship program, via which it reached out to institutions of higher education to advertise its job opportunities. With the slogan of “Create Your Future”, the Bank hosted the Open Day for the interns, and designed activities such as “U Reserve Together”, “Innovation Winners”, themed team building activities, face-to-face talks, and “U Reserve Talent”, to create the word-of-mouth effect among the interns, and enhance their identification with the Bank’s corporate culture so that they will voluntarily become the ambassador of the Bank for the upcoming fall-season campus recruitment campaign.

A series of online promotional activities were organized. The Bank produced three videos for the campus recruitment campaign, including an MV to introduce the Bank to the public, a short film introducing the Head Office’s U+ Talent Program, and an animation to take the audience through the recruitment process, attracting more than 460 thousand views across online platforms.

The promotion channels were carefully selected. Based on multiple channels for online promotion including the Bank’s official website, the WeChat public account dedicated to recruitment, and third-party partners, for the 2024 campus recruitment campaign, PSBC selected a number of prestigious universities across the country and organized the Head Office and branches to hold such activities as career talks with industry insiders and alumni employees, to attract the participation of students and enhance the precision reach to excellent students.

The “U Series” Talent Project

In 2023, the Bank improved the “U Series” talent recruitment and cultivation program and integrated talent recruitment, talent cultivation and internal mobility. The “U Series” includes the “U+ Talent”, “U Transfer” and “U Exchange” programs. It helps employees clearly define their career positioning, increase job experience and enhance professional skills, in order to build a talent supply chain and cultivate a professional and board-minded team that is capable of undertaking major tasks for the Bank.

The “U+ Talent” program is a talent recruitment and cultivation program targeting fresh college graduates. It consists of the “U+ Intern Camp”, “U+ Training Camp”, “U+ Practice Camp”, “U+ Elite Camp” and “U+ Takeoff Camp”, and adopts the mentor system throughout the whole journey, to realize mutual promotion between organizational development and staff growth, mutual progress of the mentors and the new hires, and generate mutual benefits for the Head Office and frontline units. In 2023, the Bank carried out full-chain talent cultivation covering the internship, orientation and growth stages, organized the “U+ Intern Camp” of the Head Office, and promoted the five-in-one cultivation model of “ice-breaking and integration, mentoring, discussion, assessment, and talent selection”. The employing department assigned a mentor to each intern to provide one-on-one guidance for two months. In this way, outstanding candidates can be identified in advance, to help the Bank recruit more excellent fresh graduates. The “U+ Training Camp” was launched with the theme of “U and I · Gathering Sparks”, and the “U Star” training camp for new hires at the Head Office was organized. Lectures, interviews and scenario-based practices were organized, in addition to cultural and sports activities, to help the new employees fit in rapidly. Under the “U+ Practice Camp”, mentoring, front-line programs, themed research, review meetings, preparation of quarterly publications and other activities were implemented to consolidate the effects of staff training and help employees make a good start in their careers.

The “U Transfer” program is an inter-departmental job transfer program at the Head Office, an open and well-regulated cross-department mobility platform for employees, to improve the internal mobility mechanism. In 2023, the Head Office specified the implementation plan, and launched the second batch of job transfers under the program, to further stimulate the internal talent market on the premise of ensuring the relative stability of personnel, and create a more open, inclusive and active workplace.

The “U Exchange” program is an inter-departmental exchange program at the Head Office, to provide more opportunities for employees at the Head Office to take on a different job and broaden their work perspectives. In 2023, the Head Office completed the inter-departmental exchange in an orderly manner, promoted exchanges and understanding between departments, and strengthened team cohesiveness and creativity.

The incentive and constraint mechanism

In terms of remuneration and benefits management, the Bank struck a balance between efficiency and fairness, continuously optimized the total remuneration distribution system oriented towards efficiency and value creation, and improved the effectiveness of total remuneration allocation across the Bank, to support its healthy and sustainable development. The Bank established a sound performance-oriented employee remuneration distribution mechanism based on the position value and the performance pay is closely linked to appraisal results. It prioritized frontline employees and core managerial talents with outstanding contributions in terms of remuneration distribution. The Bank distributed the remuneration among employees in different positions in a more scientific way to stimulate the development momentum of employees. In accordance with relevant national policies and regulations, it kept strengthening the enterprise annuity and welfare system, improved the annuity investment management mechanism and tightened guidance and supervision on the annuity fund managers. The supplementary medical insurance system was improved, effectively addressing the employees’ concerns over medical bills.

In terms of performance management, the Bank continued to improve the unified employee performance management system, to truly let performance assessment play the “baton” role. The Bank did a good job in employee communication and coaching on performance, focused on improving employees’ performance, and continuously improved the quality and efficiency of performance management.



Colorful employee activities.

Employee care

PSBC enriched the “home culture”. The Bank continued to explore innovative and effective ways and means to serve the frontline units and employees, and aligned efforts to build and strengthen a heartwarming “home” for the employees. The “Home of Employees” is always at the forefront of serving and caring for the employees. The Bank carried out the evaluation of excellent service outlets, organized exchange activities for employee services, and completed three rounds of three-year action for building the “Home of Employees” across the Bank. It also continued to enrich the meaning of “home culture”, passed on the message of “home culture”, and gave employees a stronger sense of gain, happiness and security.

PSBC took care of the physical and mental health of employees. The Bank advocated a healthy and upbeat way of work and life and continuously improved related work in institutional development, team building, and the development of bases and demonstration sites. It opened the psychological consultation room with a backbone team providing psychological consultation to give play to their demonstration role. It launched the psychological consulting hotline, and organized psychological knowledge lectures, training on mental health, psychological counseling services and other mental health activities for frontline employees, to help employees develop a healthy mentality.



An event for women employees held to mark International Women’s Day.

Case

Labor contests

The Bank is committed to promoting the self-growth of employees and cultivating high-quality talent. In 2023, centering on the key tasks of business development and in response to the business priorities and difficulties, it launched 13 bank-wide labor competitions, attracting about 170 thousand participants. At the same time, it developed the competition management system “Kai Sai La” (“Competition Is On”) which appeals to the preferences and demands of young employees, and adopts a gamified and youthful VI design and the points and medals system, aimed to become an intelligent competition service platform integrating such functions as learning, practice, inquiry, and competitions, to create a strong learning atmosphere and help employees grow up.

The “U Speak” platform for open conversation

In 2023, the Bank independently developed and operated the “U Speak”, an internal communication platform for employees. The platform adheres to the principles of pursuit of development, equality and no tracking of posters’ identities, supports employees to speak out anonymously or in real name, and provides a channel for employees to directly report problems, make suggestions, and let off steam, and for institutions at all levels to hear the voice of grassroots employees. This platform effectively promoted the adoption of high-quality suggestions, problem handling, and replica of good practices, greatly improved communication efficiency, and empowered frontline employees and business transformation and development.

By the end of 2023, the platform had received 5.2 million visits and posted 180 thousand entries. It set up a number of columns dedicated to such business lines as Sannong finance, inclusive finance and technology and operations, and many valuable and insightful suggestions were adopted and implemented.

Actively giving back to society

The “PSBC Love Charity Fund”, which turned six in 2023, focuses on the field of education, provides financial and other support for the education and growth of students, and actively gives back to society. It raised RMB11,707.9 thousand in 2023.

The “PSBC Love Charity” program continued to carry out charitable activities. It donated two sports classrooms and gift packages to rural primary school students in Dongchuan District, Yunnan Province. The Bank organized a fundraising event on “PSBC Love Charity Day”, mobilizing its employees and the general public to make donations to charities. Institutions at all levels of the Bank organized environmental services and community services on “PSBC Love Charity Day”, including neighborhood services, brisk walking and tree planting activities, to promote the ideas of “PSBC Love Charity”.

The “PSBC Love Class” set sail again. Students of the “PSBC Love Class” graduated from high school and 61% of them were admitted into college, including some outstanding ones admitted to Tsinghua University, Peking University, and Central University of Finance and Economics, among other prestigious universities. The recipients of the “PSBC Love Scholarship” totaled 1,346. The new batch of classes were officially opened, and the Bank’s volunteer representatives attended the class opening ceremony in some schools, participated in interactive activities and special class meetings, visited some students’ families, and brought with them the Bank’s love.

The “PSBC Love Seed” project was launched. The Bank established a long-term contact mechanism with students of the “PSBC Love Class”, provided internship and employment opportunities for the aid recipients, and encouraged outstanding students to join the Bank after college graduation and help develop their hometown. In 2023, the Bank offered students of the 2017 Class summer internships in sub-branches in Sichuan, Yunnan, and Qinghai. In the campus recruitment campaign, the Bank recruited several “PSBC Love Seeds”, contributing to rural revitalization.

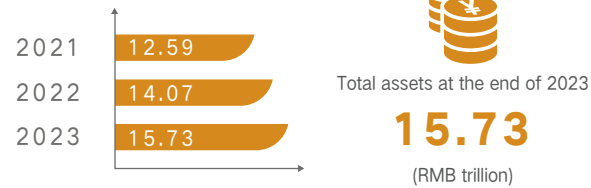


A “PSBC Love Charity” activity.

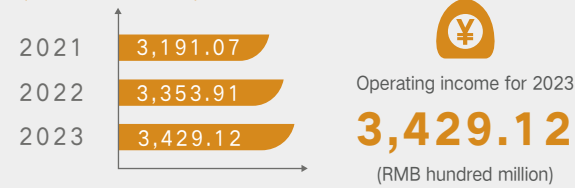
CSR Performance

Economic Performance

Total assets (RMB trillion)



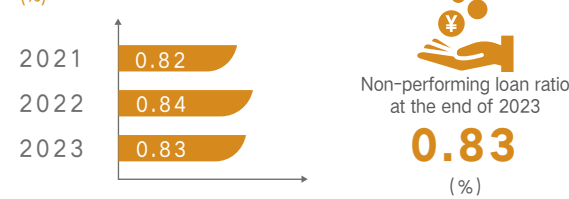
Operating income (RMB hundred million)



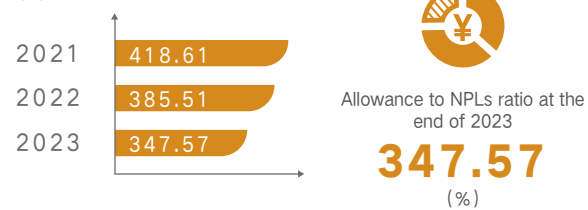
Net profit (RMB hundred million)



Non-performing loan ratio (%)



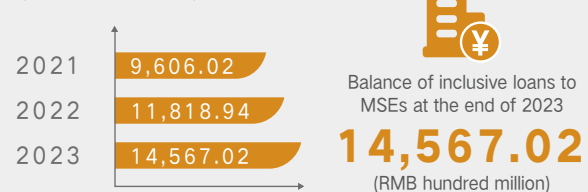
Allowance to NPLs ratio (%)



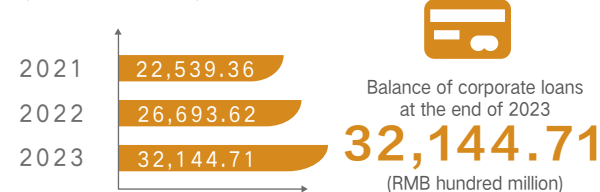
Balance of agriculture-related loans (RMB trillion)



Balance of inclusive loans to MSEs (RMB hundred million)



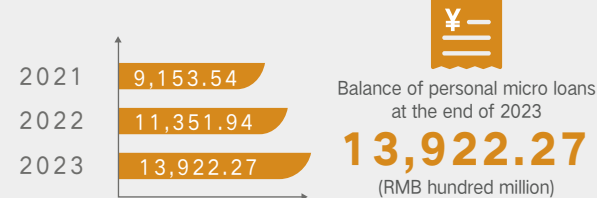
Balance of corporate loans (RMB hundred million)



Balance of personal consumer loans (RMB trillion)



Balance of personal micro loans (RMB hundred million)



Environmental Performance

Indicator

Indicator	2021	2022	2023
Balance of green loans (RMB hundred million)	3,722.94	4,965.49	6,378.78
Number of electronic banking customers (hundred million)	3.81	4.01	4.19



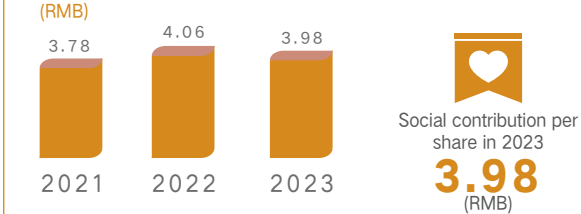
Balance of green loans at the end of 2023
6,378.78
(RMB hundred million)



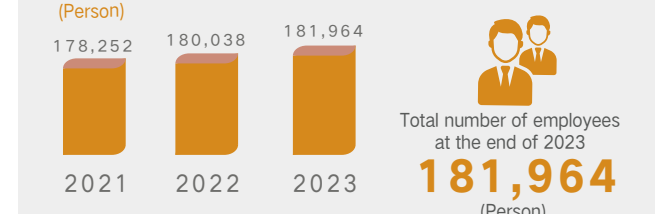
Number of electronic banking customers at the end of 2023
4.19
(hundred million)

Social Performance

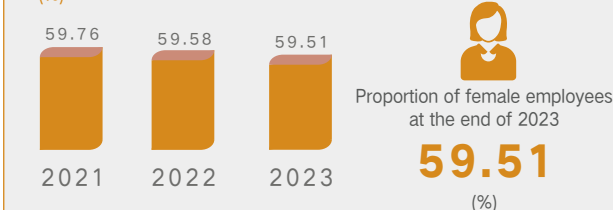
Social contribution per share¹ (RMB)



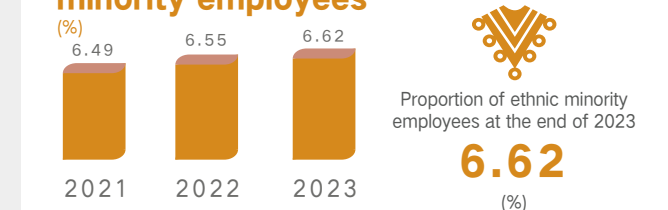
Total number of employees² (Person)



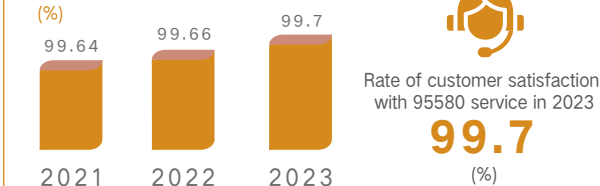
Proportion of female employees (%)



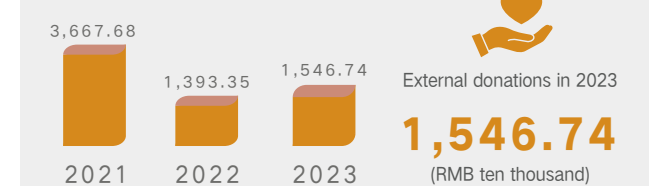
Proportion of ethnic minority employees (%)



Rate of customer satisfaction with 95580 service (%)



External donations (domestic) (RMB ten thousand)



Notes:

1. Social contribution per share = basic earnings per share + (tax payment + employee expense + interest expense + external donation amount - social cost caused by environmental pollution)/total equity at the end of the period

2. The total number of employees refers to the contracted employees (including 1,714 employees in majority-owned subsidiaries) of the Bank, and there were 15,182 dispatched employees.

Social Recognition



Ranked **27th** | Ranked 27th among the World's 2000 Largest Public Companies in 2023



Ranked **43rd** | Ranked 43rd among China's Top 500 Listed Companies (in terms of operating income in 2022)



Ranked **115th** | Ranked 115th among the World's Top 500 Most Valuable Brands



Grade **A** | Rated A in MSCI ESG Ratings

Awards and Honors

Institutions

First Place, First Prize of FinTech Development Award	The People's Bank of China (PBC)
Market Influencer of the Year	China Foreign Exchange Trade System/National Interbank Funding Center
Market Innovation Business Institution	China Foreign Exchange Trade System/National Interbank Funding Center
Outstanding Participating Institution of Digital Supply Chain Financial Service Platform	China National Clearing Center, PBC
Advanced Organization in Green Bank Evaluation	China Banking Association (CBA)
Best Case for Boards of Directors of Public Companies	China Association for Public Companies
Best Case for ESG of Public Companies	China Association for Public Companies
Model Case of Digital Transformation of Public Companies	China Association for Public Companies
Outstanding Bond Underwriting Institution	China Central Depository & Clearing Co., Ltd.
Outstanding Transaction Institution	Shanghai Commercial Paper Exchange Corporation Ltd.
Excellent Operation Award for Customer Services	China UnionPay
Best Corporate Online Banking Award	China Financial Certification Authority
SME Financier Award of the Year - Silver Award Asia	SME Finance Forum
Excellent Listed Company	Organizing Committee of China Securities Golden Bauhinia Award
Best Capital Market Communication Award	Roadshow China
Best Shareholder Relationship Award	Roadshow China
Best Information Disclosure Award	Roadshow China
Top 10 Best Employers in China 2023	Institute of Social Science Survey of Peking University and Zhaopin
Best Employers in China 2023 - Most Sought-after Employers among College Students	Institute of Social Science Survey of Peking University and Zhaopin
Best Consumer Bank	Global Finance
Best Risk Management Bank	Global Finance
Innovation Award for FinTech Application	Financial Computerizing
Excellent Institution of Financial Innovation	The Chinese Banker
Model Case of Innovation in Corporate Development of Legal Governance and Risk Management	Legal Daily
Best Commercial Bank of the Year	Financial Times
Best Socially Responsible Bank of the Year	Financial Times
The Gamma Award for High-Quality Development Bank of the Year	Securities Times
The Gamma Award for Gold Standard Bank Brand of the Year	Securities Times
Award for Wealth Management Brand of the Year	Shanghai Securities News
Sustainable Development and Risk Control Award	Caijing Magazine
Outstanding CSR Enterprise of the Year	Southern Weekly
Digital Financial Service Bank of the Year	21st Century Business Herald
Competitive State-owned Commercial Bank	China Business Journal
Excellent Case for 10 th Anniversary of Inclusive Finance	China.com.cn
Outstanding Financial Service Case for Rural Revitalization	JR.J.com
Excellent Green Finance Award	JR.J.com

ESG Disclosure

Governance

Party building

In 2023, the Party Committee of PSBC adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and unswervingly upheld the centralized and unified leadership of the CPC Central Committee on financial work. It organized high-quality educational activities on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and earnestly implemented the general requirements for Party building in the new era. It followed the leadership of the Party in all aspects of reform and development, operation and management, and risk control as always. Closely centering on the tasks of serving the real economy, guarding against and resolving financial risks, and furthering financial reform, it actively highlighted the political and public nature of financial work, and constantly translated the Party's political and organizational advantages into development momentum, to continue to promote the sustainable high-quality development of the Bank.

Corporate governance

The Bank has continuously integrated the Party's leadership into corporate governance and improved its governance system and capability as a modern financial enterprise with Chinese characteristics. The Bank has established an efficient, collaborative ESG governance structure consisting of the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors, and the senior management, with a clear division of responsibilities among them, thus providing a strong organizational and institutional guarantee for fulfilling its CSRs and advancing ESG practices.

During the reporting period, 45 meetings were held, including the General Meeting of Shareholders, and meetings of the Board of Directors and its specialized committees, at which 265 proposals and reports were deliberated on and heard. There are 13 directors, including two female directors and five independent non-executive directors.

During the reporting period, the Bank studied and implemented the latest decisions and plans of the CPC Central Committee and the State Council and the latest regulatory requirements, especially those concerning corporate governance, and advanced the revision and review of the Articles of Association and its supporting basic policies. The revisions made involved the Bank's business objectives, the responsibilities of the General Meeting of Shareholders, Board of Directors, Board of Supervisors and the senior management, green finance, risk management, remuneration and incentives, corporate social responsibility (ESG) and consumer protection. This provided institutional guarantee for continuously strengthening CSR (ESG) management and fully performing the Bank's responsibilities as a large state-owned bank.

The Board of Directors attached great importance to ESG work and made efforts to embed the ESG philosophy into the Bank's development strategy, governance structure, corporate culture and business processes, with a focus on green banking, inclusive finance and consumer protection. It urged proactive bank-wide efforts to achieve China's carbon peaking and carbon neutrality goals and worked actively to build itself into a first-class green inclusive bank, a climate-friendly bank and an eco-friendly bank. It improved the corporate governance mechanism and incentive and constraint mechanism, continuously strengthened information disclosure, and optimized the equity management system. It effectively performed its duties of setting strategies, making decisions and guarding against risks.

The Strategic Planning Committee under the Board of Directors primarily performs such duties as reviewing the implementation of major plans and decisions of the CPC Central Committee, the Bank's business objectives, overall strategic development plans and special strategic development plans, strategic capital allocation, asset and liability management objectives, business development plans, development plans for inclusive finance business, major management policies, major investment and financing plans and other matters significant to the development of the Bank, and provides recommendations to the Board of Directors. During the reporting period, the Strategic Planning Committee convened eight meetings, at which it reviewed and approved 25 proposals. It strictly implemented major plans and decisions of the CPC Central Committee and improved the quality and efficiency of the work on inclusive finance on all fronts. It also strengthened strategy execution and provided momentum for achieving sustainable development.

The Related Party Transactions Control Committee under the Board of Directors primarily performs such duties as managing matters on connected transactions of the Bank, reviewing the basic management policies for connected transactions, supervising their implementation and making suggestions to the Board of Directors; identifying related parties of the Bank, reporting to the Board of Directors and Board of Supervisors, promptly informing relevant personnel of the Bank, reviewing major connected transactions or other connected transactions subject to the approval of the Board of Directors or the Shareholders' General Meeting, and submitting to the Board of Directors or the Shareholders' General Meeting through the Board of Directors for approval. During the reporting period, the Related Party Transactions Control Committee convened four meetings, at which it reviewed and approved three proposals and listened to one report. It timely improved the working mechanism in accordance with the revised Articles of Association, identified related parties and related matters, and provided opinions and recommendations to the Board of Directors on strengthening the Bank's connected transaction management and controlling connected transaction risks.

The Audit Committee under the Board of Directors primarily performs such duties as supervising the Bank's internal control, reviewing its major financial and accounting policies and their implementation, reviewing its basic audit management policies, rules, medium- and long-term plans as well as annual work plans, supervising and evaluating the work of the internal audit department, proposing the engagement or dismissal of accounting firms, making suggestions to the Board of Directors, etc. During the reporting period, the Audit Committee convened six meetings, at which it reviewed and approved 20 proposals and listened to nine reports. It regularly reviewed the financial status and financial reports to supervise sound financial operations; regularly evaluated the effectiveness of the Bank's

internal control and guided the work of internal audits; strengthened the employment and management of external auditors, and gave full play to the role of external audits; and provided opinions and recommendations to the Board of Directors on issues such as maintaining financial health and stability, increasing the effectiveness of internal control, strengthening internal and external audit supervision, etc.

The Risk Management Committee under the Board of Directors primarily performs such duties as, based on the Bank's overall strategic development plan, reviewing and revising the Bank's risk management strategies, basic policies on risk management, risk appetite, comprehensive risk management framework, and important procedures and policies of risk management; reviewing risk management reports; and making suggestions to the Board of Directors. During the reporting period, the Risk Management Committee convened eight meetings, at which it reviewed and approved 39 proposals and listened to four reports. It implemented the new capital regulations, improved the institutional system, strengthened the monitoring and resolution of risks in key areas, and continued to enhance risk management covering all aspects, all staff and the whole process, and provided opinions and advice to the Board of Directors on strengthening the comprehensive risk management including subsidiaries, continuously strengthening agency financial services management, and making solid efforts to promote rectification as notified by regulators, etc.

The Nomination and Remuneration Committee under the Board of Directors primarily performs such duties as conducting the annual review of the structure, size and composition of the Board of Directors, and making recommendations to the Board regarding its size and composition; formulating the criteria and procedures for the selection and appointment of directors, chairmen and members of special committees of the Board of Directors and senior management members, performing preliminary reviews of the qualifications and qualities of candidates for directors and senior management members, and making recommendations to the Board of Directors; developing methods for evaluating the performance of directors and assessing the performance of senior management members, as well as remuneration methods or schemes for directors and senior management members, and submitting them to the Board of Directors for consideration. During the reporting period, the Nomination and Remuneration Committee convened six meetings, at which it reviewed and approved 16 proposals. It regularly reviewed the structure, size and composition of the Board of Directors and the implementation of the board diversity policy, and continued to promote the development of board diversity; evaluated directors' performance in multiple dimensions as required by regulators, tightened supervision over the qualifications and conditions of directors and senior management members, and constantly optimized the composition of the special committees of the Board of Directors.

The Social Responsibility and Consumer Rights Protection Committee under the Board of Directors primarily performs duties such as developing strategies, policies and objectives of social responsibility and consumer rights protection in line with the Bank's development strategies and actual situation, developing relevant basic management policies and submitting them to the Board of Directors for approval before implementation; regularly listening to reports of the senior management on the progress in consumer rights protection according to the authorization of the Board of Directors, and supervising and evaluating the comprehensiveness, timeliness and effectiveness of the Bank's consumer rights protection as well as relevant duty performance of the senior management. During the reporting period, the Social Responsibility and Consumer Rights Protection Committee convened five meetings, at which it reviewed and approved 10 proposals and listened to one work report. It attached great importance to matters such as green finance, consumer rights protection, sustainable development, climate investment and financing, regularly supervised, evaluated and guided bank-wide work to protect consumer rights, made relevant suggestions to the Board of Directors, continued to develop green financial services, enhanced climate-related information disclosures, and actively and fully performed its social responsibility as a major state-owned bank.

During the reporting period, the directors addressed their concerns, organized theme-based surveys, proactively participated in training programs, and continuously improved their ability to perform their duties. They heard reports made by the senior management on capital management, management of non-local non-licensed institutions, and management of subsidiaries. The directors conducted 94 topic-specific surveys. They made field visits to outlets, held face-to-face talks with ordinary employees, and produced several survey and research reports. The directors actively participated in the training sessions on macro-economy and policies, ESG rating and outlook, corporate governance, information disclosure, investor relations management, independent director system, anti-money laundering and anti-terrorist financing, market capitalization management, consumer market recovery and outlook, and interpretation of regulatory policies. They made many professional comments and suggestions on strengthening consumer protection and sustainable development, improving the ESG rating, and serving the development of the real economy and the manufacturing industry.

Information disclosure

The Bank strictly abided by laws, regulations and regulatory requirements of the places of listing, continuously strengthened information disclosure, and promoted information disclosure as an important channel of communication with the capital market, customers, and the public. During the reporting period, no material accounting errors occurred and no material information was omitted in information disclosure. In the annual information disclosure evaluation of listed companies on the Shanghai Stock Exchange, the Bank was rated A (Excellent) for the third consecutive year.

The Bank introduced new working mechanisms and improved the quality and efficiency of information disclosure. It advanced new ways of conducting routine work and took multiple measures to consolidate the information disclosure management system. The information disclosure management system was updated. The information disclosure workflow and standards for material event information disclosure were reviewed promptly. The Bank also made full use of management tools such as report records, annual training sessions, and work manuals to strengthen the whole-process management of material information from generation to disclosure, and ensure fuller and more transparent information disclosure.

The Bank strengthened voluntary disclosure and enriched the form of presentation. It continued to expand the scope and depth of voluntary information disclosure by centering on the Bank's central tasks of reform and development and major public concerns. Focusing on the common concerns of the market and investors, the Bank proactively disclosed the strategic planning, corporate culture, business characteristics and other highlights by publishing more voluntary non-regular reports and adding voluntary disclosure contents in periodic reports. It kept introducing new disclosure forms, and enriching and optimizing the text content and design, to make the report more readable and easier to understand. The 2022 Annual Report of the Bank is widely recognized and won ARC Awards in the International Annual Report Competition, Vision Awards of LACP (League of American Communications Professionals), and IADA (International Annual Report Design Awards) award, etc.

Investor relations

The Bank attached great importance to the management of investor relations and adhered to the principles of “being proactive and sincere, transparent and compliant, accurate and effective, and paying attention to comprehensiveness and equality”. It organized investor communication activities such as results presentations, roadshows, surveys, summits and forums, and used the investor relations hotline and e-mail, the SSE E-Interactive and other communication platforms, to strengthen the two-way interaction with the capital market via multiple channels, media and means, accurately present the Bank’s business development information, fully demonstrate its investment value, and enhance market recognition.

During the reporting period, under the guidance of the Board of Directors and the senior management, the Bank convened four results presentations in the form of online video streaming, phone access and live text broadcast, fully demonstrating the Bank’s development strategy and long-term investment value to the capital market.

After the release of the 2022 annual results and the 2023 interim results, members of the senior management of the Bank led teams to carry out roadshows at home and abroad. They had in-depth communication with investors and analysts on the Bank’s business development, transformation and innovation, strategic vision and other aspects with a sincere and open attitude, and actively responded to the concerns of the capital market. Over the year, for domestic and foreign investors, the Bank held 35 results roadshows, attended 22 investment forums and summits, and received visits of 49 surveys. The Bank organized the Open Day for the capital market with the theme of “Work on the Blue Ocean of Sannong Finance, and Build a Differentiated Growth Pole”, and held the PSBC session of “Understand My Listed Company – Into the Blue-Chip Companies”. Through in-depth communication with domestic and overseas institutional investors, the Bank introduced its value for investment to a wide range of capital market entities.

The 2022 annual results presentation was awarded the “Outstanding Practice of the 2022 Annual Results Presentations by Listed Companies” by the China Association for Public Companies. In the selection for the 13th China Securities Golden Bauhinia Award, the Bank won the “Special Award of the Year – Excellent Listed Company of 2023”; in the selection for the Panorama Investor Relations Gold Award (2022), the Bank won the “Best Institutional Communication Award”. The Bank also won the “Best Capital Market Communication Award”, the “Best Shareholder Relations Award” and the “Best Information Disclosure Award” at the 7th China Excellent IR Annual Awards.

The Bank has recorded the above-mentioned investor receptions and communication activities in accordance with relevant regulatory requirements and properly kept relevant documents.

Performing the supervision duty of the Board of Supervisors

During the reporting period, the Board of Supervisors held seven meetings and deliberated on 102 proposals and supervisory matters, and the Nomination Committee, the Duty Performance Supervision Committee and the Finance and Internal Control Risk Supervision Committee under it convened 15 meetings and deliberated on 44 proposals. There were five supervisors, including one shareholder representative supervisor, two external supervisors and two employee supervisors. Either the proportion of external supervisors or the proportion of employee supervisors was no less than one-third of the total number of the supervisors.

The Board of Supervisors earnestly performed its duty of supervising the Bank’s CSR related work and actively safeguarded the lawful rights and interests of the Bank, its shareholders, employees, creditors and other stakeholders. During the reporting period, the Board of Supervisors reviewed and approved the 2022 Corporate Social Responsibility (Environmental, Social and Governance) Report, and expressed independent opinions on the review of the report and disclosed them in the annual report. The Board of Supervisors heard reports on the Bank’s work done to implement inclusive finance policies, improve the quality and efficiency in serving the real economy, and promote green banking, as well as in consumer protection and anti-money laundering. It regarded the building of a clean finance culture, consumer protection, anti-money laundering, safeguarding the interests of stakeholders and the performance of CSRs as important indicators for annual performance assessment, and continuously strengthened the supervision and evaluation of the CSR performance of the Board of Directors and the senior management. Focusing on green development, the Board of Supervisors carried out the regulatory assessment and peer benchmarking analysis, kept tracking the development of green finance business, ESG and climate risk management, and optimized the Bank’s green finance work plan.

Fulfilling the audit supervision responsibility

The Bank has established an independent vertical audit system consisting of the Audit Department of the Head Office, seven regional audit offices and 29 audit divisions, and developed an audit management structure that meets the needs of the Bank’s business development and governance. It kept improving the professionalism and authority of audit work. Internal audits focused on the main business of the Bank. Sound audit policies and standards were established. The Bank continued to empower audit with technology, strengthened capacity building of the audit team, promoted the application of audit results, and continuously expanded the breadth and depth of internal audit, thus providing a strong guarantee for the Bank’s stable operation and high-quality development.

The internal audit is problem-oriented, risk-based and prioritizes efficiency. Centering on the decisions and plans made by the CPC Central Committee and the State Council, regulatory requirements and the Bank’s key tasks, audits were conducted on the implementation of economic decisions and arrangements made by the Party Central Committee, on consumer protection, on anti-money laundering management, on ESG risk management and on green finance, to promote the effective implementation of relevant policies and decisions. At the same time, the Bank strengthened audit on IT work, with particular attention to the development, operation and maintenance of major information systems, the management, quality and efficiency of software R&D, payment and information security, business continuity management and outsourcing management, to continuously improve the Bank’s IT governance level and risk control capacity.

Risk management

The Bank always upholds a prudent and sound risk appetite. It continued to improve the comprehensive risk management framework that covers “all aspects, the whole process and the entire staff”, and actively promoted the development of advanced approaches for capital management. Staying goal- and problem-oriented, the Bank accelerated the transformation towards digital and intensive risk management, and built an indicator system for digitizing risk traceability, to support forward-looking and process-based risk management, and promote the application of intelligent risk control in the entire business process. It strengthened risk tracking and monitoring in key areas such as real estate and local government financing vehicles, and continued to improve the capability of early

identification, early warning, early exposure and early disposal of risks. It built a long-term mechanism for internal control and compliance and case prevention management, effectively tightened control over non-compliance and pushed forward rigid control in a systematic way. The quality and efficiency of risk control were improved in an all-around manner, facilitating the Bank’s high-quality business development.

Maintaining business continuity

The Bank continuously enhanced its ability to manage business continuity, optimized relevant management systems and emergency plans, and strengthened the evaluation on business continuity management. Emergency drills for important businesses such as electronic payment and telephone banking were conducted in an orderly manner, as well as disaster recovery and system switchover, application, network and power drills of relevant information systems. Through 2023, no major operation interruptions or major information system emergencies occurred, effectively guaranteeing the continuous and stable operation of the Bank’s important businesses.

Stakeholder related management

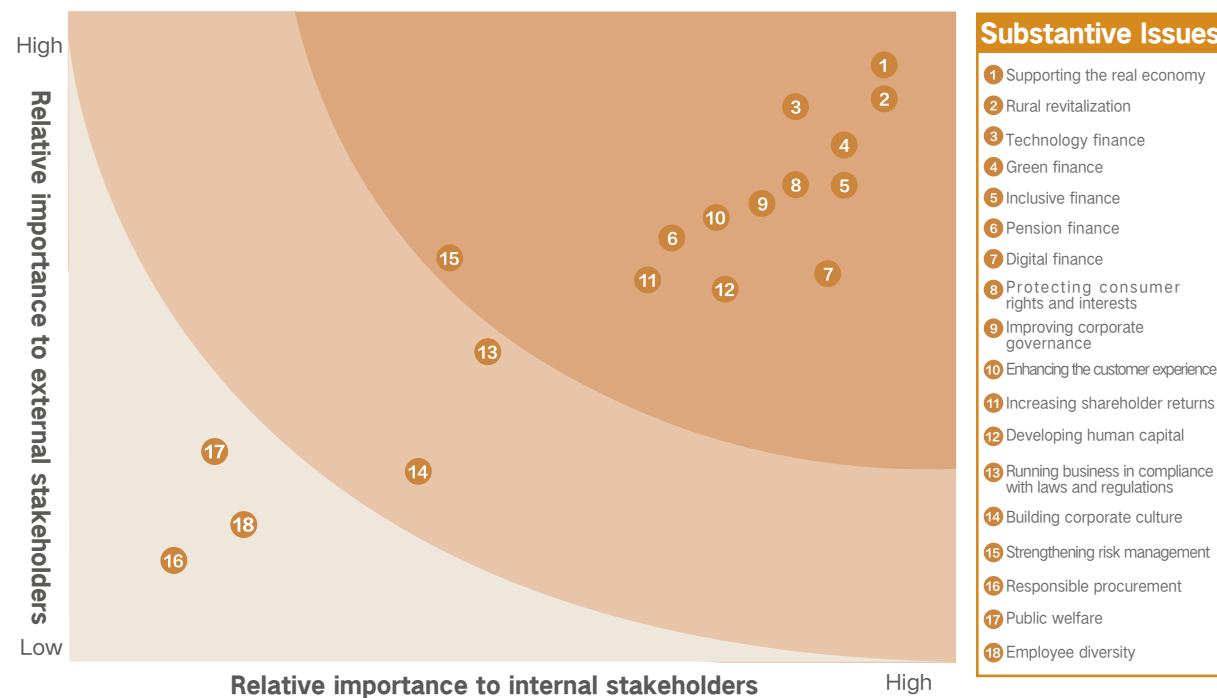
Stakeholders	Core Expectations and Appeals	Form of Communication	Response Measures
Government	<ul style="list-style-type: none"> Serve the real economy Practice inclusive finance Contribute to the realization of carbon peaking and carbon neutrality goals Serve rural revitalization Respond to the aging of population 	<ul style="list-style-type: none"> Special report Day-to-day communication 	<ul style="list-style-type: none"> Implement policies and guidelines Implement national strategies and plans
Regulatory authorities	<ul style="list-style-type: none"> Run business in compliance with laws and regulations Improve corporate governance Strengthen comprehensive risk management Step up efforts in anti-money laundering 	<ul style="list-style-type: none"> Work report On-site inspection Off-site regulation Discussion at meetings 	<ul style="list-style-type: none"> Implement regulatory policies and requirements Improve corporate governance Strengthen risk control and internal control
Shareholders /investors	<ul style="list-style-type: none"> Promote business development Improve profitability and increase returns to shareholders Strictly control ESG risks Ensure safe and stable operations Timely, accurate and comprehensive information disclosure 	<ul style="list-style-type: none"> Shareholders’ General Meeting Announcements by the Board of Directors Periodical reports Results presentations Day-to-day communication 	<ul style="list-style-type: none"> Achieve stable operations Enhance sustainable competitiveness Conduct comprehensive risk management Improve the transparency of information disclosure
Customers	<ul style="list-style-type: none"> Protect consumers’ rights and interests Improve the customer experience Strengthen innovation in fintech Accelerate innovation in financial products and services 	<ul style="list-style-type: none"> Physical channels and online platforms Satisfaction survey Training and roadshows 	<ul style="list-style-type: none"> Strengthen technological innovation Strengthen consumer rights protection Implement projects aimed to improve the customer experience
Partners	<ul style="list-style-type: none"> Be fair and transparent Develop mutually beneficial and win-win cooperation Promote the development of the industry Implement responsible procurement 	<ul style="list-style-type: none"> Business communication Industry seminars Information disclosure Supply-demand seminars 	<ul style="list-style-type: none"> Be honest and trustworthy Fair competition principle Improve procurement management
Employees	<ul style="list-style-type: none"> Safeguard the lawful rights and interests of employees Diversify the employee structure Promote the development of human resources Enrich employees’ afterwork life 	<ul style="list-style-type: none"> Employee representatives’ meeting Employee survey Opinion and feedback collection 	<ul style="list-style-type: none"> Revise relevant policies and regulations Improve the talent cultivation system Care for employees at and beyond the workplace Improve the promotion mechanism
The public and the media	<ul style="list-style-type: none"> Disclose information in a timely and objective manner Ensure smooth communication and response Jointly build harmonious communities 	<ul style="list-style-type: none"> Official website Weibo, WeChat and other platforms Financial literacy promotion Media interviews 	<ul style="list-style-type: none"> Popularize financial knowledge Carry out charitable activities Participate in community building

Stakeholders	Core Expectations and Appeals	Form of Communication	Response Measures
Environment	<ul style="list-style-type: none"> Actively respond to climate challenges and help achieve the carbon peaking and carbon neutrality goals Promote the development of a green financial system Improve environmental and social risk management Support the development of a green and low-carbon economy 	<ul style="list-style-type: none"> Information disclosure Promotion of green finance Special research and articles 	<ul style="list-style-type: none"> Optimize the credit structure Strengthen environmental and social risk management Develop new green financial products and services Promote green office practices Implement green procurement

Analysis of substantive issues

In 2023, the Bank continued to communicate with stakeholders through formal and informal channels such as daily communication, collection of policy documents, working meetings and special reports. The stakeholders included governments and regulatory authorities, shareholders and investors, employees at all levels of the Bank, customers, suppliers, financial peers and industry associations, domestic and overseas sustainable development advocacy organizations and professional organizations.

Based on the analysis of macroeconomic policies, the development of the financial sector and the Bank's work agenda, in 2023, the Bank focused on ESG issues such as supporting the real economy, rural revitalization, technology finance, inclusive finance, pension finance, green finance, digital finance, the protection of consumer rights and interests, the improvement of the customer experience, the development of human capital, and corporate governance, and continued to respond to the concerns of stakeholders.



Environmental

Aspect A1: Emissions

Please refer to the "Implementing green operations" section and CSR Performance.

Aspect A2: Use of resources

Please refer to the "Implementing green operations" section and CSR Performance.

Aspect A3: Environment and natural resources

Please refer to the "Implementing green operations" section and CSR Performance.

Aspect A4: Climate change

Strengthening ESG and climate risk management

The Bank incorporated environmental and climate risks into its comprehensive risk management system, established an environmental information database, identified and assessed climate risks, carried out special inspections on ESG and climate risks and climate risk stress tests, and kept improving its ESG and climate risk management capabilities.

ESG management requirements were also incorporated into the management process and the comprehensive risk management system.

Pre-lending due diligence

Making ESG risk a necessary link and important content, reporting the customer's ESG risk status and investigation opinions in a special chapter of the credit investigation report, and putting forward preliminary suggestions on ESG risk classification, including necessary action plans to control risks and improve performance.

Review and approval process

Making the compliance of ESG risk management of customers and projects an important content, and ESG risk classification and risk review opinions an important reference; and prioritizing credit applications aimed to support the green, low-carbon and circular economy.

Fund disbursement

Making the review of the customer's ESG risk management status an important part of fund disbursement management, and embedding it in the review process.

Post-lending (investment) management

Conducting a dynamic assessment of the ESG risk of borrowers and incorporating it into the post-lending (investment) management process.

Identifying climate risks. The Bank identified and assessed impacts that were brought forth by climate risks (including physical and transition risks) and might be transmitted to conventional risks such as credit risk, market risk, liquidity risk, operational risk and reputational risk, including the impact of climate change on the macro environment, the industry and the solvency of the Bank's borrowers or projects, collaterals and market prices.

Conducting stress tests on climate risks. For the second year in a row, the Bank carried out climate risk sensitivity stress tests in the eight industries of electricity, iron and steel, building materials, petrochemicals, chemicals, paper making, civil aviation and non-ferrous metal smelting, to analyze the increased defaults in high-carbon industries after the introduction of carbon costs, and their impacts on the Bank's asset quality and capital adequacy. The test results showed that the credit risk of some high-carbon customers rose under the stress scenario, but the impact on the Bank's capital adequacy level was controllable on the whole.

Organizing special investigations on ESG and climate risks. The Bank had organized special investigations to identify ESG and climate risks for seven consecutive years, worked out risk mitigation measures for risky customers one by one, and effectively supervised and mitigated ESG risks in financial activities.

Strengthening cooperation and exchanges

The Bank, together with the National School of Development of Peking University, conducted research on the topic of "Transition Finance Supporting Just Transition: The Role of Commercial Banks". Its research on ESG rating and investment of listed companies was approved by the China Association for Listed Companies. It participated in the compilation of teaching materials and research projects organized by the China Banking Association, the Green Finance Committee of the China Society for Finance and Banking, and the China Carbon Neutral Action Alliance. The Bank enriched the green finance training system and organized bank-wide training sessions on credit policy, green credit statistics, ESG and climate risks. It hired experts to give lectures on "Financial Issues in the Development of China's Marine Economy" to the employees. The Bank also promoted energy conservation, emissions reduction and green transformation in its own operations, and its 36 tier-1 branches and subsidiaries signed the letter of responsibility for eco-environmental protection, fulfilling its political and social responsibilities as a large state-owned bank.

Social

Aspect B1 and B4: Employment and labor standards

The Bank strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Provisions on Prohibiting the Use of Child Labor promulgated by the State Council and other applicable laws and regulations, and protects employees' labor rights and other lawful rights and interests. The Bank has signed labor contracts with all employees according to law. The labor contract stipulates the working hours, rest and vacation, labor protection and working conditions, and the obligations of the employer which the Bank shall dutifully perform. PSBC ensures the occupational health and safety of employees, pays wages in full amount on time, reasonably schedules working hours, implements the paid leave policy, and protects the lawful rights and interests of employees. By the end of 2023, the Bank hired no child labor or any forced labor. The Bank conducted recruitment in accordance with laws and regulations and the needs of business development with the principle of merit- and competition-based selection. Relevant policies, rules and practices regarding recruitment and internal promotion forbid discrimination based on gender, ethnicity, physical diseases, etc. to ensure fairness and justice.

Focusing on "the employee experience", the Bank conducted an annual staff survey for six consecutive years, covering such aspects as the sense of happiness, sense of security, sense of gain, organizational atmosphere, and career growth, to find out what the employees truly felt and thought about the work and life, and conveyed the voice of employees through data. In 2023, the "PSBCer Index" was launched for the first time to quantify the employee experience, and the 2022 Annual Staff Survey Report was produced. The survey covered the employees of 36 tier-1 branches, majority-owned subsidiaries and all business lines of the Head Office, and received 145,899 entries of valid sample data, covering nearly 80% of the Bank's employees.

Indicator	Unit	Figure
Total number of employees	/	181,964
Total number of male employees	/	73,676
Total number of female employees	/	108,288
Total number of contracted employees	/	181,964
Total number of dispatched employees	/	15,182
Total number of full-time employees	/	181,964
Total number of part-time employees	/	0
Number of employees aged 30 or under	/	36,623
Number of employees aged 31-40	/	87,466
Number of employees aged 41-50	/	41,107
Number of employees aged 51 or above	/	16,768
Number of Head Office employees	/	8,272
Number of employees in Yangtze River Delta	/	20,522
Number of employees in Pearl River Delta	/	18,872
Number of employees in Bohai Rim	/	26,526
Number of employees in Central China	/	46,334
Number of employees in Western China	/	41,761
Number of employees in Northeastern China	/	19,677
Number of ethnic minority employees	/	12,042

Indicator	Unit	Figure
Employee turnover rate	%	2.27
Turnover rate of male employees	%	2.22
Turnover rate of female employees	%	2.31
Turnover rate of employees aged 30 or under	%	7.05
Turnover rate of employees aged 31-40	%	1.62
Turnover rate of employees aged 41-50	%	0.37
Turnover rate of employees aged 51 or above	%	0.10
Turnover rate of employees at the Head Office	%	1.01
Turnover rate of employees in Yangtze River Delta	%	4.22
Turnover rate of employees in Pearl River Delta	%	2.30
Turnover rate of employees in Bohai Rim	%	1.29
Turnover rate of employees in Central China	%	2.00
Turnover rate of employees in Western China	%	2.87
Turnover rate of employees in Northeastern China	%	1.38
Proportion of female employees	%	59.51
Proportion of ethnic-minority employees	%	6.62
Labor contract signing rate	%	100.00
Ratio of male to female employees in the middle and senior management	%	3.8:1

Aspect B2: Health and safety

Indicator	Unit	Figure
Number of work-related deaths in 2021	/	3
Proportion of work-related deaths in 2021	%	0.0017
Number of work-related deaths in 2022	/	6
Proportion of work-related deaths in 2022	%	0.0033
Number of work-related deaths in 2023	/	6
Proportion of work-related deaths in 2023	%	0.0033
Number of work-related injuries in 2023	/	244
Number of working days lost due to work-related injuries in 2023	/	12,739

The Bank coordinated efforts to advance business development and workplace safety, made sure that the responsibilities of workplace safety were fulfilled, comprehensively identified and eliminated potential risks, continuously consolidated the foundation for workplace safety and educated the employees on workplace safety, to prevent any major workplace safety accident from happening.

The Bank ensured safety management responsibilities were fulfilled and improved the safety management level. It strictly implemented the requirements that the Party committees and administrative organs at all levels are responsible for workplace safety, and industry authorities, business units and production and operation units must also take up the safety responsibility. It signed the safety responsibility letter with the units at all levels, and fully implemented the workplace safety responsibility system and the job safety responsibility system. It strengthened the assessment of safety responsibilities, launched activities to build a "Safe China Post" and "Safe PSBC", and continuously urged institutions at all levels to steadily establish the safety mindset that covers "all respects, the whole process and entire staff", effectively improving the quality of and upgrading the safety management work.

The Bank focused on safety duty performance and built a solid line of defense for workplace safety. It carried out the eighth round of safety assessment of financial institutions in the banking industry, including self-assessment and rectifications. It identified the safety hazards concerning fire sources and combustibles, and made intensive efforts to eliminate the safety hazards regarding the use of canned gas fuel and liquid fuel. It organized the certified fire engineers to conduct fire safety assessments of office premises and built more mini-fire stations to ensure the safety of the workplace.

The Bank stepped up efforts in safety education and training and enhanced the employees' safety awareness and ability. Activities such as "National Safety Education Day", "Workplace Safety Month" and "Fire Safety Month" were organized to improve the safety awareness of all employees. It also hosted workshops on financial security management, security work and for certified fire engineers to enhance the professional capabilities of security management personnel. It organized activities to enhance the quality and efficiency of emergency drills and a knowledge contest on emergency response, organized case analysis on security-related events and explained the key points to the employees, to enhance their emergency response capacity.

The Bank enhanced the ability to use technology to prevent risks and enhance technological empowerment. Solid efforts were made in building the new-generation centralized security system, and actively promoting the digital transformation of the security work. It moved faster to build a monitoring system for safe power use and improve the ability to prevent electrical fires. The Bank also sped up the application of the intelligent security system and explored how the intelligent video analysis technology could be applied to and deployed at the Bank. It stepped up the development of networked monitoring centers at all levels and effectively gave play to their alert and preventive functions.

Aspect B3: Development and training

The Bank continued with talent development and cultivation and focused on supporting strategy implementation. With talent cultivation and empowerment at the core, and building a learning-oriented bank as the goal, it continued to carry out key training projects to enhance team capacity. It stepped up efforts to develop training resources, and continuously improved the quality and efficiency of training and the talent training system.

Indicator	Unit	Figure
Total number of employees who have received training ¹	/	194,225
Proportion of trained employees	%	99.41
Proportion of trained male employees	%	99.36
Proportion of trained female employees	%	99.44
Proportion of trained employees in the middle and senior management	%	100.00
Proportion of trained employees of other levels	%	99.39
Average training hours per employee	/	73.79
Average training hours per male employee	/	66.59
Average training hours per female employee	/	78.59
Average training hours per employee in the middle and senior management	/	138.92
Average training hours per employee of other levels	/	73.67

Building a learning-oriented bank

The Bank implemented the strategy of building a talent-strong bank and continued to cultivate people for the Party and the Bank. It coordinated efforts to formulate the annual training plan and continuously improved the professional capabilities of all business lines. The Bank built a training operation model in which centralized training and remote online training complement each other, and developed a special training plan for personnel engaged in agency finance, audit, internal control and compliance and discipline inspection.

The Bank organized job qualification examinations on a regular basis, fully used these exams to improve the duty performance of relevant employees, continued to improve the job qualification examination system, stimulated the enthusiasm of employees for learning and guided them to continuously improve their professional abilities. By the end of 2023, more than 180 thousand employees held at least one job-related qualification certificate, accounting for nearly 95% of the total.

Implementing tiered and classified training projects

In accordance with the three-level training system for orientation, on-job training and advanced skills training, the "Voyage Plan" training program for managers was again carried out in 2023, to help managers expand their horizons and cultivate innovative strategic thinking.

Four sessions of the "PSBC Eagle-Young Managers Pool" Huawei training workshop were held, highlighting tailored training to improve effectiveness. The first "Steed" demonstration camp was launched, which according to the employees' current jobs and weaknesses, designed personalized training tasks and ten differentiated activities of three categories for empowerment. In the three-month training program, lectures and field training were combined, and the participants' progress was tracked. Young managers were encouraged to apply what they learned in actual work, benchmark against peers, and change their behavior, to help them better understand themselves and make up for shortcomings in a relatively short time.

The Bank carried out the "358 Training Project" for the Head Office's employees, with 10 sessions held in 2023, covering nearly 900 Head Office employees. Taking on the theme of competitiveness building, the training laid a solid foundation for improving the employees' competency.

Note: 1. The statistical scope of employees who have received training includes contracted staff and dispatched workers.

The Bank also organized five field training sessions for heads of outlets. In the early stage of the training project themed "Charging Forward and Lighting Up PSBC", the Bank conducted 360-degree interviews from multiple perspectives and high-granularity questionnaire surveys, to understand the capability status quo, training needs and pain points and difficulties facing the outlet heads, identify matters to work on, and develop the competency model of outlet heads and the training plan. A total of 393 heads of high-performing outlets participated in the training.

Enriching training resources

The Bank continued to optimize the team of internal trainers, improved the team structure and promoted their regular promotion. It has established a team of more than 7,000 internal trainers across the Bank. At the same time, the Bank stepped up building the team of Head Office-level internal trainers of business lines. In 2023, it appointed the Head Office-level internal trainers for internal control & compliance, operation management, Office of the Discipline Inspection Committee, and the General Office, among other business lines, bringing the total Head Office-level internal trainers to more than 400.

The Bank upgraded the "U Course U Case" evaluation activities to sum up more excellent knowledge and practices. The Bank improved and updated the themes of mini-courses and cases, continued to broadcast and publicize excellent works, and built a bank-wide database of courses jointly developed and shared by all employees.

Aspect B5: Supply chain management

Centering on the theme of high-quality development and the "5 plus 1" strategic path, the Bank made a great effort to develop the "six capabilities", deeply applied the values of "compliance, professionalism and service", let innovation play the leading role, and continuously optimized the procurement process and policies, and promoted standardized, intensive, refined and digital procurement management.

The Bank stipulated in procurement policies that the principles of openness, fairness and justice shall be upheld and when other conditions are equal, priority shall be given to energy-saving and eco-friendly products, products labeled green, and products that meet the requirements of green packaging and green transportation.

The suppliers were urged to assume their CSRs in the entire procurement process. In the stages of candidate selection, business scoring, agreement conclusion, and post-supply assessment, the supplier's CSR performance in such areas as environmental protection, environmental management, quality management, and employee rights and interests was used as an important evaluation indicator.

The Bank continued to demand suppliers to sign and fulfill the Agreement on Energy Conservation, Emissions Reduction and Green Development and Letter of Commitment on Integrity, and continued to strengthen and promote suppliers to jointly perform CSRs such as green practice and environmental protection.

Indicator	Unit	Figure
Total number of suppliers of the Head Office's centralized procurement	/	569
Number of suppliers in Yangtze River Delta	/	112
Number of suppliers in Pearl River Delta	/	85
Number of suppliers in Bohai Rim	/	308
Number of suppliers in Central China	/	24
Number of suppliers in Western China	/	21
Number of suppliers in Northeastern China	/	8
Number of suppliers in Hong Kong, Macao and Taiwan and overseas	/	11
Number of suppliers which have finished environmental and social risk assessment	/	569

Aspect B6: Product responsibility

The Bank strictly abided by the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other applicable laws and regulations, continuously improved its intellectual property management system and mechanism, and did a good job in the creation, use, management and protection of intellectual property rights. It encouraged independent innovation, built a corporate culture that is innovation-enabling, intensified efforts in monitoring and preventing legal risks involving intellectual property rights in business management activities, and actively publicized and protected intellectual property rights.

In terms of privacy protection, the Bank continued to implement the Personal Information Protection Law and other applicable laws and regulations. The mobile banking app introduced the guide to personal information protection and such functions as system access management and batch revocation of third-party authorization to protect the consumers' right to know and make choices on their own.

The Credit Card Center continued to uphold compliance and promote healthy and steady business development. First, it strictly implemented the ex-ante compliance assessment and review of new credit card products and businesses, and carried out the consumer protection review covering the whole process from marketing, card issuance, to card use service and card cancellation, tackling the compliance risk at the source. Second, it actively implemented the Circular on Further Regulating and Promoting the Healthy Development of Credit Card Business, continuously carried out regular business compliance risk monitoring, supervision and inspection, and strengthened compliance management of the business process.

Data security and privacy protection

The Bank attaches great importance to data security and privacy protection. With the goal of “safeguarding data security for tapping into the value of data”, the Bank improved the data security governance structure, constructed a data security policy system, stepped up data security protection measures, enhanced data security audits and inspections, and cultivated a favorable culture for data security to enhance the level of data security management and protection, and drive high-quality business development on the premise of secure and compliant use of data.

The organizational structure for data security management

The Bank has established an organizational structure for data security management covering the Board of Directors, the Board of Supervisors, senior management, and the data security coordination departments. In 2023, the Board of Directors, the Board of Supervisors, the IT Risk Management Committee of the Head Office, and the President’s Special Meeting considered a total of 14 issues in the field of data security, and offered effective guidance for substantial bank-wide progress on data security.

The Board of Directors and its specialized committees attach great importance to data security and privacy protection related work. The Board of Directors is responsible for reviewing and approving the IT strategy, understanding the major IT risks, determining the acceptable level of risk, building a more capable team of IT specialists, and raising the awareness of the entire Bank of the importance of IT risk management. The Board of Supervisors assumes the supervisory responsibility for IT risk management, and is responsible for supervising and inspecting the performance of the Board of Directors and senior management in IT risk management and for urging rectifications.

The Bank has incorporated IT risk management into its comprehensive risk management system and established an IT risk management system that is in line with its strategic objectives. A specialized IT risk management committee has been set up under the Financial Technology Committee of the senior management, and it is responsible for formulating and maintaining a clearly-tiered IT risk management system, and developing and promoting IT risk management methods, tools and support systems. Within the bank-wide IT risk management framework, it deliberates, decides and deploys on major matters concerning bank-wide data security, promotes the safe, continuous and sound operation of information systems, and enhances the Bank’s core competitiveness and sustainable development capability.

The Chief Information Officer (CIO) is a member of the Bank’s management, reports directly to the President, and is directly involved in decision making related to the IT application. The CIO performs duties in respect of the Bank’s IT strategy, information security management, and the effectiveness of the IT risk management, with the aim to comprehensively enhance the Bank’s IT risk management capability.

The Bank has developed three lines of defense to ensure data security. The first is the department responsible for data security, which proposes and strictly implements data security requirements in the process of product design, data usage, and system operation and maintenance, to prevent the occurrence of risks. The second is the data security management department which implements data security management responsibilities in the fields of science and technology, law, risk management and internal control. The third is the data security supervision department which strengthens supervision and audit inspection in all aspects of data security to achieve closed-loop control of data security risks.

The Data Management Department is responsible for bank-wide data security work. At the end of 2023, it set up a Data Security Division, which consists of full-time data security management specialists, to push forward the Bank’s data security management work.

Data security policies and norms

The data security protection principles. The Bank upholds the following principles in data security management: equal emphasis on security and development, tiered protection, full-cycle coverage, minimum necessity, and clear division of responsibilities, to ensure reasonable development and utilization of data under the premise of security and control.

Data security management norms. The Bank continues to institutionalize and standardize all work on data security, and keeps improving its data security management policies and methods. The Data Security Management Measures (Revised Edition 2022) were formulated and issued, clarifying the basic principles of data security and proposing different management requirements for different stages of the data life cycle. On this basis, the Bank issued 10 data security management policies, including the Implementation Rules for Data Classification and Grading (2023) and the Implementation Rules on Data Security Control by Grade (2023), specifying requirements for data security work and covering institutions at all levels and the majority-owned subsidiaries.

Measures to ensure data security

Data classification and grading. The Bank set up a data classification and grading system and developed an automatic system to classify and grade existing and incremental data across the Bank. It actively participated in the pilot implementation of the national standard Information Security Technology – Rules for Data Classification and Grading, and explored the methods of implementing the national standards in the financial industry.

Data control by grade. The Bank made full use of the classification and grading results to develop a pool of strategies for graded data security control, and exercised graded control on key areas and scenarios. Data security requirements were incorporated into the software R&D process management system to provide matching data security protection capabilities for data of different security levels. The Bank also conducted security testing and verification of system data security requirements, design and R&D results, and realized closed-loop management of R&D security.

Consolidating the information system protection capability. The Bank established a unified identity authentication system to realize the lifecycle management of the digital identity, and continued to enhance its data security protection capability by intensifying efforts to monitor the system’s operational security status, analyze risks and issue early warnings, and strengthen the security level of hosts and terminals.

Strictly preventing data leaks. The Bank deployed a terminal data leakage prevention system to identify, monitor and control terminal export files. On the basis of ensuring reasonable data flow, the focus is put on protecting customers’ personal information and important sensitive data to prevent data leakage from production terminals.

Meticulously deploying emergency response. The Bank incorporated personal information protection into data security emergency management. The Emergency Response Plan for Data Security Incidents was formulated, specifying the grading standards for data security incidents, and stipulating procedures for the whole emergency response process, including incident identification and reporting, incident investigation, pre-emptive disposal, decision-making and response, emergency response closure, and incident summarization. The Bank also laid down specific rules for the emergency response plan, training, and emergency response exercises in response to data security incidents. Preventive measures are prioritized, plus science-based decision making, rapid response and cross-departmental coordination, to ensure the stability of the Bank’s business operations.

Data security assessment

The Bank conducts data security assessments every year, including the comprehensive data security assessment to enhance the bank-wide management level and special assessments to strengthen data protection in key areas.

Comprehensive data security assessment. In 2023, the Bank conducted a bank-wide data security assessment covering the Head Office, branches and subsidiaries, covering the areas of data security governance system, responsibility implementation, classification and grading, lifecycle protection, etc., to grasp the basic situation of data security, identify areas for improvement, and better carry out data security work.

Special data security assessment. The Bank strictly manages data security risks in key data exchange links. Data exchange security impact assessments were conducted for key scenarios such as external data access, access for internet lending institutions, and data sharing, to fully ensure a secure and compliant environment for business operations and data exchange.

Data security audits and inspections

Special data security audits. The Bank conducts special data security audits annually. In 2023, these audits covered 28 departments of the Head Office and six tier-1 branches, with a focus on the structure of data security and customer information protection management, control of sensitive data, management of external data, control of travel data, and assessment of security impact, to strengthen the supervision of data security and achieve closed-loop control of data security risks.

Data security inspections. In 2023, the Bank carried out IT risk inspections and data management inspections, with a focus on the tier-1 branches, tier-2 branches and sub-branch outlets in such aspects as data security management rules, data classification and grading for security management, data security training, data cooperation with outsiders, data lab management, data extraction management and terminal management, and supervised the effective implementation of data security management requirements.

Building a corporate culture of data security

The Bank continued to strengthen training on data security. In 2023, six large-scale data security-related training sessions were organized for the whole staff, covering such topics as applicable laws and regulations, the data security situation, data classification and grading, classified data security control, data security requirements for staff, and precautionary cases, so as to engage every employee in data security protection, comprehensively strengthen the staff’s awareness of data security, and faithfully implement the responsibility of data security.

Data and information security management certification

Assessment of classified protection of cybersecurity. As per the National Standards for Classified Protection of Cybersecurity (Version 2.0), the Bank assesses the classified protection of cybersecurity every year, in which eligible third-party organizations are hired to evaluate the protection capability of systems filed at security protection level 3 and above.

Information security management certification. The Bank continued to apply for international certifications for its information security management systems and strengthen the overall information security management level. The Bank’s information systems are all maintained by the Operations Data Center, which has built an intelligent operation and maintenance platform for unified monitoring, integrated operation and maintenance management, and security management. The Bank’s systems are all in safe and stable operation.

Certificates and Honors

Certificate for the Data Management Capability Maturity Assessment Model in quantitative management (Level-4)

ISO27001 Information Security Management certification

ISO20000 Information Technology Service Management certification

CMMI-DEV Software Management Maturity Level 4

Test Maturity Model integration (TMMi) Level 4

Passed the evaluation of continuous delivery standards of China Academy of Information and Communications Technology (CAICT)’s Development and Operation Integration (DevOps) Capability Maturity Model

Passed the security and risk management standards evaluation of CAICT’s DevOps Capability Maturity Model

Passed the system and tool standards evaluation of CAICT’s DevOps Capability Maturity Model

Passed the continuous test standards evaluation of CAICT’s DevOps Capability Maturity Model

Electronic-channel privacy protection

The Bank fully protects the electronic-channel customers' right to know and the right to choose. The E-Banking Privacy Policy of Postal Savings Bank of China and the Rules of Postal Savings Bank of China for the Protection of Personal Information of Children in E-Banking are prominently displayed on the mobile banking app, the personal internet banking webpage on the official website, and the official account on WeChat, informing customers of how the Bank collects, uses, stores, protects, shares, forwards, publicly discloses, and manages customers' personal information via electronic channels. Requirements such as "notification consent" and separate authorization are further enforced in the product and service flow of the electronic channel to ensure that customers' authorization is obtained prior to the use of their personal information. The Bank added the function of pushing the latest version of the privacy policy text to customers via the electronic channels, so that they can access the Bank's privacy policy update as soon as possible. The type of information to be shared with third-party organizations, the validity period query and batch revocation functions were refined. The Bank also offers customers a convenient view of system access control, making it easy for them to learn the authorization status of key personal information and revoke the authorization.

Aspect B7: Anti-corruption

Building a clean culture

Adhering to the principle of building a political climate and nourishing employees' physical and mental health with a clean financial culture, the Bank earnestly implemented the arrangements for the "Year of Integrated Development" put forth in the PSBC Three-Year Action Plan for Building a Clean Financial Culture (2022-2024). The building of a clean financial culture was made a part of the Bank's key tasks of Party building and exercising full and strict governance over the Party, and the performance assessment of operation and management. Special effort was made to strengthen discipline education and integrity education for the leading officials at all levels, newly appointed leaders and young employees. The Bank organized the voting for the top ten anti-corruption messages, the collection of short videos on anti-corruption, the Month of Party Conduct and Anti-Corruption Education, the screening of cautionary films on anti-corruption in the financial sector, and the co-building of clean partnerships, continuing to advocate the value of praising and taking pride in clean conduct.

The Bank continued to strengthen the training on the Party Constitution, Party rules and Party disciplines for its staff, made anti-corruption a compulsory part of the training for all employees, and solidly carried out the anti-corruption education for employees in leading positions, to consolidate the defense line for integrity and against corruption, and create a clean workplace.

Anti-money laundering

The Bank strictly implemented the regulatory requirements on anti-money laundering, took the "risk-based" approach, and actively carried out various anti-money laundering work.

The Bank helped create a good financial market order. The Bank carried out the bank-wide anti-money laundering awareness campaign with the theme of "Protecting the Customers' Money Pocket", and used online and offline channels to promote the campaign. Relevant posts on the WeChat public accounts of branches received 124,040 views, and the promotional videos were played for a total of 2,016,254 hours at business outlets, calling the public attention to money laundering crimes and improving their risk awareness.

The Bank implemented differentiated approaches to manage customer accounts with high money laundering risk. Based on the Bank's uniform policies, different business lines formulated and implemented differentiated money laundering risk control strategies for accounts based on their business conditions, and realized rigid whole-process control over high-risk accounts, meeting regulatory requirements and customers' financial service needs.

The Bank continued to promote the money laundering risk assessment. It dynamically and continuously tracked changes in the money laundering risk, optimized assessment methods and indicator models, and promoted the application of assessment results.

The Bank enhanced its IT support capacity. The new-generation anti-money laundering system was completed. The Bank carried out in-depth anti-money laundering data governance, and continuously optimized the suspicious transaction monitoring model system to provide strong support for better anti-money laundering results.

Internal control & compliance

In 2023, the Bank continued to dispatch risk managers, bringing the total of dispatched risk managers across the Bank to 2,379. The Bank established a transmission and correction mechanism for problems identified in duty performance, strengthened team building through centralized training, experience sharing and responsibility optimization, and carried out special assessments and cross-examinations.

Compliance culture building

The Bank held the internal control and compliance knowledge competition and the Top 10 Risk Managers Competition. The knowledge competition attracted the participation of 132 thousand employees, and the final was live-streamed in real time and watched by an audience of 85 thousand. The Top 10 Risk Managers Competition was participated in by all the 2,300-plus risk managers of the Bank. While preparing for the competitions, institutions at all levels created a positive atmosphere of "emulating and helping each other". The competitions also provided them the opportunity to carry out compliance education on their employees.

The Bank launched the "Popularizing the Compliance Culture at the Grass-roots Level" campaign in 2023, organized trainers at the Head Office level to prepare and distribute two batches of 23 kinds of training course materials, and conducted remote video training, covering postal and financial institutions at all levels. The training attracted 356,952 participants, and 99.56% of them passed the training

exam. The branch heads gave lectures on compliance. A wide range of publicity vehicles such as the Compliance Culture Corridor were set up to enhance the employees' compliance awareness.

The outstanding units, individuals and heads of sub-branches winning the Golden Shield Award 2021-2022 for internal control risk management were selected, and outstanding employees were awarded and promoted as role models to advocate the risk control philosophy. A total of 9 outstanding institutions, 122 outstanding individuals and 79 outstanding sub-branch heads were awarded.

In 2023, there was no settled corruption litigation case lodged against the Bank or its employees.

Indicator	Unit	Figure
Number of AML training sessions	/	27,136
Number of participants in AML training	Person-time	959,265
Number of anti-corruption training sessions for directors and employees	/	13
Number of directors and employees participating in anti-corruption training	/	194,225
Anti-corruption training hours attended by directors and employees	/	231,269
Number of settled corruption litigation cases relating to employees	/	0
Number of settled AML cases relating to the Bank	/	0

Whistleblower protection

In 2022, the Measures of Postal Savings Bank of China for Handling Violations of Laws and Regulations by Employees (Revised Edition 2022) was issued, further clarifying the standards of accountability and handling of violations such as divulging the contents of reports, obstructing and interfering with the handling of reporting matters via letters and visits, and retaliating against whistleblowers, so as to strengthen the protection of whistleblowers. In 2023, the Bank continued to implement the Reward Measures of Postal Savings Bank of China for Employees for Resisting, Reporting and Intercepting Illegal Behaviors (2020 Edition) and other policy requirements, to encourage employees to consciously resist, report and intercept illegal behaviors, and to effectively play the role of the reporting system in risk prevention and control. In addition, the compliance management system has a built-in reporting management function that supports employees to initiate reports anonymously or in their real name, strengthening the deterrence of illegal, non-compliant and undisciplined behaviors, and adding to the reporting channels for employees.

Aspect B8: Community investment

Please refer to the section "Actively giving back to society".

Third-Party Assurance Report

Deloitte.

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INDEPENDENT LIMITED ASSURANCE REPORT

DTT(24)BAR00003

To the Board of Directors of Postal Savings Bank of China Co., Ltd:

We have been engaged to perform a limited assurance engagement on selected 2023 Key CSR Indicators (the "Selected Indicators") in the 2023 Corporate Social Responsibility Report (the "CSR Report") prepared by Postal Savings Bank of China Co., Ltd (the "Bank").

Subject Matters for Limited Assurance

The subject matters of this assurance engagement include the following Selected Indicators in the 2023 CSR Report:

1. SO₂ emissions
2. NO_x emissions
3. Direct emissions (Scope 1)
4. Indirect emissions (Scope 2)
5. Total GHG emissions (Scope 1 and Scope 2)
6. GHG emissions per capita (Scope 1 and Scope 2)
7. GHG emissions per square meter of floor area (Scope 1 and Scope 2)
8. Total hazardous waste
9. Total energy consumption
10. Energy consumption per square meter of floor area
11. Fuel consumption by vehicles
12. Diesel consumption by facilities
13. Natural gas consumption
14. Purchased electricity
15. Consumption of purchased electricity of the Head Office
16. Office water consumption
17. Office water consumption of the Head Office
18. Office water consumption per capita
19. Total number of employees
20. Total number of female employees
21. Number of ethnic minority employees
22. Total number of dispatched employees
23. Number of employees by age group
24. Employee turnover rate
25. Proportion of female employees
26. Proportion of ethnic minority employees
27. Labor contract signing rate
28. Ratio of male to female employees in the middle and senior management
29. Total number of employees who have received training
30. Average training hours per employee
31. Rate of customer satisfaction with 95580 service

32. Number of electronic banking customers
33. Number of mobile banking App customers
34. Total number of customer complaints
35. Rate of complaint settlement
36. Total number of suppliers of the Head Office's centralized procurement
37. Number of outlets
38. Number of outlets in areas at and below the county level
39. External donations (domestic)
40. Total assets
41. Balance of green loans
42. Balance of loans to clean energy industries
43. Balance of green bond investment
44. Underwriting scale of green bonds
45. Cumulative underwriting scale of green bonds
46. Balance of inclusive loans to MSEs
47. Balance of agriculture-related loans
48. Balance of personal micro loans

Our limited assurance engagement does not extend to information in respect of any earlier period or to any other information included in the 2023 CSR Report of the Bank for the year ended 31 December 2023.

Applicable Criteria

The applicable criteria used by the Bank in the preparation of the Selected Indicators are set out in the Appendix to this report.

Responsibility of Management and Those Charged with Governance

The management of the Bank is responsible for the preparation of the Selected Indicators in accordance with the applicable criteria. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the Selected Indicators that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the reporting process.

Inherent Limitations of Applicable Criteria

We draw attention of the users of this report to the fact that there is no generally accepted evaluation and measurement basis for the preparation of non-financial information, which may affect the comparability of sustainability information between entities and over time.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Management 1*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to perform limited assurance in accordance with the *International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information*. We express assurance conclusions with limited assurance on whether the Selected Indicators in the 2023 CSR Report have been prepared in all material respects in accordance with the applicable criteria.

Assurance Approach

The procedures performed in a limited assurance engagement substantially vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Therefore the level of assurance obtained by limited assurance was less than reasonable assurance. We do not provide reasonable assurance that the Selected Indicators in the 2023 CSR Report were disclosed in all material respects in accordance with the applicable criteria. Our assurance included identifying areas where Selected Indicators for 2023 may be materially misstated in the CSR Report, designing and implementing assurance procedures to address these identified areas, and obtaining evidence accordingly. The assurance procedures we carried out depend on our professional judgment and risk assessments of assurance.

We carried out the following assurance procedures:

- Interviewed the Bank's management and staff responsible for information collection, consolidation and disclosure to understand the process of reporting in relation to these Selected Indicators;
- Tested relevant supporting documents on a sample basis;
- Performed analytical procedures on Selected Indicators;
- Recalculated Selected Indicators on a sample basis.

Limited Assurance Conclusions

Based on the above work performed and the evidence we have obtained, nothing has come to our attention that would lead us to believe that there is any material misstatement related to the Selected Indicators in the Bank's 2023 CSR Report prepared in accordance with the applicable criteria.

Use of Independent Limited Assurance Report

This independent limited assurance report is solely for the purpose of preparing the Bank's 2023 CSR Report, and is not suitable and cannot be used for other purposes. We do not assume responsibility or accept liability to any other person or third party other than the Bank's Board of Directors for this report.

This is the English translation of the Independent Limited Assurance Report in Chinese version. If there is any conflict between the translated and Chinese version, the Chinese version shall prevail.



Deloitte Touche Tohmatsu Certified Public Accountants LLP

Mar 28, 2024

Appendix

1. **SO₂ emissions:** SO₂ emissions were mainly from the use of fuel by vehicles from 1 January 2023 to 31 December 2023, which were calculated as per the "Technical Guidelines for the Compilation of Air Pollutant Emission Inventories of Road Motor Vehicles (Trial)" released by the Ministry of Environmental Protection of the People's Republic of China, as well as the "Gasoline for Motor Vehicles" (GB 17930-2016) and "Diesel for Motor Vehicles" (GB 19147-2016) standards.
2. **NO_x emissions:** NO_x emissions were mainly from the use of fuel by vehicles from 1 January 2023 to 31 December 2023, which were calculated as per the "Technical Guidelines for the Compilation of Air Pollutant Emission Inventories of Road Motor Vehicles (Trial)" released by the Ministry of Environmental Protection of the People's Republic of China, as well as the "Gasoline for Motor Vehicles" (GB 17930-2016) and "Diesel for Motor Vehicles" (GB 19147-2016) standards.
3. **Direct emissions (Scope 1):** During the period from 1 January 2023 to 31 December 2023, the total direct greenhouse gas emissions of PSBC's Scope 1 (natural gas, gasoline, diesel). GHG inventories contain carbon dioxide, methane and nitrous oxide. Emission factors are sourced from the "2019 Revision to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories" by the Intergovernmental Panel on Climate Change (IPCC), "General Rules for Calculation of Comprehensive Energy Consumption" (GB/T2589-2020), and "Appendix 2: Reporting Guidance on Environmental KPIs" to the "ESG Reporting Guide" by the Stock Exchange of Hong Kong Limited.
4. **Indirect emissions (Scope 2):** During the period from 1 January 2023 to 31 December 2023, the total indirect greenhouse gas emissions of PSBC's Scope 2 (purchased electricity). The Beijing emission factor is sourced from "DB11/T1787-2020 Requirements for Carbon Dioxide Emission Accounting and Reporting - Other Industrial Enterprises", the Tibet emission factor is provided by carbon experts based on historical years of the Bank, and the emission factors for other regions are sourced from the "Average Carbon Dioxide Emission Factors of China's Regional Power Grids in 2011 and 2012".
5. **Total GHG emissions (Scope 1 and Scope 2):** The total greenhouse gas emissions under Scope 1 (natural gas, gasoline, diesel) and Scope 2 (purchased electricity) during the period from 1 January 2023 to 31 December 2023.
6. **GHG emissions per capita (Scope 1 and Scope 2):** The per capita greenhouse gas emissions during the period from 1 January 2023 to 31 December 2023, calculated based on the greenhouse gas emissions under Scope 1 (natural gas, gasoline, diesel), Scope 2 (purchased electricity), and the number of employees (with the same scope of environmental performance data).
7. **GHG emissions per square meter of floor area (Scope 1 and Scope 2):** The greenhouse gas emissions per square meter of floor area during the period from 1 January 2023 to 31 December 2023, calculated based on the greenhouse gas emissions under Scope 1 (natural gas, gasoline, diesel), Scope 2 (purchased electricity), and the office area.
8. **Total hazardous waste:** The total amount of hazardous waste involved during the period from 1 January 2023 to 31 December 2023.
9. **Total energy consumption:** The total energy consumption during the period from 1 January 2023 to 31 December 2023, measured in megawatt-hours, was based on electricity power and fuel consumption and relevant conversion coefficients provided in

the national standards of the "General Rules for Calculation of Comprehensive Energy Consumption" (GB/T2589-2020), including purchased electricity, natural gas, fuel consumption by vehicles and diesel consumption by facilities.

10. **Energy consumption per square meter of floor area:** The energy consumption per square meter of floor area during the period from 1 January 2023 to 31 December 2023, measured in megawatt-hours per square meter, calculated based on the total energy consumption and the office area.
11. **Fuel consumption by vehicles:** During the period from 1 January 2023 to 31 December 2023, the consumption of gasoline and diesel used by official vehicles (including both official vehicles and production vehicles), measured in megawatt-hours, calculated in accordance with the "General Rules for Calculation of Comprehensive Energy Consumption" (GB/T2589-2020).
12. **Diesel consumption by facilities:** The facility diesel consumption during the period from 1 January 2023 to 31 December 2023 (including backup generators and a small amount of diesel used for cookers).
13. **Natural gas consumption:** The natural gas consumption during the period from 1 January 2023 to 31 December 2023, measured in megawatt-hours, calculated according to the "General Rules for Calculation of Comprehensive Energy Consumption" (GB/T2589-2020).
14. **Purchased electricity:** The purchased electricity consumption during the period from 1 January 2023 to 31 December 2023.
15. **Consumption of purchased electricity of the Head Office:** The total electricity consumption of the Head Office in Beijing during the period from 1 January 2023 to 31 December 2023.
16. **Office water consumption:** The office water consumption during the period from 1 January 2023 to 31 December 2023 (including tap water and reclaimed water).
17. **Office water consumption of the Head Office:** The total water consumption of the Head Office in Beijing during the period from 1 January 2023 to 31 December 2023.
18. **Office water consumption per capita:** The per capita office water consumption during the period from 1 January 2023 to 31 December 2023, calculated based on the office water consumption and the number of employees (with the same scope of environmental performance data).
19. **Total number of employees:** The total headcount of employees directly signing a labor contract with the PSBC, excluding dispatched employees, as of 31 December 2023.
20. **Total number of female employees:** The total headcount of female employees directly signing a labor contract with the PSBC, excluding female dispatched employees, as of 31 December 2023.
21. **Number of ethnic minority employees:** The total headcount of ethnic-minority employees directly signing a labor contract with the PSBC, excluding ethnic-minority dispatched employees, as of 31 December 2023.
22. **Total number of dispatched employees:** The total headcount of dispatched employees at PSBC as of 31 December 2023.

23. **Number of employees by age group:** As of 31 December 2023, the total number of employees in PSBC aged 30 and under, aged 31 to 40, aged 41 to 50, and aged 51 and above.

24. **Employee turnover rate:** The total number of employees who left PSBC during the period from 1 January 2023 to 31 December 2023, as a percentage of the total number of employees on duty during that period. That is, employee turnover rate = total number of employees who left throughout the year / [(number of employees as of 31 December 2022 + number of employees as of 31 December 2023) / 2 * 100%].

25. **Proportion of female employees:** The proportion of female employees in the total number of employees, as of 31 December 2023.

26. **Proportion of ethnic minority employees:** The proportion of ethnic minority employees directly signing a labor contract with the PSBC in the total number of employees, as of 31 December 2023.

27. **Labor contract signing rate:** The proportion of PSBC employees who have signed labor contracts in the total number of employees, as of 31 December 2023. That is, contract signing rate = number of employees with signed labor contracts / total number of employees * 100%.

28. **Ratio of male to female employees in the middle and senior management:** As of 31 December 2023, the ratio of male employees to female employees in the middle and senior management of PSBC. Middle and senior management includes PSBC's directors, supervisors, senior management personnel, and leading personnel managed by the Party Committee of the Head Office, that is, leading personnel at level 17 and above of the Head Office and leading personnel of the first-tier branch banks.

29. **Total number of employees who have received training:** During the period from 1 January 2023 to 31 December 2023, the total number of PSBC employees attending online training via China Post Online College. This includes both contracted PSBC staff and labor dispatched workers.

30. **Average training hours per employee:** During the period from 1 January 2023 to 31 December 2023, the average training hours of PSBC employees attending online training via China Post Online College. That is, average training hours per employee = total training hours of all employees throughout the year / total number of employees who have received training * 100%.

31. **Rate of customer satisfaction with 95580 service:** During the period from 1 January 2023 to 31 December 2023, satisfaction with overall remote banking services among customers who called PSBC's Remote Banking Center customer service hotline 95580.

32. **Number of electronic banking customers:** As of 31 December 2023, the number of customers who have signed up for electronic banking services provided by PSBC.

33. **Number of mobile banking App customers:** As of 31 December 2023, the number of customers who have signed up for mobile banking services provided by PSBC.

34. **Total number of customer complaints:** During the period from 1 January 2023 to 31 December 2023, the total number of complaints recorded in PSBC's "Financial Consumer Complaint Management System", including complaints via 95580, complaints via the credit card customer service hotline, on-site complaints at branches, complaints transferred by regulators, and complaints through channels such as letters and petitions.

35. **Rate of complaint settlement:** The number of customer complaints that have been resolved and informed to the complainants during the period from 1 January 2023 to 31 December 2023, as a percentage of the total number of customer complaints.

36. **Total number of suppliers of the Head Office's centralized procurement:** During the period from 1 October 2022 to 31 October 2023, the number of suppliers in the duration of contract that provided materials or services to PSBC through centralized procurement by the Head Office.

37. **Number of outlets:** As of 31 December 2023, the number of outlets of PSBC that provide services to customers.

38. **Number of outlets in areas at and below the county level:** As of 31 December 2023, the number of outlets of PSBC in counties and below in China's administrative divisions that provide services to customers.

39. **External donations (domestic):** Total amount of donations to the public (domestic) made by PSBC during the period from 1 January 2023 to 31 December 2023.

40. **Total assets:** As of 31 December 2023, the total assets disclosed in CSR report is the same scope as the amount in PSBC audited annual financial statements in 2023.

41. **Balance of green loans:** As of 31 December 2023, the outstanding balance of green loans held by PSBC, based on the "Special Statistical System for Green Loans" issued by the People's Bank of China.

42. **Balance of loans to clean energy industries:** As of 31 December 2023, the outstanding balance of loans to the clean energy industries held by PSBC, based on the "Special Statistical System for Green Loans" issued by the People's Bank of China.

43. **Balance of green bond investment:** As of 31 December 2023, the balance of green bond investments held by PSBC.

44. **Underwriting scale of green bonds:** During the period from 1 January 2023 to 31 December 2023, the total scale of underwritten green bonds by PSBC.

45. **Cumulative underwriting scale of green bonds:** As of 31 December 2023, the total scale of underwritten green bonds by PSBC.

46. **Balance of inclusive loans to MSEs:** As of 31 December 2023, the outstanding balance of loans to small and micro enterprises and individual business owners with a credit limit of 10 million yuan or less held by PSBC.

47. **Balance of agriculture-related loans:** As of 31 December 2023, the outstanding balance of agriculture-related loans held by PSBC, based on the "Special Statistical System for Agriculture-related Loans" issued by the former China Banking and Insurance Regulatory Commission.

48. **Balance of personal micro loans:** As of 31 December 2023, the outstanding balance of personal micro loans held by PSBC, which are mainly personal operating loans issued by PSBC.

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Feedback Form

Dear readers,

Thank you for taking the time to read the 2023 Corporate Social Responsibility (Environmental, Social and Governance) Report of Postal Savings Bank of China Co., Ltd. We value your opinions and would appreciate it if you could kindly let us know your comments and suggestions to help us make this report better.

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Thank you again for your support. You can send your feedback to us by mail, fax or email.

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