



中國郵政儲蓄銀行股份有限公司
POSTAL SAVINGS BANK OF CHINA Co., Ltd.
(A joint stock limited liability company incorporated in the People's Republic of China)
(Stock code: 1658)

Postal Savings Bank of China Co., Ltd.
First Quarterly Report of 2017

The Board of Directors of Postal Savings Bank of China Co., Ltd. (the “**Bank**”) is pleased to announce the results of the Bank and its subsidiary (collectively, the “**Group**”) for the first quarter ended March 31, 2017. This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1. IMPORTANT NOTICE

- 1.1 The Board of Directors, the Board of Supervisors, Directors, Supervisors and senior management members of the Bank undertake that the information in this report contains no false record, misleading statement or material omission; and assume individual and joint liabilities for the authenticity, accuracy and completeness of the information in this report.
- 1.2 The First Quarterly Report of 2017 has been considered and approved at the meeting of the Board of Directors of the Bank held on April 28, 2017. There were 10 directors eligible for attending the meeting, of whom 1 director attended the meeting by proxy. Mr. Lyu Jiajin appointed Mr. Zhang Xuwen to attend the meeting and exercise the voting right on his/her behalf.
- 1.3 These quarterly financial statements have not been audited.

2. CORPORATE INFORMATION

2.1 Basic information

	Stock name	Stock code	Stock exchange on which shares are listed
H Share	PSBC	1658	The Stock Exchange of Hong Kong Limited
Board Secretary and Company Secretary:			
Name	Du Chunye		
Correspondence Address	No. 3 Financial Street, Xicheng District, Beijing (Postcode: 100808)		
Telephone	86-10-68858158		
Fax	86-10-68858165		
E-mail	ir@psbc.com		

2.2 Major accounting data and financial indicators prepared based on International Financial Reporting Standards (“IFRSs”)

(Expressed in millions of RMB, unless otherwise stated)

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)	Changes as compared to the end of the previous year (%)
Total assets	8,486,867	8,265,622	2.68
Total loans and advances to customers	3,189,914	3,010,648	5.95
Allowance for impairment on loans	75,408	71,431	5.57
Total liabilities	8,126,724	7,918,734	2.63
Customer deposits	7,780,555	7,286,311	6.78
Equity attributable to shareholders of the Bank	359,788	346,530	3.83

	Three months ended March 31,		Changes as compared to the corresponding period of the previous year (%)
	2017 (Unaudited)	2016 (Audited)	
Operating income	52,450	47,514	10.39
Net profit	13,793	12,487	10.46
Net cash flows from operating activities	(135,539)	237,255	(157.13)
Basic earnings per share (RMB) ⁽¹⁾	0.17	0.18	(5.56)
Diluted earnings per share (RMB) ⁽¹⁾	0.17	0.18	(5.56)
Return on weighted average net assets (annualized, %) ⁽¹⁾	15.83	18.16	A decrease of 2.33 percentage points

(1) Including non-recurring profit and loss

3. BRIEF ANALYSIS ON OVERALL OPERATING ACTIVITIES IN THE FIRST QUARTER

Set out below are the highlights of the operating results of the Group for the reporting period:

Net profit amounted to RMB13,793 million, representing an increase of 10.46%, as compared to the corresponding period of the previous year. Annualized return on average total assets and annualized return on weighted average net assets were 0.67% and 15.83%, respectively.

Operating income amounted to RMB52,450 million, representing an increase of 10.39%, as compared to the corresponding period of the previous year. Net interest income was RMB41,949 million, representing an increase of 0.60%, as compared to the corresponding period of the previous year. Net interest spread and net interest margin were 2.31% and 2.24%, respectively. Net fee and commission income amounted to RMB4,083 million, representing an increase of 37.80%, as compared to the corresponding period of the previous year. Operating expenses amounted to RMB32,035 million, representing an increase of 3.00%, as compared to the corresponding period of the previous year. Cost-to-income ratio was 60.35%, representing a decrease of 0.74 percentage points, as compared to the corresponding period of the previous year.

As at the end of the reporting period, total assets amounted to RMB8,486,867 million, representing an increase of RMB221,245 million or 2.68%, as compared to the end of the previous year. Total loans and advances to customers amounted to RMB3,189,914 million, representing an increase of RMB179,266 million or 5.95%, as compared to the end of the previous year, of which corporate loans were RMB1,183,510 million, discounted bills were RMB313,793 million and personal loans were RMB1,692,611 million.

Total liabilities amounted to RMB8,126,724 million, representing an increase of RMB207,990 million or 2.63%, as compared to the end of the previous year. Customer deposits amounted to RMB7,780,555 million, representing an increase of RMB494,244 million or 6.78%, as compared to the end of the previous year, of which corporate deposits were RMB1,113,845 million, personal deposits were RMB6,665,421 million and other deposits were RMB1,289 million.

Shareholders' equity amounted to RMB360,143 million, representing an increase of RMB13,255 million or 3.82%, as compared to the end of the previous year.

According to the five-category classification of loans, the balance of non-performing loans ("NPLs") amounted to RMB26,955 million. The NPL ratio was 0.85%. The allowance coverage ratio stood at 279.75%.

As at the end of the reporting period, the core tier-1 capital adequacy ratio was 8.88%, the tier-1 capital adequacy ratio was 8.88% and the capital adequacy ratio was 11.88%, all meeting regulatory requirements.

4. APPENDICES

4.1 Financial statements prepared based on IFRSs are attached in Appendix I to this announcement

4.2 Disclosures of capital adequacy ratios, leverage ratio and liquidity coverage ratio are attached in Appendix II to this announcement

5. RELEASE OF QUARTERLY REPORT

The report will be published simultaneously on the "HKExnews" website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Bank (www.psbc.com).

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

Beijing, PRC
April 28, 2017

As at the date of this announcement, the Board comprises Mr. Li Guohua as Chairman and Non-executive Director; Mr. Lyu Jiajin, Mr. Zhang Xuwen and Ms. Yao Hong as Executive Directors; Mr. Tang Jian and Mr. Chin Hung I David as Non-executive Directors; Mr. Ma Weihua, Ms. Bi Zhonghua, Mr. Fu Tingmei and Mr. Gan Peizhong as Independent Non-executive Directors.

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

APPENDIX I FINANCIAL STATEMENTS PREPARED BASED ON IFRSS**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***(All amounts in millions of RMB unless otherwise stated)*

	Three months ended March 31,	
	2017	2016
	(Unaudited)	(Audited)
Interest income	70,623	72,269
Interest expense	(28,674)	(30,569)
Net interest income	41,949	41,700
Fee and commission income	6,450	5,001
Fee and commission expense	(2,367)	(2,038)
Net fee and commission income	4,083	2,963
Net trading gains	401	563
Net gains on investment securities	5,395	2,012
Other operating income	622	276
Operating income	52,450	47,514
Operating expenses	(32,035)	(31,103)
Impairment losses on assets	(4,570)	(2,128)
Profit before tax	15,845	14,283
Income tax expenses	(2,052)	(1,796)
Net profit	13,793	12,487
Net profit attributable to:		
Shareholders of the Bank	13,796	12,492
Non-controlling interests	(3)	(5)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit obligations	—	—
Subtotal	—	—

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONT'D)**

	Three months ended March 31,	
	2017	2016
	(Unaudited)	(Audited)
Items that may be reclassified subsequently to profit or loss		
Changes in fair value of available-for-sale financial assets	(692)	(662)
Amortization of unrealized fair value changes after reclassification to held-to-maturity investments	(24)	(23)
Less: related income tax impact	179	171
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Subtotal	(537)	(514)
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Total comprehensive income for the period	13,256	11,973
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Total comprehensive income attributable to:		
Shareholders of the Bank	13,259	11,978
Non-controlling interests	(3)	(5)
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Basic and diluted earnings per share (in RMB Yuan)		
Basic/Diluted	0.17	0.18
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION*(All amounts in millions of RMB unless otherwise stated)*

	As at March 31, 2017 (Unaudited)	As at December 31, 2016 (Audited)
Assets		
Cash and deposits with central bank	1,366,773	1,310,273
Deposits with banks and other financial institutions	147,739	175,776
Placements with banks and other financial institutions	227,247	193,287
Financial assets at fair value through profit or loss	97,703	68,976
Derivative financial assets	3,466	6,179
Financial assets held under resale agreements	218,144	73,131
Loans and advances to customers	3,114,506	2,939,217
Investment instruments		
Available-for-sale financial assets	866,957	1,160,187
Held-to-maturity investments	794,071	736,154
Investment classified as receivables	1,524,720	1,498,524
Property and equipment	39,327	39,282
Deferred tax assets	14,213	13,465
Other assets	72,001	51,171
Total assets	8,486,867	8,265,622
Liabilities		
Deposits from banks and other financial institutions	113,050	281,687
Placements from banks and other financial institutions	11,175	14,158
Financial liabilities at fair value through profit or loss	8,557	10,623
Derivative financial liabilities	3,792	6,404
Financial assets sold under repurchase agreements	14,707	129,789
Customer deposits	7,780,555	7,286,311
Debt securities issued	74,922	54,943
Other liabilities	119,966	134,819
Total liabilities	8,126,724	7,918,734

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	As at March 31, 2017 (Unaudited)	As at December 31, 2016 (Audited)
Equity		
Share capital	81,031	81,031
Capital reserve	74,586	74,586
Other reserves	113,803	114,341
Retained earnings	90,368	76,572
	<hr/>	<hr/>
Equity attributable to shareholders of the Bank	359,788	346,530
	<hr/>	<hr/>
Non-controlling interests	355	358
	<hr/>	<hr/>
Total equity	360,143	346,888
	<hr/> <hr/>	<hr/> <hr/>
Total equity and liabilities	8,486,867	8,265,622
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CASH FLOWS*(All amounts in millions of RMB unless otherwise stated)*

	Three months ended March 31,	
	2017	2016
	(Unaudited)	(Audited)
Cash flows from operating activities		
Profit before income tax	15,845	14,283
Adjustment for:		
Amortization of intangible assets and other assets	273	298
Depreciation of property and equipment and investment properties	896	824
Impairment losses on assets	4,570	2,128
Interest income arising from investment instruments	(23,111)	(27,229)
Interest expense arising from debt securities issued	540	280
Net gains on investment securities	(5,394)	(2,012)
Net losses from disposal of property, equipment and other assets	2	2
	(6,379)	(11,426)
Net changes in operating assets and operating liabilities		
Net (increase)/decrease in deposits with central bank, banks and other financial institutions	(79,582)	96,052
Net decrease/(increase) in placements with banks and other financial institutions	4,327	(9,021)
Net (decrease)/increase in placements from banks and other financial institutions	(2,983)	4,260
Net (increase)/decrease in financial assets held under resale agreements	(19,270)	2,096
Net decrease in financial assets sold under repurchase agreements	(115,082)	(119,754)
Net increase in loans and advances to customers	(179,694)	(195,767)
Net increase in customer deposits and deposits from banks and other financial institutions	325,607	532,688
Net increase in other operating assets	(41,877)	(45,109)
Net decrease in other operating liabilities	(19,628)	(15,863)
Cash from operations	(134,561)	238,156
Income tax paid	(978)	(901)
Net cash from operating activities	(135,539)	237,255

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Three months ended March 31,	
	2017	2016
	(Unaudited)	(Audited)
Net cash flows from operating activities include:		
Interest received	48,777	45,729
Interest paid	(42,971)	(44,843)
Cash flows from investing activities		
Cash received from disposal of investment instruments	503,084	529,322
Cash received from interest income arising from investment instruments and gains on investment securities	21,065	22,480
Cash paid for purchase of investment instruments	(294,115)	(404,835)
Cash paid for purchase of property, equipment, intangible assets and other long-term assets	(1,149)	(1,055)
Cash received from disposal of property and equipment, intangible assets and other long-term assets	7	4
Net cash used in investing activities	228,892	145,916
Cash flows from financing activities		
Dividends paid	—	(5,000)
Interests paid on debt securities issued	(2)	—
Cash received from issuing debt securities	19,979	—
Cash paid relating to other financing activities	(2)	(38)
Net cash inflow generated from/(used in) financing activities	19,975	(5,038)
Net increase in cash and cash equivalents	113,328	378,133
Balance of cash and cash equivalents at beginning of period	184,893	227,361
Effect of foreign exchange rate changes	(375)	(198)
Balance of cash and cash equivalents at end of period	297,846	605,296

APPENDIX II DISCLOSURES OF CAPITAL ADEQUACY RATIOS, LEVERAGE RATIO AND LIQUIDITY COVERAGE RATIO

1. CAPITAL ADEQUACY RATIO TABLE

Unit: in millions of RMB, except percentages

	March 31, 2017		December 31, 2016	
Item	The Group	The Bank	The Group	The Bank
Calculated according to the Administrative Measures for the Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) promulgated by the CBRC:				
Net core tier-1 capital	357,826	357,740	344,817	344,852
Net tier-1 capital	357,843	357,740	344,823	344,852
Net capital	479,134	478,981	444,919	444,861
Core tier-1 capital adequacy ratio (%)	8.88	8.88	8.63	8.63
Tier-1 capital adequacy ratio (%)	8.88	8.88	8.63	8.63
Capital adequacy ratio (%)	11.88	11.88	11.13	11.14

2. LEVERAGE RATIO TABLE

Unit: in millions of RMB, except percentages

Item	March 31, 2017	December 31, 2016
Net tier-1 capital	357,843	344,823
Adjusted asset balance on- and off-the balance sheet	8,826,384	8,518,775
Leverage ratio (%)	4.05	4.05

3. LIQUIDITY COVERAGE RATIO TABLE

Unit: in millions of RMB, except percentages

Item	March 31, 2017	December 31, 2016
Qualified quality liquid assets	1,107,732	1,080,184
Net cash outflow for the next 30 days	694,640	842,675
Liquidity coverage ratio (%)	159.47	128.19