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# POSTAL SAVINGS BANK OF CHINA CO., LTD. 中國郵政儲蓄銀行股份有限公司

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

(Stock Code: 1658)

## First Quarterly Report of 2023

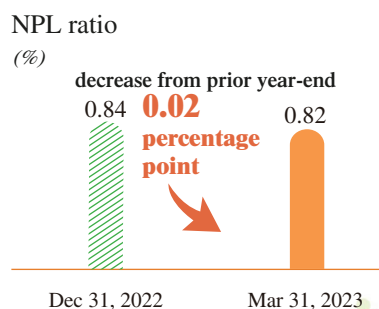
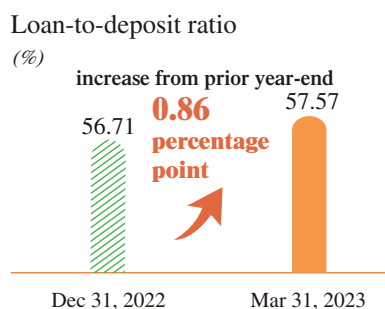
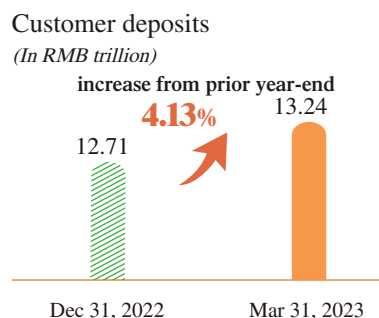
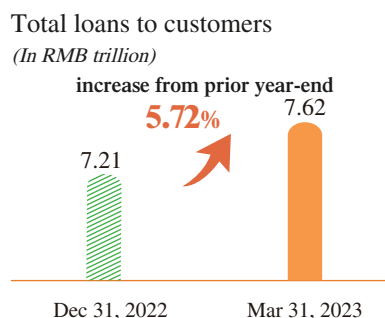
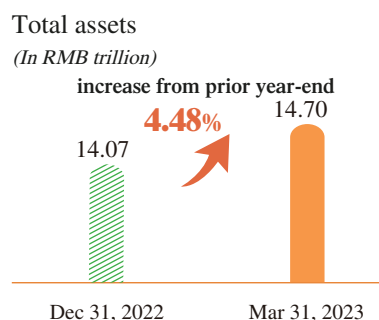
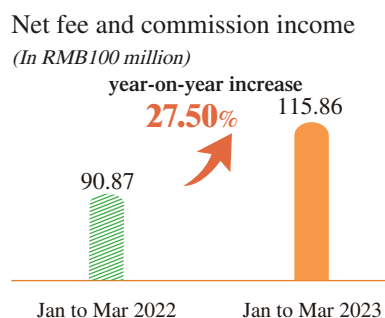
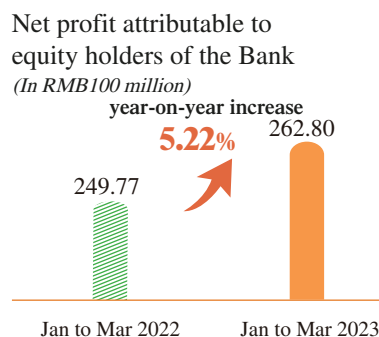
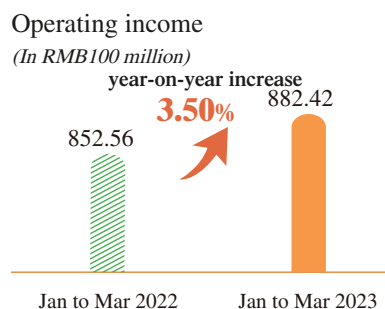
The Board of Directors (the “Board”) of Postal Savings Bank of China Co., Ltd. (the “Bank”) hereby announces the results of the Bank and its subsidiaries for the three months ended March 31, 2023. This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of 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, the Board of Supervisors, directors, supervisors and members of the senior management of the Bank undertake that the information in this quarterly report is true, accurate and complete, contains no false record, misleading statement or material omission, and they assume individual and joint and several liabilities for the information in this quarterly report.
- 1.2 The First Quarterly Report of 2023 has been considered and approved at the meeting of the Board of the Bank held on April 27, 2023.
- 1.3 These quarterly financial statements have not been audited.
- 1.4 Mr. Liu Jianjun, Legal Representative and the person in charge of finance of the Bank, and Ms. Deng Ping, General Manager of Finance and Accounting Department of the Bank, hereby declare and warrant the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

## 2 MAJOR FINANCIAL DATA

Financial information set out in this quarterly report has been prepared in accordance with the International Financial Reporting Standards (“IFRSs”). Unless otherwise specified, it is the consolidated data of the Bank and its subsidiaries and is presented in Renminbi (“RMB”)<sup>1</sup>.



<sup>1</sup> “Loans to customers” refers to “loans and advances to customers” and “customer deposits” refers to “deposits from customers”.

The data indicators related to asset quality in this report are calculated using the data caliber without accrued interests.

## 2.1 Major accounting data and financial indicators

*In millions of RMB, except for percentages or otherwise stated*

Item	March 31, 2023	December 31, 2022	Changes as compared with the prior year-end (%)
Total assets	14,697,475	14,067,282	4.48
Total loans to customers	7,622,902	7,210,433	5.72
Allowance for impairment losses on loans to customers <sup>(1)</sup>	236,865	232,723	1.78
Financial investments	5,074,419	4,958,899	2.33
Total liabilities	13,805,964	13,241,468	4.26
Customer deposits	13,240,198	12,714,485	4.13
Equity attributable to equity holders of the Bank	889,917	824,225	7.97
Net assets per share (in RMB) <sup>(2)</sup>	7.56	7.41	2.02

Note (1): Allowance for impairment losses on loans to customers measured at amortized cost.

Note (2): Calculated by dividing equity attributable to ordinary shareholders of the Bank at the end of the period by the total number of ordinary shares at the end of the period.

*In millions of RMB, except for percentages or otherwise stated*

Item	January to March 2023	January to March 2022	Changes as compared to the same period of the prior year (%)
Operating income	88,242	85,256	3.50
Net profit	26,285	25,026	5.03
Net profit attributable to equity holders of the Bank	26,280	24,977	5.22
Net cash generated from operating activities	24,216	143,558	(83.13)
Basic and diluted earnings per share (in RMB) <sup>(1)</sup>	0.27	0.26	3.85
Return on weighted average equity (% , annualized) <sup>(1)</sup>	14.37	14.82	Decreased by 0.45 percentage point

Note (1): Calculated in accordance with the Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010) issued by the CSRC. There are no potential diluted ordinary shares of the Bank, so the diluted earnings per share is the same as the basic earnings per share. The calculation of relevant indicators excludes the impact of other equity instruments.

## 2.2 Changes in major accounting data and financial indicators and the reasons thereof

*In millions of RMB, except for percentages*

Item	January to March 2023	January to March 2022	Change (%)	Major reasons for change
Net cash generated from operating activities	24,216	143,558	(83.13)	Primarily due to the year-on-year increase in cash for loans extended by the Bank during the period and the year-on-year decrease in cash received for financial assets sold under repurchase agreements.

## 3 INFORMATION OF SHAREHOLDERS

### 3.1 Number of ordinary shareholders and shareholdings

As at the end of the reporting period, the Bank had a total of 199,325 ordinary shareholders (including 196,822 holders of A shares and 2,503 holders of H shares) and no holders of preference shares with voting rights restored.

The shareholdings of top ten ordinary shareholders as at the end of the reporting period are as follows:

*Share, except for percentages*

Name of shareholder	Number of shares held	Shareholding percentage (%)	Number of shares subject to selling restrictions	Number of shares pledged, marked or locked-up	Nature of shareholder	Type of ordinary shares
China Post Group Corporation Limited	62,255,549,280	62.78	61,253,339,187	–	State-owned legal entity	RMB ordinary shares, overseas listed foreign shares
HKSCC Nominees Limited	19,843,223,510	20.01	–	Unknown	Foreign legal entity	Overseas listed foreign shares
China Mobile Communications Group Co., Ltd.	6,777,108,433	6.83	6,777,108,433	–	State-owned legal entity	RMB ordinary shares
China Life Insurance Company Ltd.	2,179,689,824	2.20	–	–	State-owned legal entity	RMB ordinary shares
China Telecommunications Corporation Limited	1,117,223,218	1.13	–	–	State-owned legal entity	RMB ordinary shares
Hong Kong Securities Clearing Company Limited	750,213,924	0.76	–	–	Foreign legal entity	RMB ordinary shares
Shanghai International Port (Group) Co., Ltd.	112,539,226	0.11	–	–	State-owned legal entity	RMB ordinary shares
E Fund Management Co., Ltd. – Social Security Fund Portfolio 1104	90,000,076	0.09	–	–	Others	RMB ordinary shares
National Social Security Fund Portfolio 604	70,000,000	0.07	–	–	Others	RMB ordinary shares
Bank of China Limited – Franklin Templeton Sealand Small Mid Cap Equity Fund	68,887,404	0.07	–	–	Others	RMB ordinary shares

Note (1): The total number of shares held by HKSCC Nominees Limited as the nominee is the total number of H shares held by all institutional and individual investors registered with the company as at the end of the reporting period, which includes 80,700,000 H shares held by the controlling shareholder China Post Group Corporation Limited through HKSCC Nominees Limited as the nominee.

Note (2): The total number of shares held by Hong Kong Securities Clearing Company Limited refers to the A shares (Shanghai-Hong Kong Stock Connect) held on behalf of Hong Kong investors and overseas investors as the nominee.

Note (3): HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited (HKSCC). Apart from this, the Bank is not aware of any connected relations among the aforementioned shareholders or whether they constitute persons acting in concert as stipulated in the Administrative Measures for the Takeover of Listed Companies.

Note (4): Except for the unknown situation of HKSCC Nominees Limited, as at the end of the reporting period, the remaining top ten ordinary shareholders of the Bank did not participate in margin trading, short selling or refinancing.

Note (5): The above shareholders do not have special repurchase accounts; there is no delegation/entrustment of voting rights or abstention of voting rights.

Note (6): In March 2023, the Bank completed the non-public issuance of 6,777,108,433 new shares and China Mobile Communications Group Co., Ltd. became one of the top ten ordinary shareholders due to the placement of new shares. Save for this, no strategic investors or general legal entities became top ten shareholders of the Bank due to placement of new shares.

The shareholdings of top ten shareholders not subject to selling restrictions as at the end of the reporting period are as follows:

*Share*

Name of shareholder	Number of circulating shares held not subject to selling restrictions	Type and number of shares	
		Type	Number
HKSCC Nominees Limited	19,843,223,510	Overseas listed foreign shares	19,843,223,510
China Life Insurance Company Ltd.	2,179,689,824	RMB ordinary shares	2,179,689,824
China Telecommunications Corporation Limited	1,117,223,218	RMB ordinary shares	1,117,223,218
China Post Group Corporation Limited	1,002,210,093	RMB ordinary shares	921,510,093
		Overseas listed foreign shares	80,700,000
Hong Kong Securities Clearing Company Limited	750,213,924	RMB ordinary shares	750,213,924
Shanghai International Port (Group) Co., Ltd.	112,539,226	RMB ordinary shares	112,539,226
E Fund Management Co., Ltd. – Social Security Fund Portfolio 1104	90,000,076	RMB ordinary shares	90,000,076
National Social Security Fund Portfolio 604	70,000,000	RMB ordinary shares	70,000,000
Bank of China Limited – Franklin Templeton Sealand Small Mid Cap Equity Fund	68,887,404	RMB ordinary shares	68,887,404
Abu Dhabi Investment Authority	67,828,537	RMB ordinary shares	67,828,537

Note (1): The total number of shares held by HKSCC Nominees Limited as the nominee is the total number of H shares held by all institutional and individual investors registered with the company as at the end of the reporting period, which includes 80,700,000 H shares held by the controlling shareholder China Post Group Corporation Limited through HKSCC Nominees Limited as the nominee.

Note (2): The total number of shares held by Hong Kong Securities Clearing Company Limited refers to the A shares (Shanghai-Hong Kong Stock Connect) held on behalf of Hong Kong investors and overseas investors as the nominee.

Note (3): HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited (HKSCC). Apart from this, the Bank is not aware of any connected relations among the aforementioned shareholders or whether they constitute persons acting in concert as stipulated in the Administrative Measures for the Takeover of Listed Companies.

Note (4): Except for the unknown situation of HKSCC Nominees Limited, as at the end of the reporting period, the remaining top ten shareholders not subject to selling restrictions of the Bank did not participate in margin trading, short selling or refinancing.

Note (5): The above shareholders do not have special repurchase accounts; there is no delegation/entrustment of voting rights, abstention of voting rights, or cases where strategic investors or general legal entities become top ten shareholders not subject to selling restrictions due to placement of new shares.

# 4 ANALYSIS ON OVERALL OPERATING ACTIVITIES IN THE FIRST QUARTER

## 4.1 Overview of operations

The year 2023 is the first year to fully implement the guiding principles of the 20th CPC National Congress. The Bank has always followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and firmly put in place the decisions and plans of the CPC Central Committee. According to the grand vision of Chinese modernization put forward at the 20th CPC National Congress, the Bank, led by innovation and reform, has unwaveringly pushed forward development with its own characteristics, followed the “5+1” strategic path<sup>1</sup>, strengthened the building of major capabilities in six aspects<sup>2</sup>, and developed five differentiated growth poles. The Bank has made greater contributions to the high-quality development of economy and society as it accelerates the building of a first-tier large retail bank.

**The overall business performance met expectations.** In the face of a more complex external environment, the Bank worked hard to maintain the good momentum with steady recovery and made a good start with solid measures. **First, the business scale steadily increased.** As at the end of the reporting period, the Bank’s total assets recorded RMB14.70 trillion, representing an increase of 4.48% compared with the prior year-end. Total loans to customers posted RMB7.62 trillion, representing an increase of 5.72% compared with the prior year-end. Total liabilities recorded RMB13.81 trillion, representing an increase of 4.26% compared with the prior year-end. Customer deposits exceeded RMB13 trillion and reached RMB13.24 trillion, representing an increase of 4.13% compared with the prior year-end. **Second, the development quality and efficiency continued to improve.** The Bank strove to achieve high-quality development with improvement in both quality and quantity. In terms of credit supply, the Bank continued to ensure loans are tilted toward the real economy, especially the retail sector. During the reporting period, the Bank’s loans to customers grew by RMB412,469 million, RMB57,795 million more than the increase in the same period last year, driving up the loan-to-deposit ratio and the share of credit assets by 0.86 percentage point and 0.61 percentage point respectively. Loans granted to the real economy increased by RMB444,639 million, an increase of a record high compared with the same period in history. Personal loans grew by RMB166,375 million, RMB26,925 million more than the increase in the same period last year. In terms of liability management, the Bank upheld the liability development mechanism with value deposits at its core and strengthened the evaluation measures for value deposits and structural optimization. As a result, the Bank’s cost of liabilities continued to decline, and the average cost of interest-bearing liabilities in the first quarter went down by 6 bps compared to the year average last year. **Third, income and profit grew steadily.** During the reporting period, the Bank realized RMB26,280 million in net profit attributable to equity holders of the Bank, representing a year-on-year increase of 5.22%. Operating income posted RMB88,242 million, representing a year-on-year increase of 3.50%. Net fee and commission income was RMB11,586 million, representing a year-on-year increase of 27.50%, continuing to maintain a fast growth rate. The proportion of intermediary business income rose 2.47 percentage points year on year. **Fourth, risk management was solid and prudent.** The Bank continued to refine the comprehensive risk management system, adhered to a prudent and sound risk appetite, laid down the overall risk appetite requirements and major risk strategy orientations for 2023 based on internal and external risk situations and key risk points, and effectively gave play to the leading role of risk management. As at the end of the reporting period, the Bank’s NPL ratio stood at 0.82%, down by 0.02 percentage point compared to the prior year-end; allowance to NPLs ratio was 381.12%, maintaining at an excellent level in the industry. **Fifth, the development foundation was further consolidated.** The Bank actively implemented the ideas of “value creation” and continued to push forward capital-intensive development. While accelerating the development of advanced approaches for capital management, the

<sup>1</sup> “5+1” strategic path refers to the strategy to develop the technological finance, eco-finance, coordinated finance, industrial finance and green finance, and maintain risk control and compliance throughout every process.

<sup>2</sup> Building of “major capabilities in six aspects” refers to the capacity building in core business, system support, coordination and integration, technological facilitation, institutional drive and innovation leadership.

Bank actively used internal and external capital replenishment channels to replenish capital in an orderly manner based on business development and capital management needs. The Bank raised about RMB45.0 billion through non-public issuance of A shares, all of which was used to replenish core tier 1 capital and promote long-term, high-quality development. As at the end of the reporting period, the Bank's core tier 1 capital adequacy ratio was 9.72%, representing an increase of 0.36 percentage point from the prior year-end. **Sixth, the base color of green development was further accentuated.** The Bank promoted the development of a green bank on all fronts and actively supported the blue economy. It signed the United Nations Sustainable Blue Economy Finance Initiative, the first large state-owned commercial bank in China to sign this Initiative. It issued the key points of green finance work for achieving carbon peak and carbon neutrality in 2023 and laid down annual goals and major tasks. The Bank kept exploring models of financial support for green, low-carbon development. It rolled out "Green G Discount", an innovative "green bill + e-CNY" discount product, to provide distinct bill service to green, low-carbon enterprises. As at the end of the reporting period, the balance of green loans stood at RMB538,308 million, representing an increase of 8.41% over the prior year-end, and the Bank had a total of 24 green financial institutions including carbon neutrality sub-branches, green sub-branches and green finance centers.

**Remarkable achievements were made in the development of the five differentiated growth poles in rural revitalization, micro, small and medium-sized enterprises, proactive credit extension, wealth management and financial market business,** and the Bank began to build competitive advantages with distinctive PSBC characteristics. **First, the Bank deepened business development in lower-tier markets to consolidate its differentiated competitive edge in rural areas.** Following the guidelines of "One Industry of One County, and One Product of One Village", the Bank vigorously promoted the implementation of the new model of industrial loans and actively supported featured agricultural products. It continued to improve the quality and efficiency of building the rural credit system, steadily pushed for universal credit extension in creditworthy villages, and actively worked with China Post Group to deepen the implementation of cooperation projects to benefit farmers centering around "villages, cooperatives, households, enterprises and supermarkets"<sup>1</sup>. The Bank gave play to the role of YOU+ BANK as a direct bank and developed a grid operation system for rural markets and a comprehensive service system with wide coverage and multiple levels. It steadily advanced centralized operation of review and approval and post-lending management to improve the efficiency of business processing and risk prevention and control capability. As at the end of the reporting period, the Bank's balance of agro-related loans recorded RMB1.97 trillion, representing an increase of RMB159,097 million over the prior year-end. Personal micro loans increased by RMB119,083 million over the prior year-end, a historic high in terms of increase in the same period of time. The Bank designated 386.9 thousand creditworthy villages and rated more than 10 million creditworthy households. Loans to customers on the whitelist of proactive credit extension saw a net increase of RMB36,620 million in the year. **Second, the Bank consolidated the long-term mechanism and continued to deepen microfinance services.** The Bank further increased the quantity and expanded the coverage of microfinance services, accelerated digital transformation, and promoted "online plus offline" coordinated development. As at the end of the reporting period, the Bank's balance of inclusive loans to micro and small enterprises registered RMB1.28 trillion, an increase of nearly RMB100 billion over the prior year-end, and the number of accounts with an outstanding loan exceeded 2 million. With a focus on specialized and sophisticated enterprises that produce new and unique products and sci-tech enterprises, the Bank deepened the building of the sci-tech financial service ecosystem based on the sci-tech financial service system, launched lifecycle service solutions for sci-tech enterprises, continued to refine the "future-oriented" evaluation model, and provided customers with integrated services of investment banking and commercial banking. The Bank issued the first sci-tech themed microfinance bond in the market with a scale of RMB5 billion, to help the high-quality development of sci-tech micro and small enterprises. As at the end of the reporting period, the Bank served 57.2 thousand specialized and sophisticated enterprises that produce new and unique products and sci-tech enterprises, up 26.75% year on year. **Third, the Bank worked faster to form advantaged products based on the proactive credit extension mechanism.** The Bank actively adapted to customer demand, innovated business development models, deepened the application of intelligent risk control tools, and formed a list of quality customers. It developed an exclusive risk control plan, conducted proactive credit extension for quality customers and accurately reached customers in batches and via multiple channels. The

<sup>1</sup> "Villages, cooperatives, households, enterprises and supermarkets" refer to administrative villages, farmers' cooperatives, family farms and large farming households, agro-related enterprises and rural supermarkets.

Bank optimized the product journey to improve customer experience and provided “instant approval and lending” service to customers, making proactive credit extension an important driver for PSBC to achieve differentiation in competition and win customers. Loans granted by proactive credit extension grew rapidly since the business was launched in September 2022, and the balance exceeded RMB70 billion at the end of the reporting period. **Fourth, the Bank accelerated the building of a wealth management bank centering around the transformation of the business model.** Upholding the customer-centric business philosophy, the Bank advanced the transformation and upgrading of wealth management business in an orderly manner. It worked faster to optimize the construction of differentiated customer service channels. It opened its first private banking center and launched the preparation of a dedicated service team for private banking. Centering on customers’ asset allocation needs, the Bank vigorously allocated long-term protection products for customers, and the new long-term regular premiums increased by over 75% year on year. The Bank constantly focused on the equity funds to allocate fund products for more customers, and the proportion of equity funds to non-monetary fund held exceeded 50%. The Bank intensified empowerment through technology, rolled out remote audio and video recording as well as remote investment advisory service, and provided online services such as interpretation of asset allocation reports to customers, breaking the limitation of physical outlets in space and effectively improving customer experience. The Bank brought online the product operation system, which improved the operation efficiency, risk management and performance evaluation capabilities in relation to investment and wealth management products. As at the end of the reporting period, the Bank’s AUM of personal customers reached nearly RMB14.5 trillion. **Fifth, the Bank promoted the building of the interbank ecosystem and fully leveraged its strength in the financial market.** Adhering to the brand concept of “shared journey, common progress and win-win results”, the Bank put forth efforts to build the “Together We Thrive” interbank ecosystem platform, which integrates customer communication, product trading and information sharing, and completed the building of the “online plus offline” two-layer ecosystem. As at the end of the reporting period, the interbank ecosystem platform had 1,800 registered institutions, the cumulative transaction scale of interbank financing, bill trading and agency sale of funds exceeded RMB400 billion, and both the influence and brand awareness of the interbank ecosystem continued to increase.

**Embracing reform with innovation, the Bank steadily promoted capability building.** Putting innovation at the core of business development, the Bank established an innovation achievement incubation mechanism, refined the innovation incentive mechanism, strengthened the innovation collaboration mechanism, embedded innovation into the whole process of operation and management through cultural building, strove to break traditional paradigms and business boundaries, and actively put forth new ideas centering on various factors. **First, the Bank fully reformed ways to deliver customer services and developed deeper, more loyal customer relations.** It provided professional financial services throughout the life cycle of customers and achieved common growth with customers while creating value for customers. In terms of retail banking business, the Bank vigorously conducted chain marketing and built core personal customer groups. As at the end of the reporting period, the number of personal VIP customers reached 49,580.7 thousand, representing an increase of 2,230.7 thousand over the prior year-end. The number of Fujia customers and above (with financial assets of RMB500,000 and above) recorded 4,596.2 thousand, representing an increase of 345.9 thousand over the prior year-end. In terms of corporate banking, the Bank promoted the integrated operation mode and expanded and activated customers with more accurate and full-journey companionship services. As at the end of the reporting period, the Bank had 1,440.6 thousand corporate customers, an increase of 85.7 thousand new clients over the prior year-end. **Second, the Bank integrated upgrading of the risk concepts and innovation in FinTech to fully enhance the leading role of risk management.** The Bank accelerated digital transformation of risk management, and successfully launched 77 projects including the “project to add the proactive credit extension function to the internal rating platform”. The multimedia intelligent analysis system was put into operation for the first time, which applies a variety of AI technologies to process multimodal data and has realized scenarios including intelligent quality inspection by audio and video recording at the personal banking counter. Meanwhile, the Bank pushed for the development of the unified identity authentication system, the data leakage prevention system, the secure multi-party computation system, etc., to strengthen prevention and control of technology risks. **Third, the Bank firmly pushed forward transformation toward intensive operation and unleashed the efficiency of organizational management.** The Bank innovated in pre-lending marketing reach, strengthened centralized post-lending management, and improved the initiative and effectiveness of post-lending management through comprehensive use of big data and internet technology. The efficiency



of consumer credit operation increased by 80% compared to that before the centralization, and the manpower for review and approval of micro loans has been reduced by about 40% since the centralization. The Bank formed a standard modern commercial bank control model featuring high efficiency and low cost.

**Upholding fundamental principles and breaking new ground, the Bank pressed ahead and embarked on a new journey.** The Bank will keep strengthening the strategic thinking and the tactical initiative of innovation and, with the courage to innovate and reform as well as the perseverance to persist in doing the difficult but right things, work faster to turn development potential into new development advantages, make every effort to promote its high-quality development and contribute PSBC's strength to the Chinese path to modernization.

## 4.2 Financial performance

### 4.2.1 Financial results

During the reporting period, the Bank's operating income reached RMB88,242 million, representing a year-on-year increase of RMB2,986 million, or 3.50%. The net profit amounted to RMB26,285 million, representing a year-on-year increase of RMB1,259 million, or 5.03%.

#### (1) Net interest income

Net interest income was RMB69,398 million, representing a year-on-year increase of RMB682 million, or 0.99%. Net interest margin was 2.09%, and net interest spread was 2.07%.

#### (2) Net fee and commission income

Net fee and commission income amounted to RMB11,586 million, representing a year-on-year increase of RMB2,499 million, or 27.50%. It was mainly because the Bank secured customers and projects in advance, seized the "golden period" of peak season marketing at the beginning of the year, and realized rapid growth in income from agency insurance, credit card, investment banking and transaction banking.

#### (3) Operating expenses

Operating expenses amounted to RMB50,157 million, representing a year-on-year increase of RMB5,294 million, or 11.80%.

#### (4) Credit impairment losses

Credit impairment losses amounted to RMB8,620 million, representing a year-on-year decrease of RMB2,978 million, or 25.68%.

### 4.2.2 Assets and liabilities and equity

As at the end of the reporting period, the Bank's total assets amounted to RMB14,697,475 million, representing an increase of RMB630,193 million, or 4.48% compared with the prior year-end. Total liabilities amounted to RMB13,805,964 million, representing an increase of RMB564,496 million, or 4.26% compared with the prior year-end. Total equity amounted to RMB891,511 million, representing an increase of RMB65,697 million, or 7.96% compared with the prior year-end.

#### (1) Loans to customers

Total loans to customers amounted to RMB7,622,902 million, representing an increase of RMB412,469 million, or 5.72% compared with the prior year-end. Among them, personal loans amounted to RMB4,212,480 million, representing an increase of RMB166,375 million, or 4.11% compared with the prior year-end. It was mainly because the Bank adhered to the strategic positioning of retail banking and increased credit supply to fields related to rural revitalization, resulting in a rapid growth in personal micro loans. Corporate loans amounted to RMB2,947,626 million, representing an increase of RMB278,264 million, or 10.42% compared with the prior year-end, primarily because the Bank actively supported the country's key regional development strategies, gave full support to the development of the real economy, and increased supply of corporate credit to

manufacturing, infrastructure construction, specialized and sophisticated enterprises that produce new and unique products, green finance, etc., hence achieving steady growth in the scale of small enterprise loans and corporate loans. Discounted bills amounted to RMB462,796 million, representing a decrease of RMB32,170 million or 6.50% from the end of the previous year.

## (2) Customer deposits

Customer deposits amounted to RMB13,240,198 million, representing an increase of RMB525,713 million, or 4.13% compared with the prior year-end. Among them, personal deposits amounted to RMB11,759,494 million, representing an increase of RMB477,297 million, or 4.23% compared with the prior year-end, primarily because deposits with maturities of one year or less increased as the Bank continued to develop value deposits and optimize its business structure. Corporate deposits amounted to RMB1,477,445 million, representing an increase of RMB47,879 million or 3.35% compared with the prior year-end.

## (3) Equity

Total equity amounted to RMB891,511 million, representing an increase of RMB65,697 million, or 7.96% compared with the prior year-end. In specific, in the first quarter, the Bank recorded a net profit of RMB26,285 million, and raised net proceeds of RMB44,980 million from the non-public issuance of ordinary A shares.

### 4.2.3 Asset quality and capital adequacy ratio

In the first quarter of 2023, the Bank continued to strengthen credit risk management and control, and asset quality improved steadily. As at the end of the reporting period, the Bank's NPL balance amounted to RMB62,620 million, representing an increase of RMB1,884 million compared with the prior year-end. The NPL ratio was 0.82%, a decrease of 0.02 percentage point over the prior year-end. The balance of special mention loans amounted to RMB41,847 million, representing an increase of RMB1,780 million compared with the prior year-end. Special mention loan ratio was 0.55%, representing a decrease of 0.01 percentage point compared with the prior year-end. The balance of overdue loans was RMB72,223 million, representing an increase of RMB4,071 million compared with the prior year-end. The overdue loan ratio was 0.95%, unchanged from the prior year-end. The allowance to NPLs ratio was 381.12%, representing a decrease of 4.39 percentage points compared with the prior year-end. In the first three months of 2023, newly generated NPLs stood at RMB14,444 million, and the annualized NPL formation ratio<sup>1</sup> was 0.76%.

As at the end of the reporting period, core tier 1 capital adequacy ratio was 9.72%, representing an increase of 0.36 percentage point compared with the prior year-end; tier 1 capital adequacy ratio was 11.54%, representing an increase of 0.25 percentage point compared with the prior year-end; capital adequacy ratio was 14.01%, representing an increase of 0.19 percentage point compared with the prior year-end, all meeting the regulatory requirements.

## 4.3 Financial statements and supplementary financial information

Financial statements prepared in accordance with IFRSs are attached in Appendix I to this report, and the supplementary financial information is attached in Appendix II to this report. The net profit and equity for the reporting period in the consolidated financial statements prepared by the Bank under China Accounting Standards for Enterprises are no different from the corresponding figures prepared by the Bank under IFRSs.

<sup>1</sup> NPL formation ratio = (NPL balance at the end of the period – NPL balance at the beginning of the period + collection and disposal amount during the period) / total loan balance at the beginning of the period

## 5 OTHER REMINDERS

Upon approval by the CSRC, the Bank privately issued 6,777,108,433 ordinary A shares in March 2023 at a price of RMB6.64 per share, raising total proceeds of RMB45,000.00 million. After deduction of issuance expenses, the net raised fund was about RMB44,980.1590 million. After the issuance, the total number of ordinary shares of the Bank increased from 92,383,967,605 to 99,161,076,038. Please refer to the announcement dated March 29, 2023 published by the Bank for details.

## 6 RELEASE OF QUARTERLY REPORT

This report is published on both the HKEXnews website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Bank. The quarterly report prepared in accordance with China Accounting Standards for Enterprises is also available on both the website of the Shanghai Stock Exchange at [www.sse.com.cn](http://www.sse.com.cn) and that of the Bank.

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

Beijing, the PRC  
April 27, 2023

*As at the date of this announcement, the Board of the Bank comprises Mr. Liu Jianjun and Ms. Yao Hong as Executive Directors; Mr. Han Wenbo, Mr. Chen Donghao, Mr. Wei Qiang, Mr. Liu Yue and Mr. Ding Xiangming as Non-executive Directors; Mr. Wen Tiejun, Mr. Chung Shui Ming Timpson, Mr. Hu Xiang, Ms. Pan Yingli and Mr. Tang Zhihong 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 IN ACCORDANCE WITH IFRSs

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

(All amounts in millions of RMB unless otherwise stated)

	January to March 2023 (unaudited)	January to March 2022 (unaudited)
Interest income	121,197	116,799
Interest expense	(51,799)	(48,083)
<b>Net interest income</b>	<b>69,398</b>	<b>68,716</b>
Fee and commission income	21,473	16,089
Fee and commission expense	(9,887)	(7,002)
<b>Net fee and commission income</b>	<b>11,586</b>	<b>9,087</b>
Net trading gains	1,067	721
Net gains on investment securities	6,366	5,930
Net other operating gains	(175)	802
<b>Operating income</b>	<b>88,242</b>	<b>85,256</b>
Operating expenses	(50,157)	(44,863)
Credit impairment losses	(8,620)	(11,598)
Impairment losses on other assets	(1)	(2)
<b>Profit before income tax</b>	<b>29,464</b>	<b>28,793</b>
Income tax expenses	(3,179)	(3,767)
<b>Net profit</b>	<b>26,285</b>	<b>25,026</b>
Net profit attributable to:		
Equity holders of the Bank	26,280	24,977
Non-controlling interests	5	49

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

(All amounts in millions of RMB unless otherwise stated)

	January to March 2023 (unaudited)	January to March 2022 (unaudited)
<b>Other comprehensive income</b>		
Item that will not be reclassified to profit or loss		
Changes in fair value of equity instrument investments measured at fair value through other comprehensive income	(47)	(885)
Item that may be reclassified subsequently to profit or loss		
Net (losses)/gains on investments in financial assets measured at fair value through other comprehensive income	(205)	(1,881)
<b>Total comprehensive income for the period</b>	<b>26,033</b>	<b>22,260</b>
Total comprehensive income attributable to:		
Equity holders of the Bank	26,028	22,211
Non-controlling interests	5	49
Basic and diluted earnings per share (in RMB Yuan)	0.27	0.26

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

(All amounts in millions of RMB unless otherwise stated)

	March 31, 2023 (unaudited)	December 31, 2022 (audited)
<b>Assets</b>		
Cash and deposits with central bank	1,281,843	1,263,951
Deposits with banks and other financial institutions	189,192	161,422
Placements with banks and other financial institutions	307,176	303,310
Derivative financial assets	1,519	1,905
Financial assets held under resale agreements	276,517	229,870
Loans and advances to customers	7,386,037	6,977,710
Financial investments		
Financial assets measured at fair value through profit or loss	871,214	863,783
Financial assets measured at fair value through other comprehensive income-debt instruments	493,247	416,172
Financial assets measured at fair value through other comprehensive income-equity instruments	9,283	9,346
Financial assets measured at amortized cost	3,700,675	3,669,598
Interests in associates	653	653
Property and equipment	53,276	53,272
Deferred tax assets	63,831	63,955
Other assets	63,012	52,335
<b>Total assets</b>	<b>14,697,475</b>	<b>14,067,282</b>
<b>Liabilities</b>		
Borrowings from central bank	31,051	24,815
Deposits from banks and other financial institutions	66,043	78,770
Placements from banks and other financial institutions	57,599	42,699
Derivative financial liabilities	2,061	2,465
Financial assets sold under repurchase agreements	205,812	183,646
Customer deposits	13,240,198	12,714,485
Income tax payable	4,947	2,868
Debt securities issued	111,356	101,910
Deferred tax liabilities	9	11
Other liabilities	86,888	89,799
<b>Total liabilities</b>	<b>13,805,964</b>	<b>13,241,468</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2023

(All amounts in millions of RMB unless otherwise stated)

	March 31, 2023 (unaudited)	December 31, 2022 (audited)
<b>Equity</b>		
Share capital	99,161	92,384
Other equity instruments		
Perpetual bonds	139,986	139,986
Capital reserve	162,682	124,479
Other reserves	241,966	242,180
Retained earnings	246,122	225,196
<b>Equity attributable to equity holders of the Bank</b>	<b>889,917</b>	<b>824,225</b>
Non-controlling interests	1,594	1,589
<b>Total equity</b>	<b>891,511</b>	<b>825,814</b>
<b>Total equity and liabilities</b>	<b>14,697,475</b>	<b>14,067,282</b>

Liu Jianjun

(On behalf of the Board of Directors)

Yao Hong

(On behalf of the Board of Directors)

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

(All amounts in millions of RMB unless otherwise stated)

	January to March 2023 (unaudited)	January to March 2022 (unaudited)
<b>Cash flows from operating activities</b>		
Profit before income tax	29,464	28,793
Adjustments for:		
Amortization of intangible assets and other assets	422	361
Depreciation of property and equipment, and right-of-use assets	2,157	2,037
Impairment loss on assets	8,621	11,600
– Credit impairment losses	8,620	11,598
– Impairment losses on other assets	1	2
Interest income arising from financial investments	(33,573)	(31,420)
Interest expense arising from debt securities issued	897	823
Net gains on investment securities	(6,366)	(5,930)
Unrealized exchange (gains)/losses	348	604
Net (gains)/losses from disposal of property, equipment and other assets	(2)	(11)
Subtotal	1,968	6,857
<b>Net (increase)/decrease in operating assets</b>		
Deposits with central bank	(25,932)	(63,893)
Deposits with banks and other financial institutions	(23,420)	(15,568)
Placements with banks and other financial institutions	(19,453)	7,437
Financial assets measured at fair value through profit or loss	(23,225)	(58,163)
Financial assets held under resale agreements	(9,838)	7,943
Loans and advances to customers	(417,698)	(357,298)
Other operating assets	(10,581)	4,034
Subtotal	(530,147)	(475,508)
<b>Net increase/(decrease) in operating liabilities</b>		
Borrowings from central bank	6,152	1,390
Deposits from banks and other financial institutions	(12,785)	(48,965)
Placements from banks and other financial institutions	14,997	18,197
Financial assets sold under repurchase agreements	22,203	84,131
Customer deposits	553,694	608,643
Other operating liabilities	(30,972)	(49,210)
Subtotal	553,289	614,186
<b>Net cash flows from operating activities before tax</b>	25,110	145,535
Income tax paid	(894)	(1,977)
<b>Net cash generated from operating activities</b>	24,216	143,558
<b>Cash flows from operating activities include:</b>		
Interest received	91,581	88,423
Interest paid	(78,219)	(90,561)



## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

(All amounts in millions of RMB unless otherwise stated)

	January to March 2023 (unaudited)	January to March 2022 (unaudited)
<b>Cash flows from investing activities</b>		
Cash received from disposal/redemption of financial investments	357,637	344,919
Cash received from income arising from financial investments	45,130	39,533
Cash received from disposal of property and equipment, intangible assets and other long-term assets	11	37
Cash paid for purchase of financial investments	(403,846)	(501,292)
Cash paid for purchase of property and equipment, intangible assets and other long-term assets	(2,266)	(2,309)
<b>Net cash used in investing activities</b>	<b>(3,334)</b>	<b>(119,112)</b>
<b>Cash flows from financing activities</b>		
Cash received from issuance of ordinary shares	45,000	–
Cash received from issuance of perpetual bonds	–	30,000
Cash received from issuance of debt securities	10,000	40,000
Cash paid for dividends and interests	(6,767)	(5,178)
Cash paid for issuance of ordinary shares	(20)	–
Cash paid for issuance of perpetual bonds	–	(2)
Cash paid for issuance of debt securities	–	(3)
Cash paid for repayment of debt securities	–	(20,000)
Cash paid to repay principal and interest of lease liabilities	(973)	(939)
<b>Net cash generated from financing activities</b>	<b>47,240</b>	<b>43,878</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(81)</b>	<b>(78)</b>
<b>Net increase in cash and cash equivalents</b>	<b>68,041</b>	<b>68,246</b>
Balance of cash and cash equivalents at the beginning of period	239,980	313,766
<b>Balance of cash and cash equivalents at the end of period</b>	<b>308,021</b>	<b>382,012</b>

## APPENDIX II SUPPLEMENTARY FINANCIAL INFORMATION

### TABLE OF CAPITAL ADEQUACY RATIO

*In millions of RMB, except for percentages*

Item	March 31, 2023		December 31, 2022	
	Consolidated	The Bank	Consolidated	The Bank
Calculated in accordance with the Capital Rules for Commercial Banks (Provisional):				
Core tier 1 capital – net	745,684	723,963	679,887	658,372
Tier 1 capital – net	885,811	863,949	820,013	798,358
Net capital	1,074,849	1,052,230	1,003,987	981,608
Core tier 1 capital adequacy ratio (%)	9.72	9.50	9.36	9.12
Tier 1 capital adequacy ratio (%)	11.54	11.33	11.29	11.06
Capital adequacy ratio (%)	14.01	13.80	13.82	13.60

### TABLE OF LEVERAGE RATIO

*In millions of RMB, except for percentages*

Item	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Tier 1 capital – net	885,811	820,013	815,023	838,323
On- and off-balance sheet assets after adjustments	15,343,174	14,623,664	14,071,223	13,931,845
Leverage ratio (%)	5.77	5.61	5.79	6.02

### TABLE OF LIQUIDITY COVERAGE RATIO

*In millions of RMB, except for percentages*

Item	March 31, 2023	December 31, 2022
High-quality liquid assets	2,656,002	2,601,067
Net cash outflow for the next 30 days	1,123,472	1,036,868
Liquidity coverage ratio (%)	236.41	250.86