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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)

Third 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 nine months ended September 30, 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

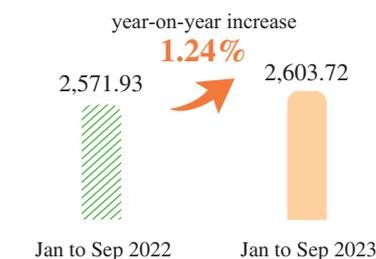
- 1.1 The Board, the Board of Supervisors, directors, supervisors and members of the senior management of the Bank undertake that the information in this quarterly report is true, accurate and complete, contains no false record, misleading statement or material omission, and they assume individual and joint and several liabilities for the information in this quarterly report.
- 1.2 The Third Quarterly Report of 2023 has been considered and approved at the meeting of the Board of the Bank held on October 27, 2023.
- 1.3 Mr. Liu Jianjun, Legal Representative of the Bank, Mr. Xu Xueming, Vice President in charge of finance of the Bank, and Ms. Deng Ping, General Manager of Finance and Accounting Department of the Bank, hereby warrant the truthfulness, accuracy and completeness of the financial information contained in this quarterly report.
- 1.4 These quarterly financial statements have not been audited.

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”)¹.

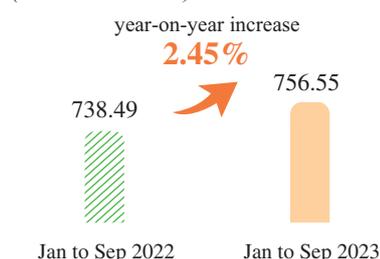
Operating income

(In RMB100 million)



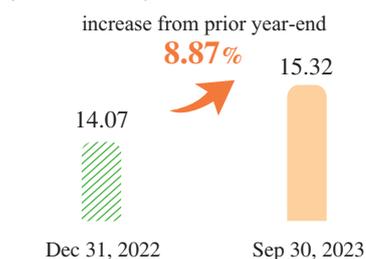
Net profit attributable to equity holders of the Bank

(In RMB100 million)



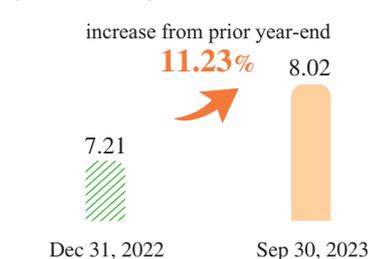
Total assets

(In RMB trillion)



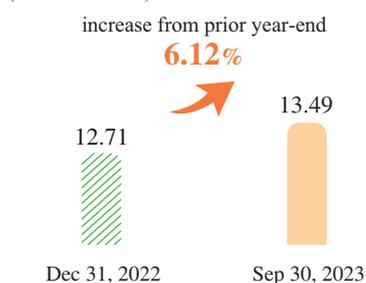
Total loans to customers

(In RMB trillion)



Customer deposits

(In RMB trillion)



Loan-to-deposit ratio

(%)



NPL ratio

(%)



Core tier 1 capital adequacy ratio

(%)



¹ “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 that are exclusive of accrued interest.

2.1 Major accounting data and financial indicators

In millions of RMB, except for percentages or otherwise stated

Item	September 30, 2023	December 31, 2022	Changes as compared with the prior year-end (%)
Total assets	15,315,359	14,067,282	8.87
Total loans to customers	8,020,496	7,210,433	11.23
Allowance for impairment losses on loans to customers ⁽¹⁾	234,523	232,723	0.77
Financial investments	5,376,227	4,958,899	8.42
Total liabilities	14,399,885	13,241,468	8.75
Customer deposits	13,493,122	12,714,485	6.12
Equity attributable to equity holders of the Bank	913,774	824,225	10.86
Net assets per share (in RMB) ⁽²⁾	7.80	7.41	5.26

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	July to September 2023	Changes as compared to the period from July to September of the prior year (%)	January to September 2023	Changes as compared to the period from January to September of the prior year (%)
Operating income	83,215	(0.41)	260,372	1.24
Net profit	26,128	(2.38)	75,766	2.48
Net profit attributable to equity holders of the Bank	26,091	(2.41)	75,655	2.45
Net cash flows from operating activities	Not applicable	Not applicable	(28,418)	Not applicable
Basic and diluted earnings per share (in RMB) ⁽¹⁾	0.26	(10.34)	0.73	–
Return on weighted average equity (% annualized) ⁽¹⁾	13.01	Decreased by 2.08 percentage points	12.90	Decreased by 1.00 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 China Securities Regulatory Commission. There were no potential diluted ordinary shares of the Bank, so the diluted earnings per share was the same as the basic earnings per share. The impact of other equity instruments is excluded when relevant indicators are calculated.

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

In millions of RMB, except for percentages

Item	January to September 2023	January to September 2022	Change (%)	Major reasons for change
Net cash flows from operating activities	(28,418)	129,214	Not applicable	Primarily due to the year-on-year increase in cash paid for granted loans during the current period and the year-on-year decrease in cash received from customer deposits

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 155,270 ordinary shareholders (including 152,790 holders of A shares and 2,480 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	5,405,405,405	–	State-owned legal entity	RMB ordinary shares, overseas listed foreign shares
HKSCC Nominees Limited	19,843,163,500	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.	1,730,893,405	1.75	–	–	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	611,252,333	0.62	–	–	Foreign legal entity	RMB ordinary shares
National Social Security Fund Portfolio 108	127,345,044	0.13	–	–	Others	RMB ordinary shares
New China Life Insurance Co., Ltd. – Traditional – General Insurance Products – 018L – CT001 Shanghai	118,669,490	0.12	–	–	Others	RMB ordinary shares
Shanghai International Port (Group) Co., Ltd.	112,539,226	0.11	–	–	State-owned legal entity	RMB ordinary shares
Shanghai Pudong Development Bank Co., Ltd. – E Fund Yufeng Return Bond Fund	91,121,435	0.09	–	–	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 (stocks under 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. 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 nor do they involve delegation/entrustment of voting rights or abstention of voting rights.

Note (6): In March 2023, the Bank completed the non-public offering of 6,777,108,433 new shares, and China Mobile Communications Group Co., Ltd. became one of the top ten ordinary shareholders due to placement of new shares. Save as disclosed above, no other strategic investor or general legal entity became the 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:

Name of shareholder	Number of circulating shares held not subject to selling restrictions	Type and number of shares	
		Type	Number
China Post Group Corporation Limited	56,850,143,875	RMB ordinary shares	56,769,443,875
		Overseas listed foreign shares	80,700,000
HKSCC Nominees Limited	19,843,163,500	Overseas listed foreign shares	19,843,163,500
China Life Insurance Company Ltd.	1,730,893,405	RMB ordinary shares	1,730,893,405
China Telecommunications Corporation Limited	1,117,223,218	RMB ordinary shares	1,117,223,218
Hong Kong Securities Clearing Company Limited	611,252,333	RMB ordinary shares	611,252,333
National Social Security Fund Portfolio 108	127,345,044	RMB ordinary shares	127,345,044
New China Life Insurance Co., Ltd. – Traditional – General Insurance Products – 018L – CT001 Shanghai	118,669,490	RMB ordinary shares	118,669,490
Shanghai International Port (Group) Co., Ltd.	112,539,226	RMB ordinary shares	112,539,226
Shanghai Pudong Development Bank Co., Ltd. – E Fund Yufeng Return Bond Fund	91,121,435	RMB ordinary shares	91,121,435
E Fund Management Co., Ltd. – Social Security Fund Portfolio 1104	89,991,476	RMB ordinary shares	89,991,476

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 (stocks under 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. Some of the aforementioned shareholders are managed by the same fund manager. 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 nor do they involve delegation/entrustment of voting rights or abstention of voting rights. No strategic investors or general legal entities became top ten shareholders not subject to selling restrictions due to placement of new shares.



4 ANALYSIS ON OVERALL OPERATING ACTIVITIES IN THE THIRD QUARTER

4.1 Overview of operations

In the face of the complicated and severe situations at home and abroad, the Bank earnestly implemented the decisions and plans of the CPC Central Committee and the State Council, firmly followed the “5 plus 1” strategic path¹, continued to strengthen the “major capabilities in six aspects”², and expedited the development of five poles for differentiated growth. While implementing national strategies, supporting the real economy and maintaining its own stable and healthy growth, the Bank advanced the implementation of various key strategic tasks, and established core strengths and competitive advantages through transformation and development, thereby solidifying its differentiated competitive edge as a “protective moat” for long-term value.

The Bank actively fulfilled its responsibility as a major state-owned bank, and kept political consciousness in mind and put people first in the financial work. It spared no effort in implementing stabilization policies and measures while consistently enhancing the quality and efficiency of services for the real economy. Firstly, the Bank intensified its financial support in a more targeted manner. It continually enriched financial services in key areas such as rural revitalization, micro and small enterprises, sci-tech innovation, private enterprises, industrial chains and supply chains, consumer credit, etc. and took solid steps to strengthen financial services for flood prevention, disaster relief and post-disaster reconstruction. **Secondly, the Bank made meticulous efforts to deliver financial services for private enterprises.** It vigorously supported the high-quality development of private enterprises, accelerated product and service innovation, and increased credit supply to private enterprises to build up the size, quality and strength of the private economy. **Thirdly, the Bank introduced lower fees on its services.** Responding to the initiative of the industry association, it thoroughly implemented fee reduction policies, safeguarded the legitimate rights and interests of customers, and effectively supported the development of the real economy for the benefit of enterprises and the public. **Fourthly, the Bank continuously expanded the ecosystem of financial services for sci-tech innovation.** It co-hosted special campaigns supporting specialized and sophisticated enterprises that produce new and unique products together with the China Centre for Promotion of SME Development. The Bank also partnered with the Shenzhen Stock Exchange to hold roadshows for investment and financing and offer comprehensive services to specialized and sophisticated enterprises that produce new and unique products as well as sci-tech enterprises under the brand “U Prosper” for sci-tech finance, so as to satisfy the diverse investment and financing demands of such enterprises. As at the end of the reporting period, the Bank served 65.1 thousand specialized and sophisticated enterprises that produce new and unique products as well as sci-tech enterprises, with the loan balance exceeding RMB300.0 billion. **Fifthly, the Bank actively advanced the development of green banking.** It vigorously promoted sustainable finance, green finance and climate financing while supporting biodiversity conservation. It strengthened product innovation, supported transition finance, granted its first just transition loan, and provided carbon accounting services for 3,296 corporate customers. As at the end of the reporting period, the balance of the Bank’s green loans reached RMB596,697 million, a 20.17% increase from the end of the prior year.

¹ The “5 plus 1” strategic path refers to the development of technological finance, eco-finance, coordinated finance, industrial finance, and green finance, with end-to-end risk management and compliance.

² “Major capabilities in six aspects” refers to core business, system support, coordination and integration, technological facilitation, institutional drive and innovation leadership.



The Bank seized the opportunities brought by the steady economic recovery, and maintained robust and stable development with firm confidence. Firstly, the business scale saw steady growth. As at the end of the reporting period, the Bank's total assets reached RMB15.32 trillion, marking an 8.87% increase compared to the prior year-end. Specifically, total loans to customers surpassed RMB8 trillion to reach RMB8.02 trillion, an 11.23% growth from the prior year-end. Total liabilities amounted to RMB14.40 trillion, an 8.75% increase from the prior year-end, with customer deposits totaling RMB13.49 trillion, an increase of 6.12% from the prior year-end. **Secondly, the quality of development continued to improve.** The Bank vigorously drove high-quality development with improvement in both quality and quantity. In asset allocation, the Bank persistently increased the proportion of loans in total assets, granted more loans to the real economy, and gave more support to the retail sector, with a precise focus on the demands of the real economy. In the first three quarters, the Bank's loans to customers increased by RMB810,063 million, RMB112,293 million more than the increment in the same period of the prior year, which set a record high for the same periods in history, and drove up the loan-to-deposit ratio and the percentage of credit assets by 2.73 percentage points and 1.11 percentage points compared with the prior year-end. Specifically, personal loans rose by RMB357,017 million, RMB95,433 million more than the growth for the same period of the prior year. As for liabilities, the Bank focused on the development of value deposits and further optimized deposit structure. Capitalizing on the market trend of continuously decreasing deposit costs since the beginning of the third quarter, it intensified efforts in the development of value deposits to maintain its advantage of low-cost liability. The average rate of interest-bearing liabilities in the first three quarters of 2023 was 1.57%, a year-on-year decrease of 7 bps. **Thirdly, the profitability remained stable.** During the reporting period, the Bank achieved a net profit attributable to equity holders of the Bank of RMB75,655 million, a year-on-year increase of 2.45%. Operating income amounted to RMB260,372 million, a year-on-year increase of 1.24%; among which the net interest income had a year-on-year increase of 3.12%, 0.79 percentage point higher than that in the first half year. The net interest margin was 2.05%, maintaining an excellent level among large state-owned banks. **Fourthly, risk management was precise and effective.** The Bank consistently maintained a prudent and sound risk appetite, continued to enhance the comprehensive risk management system featuring "all aspects, whole process and entire staff", and expedited the development of intelligent risk control, empowering high-quality business development through proactive risk management. As at the end of the reporting period, the Bank's non-performing loan ratio was 0.81%, a decrease of 0.03 percentage point from the prior year-end. The Bank adhered to the prudent provisioning policy, with an allowance to NPLs ratio of 363.91%, ensuring ample risk coverage.

The Bank focused on the primary task of high-quality development as well as core competitive elements, core competitive advantages and core competitive capabilities, to persistently nurture distinctive business strengths based on its resource endowments.

Firstly, the Bank was committed to enhancing the quality and efficiency of Sannong financial services, striving to be the main force in rural revitalization. The Bank actively improved the quality of creditworthy villages and advanced their upgrading, piloted the creation of digital creditworthy villages, optimized credit user creation models, and improved the efficiency of universal credit extension. It continued to develop industry-specific scenarios, provided exclusive service solutions tailored to the needs of key industries, and facilitated the rapid growth of industrial loans. As at the end of the reporting period, more than RMB100 billion of industrial loans were granted on a cumulative basis, with the balance exceeding RMB100 billion, an increase of more than RMB82.0 billion from the prior year-end, serving nearly 200,000 industrial enterprises. The Bank also promoted the development of county-level consumption ecosystems. As at the end of the reporting period, it helped to establish 405 model counties for mobile payment acceptance, covering over 220,000 county-level scenarios in areas such as supermarkets, dining, and healthcare. The Bank explored tiered and segmented marketing and digital operations for micro loans. As at the end of the reporting period, the balance of the Bank's agro-related loans amounted to RMB2.11 trillion, an increase of RMB298,446 million from the prior year-end. The balance of personal micro loans reached RMB1.38 trillion, a growth of RMB240,802 million from the prior year-end.

Secondly, the Bank continually enhanced the multidimensional service system for microfinance that combines online, remote, and offline channels to drive the transformation of microfinance services. Based on online channels like corporate mobile banking, remote banking, and proactive credit extension, the Bank provided specialized services including inclusive business representatives and widely applied digital tools such as inclusive marketing maps and panoramic business views to expand its customer reach. It also continuously strengthened product innovation, optimized service processes, and consistently improved customer experience. In September 2023, the Bank was honored with Silver Award of SME Financier of the Year - Asia and Honorable Mention of Product Innovation of the Year, two categories of the Global SME Finance Awards¹. As at the end of the reporting period, the balance of the Bank's inclusive loans to MSEs reached RMB1.41 trillion, an increase of RMB227,977 million from the prior year-end, achieving a historical high.

Thirdly, the Bank vigorously promoted proactive credit extension and built new growth poles of credit business through model innovation. The Bank created fine-grained customer profiles by multi-dimensional data mining, and accurately captured customers' credit needs. It constructed an online, multi-channel, and three-dimensional marketing network to achieve precise customer reach. Through online acceptance and intelligent approval and disbursement, the Bank provided customers with "instant approval and lending" services. It further enhanced post-lending management system, improving customers' lifecycle service experience and operational efficiency. Proactive credit extension has become a key driver for the Bank to create differentiated competitive advantages and an important tool to win customers. As at the end of the reporting period, the accumulative granted amount of proactive credit extension reached RMB235.0 billion, with the loan balance exceeding RMB118.0 billion and a non-performing loan ratio of less than 0.5%, demonstrating excellent risk control.

Fourthly, focusing on assets under management, the Bank accelerated the development of a wealth management bank. With asset allocation at its core and stability as a top priority, the Bank selected optimum products featuring stability and low fluctuations in the market and maintained long-term customer relationships. It continuously enhanced the professional abilities of business teams, and provided 52 sessions of training camp for 8,800 wealth managers. It sought breakthroughs in the high-end customer service sector and successfully established private banking centers in Hangzhou and Guangzhou after the establishment of a private banking center in Wuhan, further expanding the exclusive service team for private banking customers. Meanwhile, the Bank vigorously promoted chain-style customer marketing and facilitated the upward advancement of customer levels. As at the end of the reporting period, the Bank's AUM of personal customers reached RMB14.71 trillion, an increase of nearly RMB830.0 billion from the prior year-end. VIP customers reached 50,547.6 thousand, an increase of 6.75% from the prior year-end. Fujia customers and above² amounted to 4,773.6 thousand, an increase of 12.31% from the prior year-end.

Fifthly, with the development of the interbank ecosystem as a driver, the Bank promoted the transformation and development of treasury and asset management businesses. The Bank was deeply committed to the ecosystem development, and upheld agile development and rapid iterations of its interbank ecosystem platform "Together We Thrive". Since its official launch in February 2023, business scenarios have continued to expand, with a steady increase in the number of customers, and initial success seen in operational effectiveness. As at the end of the reporting period, the number of registered customers exceeded 2,250, with a cumulative transaction volume surpassing RMB1.5 trillion, which further enhanced its brand influence and recognition.

¹ The Global SME Finance Award is presented by the SME Finance Forum, an initiative of the Global Partnership for Financial Inclusion (GPI) under the G20 framework. Established in 2018, the award aims to recognize the achievements of financial institutions and FinTech companies in providing innovative products and services to SME customers and to promote their best practices globally.

² The Bank regards customers with assets of RMB100,000 (inclusive) and above as VIP customers and customers with assets of RMB500,000 (inclusive) and above are Fujia customers and above.



The Bank vigorously promoted innovation and transformation, worked to strengthen support, and nurtured core competitive capabilities. **Firstly, the Bank established differentiated development advantages in corporate finance.** By implementing the new “1 plus N” operation and service system¹, the Bank provided comprehensive services to deepen cooperation with customers, created a closed-loop customer management system, concentrated on GBC synergy², rural revitalization, urban finance, industrial finance, and technological finance, and deeply integrated into the customers’ business ecosystems. As at the end of the reporting period, the Bank had 1,545.3 thousand corporate customers, of which 246.5 thousand were newly acquired. The growth in the number of customers for whom the Bank served as a lead bank exceeded 40%. **Secondly, the Bank strengthened the coordination between the Bank and China Post Group.** It leveraged the “integrated flows of business, goods, funds and information” advantages of China Post Group, explored the potential of its directly-operated outlets and agency outlets, and accelerated major market expansion, development of key customer segments, and the reuse of important resources. By focusing on the development of creditworthy villages and industrial collaborative development, it advanced cooperative projects that benefit farmers based on villages, cooperatives, farmers, agricultural enterprises and rural supermarkets, and promoted a model of cooperation between the Bank and China Post Group for rural revitalization. It also improved the mechanism for expanding credit card services to customers, and further stimulated internal drive brought by collaboration. **Thirdly, the Bank applied “future-oriented” technology to enhance its counter-cyclical competitiveness.** It identified high-quality customer groups and accompanied customers with a growth perspective. It continually optimized the “future-oriented” credit review and approval technology and iterated its “future-oriented” technology evaluation system. It also expanded the application of “future-oriented” technology to the manufacturing sector and piloted its use in areas such as transportation, energy, and city planning in 16 branches. The Bank strengthened the development of a full-process “future-oriented” system and obtained in batches customers for whom it served as a lead bank using the “future-oriented” technology. As at the end of the reporting period, more than 6,000 customers were approved across the Bank using this technology, a significant increase from the prior year-end. **Fourthly, the Bank accelerated the transition to intensive operations.** By building a low-cost, highly efficient operating model, the Bank further advanced the centralized post-lending management for consumer credit and enhanced the operational efficiency. It established the Head Office Cloud Counter Center, promoted a cloud counter operation model that combines customer self-service and remote agents to provide remote “face-to-face” services by branch staffs, and furthered the intensive business processing at branches. It intensified the application of new technologies, piloted the use of “digital human” in business consultation, transaction processing, and self-service device operations, and enhanced the ability to replace manual labor with technology. **Fifthly, the Bank advanced the development of technology-driven capability in depth.** It continually improved digital application capabilities, developed a “robo-advisor” capability system on its mobile banking, and created an integrated “online plus offline” wealth management service. It introduced “smart search” for instant access to information, adopted “smart risk control” as a substitute for electronic tokens, and enhanced seamless intelligent authentication. The Bank also solidified its technology risk management and control, intensified its efforts to develop automated and intelligent operations and maintenance scenarios, and continuously enhanced the security and stability of its information systems.

In the face of profound changes in the operating and development environment of the banking industry, the Bank will continue to enhance its ability to lead innovation, accelerate mechanism and institutional reforms, fully stimulate the vitality of development, continuously strengthen the foundation for development, and contribute more financial strength to the Chinese path to modernization with its own sustainable and high-quality development.

¹ The new “1 plus N” operation and service system refers to a system under which the Bank carried out reform and in-depth application of the operation mechanism, and developed a marketing support service system that integrates the front, middle and back offices by focusing on the six dimensions of customer, product, collaboration, service, risk and technology.

² GBC synergy refers to the collaborative creation of a full-chain marketing loop to serve customers at the government (G), business (B), and consumer (C) ends.



4.2 Financial performance

4.2.1 Financial results

During the reporting period, the Bank's operating income reached RMB260,372 million, representing a year-on-year increase of RMB3,179 million, or 1.24%. The net profit amounted to RMB75,766 million, representing a year-on-year increase of RMB1,831 million, or 2.48%. Annualized return on average total assets was 0.69%. Annualized return on weighted average equity was 12.90%. Basic earnings per share was RMB0.73.

Net interest income

Net interest income reached RMB211,847 million, representing a year-on-year increase of RMB6,406 million, or 3.12%, with a growth rate 0.79 percentage point higher than that in the interim period. The growth was mainly driven by the steady growth in the scale of interest earning assets and continuous optimization of asset-liability structure as the Bank actively developed five differentiated growth poles. Net interest margin was 2.05%, and net interest spread was 2.03%.

Net fee and commission income

Net fee and commission income amounted to RMB23,715 million, representing a year-on-year increase of RMB76 million, or 0.32%. Excluding the one-off factor of the transformation to net-value wealth management products in the same period of the prior year, the net fee and commission income increased by 16.14% year-on-year. It was mainly because the Bank actively advanced the transformation and upgrading of wealth management and comprehensively promoted the new "1 plus N" operation and service system for corporate banking, thus achieving rapid growth in income from wealth management, investment banking and transaction banking businesses.

Operating expenses

Operating expenses amounted to RMB156,379 million, representing a year-on-year increase of RMB13,237 million, or 9.25%.

Credit impairment losses

Credit impairment losses amounted to RMB21,149 million, representing a year-on-year decrease of RMB10,309 million, or 32.77%.

4.2.2 Assets and liabilities and equity

Assets

As of the end of the reporting period, the Bank's total assets amounted to RMB15,315,359 million, representing an increase of RMB1,248,077 million, or 8.87% compared with the prior year-end. Total loans to customers amounted to RMB8,020,496 million, representing an increase of RMB810,063 million, or 11.23% from the prior year-end. Among them, personal loans amounted to RMB4,403,122 million, representing an increase of RMB357,017 million, or 8.82% from the prior year-end. It is mainly because the Bank adhered to the strategic positioning of retail banking, firmly implemented the national development strategy of rural revitalization, continued to increase credit supply to agriculture, rural areas and farmers and actively carried out universal credit extension to farmers, resulting in a rapid growth in personal micro loans. Corporate loans amounted to RMB3,158,004 million, representing an increase of RMB488,642 million, or 18.31% compared with the prior year-end, primarily because the Bank followed major national strategic plans, further promoted the new "1 plus N" operation and service system for corporate banking and increased credit allocation to enterprises in fields such as manufacturing, infrastructure construction, specialized and sophisticated enterprises that produce new and unique products, and green finance, resulting in a rapid growth in the scale of SME loans and corporate loans. Discounted bills amounted to RMB459,370 million, representing a decrease of RMB35,596 million, or 7.19% compared with the prior year-end.



Liabilities

As at the end of the reporting period, the Bank's total liabilities amounted to RMB14,399,885 million, representing an increase of RMB1,158,417 million, or 8.75% compared with the prior year-end. Customer deposits amounted to RMB13,493,122 million, representing an increase of RMB778,637 million, or 6.12% compared with the prior year-end. Among them, personal deposits amounted to RMB12,034,769 million, representing an increase of RMB752,572 million, or 6.67% compared with the prior year-end, mainly because the Bank kept optimizing the structure of deposits and realized growth in deposits with maturities of one year or less. Corporate deposits amounted to RMB1,454,506 million, representing an increase of RMB24,940 million, or 1.74% compared with the prior year-end.

Equity

As at the end of the reporting period, the Bank's total equity amounted to RMB915,474 million, representing an increase of RMB89,660 million, or 10.86% compared with the prior year-end, among which: net proceeds raised by non-public issuance of A shares of ordinary shares were RMB44,980 million; net profit was RMB75,766 million; and distributed dividends on ordinary shares and perpetual bonds were RMB30,890 million.

4.2.3 Asset quality and capital adequacy ratio

In the third quarter of 2023, the Bank maintained stable asset quality. As at the end of the reporting period, the NPL balance amounted to RMB64,661 million, representing an increase of RMB3,925 million compared with the prior year-end. The NPL ratio was 0.81%, representing a decrease of 0.03 percentage point over the prior year-end. The balance of special mention loans amounted to RMB49,200 million, representing an increase of RMB9,133 million compared with the prior year-end. Special mention loan ratio was 0.62%, representing an increase of 0.06 percentage point compared with the prior year-end. The balance of overdue loans was RMB73,781 million, representing an increase of RMB5,629 million compared with the prior year-end. The overdue loan ratio was 0.92%, representing a decrease of 0.03 percentage point compared with the prior year-end. Allowance to NPLs ratio was 363.91%, representing a decrease of 21.60 percentage points compared with the prior year-end. In the first nine months of 2023, newly generated NPLs stood at RMB45,479 million, with an annualized NPL formation ratio¹ of 0.82%.

As at the end of the reporting period, core tier 1 capital adequacy ratio was 9.46%, representing an increase of 0.10 percentage point compared with the prior year-end; tier 1 capital adequacy ratio was 11.19%, representing a decrease of 0.10 percentage point compared with the prior year-end; capital adequacy ratio was 13.83%, representing an increase of 0.01 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. There was no difference between the net profit and equity for the reporting period in the consolidated financial statements prepared by the Bank under China Accounting Standards and the corresponding figures prepared by the Bank under IFRSs.

¹ 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

The Bank reviewed and approved the profit distribution plan for 2022 at the 2022 Annual General Meeting held on June 30, 2023. On the basis of 99,161,076,038 ordinary shares, the Bank distributed cash dividends of RMB2.579 (before tax) per ten shares, totaling approximately RMB25,574 million (before tax), to all the ordinary shareholders whose names appeared on the share register on the record date. The profit distribution plan has been implemented with the dividends of A shares paid on July 13, 2023 and the dividends of H shares paid on August 10, 2023.

With the approval of the National Administration of Financial Regulation and the People's Bank of China, the Bank issued RMB30 billion write-down undated capital bonds in the national interbank bond market in October 2023, with all proceeds used to replenish additional tier 1 capital in accordance with applicable laws and approval of the competent authorities.

For other significant events disclosed by the Bank during the reporting period in accordance with regulatory requirements, please refer to the announcements published by the Bank.

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 and the website of the Bank. The quarterly report prepared in accordance with PRC GAAP is also available on both the website of the Shanghai Stock Exchange at 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
October 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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

(All amounts in millions of RMB unless otherwise stated)

	July to September 2023 (unaudited)	July to September 2022 (unaudited)	January to September 2023 (unaudited)	January to September 2022 (unaudited)
Interest income	126,691	119,103	372,001	354,550
Interest expense	(55,149)	(50,779)	(160,154)	(149,109)
Net interest income	71,542	68,324	211,847	205,441
Fee and commission income	9,348	11,050	43,354	41,124
Fee and commission expense	(3,836)	(5,291)	(19,639)	(17,485)
Net fee and commission income	5,512	5,759	23,715	23,639
Net trading gains	907	821	3,160	3,009
Net gains on investment securities	5,305	7,132	18,982	18,045
Net gains on derecognition of financial assets measured at amortized cost	333	524	1,658	719
Net other operating gains	(388)	998	999	6,340
Share of results of associates	4	–	11	–
Operating income	83,215	83,558	260,372	257,193
Operating expenses	(53,270)	(49,308)	(156,379)	(143,142)
Credit impairment losses	(1,833)	(4,359)	(21,149)	(31,458)
Impairment losses on other assets	(3)	(6)	(4)	(15)
Profit before income tax	28,109	29,885	82,840	82,578
Income tax expenses	(1,981)	(3,120)	(7,074)	(8,643)
Net profit	26,128	26,765	75,766	73,935
Net profit attributable to:				
Equity holders of the Bank	26,091	26,735	75,655	73,849
Non-controlling interests	37	30	111	86



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

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

(All amounts in millions of RMB unless otherwise stated)

	July to September 2023 (unaudited)	July to September 2022 (unaudited)	January to September 2023 (unaudited)	January to September 2022 (unaudited)
Other comprehensive income (expense):				
Items that will not be reclassified to profit or loss				
Remeasurement of retirement benefit obligations	–	–	(22)	–
Changes in fair value of equity instrument investments measured at fair value through other comprehensive income	(340)	(999)	(940)	(2,076)
Subtotal	(340)	(999)	(962)	(2,076)
Item that may be reclassified subsequently to profit or loss				
Net gains/(losses) on investments in financial assets measured at fair value through other comprehensive income	(1,003)	(1,008)	768	(1,845)
Subtotal	(1,003)	(1,008)	768	(1,845)
Total comprehensive income for the period	24,785	24,758	75,572	70,014
Total comprehensive income attributable to:				
Equity holders of the Bank	24,748	24,728	75,461	69,928
Non-controlling interests	37	30	111	86
Basic and diluted earnings per share (in RMB Yuan)	0.26	0.29	0.73	0.73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2023

(All amounts in millions of RMB unless otherwise stated)

	September 30, 2023 (unaudited)	December 31, 2022 (audited)
Assets		
Cash and deposits with central bank	1,268,189	1,263,951
Deposits with banks and other financial institutions	164,444	161,422
Placements with banks and other financial institutions	316,254	303,836
Derivative financial assets	2,470	1,905
Financial assets held under resale agreements	192,813	229,870
Loans and advances to customers	7,785,973	6,977,710
Financial investments		
Financial assets measured at fair value through profit or loss	873,651	863,783
Financial assets at fair value through other comprehensive income-debt instruments	489,840	416,172
Financial assets at fair value through other comprehensive income-equity instruments	8,081	9,346
Financial assets measured at amortized cost	4,004,655	3,669,598
Interests in associates	664	653
Property and equipment	54,344	53,272
Deferred tax assets	65,470	63,955
Other assets	88,511	51,809
Total assets	15,315,359	14,067,282
Liabilities		
Borrowings from central bank	36,562	24,815
Deposits from banks and other financial institutions	67,687	78,770
Placements from banks and other financial institutions	55,135	42,699
Derivative financial liabilities	4,203	2,465
Financial assets sold under repurchase agreements	233,623	183,646
Customer deposits	13,493,122	12,714,485
Income tax payable	3,031	2,868
Debt securities issued	429,297	101,910
Deferred tax liabilities	9	11
Other liabilities	77,216	89,799
Total liabilities	14,399,885	13,241,468



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT SEPTEMBER 30, 2023

(All amounts in millions of RMB unless otherwise stated)

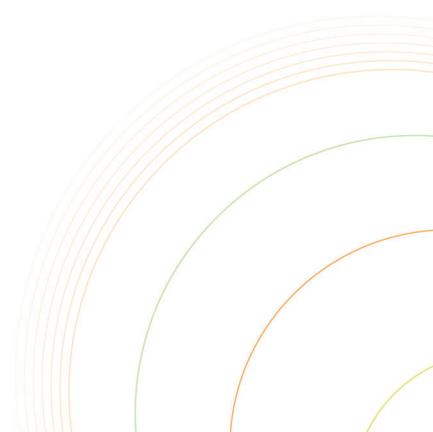
	September 30, 2023 (unaudited)	December 31, 2022 (audited)
Equity		
Share capital	99,161	92,384
Other equity instruments		
Perpetual bonds	139,986	139,986
Capital reserve	162,682	124,479
Other reserves	242,097	242,180
Retained earnings	269,848	225,196
Equity attributable to equity holders of the Bank	913,774	824,225
Non-controlling interests	1,700	1,589
Total equity	915,474	825,814
Total equity and liabilities	15,315,359	14,067,282

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

(All amounts in millions of RMB unless otherwise stated)

	January to September 2023 (unaudited)	January to September 2022 (unaudited)
Cash flows from operating activities		
Profit before income tax	82,840	82,578
Adjustments for:		
Amortization of intangible assets and other assets	1,514	1,019
Depreciation of property and equipment and right-of-use assets	7,132	6,612
Impairment loss on assets		
– Credit impairment losses	21,149	31,458
– Impairment losses on other assets	4	15
Interest income arising from financial investments	(103,322)	(95,564)
Interest expense arising from debt securities issued	4,889	2,605
Net gains on investment securities	(20,640)	(18,762)
Unrealized exchange gains	288	(3,953)
Share of results of associates	(11)	–
Net losses/(gains) from disposal of property and equipment and other assets	4	(7)
Subtotal	(6,153)	6,001
Net (increase)/decrease in operating assets		
Deposits with central bank	(9,280)	(64,273)
Deposits with banks and other financial institutions	(4,455)	(58,451)
Placements with banks and other financial institutions	(29,072)	(15,691)
Financial assets measured at fair value through profit or loss	(12,685)	55,375
Financial assets held under resale agreements	77,695	37,989
Loans and advances to customers	(824,617)	(710,026)
Other operating assets	(40,426)	5,516
Subtotal	(842,840)	(749,561)
Net increase/(decrease) in operating liabilities		
Borrowings from central bank	11,421	4,397
Deposits from banks and other financial institutions	(10,632)	(81,355)
Placements from banks and other financial institutions	12,237	8,717
Financial assets sold under repurchase agreements	49,919	55,512
Customer deposits	781,305	931,353
Other operating liabilities	(15,307)	(34,605)
Subtotal	828,943	884,019
Net cash flows (used in)/generated from operating activities before tax	(20,050)	140,459
Income tax paid	(8,368)	(11,245)
Net cash flows (used in)/generated from operating activities	(28,418)	129,214
Cash flows from operating activities include:		
Interest received	279,265	268,198
Interest paid	(157,875)	(171,235)

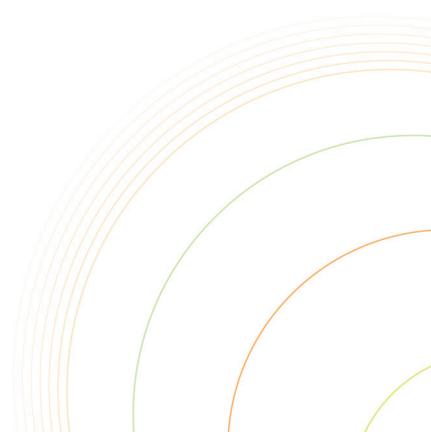


CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

(All amounts in millions of RMB unless otherwise stated)

	January to September 2023 (unaudited)	January to September 2022 (unaudited)
Cash flows from investing activities		
Cash received from disposal/redemption of financial investments	1,193,693	961,303
Cash received from income arising from financial investments	120,865	110,471
Cash received from disposal of property and equipment, intangible assets and other long-term assets	56	220
Cash paid for purchase of financial investments	(1,593,352)	(1,312,113)
Cash paid for purchase of property and equipment, intangible assets and other long-term assets	(9,139)	(7,290)
Net cash used in investing activities	(287,877)	(247,409)
Cash flows from financing activities		
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	442,030	40,000
Cash paid for dividends and interests	(37,521)	(32,563)
Cash paid for issuance of ordinary shares	(20)	–
Cash paid for issuance of perpetual bonds	–	(3)
Cash paid for issuance of debt securities	(1)	(3)
Cash paid for repayment of debt securities	(112,900)	(20,000)
Cash paid for redemption of preference shares	–	(51,273)
Cash paid to repay principal and interest of lease liabilities	(2,837)	(2,832)
Net cash flows generated from/(used in) financing activities	333,751	(36,674)
Effect of exchange rate changes on cash and cash equivalents	699	1,223
Net increase/(decrease) in cash and cash equivalents	18,155	(153,646)
Balance of cash and cash equivalents at the beginning of period	239,980	313,764
Balance of cash and cash equivalents at the end of period	258,135	160,118



APPENDIX II SUPPLEMENTARY FINANCIAL INFORMATION

TABLE OF CAPITAL ADEQUACY RATIOS

In millions of RMB, except for percentages

Item	September 30, 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	768,952	746,595	679,887	658,372
Tier 1 capital – net	909,095	886,581	820,013	798,358
Net capital	1,123,686	1,100,235	1,003,987	981,608
Core tier 1 capital adequacy ratio (%)	9.46	9.26	9.36	9.12
Tier 1 capital adequacy ratio (%)	11.19	11.00	11.29	11.06
Capital adequacy ratio (%)	13.83	13.65	13.82	13.60

TABLE OF LEVERAGE RATIO

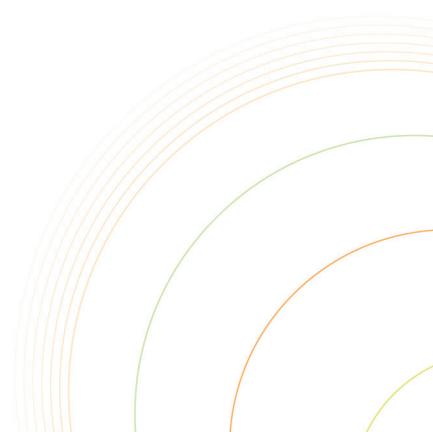
In millions of RMB, except for percentages

Item	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Tier 1 capital – net	909,095	884,843	885,811	820,013
On- and off-balance sheet assets after adjustments	16,195,471	15,894,704	15,343,174	14,623,664
Leverage ratio (%)	5.61	5.57	5.77	5.61

TABLE OF LIQUIDITY COVERAGE RATIO

In millions of RMB, except for percentages

Item	September 30, 2023	December 31, 2022
High-quality liquid assets	2,844,690	2,601,067
Net cash outflow for the next 30 days	1,277,972	1,036,868
Liquidity coverage ratio (%)	222.59	250.86



EVALUATION INDICATORS FOR SYSTEMIC IMPORTANCE

Pursuant to the Evaluation Measures for Systemically Important Banks, the Bank's evaluation indicators for domestic systemic importance as of December 31, 2022 are as follows.

In RMB10,000, unless otherwise stated

Tier 1 indicator	Tier 2 indicator	The Bank	
Scale	Balance of adjusted on- and off-balance sheet assets	1,462,270,308	
	Intra-financial system assets	389,572,040	
Relevance	Intra-financial system liabilities	15,162,868	
	Securities and other financing instruments issued	66,299,765	
	Payments settled through payment systems or correspondent banks	9,732,503,883	
Substitutability	Assets under custody	443,666,262	
	Agency and commission business	328,914,121	
	Number of customers and number of domestic operating institutions	Number of corporate customers	1,378,808
		Number of personal customers	869,953,325
		Number of domestic operating institutions	10,260
	Complexity	Derivatives	38,482,388
Securities measured at fair value		19,105,203	
Assets of non-banking affiliates		6,181,649	
Wealth management business		Balance of non-principal-guaranteed wealth management products issued by the Bank	5,094,260
		Balance of wealth management products issued by wealth management subsidiary	77,911,989
Overseas claims and debts		2,595,149	

Note (1): Calculated upon the standards of the Evaluation Measures for Systemically Important Banks (Yin Fa [2020] No. 289), and the data of some indicators differs from the data disclosed in the annual report.

