2017 Annual Results Announcement

March 29\textsuperscript{th}, 2018
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• I. Key Milestones and Achievements Since IPO

• II. 2018 Outlook
Key Milestones and Achievements Since IPO
Continuously Strengthen Large Network and Customer Base, Actively Engage Fin-tech

**Large Customer Base and Engaged Customer Relationship**

- Number of individual customers (100 million)
  - Up by 9.50% accumulatively

<table>
<thead>
<tr>
<th>Year</th>
<th>2016Q1</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>5.05</td>
<td>5.22</td>
<td>5.53</td>
</tr>
</tbody>
</table>

**Extensive Network Coverage Deep into Rural Area**

- Number of outlets

<table>
<thead>
<tr>
<th>Year</th>
<th>2016Q1</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>40,057</td>
<td>39,927</td>
<td>39,798</td>
</tr>
</tbody>
</table>

**Continuously Improving Customer Value**

- VIP customers (10,000)
  - Up by 30.91% accumulatively

<table>
<thead>
<tr>
<th>Year</th>
<th>2016Q1</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,928</td>
<td>2,195</td>
<td>2,524</td>
</tr>
</tbody>
</table>

**Improve Technology Support Capabilities**

- Formulate *Postal Savings Bank of China Internet Finance Development Planning Report*

As the end of 2017, the Bank deploys more than 2800 ITMs, covering more than 60 common counter transactions.

Source: H share prospectus, PSBC Annual Reports

Note: Some figures are rounded based on the data in the prospectus and annual reports.
Rapid Development in Mobile Banking and Electronic Banking Customer Base

- Number of customers (100 million)
- Mobile Banking: 1.07, 1.34, 1.75
- Electronic Banking: 1.58, 1.85, 2.34
- Up by 63.55% accumulatively in Mobile Banking
- Up by 48.10% accumulatively in Electronic Banking

Fast Growth in Electronic Banking Substitution Rate

- Substitution ratio of electronic banking transactions (%)
- 2016Q1: 73.84, 2016: 81.78, 2017: 86.97
- Up by 35.07% accumulatively

Substantial Growth in Electronic Banking Transactions

- Number of e-banking transactions (100 million)
- 2015: 75.06, 2016: 121.73, 2017: 200.75
- Compound growth rate: 63.54%

Huge Increase in E-banking Transaction Amount

- E-banking transaction amount (RMB trillion)
- Compound growth rate: 35.07%

Source: H shares prospectus, PSBC Annual Reports
Note: Some figures are rounded based on the data in the prospectus and annual reports.
Enhance Deposit and Funding Base, Play the Role of Financial Market Stabilizer

**Strong Deposit Advantages in Funding Mix**

Ratio of deposits to total liabilities
By the end of 2017 (%)

- Sale of repurchase of financial assets: 1%
- Issued bonds: 1%
- Other liabilities: 4%
- Customer deposit: 94%

**Decreasing Cost of Interest-bearing Liabilities**

Average interest cost (%)
Down by 50bps accumulatively

- 2015: 1.94
- 2016: 1.61
- 2017: 1.44

**Leading Deposit Taking Capabilities**

Deposit amount (RMB trillion)

- 2016Q1: 6.73
  - 90.56%
- 2016: 7.29
  - 92.01%
- 2017: 8.06
  - 93.96%

The proportion to total liabilities

- 2016Q1
- 2016
- 2017

**Steadily Growing Retail Deposit**

Personal deposit balance (RMB trillion)
Up by 17.94% accumulatively

- 2016Q1: 5.82
- 2016: 6.21
- 2017: 6.86

Source: H shares prospectus, PSBC Annual Reports
Note: Some figures are rounded based on the data in the prospectus and annual reports.

1. Other liabilities include deposits by banks and other financial institutions, loans by banks and other financial institutions, financial liabilities at fair value with value variations included in the profits and losses of the current period, derivative financial liabilities, interest payable, agent business payables, staff salaries payable, taxes payable and other liabilities.
Enhance Deposit and Funding Base, Play the Role of Financial Market Stabilizer

**Bond Investment business**

Bond investment balance (RMB trillion)

- **2016**: 2.10
- **2017**: 2.32
- Up by 10.42%

**Asset Management Business**

Wealth management products insurance (RMB trillion)

- **2016**: 2.03
- **2017**: 2.25
- Up by 11.08%

**Interbank Financing Business**

Deposits & placements with banks and other financial institutions (RMB 100 million)

- **2016**: 3,690.63
- **2017**: 6,127.57
- Up by 66.03%

**Interbank Market Trading Business**

The Bank has the trading qualifications and capabilities of the major products in the interbank local currency/foreign currency market and assumes many important roles such as first-tier dealer, market maker and SHIBOR quoting firm, etc.

In 2017, the scale of the Bank's domestic and foreign currency transactions amounted to **RMB 64.97 trillion**, with **113,500 numbers of transactions**

Source: PSBC Annual Report 2017
Note: Some figures are rounded based on the data in the Annual Report.
Firmly Stick with the Retail Bank Positioning and Continuously Implement Strategic Objectives

**Serving Communities**

Balance of personal consumer loan and credit card overdraft (RMB 100 million)

- Up by 74.01% accumulatively

<table>
<thead>
<tr>
<th>2016Q1</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,557</td>
<td>11,546</td>
<td>14,891</td>
</tr>
</tbody>
</table>

**Serving Rural Areas**

Balance of agriculture related loans (RMB 100 million)

- Up by 34.60% accumulatively

<table>
<thead>
<tr>
<th>2016Q1</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,832</td>
<td>9,174</td>
<td>10,542</td>
</tr>
</tbody>
</table>

**Balanced Regional Growth**

Distribution of operating income by region by the end of 2017 (%)

- Northeastern China: 7%
- Western China: 19%
- Central China: 25%
- Bohai Rim: 13%
- Pearl River Delta: 10%
- Yangtze River Delta: 12%
- Headquarter: 14%

**Serving SMEs**

Focus on emerging sectors such as technology, medical care, healthcare etc., reduce the financing costs of small and micro enterprises, and focus on improving the service level for small and micro enterprises.

In 2017, a total of RMB 760.752 billion of loan was disbursed to small and micro enterprises, and the number of customers who has credit in our bank reached 1.6625 million.

Source: H shares prospectus, PSBC Annual Reports
Note: Some figures are rounded based on the data in the prospectus and annual reports.
Maintain a Leading Position in Asset Quality, Build Up a Healthy Asset Base

**Rapid Asset Growth**

<table>
<thead>
<tr>
<th></th>
<th>2016Q1</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets (RMB trillion)</td>
<td>7.71</td>
<td>8.27</td>
<td>9.01</td>
</tr>
<tr>
<td><strong>Up by 16.93% accumulatively</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Superior Asset Quality**

<table>
<thead>
<tr>
<th></th>
<th>2016Q1</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPL ratio (%)</td>
<td>0.81%</td>
<td>0.87%</td>
<td>0.75%</td>
</tr>
</tbody>
</table>

**Transparent Asset Quality Disclosure**

<table>
<thead>
<tr>
<th></th>
<th>2016Q1</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ratio of pay attention and NPLs to total loans (%)</td>
<td>2.38%</td>
<td>1.68%</td>
<td>1.43%</td>
</tr>
<tr>
<td><strong>Down by 95bps accumulatively</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Prudent Risk Provisioning**

<table>
<thead>
<tr>
<th></th>
<th>2016Q1</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage ratio (%)</td>
<td>286.71%</td>
<td>271.69%</td>
<td>324.77%</td>
</tr>
</tbody>
</table>

Source: H shares prospectus, PSBC Annual Reports
Note: Some figures are rounded based on the data in the prospectus and annual reports.
Strong Overall Financial Performance, Expected Growth Potentials

### Operating Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Income (RMB100 million)</th>
<th>Up by</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,896.02</td>
<td>18.60% YoY</td>
</tr>
<tr>
<td>2017</td>
<td>2,248.64</td>
<td></td>
</tr>
</tbody>
</table>

### Profit before Provision

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit before Provision (RMB100 million)</th>
<th>Up by</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>598.30</td>
<td>30.12% YoY</td>
</tr>
<tr>
<td>2017</td>
<td>778.48</td>
<td></td>
</tr>
</tbody>
</table>

### Stable Growth in Non-interest Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-interest Income (RMB100 million)</th>
<th>Up by</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>320.16</td>
<td>14.78% YoY</td>
</tr>
<tr>
<td>2017</td>
<td>367.49</td>
<td></td>
</tr>
</tbody>
</table>

### Basic Earnings per Share

<table>
<thead>
<tr>
<th>Year</th>
<th>Basic Earnings per Share (RMB)</th>
<th>Up by</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>0.55</td>
<td>7.27% YoY</td>
</tr>
<tr>
<td>2017</td>
<td>0.59</td>
<td></td>
</tr>
</tbody>
</table>

% of operating income

Source: PSBC Annual Report 2017
Note: Some figures are rounded based on the data in the Annual Report.
Strong Overall Financial Performance, Expected Growth Potentials (cont’d)

- **Net Interest Income (RMB100 million)**
  - 2016: 1,575.86
  - 2017: 1,881.15
  - Up by 19.37% YoY

- **Net Interest Margin (NIM) (%)**
  - 2016: 2.24%
  - 2017: 2.40%
  - Up by 16bps YoY

- **Average Balance of Interest-earning Assets (RMB100 million)**
  - 2016: 70,407.65
  - 2017: 78,373.45
  - Up by 11.31% YoY

- **Net Interest Spread (NIS) (%)**
  - 2016: 2.34%
  - 2017: 2.46%
  - Up by 12bps YoY

Source: PSBC Annual Report 2017
Note: Some figures are rounded based on the data in the Annual Report.
Strong Overall Financial Performance, Expected Growth Potentials (cont’d)

**Optimizing Structure with Huge Growth Potential**
- Loan to deposit ratio (%): up by 5.42pppts accumulatively
  - 2016Q1: 39.60%
  - 2016: 41.32%
  - 2017: 45.02%

**Double Digit Net Income Growth with High Profitability**
- Net profit (RMB 100 million): compound growth rate 16.99%
  - 2015: 348.57
  - 2016: 397.76
  - 2017: 477.09

**Diversifying Funding Source with Increasing Capital Adequacy**
- CAR (%): Up by 2.25pppts accumulatively
  - 2016Q1: 10.26%
  - 2016: 11.13%
  - 2017: 12.51%

**Reputable Capital Replenishment and Excellent Credit Rating**

Source: H shares prospectus, PSBC Annual Reports
Note: Some figures are rounded based on the data in the prospectus and annual reports.
Key Milestones and Achievements Since IPO

- Total assets exceeded 9 trillion RMB and total deposits exceeded 8 trillion RMB
- Mobile phone banking users exceeded 170 million
- Loan balance of PSBC Consumer Finance exceeded 10 billion RMB
- Successfully Issued USD 7.25 billion offshore preference shares
- Issued RMB 20 billion secondary capital bonds
- Nationally promoted Sannong Finance Department reform
- Officially launched "PSBC Love Charitable Platform"
- Awarded Hong Kong Corporate Governance Excellence Awards 2017 and "Golden Bauhinia" Awards - "Best Listed Company for Investor Relation Management"
- Ranked 55th on Forbes list of “Top 2000 World Listed Companies”
- Ranked 21st in terms of total assets in The Banker’s list of “Top 1000 World Banks in 2017”
## Key Financials

<table>
<thead>
<tr>
<th>(RMB100 million)</th>
<th>20171231</th>
<th>20161231</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>90,125.51</td>
<td>82,656.22</td>
<td>9.04%</td>
</tr>
<tr>
<td>Total loans to customers</td>
<td>36,301.35</td>
<td>30,106.48</td>
<td>20.58%</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>85,811.94</td>
<td>79,187.34</td>
<td>8.37%</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>80,626.59</td>
<td>72,863.11</td>
<td>10.65%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>20171231</th>
<th>20161231</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital adequacy ratio</td>
<td>12.51%</td>
<td>11.13%</td>
<td>138bps</td>
</tr>
<tr>
<td>NPL ratio</td>
<td>0.75%</td>
<td>0.87%</td>
<td>12bps</td>
</tr>
<tr>
<td>Provision coverage ratio</td>
<td>324.77%</td>
<td>271.69%</td>
<td>53.08ppts</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(RMB100 million)</th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
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<td>Net profit</td>
<td>477.09</td>
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<td>19.94%</td>
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<tr>
<td>Net profit before provision</td>
<td>778.48</td>
<td>598.30</td>
<td>30.12%</td>
</tr>
</tbody>
</table>

Source: PSBC Annual Report 2017
Note: Some figures are rounded based on the data in the Annual Report.
II 2018 Outlook
Achieving sustainable growth and providing competitive returns for shareholders

Become the most reliable, most valued and first-class large retail commercial bank

External macroeconomic situation
- Deepen supply-side structural reform
- Pursue a rural vitalization strategy, targeted poverty alleviation
- Implement The belt and road initiative, open up to innovative cooperation

Internal Development Directions
- Stick to risk management bottom line, solidify transformation development base
- Serve the rural vitalization strategy, improve core competitiveness
- Engage big data application and technology innovation

Outlook for the Future: New Thinking, New Era, New Opportunities, New Journey and New Leap
THANKS!

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