2018 ANNUAL RESULTS PRESENTATION

29 March 2019
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Together, We make it better
2018 Results Review

Together, We make it better
### Key Financial Indicators

#### (in RMB100 million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>95,162.11</td>
<td>90,125.51</td>
<td>↑ 5.59%</td>
</tr>
<tr>
<td>Total loans to customers</td>
<td>42,768.65</td>
<td>36,301.35</td>
<td>↑ 17.82%</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>90,408.98</td>
<td>85,811.94</td>
<td>↑ 5.36%</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>86,274.40</td>
<td>80,626.59</td>
<td>↑ 7.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital adequacy ratio</td>
<td>13.76%</td>
<td>12.51%</td>
</tr>
<tr>
<td>NPL ratio</td>
<td>0.86%</td>
<td>0.75%</td>
</tr>
<tr>
<td>Allowance coverage ratio</td>
<td>346.80%</td>
<td>324.77%</td>
</tr>
</tbody>
</table>

#### (in RMB100 million)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Y-o-Y change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>2,612.45</td>
<td>2,248.64</td>
<td>↑ 16.18%</td>
</tr>
<tr>
<td>Net interest income</td>
<td>2,341.22</td>
<td>1,881.15</td>
<td>↑ 24.46%</td>
</tr>
<tr>
<td>Net fee &amp; commission income</td>
<td>144.34</td>
<td>127.37</td>
<td>↑ 13.32%</td>
</tr>
<tr>
<td>Net profit</td>
<td>523.84</td>
<td>477.09</td>
<td>↑ 9.80%</td>
</tr>
</tbody>
</table>

Source: PSBC Annual Report

Note: Certain data has been rounded based on the Annual Report
2018 Results Review

• Total assets and liabilities grew by 5.59% and 5.36% respectively compared to prior year end.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>8.58</td>
<td>9.01</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>9.04</td>
<td>9.52</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

• Customer deposits grew by 7.00% compared to prior year end.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer deposits</td>
<td>8.06</td>
<td>8.63</td>
</tr>
<tr>
<td>(in RMB trillion)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

• Loan-to-deposit ratio improved by 4.55ppts

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan-to-deposit ratio</td>
<td>45.02%</td>
<td>49.57%</td>
</tr>
<tr>
<td>(in RMB trillion)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

• Loan balance increased by 17.82% compared to prior year end.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan balance</td>
<td>3.63</td>
<td>4.28</td>
</tr>
<tr>
<td>(in RMB trillion)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Certain data has been rounded based on the Annual Report.
2018 Results Review

• YoY increase of operating income  16.18%

Operating income (in RMB100 million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2,248.64</td>
</tr>
<tr>
<td>2018</td>
<td>2,612.45</td>
</tr>
</tbody>
</table>

• YoY increase of net profit  9.80%

Net profit (in RMB100 million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>477.09</td>
</tr>
<tr>
<td>2018</td>
<td>523.84</td>
</tr>
</tbody>
</table>

• YoY increase of net interest spread  18bps

Net interest spread (NIS)

<table>
<thead>
<tr>
<th>Year</th>
<th>NIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2.46%</td>
</tr>
<tr>
<td>2018</td>
<td>2.64%</td>
</tr>
</tbody>
</table>

• YoY increase of net interest margin  27bps

Net interest margin (NIM)

<table>
<thead>
<tr>
<th>Year</th>
<th>NIM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2.40%</td>
</tr>
<tr>
<td>2018</td>
<td>2.67%</td>
</tr>
</tbody>
</table>

Source: PSBC Annual Report

Note: Certain data has been rounded based on the Annual Report

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2018 Results Review

- **NPL ratio**
  - 2017: 0.75% (PSBC), 0.86% (Industry Average)
  - 2018: 1.74% (PSBC), 1.83% (Industry Average)

- **Percentage of NPLs and special mention loans**
  - 2017: 1.43% (PSBC), 1.49% (Industry Average)
  - 2018: 5.23% (PSBC), 4.96% (Industry Average)

- **YoY increase of CAR**
  - 2017: 12.51%
  - 2018: 13.76%
  - **125bps**

- **Excellent credit ratings**
  - S&P: A (stable)
  - Moody’s: A1 (stable)
  - Fitch: A+ (stable)
  - CCXI: AAA

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Source: PSBC Annual Report & China Banking and Insurance Regulatory Commission
Note: Certain data has been rounded based on the Annual Report
02

2018 Business Highlights

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2018 Business Highlights

- Balance of personal loans grew by 19.18% compared to prior year end.
  - Balance of Personal loans (in RMB trillion)
    - 2017: 1.95
    - 2018: 2.32

- Balance of corporate loans increased by 11.53% compared to prior year end.
  - Balance of corporate loans (in RMB trillion)
    - 2017: 1.39
    - 2018: 1.55

- Balance of agro-related loans grew by 10.18% compared to prior year end.
  - Agro-related loans (in RMB trillion)
    - 2017: 1.05
    - 2018: 1.16

- Supporting private enterprises and small and micro businesses
  - Twenty measures under five categories have been formulated and introduced to support the development of private enterprises which are in line with the direction of economic structure upgrading, having prospects for development and are competitive in the market.
  - Continuously improve the portfolio structure, boost economic growth through financial market activities, take the initiative to play a major role as a large--sized bank, and actively implement regulatory requirements.

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Source: PSBC Annual Report
Note: Certain data has been rounded based on the Annual Report
2018 Business Highlights

• Balance of personal deposit grew by 8.84% compared to prior year end.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of Personal deposit (in RMB trillion)</td>
<td>6.86</td>
<td>7.47</td>
</tr>
</tbody>
</table>

• Breakdown of liabilities

- 1.49% Financial assets sold for repurchase
- 0.84% Issued bonds
- 95.43% Customer deposits
- 2.24% Other liabilities

Note: Other liabilities include deposits from banks and other financial institutions, placements from banks and other financial institutions, financial liabilities at fair value through profit or loss, payments to be made and settled, interest payable, dividends payable, provisions, payroll payable and other liabilities.

• Breakdown of deposits

- 13.42% Corporate Deposit
- 0.02% Other Deposit
- 86.56% Personal Deposit

Note: Other deposits consist of remittances outstanding, credit card deposits and outbound remittance, etc.

• Further consolidate our advantage in liabilities

- The incremental amount of savings deposits and our market share in savings deposits ranking among the top in the industry
- Stable liabilities with controllable costs
- Deposit funding cost 1.41%

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Source: PSBC Annual Report
Note: Certain data has been rounded based on the Annual Report
2018 Business Highlights

• NPL / Loans overdue for more than 90 days

1.21
2017

1.33
2018

• Allowance to loan ratio improved by 55bps

2.44%
2017

2.99%
2018

• Allowance coverage ratio improved by 22.03ppts

324.77%
2017

346.80%
2018

• Risk management

Bearing worst-case scenarios in mind, continue to optimize the structure of risk-weighted assets, take serious measures to manage asset quality.

Always follow a prudent risk appetite, be forward-looking in the judgment, be prepared to respond to future opportunities and challenges, and provide a strong support for high-quality development.

Source: PSBC Annual Report

Note: Certain data has been rounded based on the Annual Report

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## 2018 Business Highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net fee and commission income (in RMB100 million)</td>
<td>127.37</td>
<td>144.34</td>
<td>13.32%</td>
</tr>
<tr>
<td>Bank cards &amp; POS fee income (in RMB100 million)</td>
<td>101.37</td>
<td>129.52</td>
<td>27.77%</td>
</tr>
<tr>
<td>Number of credit cards in circulation (in 10,000)</td>
<td>1,705.49</td>
<td>2,309.98</td>
<td>35.44%</td>
</tr>
</tbody>
</table>

- Net fee and commission income grew by **13.32%** year on year.
- Bank card and POS fee income grew by **27.77%**
- Credit cards in circulation grew by **35.44%** compared to prior year end.
- Asset management and investment banking
  - Steadily promote net-value products, and achieve initial success in the transformation of asset management business.
  - Dedicate time and efforts to develop bond underwriting, M&A, institutional wealth management, and financial advisory businesses; successfully issued RMBS of the largest amount in China.
• Mobile banking customers exceeded **200 million**

<table>
<thead>
<tr>
<th>Number of Mobile Banking Customers (in 100 million accounts)</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.75</td>
<td>2.18</td>
</tr>
</tbody>
</table>

• **E-banking transaction substitution rate grew by 3.47%** compared to prior year end.

<table>
<thead>
<tr>
<th>Substitution Rate of E-Banking Transactions</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>86.97%</td>
<td>90.44%</td>
</tr>
</tbody>
</table>

• **Geographic distribution of branches**

- 48.16% branches in rural areas
- 29.75% branches in cities
- 22.09% branches in counties

• **Provide financial services to customers in counties, townships and villages**

Introduce mobile banking 4.0 which is personalized, intelligent, scenario-based and open, and continue to enhance customer experience.

Set up a special service mode of "Internet finance + rural e-commerce + precision poverty alleviation", and continue to promote Fin-tech development catered to the characteristics of rural customers.

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Source: PSBC Annual Report

Note: Certain data has been rounded based on the Annual Report
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Strengthen advantages in county areas, and forge a dual-wheel drive to promote development in both urban and rural areas.

Stick to the Three Target Areas

Enhance the Four Pillars

Promote the Transformation in Five Aspects

Make PSBC the most trusted and most valuable large-scale retail commercial bank

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2019 Outlook

Deepen supply-side structural financial reform, and continue to optimize asset structure

- Respond to the general requirement to establish a multi-tier, wide-coverage and differentiated banking system
- Leverage on the strong liquidity and comparatively low loan-to-deposit ratio, and continue to optimize asset structure
- Make efforts to improve efficiency of fund utilization on lending business and financial market business.

Forestall and defuse financial risks, and keep alert about potential risks

- Stay prudent and keep alert about potential risks, and forestall and defuse financial risks in the process high-quality development
- Starting from customer approval, carry out the comprehensive risk management methodologies of “all aspects, all processes and all staff”

Improve financial services, and continue to develop intermediary businesses

- Put more efforts on development of asset management, investment banking, custodian business and other relevant businesses, and promote the fast development of intermediary business
- Large customer base with 578 million customers creates large room for development of intermediary business

Leverage on IT empowerment, and make decisive efforts for future success

- Actively implement strategies on Fintech, step up efforts on digital transformation, and explore a path of Fintech development with PSBC characteristics
- Promote the deep integration between business and technology, and embed the ideas of improving customer experiences and delivering value to customers into the complete processes of system design, product development and process re-engineering
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